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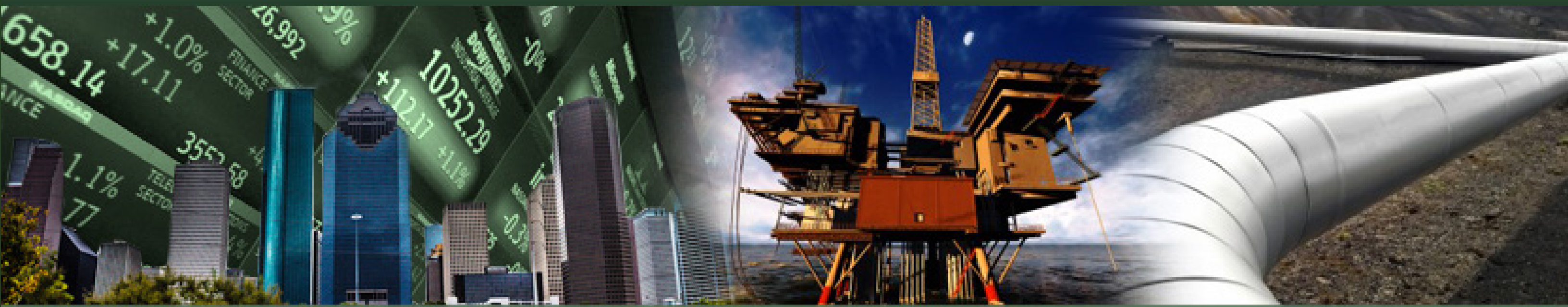
The View from HOUSTON



Energy Prospectus Newsletter: "The View from Houston" *November 29, 2025* ***Issue: 234***

By: Dan Steffens, President

Dan Steffens is the President of Energy Prospectus Group (EPG), a networking organization based in Houston, Texas. He is a 1976 graduate of Tulsa University with an undergraduate degree in Accounting and a Masters in Taxation.

Mr. Steffens began his career in public accounting, becoming licensed as a CPA in 1978. After four years in public accounting, he transitioned to the oil & gas industry with the bulk of his time (18 years) spent with Amerada Hess Corporation (HES). He served as the Hess United States E&P Division Controller from 1994 to 2001.

INSIDE THIS ISSUE

"Seek and ye shall find."

At EPG we are seeking out the best energy stocks and we bring those companies to the attention of our members.

What happens if the Oil Market is much tighter than IEA has been telling us?

The Energy Sector has a lot of upside for investors because FEAR of Climate Change was used by the Left and their friends in the media to create a False Paradigm. Even if the Earth's temperature is rising it is not happening fast enough to be an "Existential Threat" to human life. The FEAR has faded and the FACT that this world runs on fossil fuels has started a Paradigm Shift. Natural gas will be the first of the fossil fuels to benefit and I believe that crude oil will join the party in 12-18 months.

"We're told that the world's oil production will continue growing to meet the strong demand growth taking place, led by a further unprecedented growth in non-OPEC output from the United States — but let's not mention the entire E&P sector is waving the warning flag that prices are too cheap to sustain any sort of production growth, or that any significant downturn in output would be right alongside the sharp initial decline rates experienced by our tight oil wells." – Keith Kohl, November edition of Energy Investor

The concept of "Net Zero" has often been portrayed as an achievable goal, yet recent acknowledgments from the **International Energy Agency (IEA)** suggest that reaching peak demand for oil is still a distant prospect. As global populations continue to grow, the demand for energy inevitably rises. This increase is fueled not only by sheer numbers

EPG Coming Events

Our live webinars and luncheons in Houston give EPG members and their guests an opportunity to meet the top management of some of the most promising small and mid-cap energy companies that we track.

December 2nd Luncheon in Houston: Don Simmons, President & CEO of Hemisphere Energy (HME.V and HMENF) will be speaking at our luncheon at Maggiano's Little Italy, 2019 Post Oak Blvd.

December 9th Luncheon in Houston: Doug Bartole, President & CEO of InPlay Oil (IPO.TO and IPOOF) will be speaking at our luncheon at Maggiano's Little Italy, 2019 Post Oak Blvd.

We urge you to register and participate in our luncheon and webinar series. The higher the participation rate, the easier it will be for us to sell the concept to other public companies. During each event you will be able to ask questions directly to the CEO of each company.

but also by families striving for improved standards of living, which naturally leads to greater consumption of energy resources. Such trends underscore the critical importance of ensuring both the availability and affordability of energy for everyone.

Currently, fossil fuels account for over 80% of the primary energy used by the world's population. Even the IEA admits that percentage is not coming down anytime soon. The global economy will continue to run on oil, natural gas and coal for many decades to come.

The cost and availability of energy influence nearly every aspect of our economic lives. Electricity powers homes and businesses, while oil-based fuels keeps vehicles running—the prices of these essentials are fundamental in determining quality of life. The ripple effect of energy costs is felt throughout the economy, from the expenses associated with transporting goods, to the electric bills for maintaining temperature-sensitive products, businesses inevitably pass these costs on to consumers. As a result, energy affordability directly affects the cost of living and the broader economy.

Impact of Energy Costs on American Families

For families, the most visible energy expenses are home heating, cooling bills, and fuel for vehicles. However, hidden costs, like those embedded in goods and services due to the energy required for their production and delivery, also shape household budgets. These costs influence decisions ranging from grocery purchases and medical expenses to shopping for school supplies, vacations, car repairs, and even digital connectivity upgrades. In many cases, families may need to seek additional employment just to keep up with rising costs.

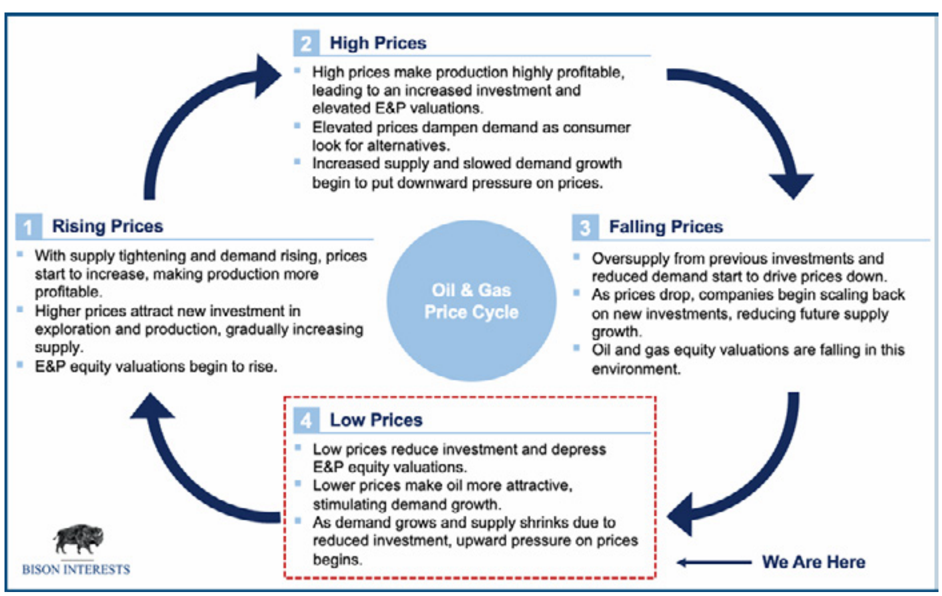
Ultimately, affordable energy, made possible when resources are abundant, provides solutions to many economic challenges faced by Americans. Whether it's transportation expenses for businesses or utility bills for households, energy security is a critical factor that impacts everyone.

The U.S Needs Sound Energy Policy

This is not a Democrat or Republican issue. Just as Social Security and Medicare offer Americans reassurance about their financial futures, ensuring energy security can alleviate uncertainties over energy costs. **Making energy security a national priority will benefit all citizens,** enhancing prosperity and quality of life across the country.

The Role of ARC-ES in Securing America's Future

It is imperative that Congress passes the **Affordable, Reliable, Clean Energy Security Act (ARC-ES),** introduced by Rep. Troy Balderson (R-OH). ARC-ES is designed to guarantee both abundance and



affordability by mandating an evidence-based, all-of-the-above approach to energy sources. This means that the sources used for electricity must be dispatchable 24 hours a day, seven days a week, ensuring they are not reliant on variable factors like wind or sunshine. Furthermore, ARC-ES requires the ability to rapidly adjust electricity generation within an hour, helping to stabilize the nation's electrical grid.

Passing ARC-ES would be a significant milestone as the nation approaches its 250th birthday, positioning the United States as a global beacon of freedom and prosperity for generations to come.

Oil Market Outlook:

Cycles, Sentiment, & Supply Dynamics

I currently hold a short-term bearish outlook on oil prices, but low oil prices always leads to higher oil prices. My long term outlook is bullish. When I refer to the long term, I am specifically looking toward the second half of 2026. By that time, I anticipate the world will come to realize that we have not committed sufficient time and financial resources to discovering new oil supplies, resources that are essential to the global economy.

The oil price cycle (shown above) is a powerful force in the market and has repeated itself multiple times throughout my 45-year career in the upstream oil and gas industry. This cyclical behavior has occurred no less than six times, each marked by similar patterns of market sentiment and supply-demand dynamics.

Historical Parallels: The Early 2000s

In 2003, oil was largely dismissed by the market. The October cover of The Economist declared "The End of the Oil Age," capturing the prevailing sentiment of a world still coping with the aftermath of September 11 and convinced that energy demand was destined to decline permanently.

Yet, beneath the surface, the conditions for a significant oil price rally were already forming. Non-OPEC supply growth was weakening, decline rates were accelerating, and spare capacity was shrinking. This growing gap between perception and reality set the stage for a historic bull run in oil prices.

By January 2004, Barron's predicted that oil prices were set to rise, not fall, due to quietly stalling supply growth. This thesis played out within months: the **West Texas Intermediate (WTI)** oil price quadrupled over the following four years, with energy stocks leading the market in a remarkable fashion.

The WTI oil price went from \$26/bbl in 2003 to \$147/bbl by mid-2008. Adjusted for inflation, it went from \$46/bbl in 2003 to \$206/bbl in June 2008.

Paradigm Shifts Cause Big Moves in Oil Prices

Investors are often reminded that history "rhymes" in natural resource markets. Market narratives tend to swing to extremes, important supply signals are neglected, and capital follows past events instead of anticipating future shifts.

Today, we see a new wave of pessimism focused on oil. For years, the International Energy Agency (IEA) issued increasingly assertive forecasts projecting a relentless rise in electric vehicle (EV) adoption and an imminent plateau in oil demand. While the IEA has recently tempered

New Profiles

The following reports were posted to the website since our last newsletter:

- Updated Net Income and Cash Flow Forecasts for several of the Sweet 16 companies and those in our other model portfolios
- A table of our Fair Value estimates for each Sweet 16 company compared to First Call's 12-month price targets

Company Profiles:

- Antero Resources (AR)
- Antero Midstream (AM)
- Baytex Energy (BTE.TO)
- Civitas Resources (CIVI)
- Coterra Energy (CTRA)
- Crescent Energy (CRGY)
- Devon Energy (DVN)
- EQT Corp. (EQT)
- Kolibri Global Energy (KGEI)
- Magnolia Oil & Gas (MGY)
- Matador Resources (MTDR)
- ONEOK Inc. (OKE)
- Permian Resources (PR)
- Plains All American Pipeline (PAA)
- Range Resources (RRC)
- Rubellite Energy (RBY.TO)
- SM Energy (SM)
- Solaris Energy Infrastructure (SEI)
- Spartan Delta (SDE.TO)
- Whitecap Resources (WCP.TO)

its language, the influence of those predictions continues to shape investor sentiment. Many investors now accept, almost instinctively, the idea that oil demand is declining and the industry is approaching obsolescence.

In my view, EVs will not significantly reduce oil demand because they remain too expensive and inconvenient for widespread adoption. In fact, the once-assumed universal and inevitable rise of EVs is already showing signs of slowing in several markets. I believe the long-term growth rate for EVs will fall well short of consensus expectations. Whether EVs dominate by 2035 is less critical than acknowledging that oil demand is proving much more resilient than commonly believed.

Market Sentiment and Valuation Extremes

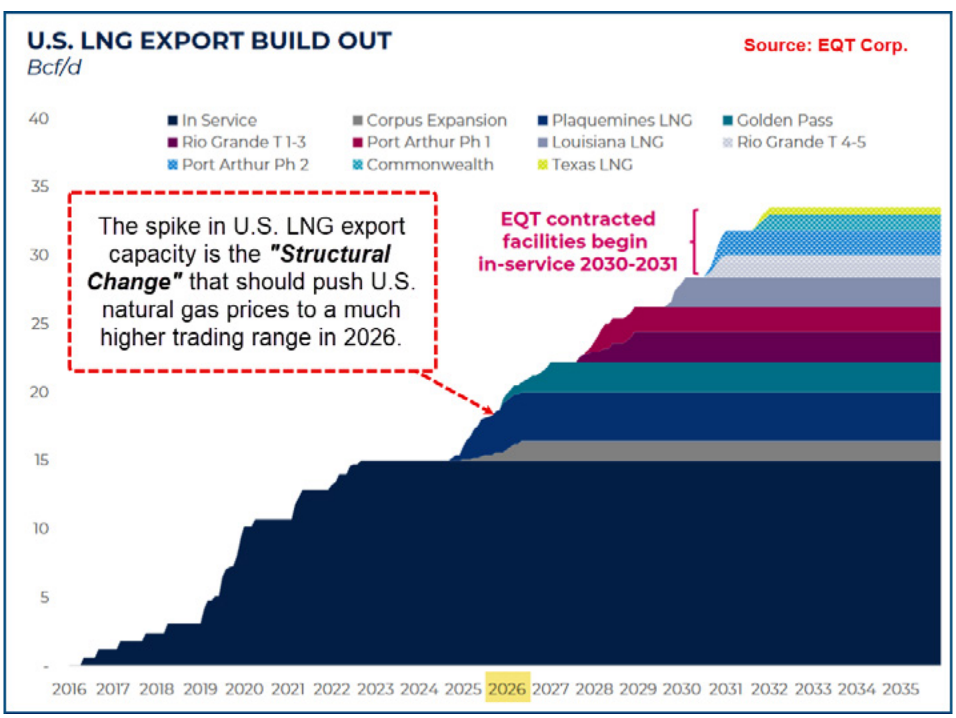
Currently, oil is experiencing the same skepticism that gold faced in the late 1990s: declared obsolete, dismissed as an investment, and priced at levels far below historical norms. In gold terms, oil's value has fallen nearly 90% over the past quarter-century. As recently as a month ago, one ounce of gold could purchase 76 barrels of oil, a ratio surpassed only during the COVID-19 pandemic. In 2004, at the onset of the last oil bull market, the gold-oil ratio was about 12; today, it stands around 65.

Energy's share in the S&P 500 has dropped from 6% in 2004 to less than 3% today. Overall, oil is more undervalued and under-owned than it was prior to its last major rally.

At the same time, the supply dynamics that fueled the previous surge in oil prices are re-emerging. Non-OPEC production growth is once again slowing, and depletion rates are accelerating—patterns reminiscent of the early 2000s. The underlying mechanisms are familiar, as is the market's persistent reluctance to recognize these shifts.

Goldman Sachs sees oil averaging $52 a barrel in 2026, as the market works through a surplus of supply, and lagging demand, Daan Struyven, Goldman Sachs co-head of global commodities research, said during a CNBC interview on November 25th.

"We think 2026 will be the last year of this big supply wave that oil is going through. And we think in 2027 the market will rebalance," Struyven said. The firm sees the oil price recovering to $80 for Brent crude and $76 for West Texas Intermediate, but not until 2028.



On the same day Struyven made his comments, the CME Group showed oil futures contracts trading at between $57 and $58 through December, 2026. The June 2027 contract traded at 58.28 Tuesday.

I believe that the NYMEX strip is holding up because U.S. and OECD petroleum inventories remain below normal and demand for transportation fuels and other oil-based products remain strong. The only place there is a sign of an oil surplus is in the headlines about how much oil is on ships, which cannot be verified.

Natural Gas Prices

Natural gas prices in both the United States and Canada are projected to remain strong in the near term and through at least 2030, driven by the anticipated increase in LNG exports and rising demand for electricity over the next five years.

Current market conditions suggest that increasing exposure to natural gas within investment portfolios may be advantageous. With pipeline capacity from the Permian Basin nearing its limits, large-cap upstream companies operating in Appalachia (AR, EQT, & RRC) and South Texas (CRGY and MGY) are positioned favorably, as the Eagle Ford region maintains ample pipeline access to major LNG exporters along the Gulf Coast.

While oil prices reflect perceptions of global over-supply, natural gas prices are mainly determined by regional market fundamentals. In Europe and Asia, natural gas prices range between $10 and $11 per MMBtu, closely mirroring the energy content value. Six thousand cubic feet (mcf) of natural gas equates to the energy content of one barrel of oil; with Brent crude priced at approximately $63 per barrel, a fair price for natural gas is around $10.50/

MMBtu outside of North America.

The daily quoted natural gas price is based on the front-month NYMEX contract for Henry Hub, Louisiana, where contracts are physically settled. However, the realized prices for gas and natural gas liquids received by upstream producers can vary significantly due to factors such as pipeline constraints, gathering and transportation agreements, and Btu content of the gas.

Seasonal space heating demand currently serves as the primary influence on natural gas pricing in the U.S. and Canada. Weather patterns, particularly those affected by La Nina and resulting fluctuations in the northern jet stream, may lead to substantial volatility in demand, as indicated by recent forecasts showing increased requirements for space heating. Large population centers around the Great Lakes burn the most natural gas for space heating.

If the eastern half of the U.S. does have a colder than normal winter that drains natural gas in storage it will be difficult to refill gas storage before the 2026/2027 winter, especially if we have a normal summer. The U.S. has massive recoverable natural gas reserves. However, the gathering, transportation and processing facilities are insufficient to keep up with the rapid growth of LNG exports and the expansion of AI data centers that are constructing dedicated gas-fired power plants.

Sweet 16 Growth Portfolio

The Sweet 16 is recognized as our "Flagship Portfolio," comprising 15 upstream companies and one oilfield services company, **Solaris Energy Infrastructure (SEI).**

Each company in this portfolio demonstrates robust revenues and possesses the financial strength required to fund their respective business plans. Notably, these companies maintain strong balance sheets, generate substantial operating cash flow, and own valuable drilling inventory that offers low risk and high returns, commonly referred to as "Running Room." Of the group, 15 companies pay dividends, with **Antero Resources (AR)** being the sole exception. After dividends are paid, any remaining free cash flow is directed toward debt reduction and stock buybacks.

Updated	Oil & Gas Prices used in Forecast Models					
10/31/2025	2024 & 2025 Actuals and Q4 2025 Forecasts					2026
	Q1 Actuals	Q2 Actuals	Q3 Actuals	Q4 Actuals	YEAR Actuals	YEAR Forecast
2023 WTI Oil	$ 76.11	$ 73.66	$ 82.32	$ 78.32	$ 77.60	
2024 by Qtr	$ 76.91	$ 80.49	$ 75.16	$ 70.28	$ 75.71	
2025 by Qtr	$ 71.42	$ 63.74	$ 64.93	$ 60.00	$ 65.02	$ 62.50
2023 HH Gas	$ 2.72	$ 2.32	$ 2.66	$ 2.88	$ 2.65	
2024 by Qtr	$ 2.10	$ 1.88	$ 2.16	$ 2.79	$ 2.23	
2025 by Qtr	$ 3.65	$ 3.43	$ 3.07	$ 3.50	$ 3.41	$ 4.00

Financial Performance and Forecasting

My forecast and valuation models have been updated for all 16 companies, incorporating their third quarter financial results and detailed guidance for the fourth quarter. Every upstream company in the portfolio remains free cash flow positive. While only a few have

Sweet 16 Growth Portfolio

Company Name	Primary Product	Stock Symbol	Share Price	EPG Fair Value Estimate	Percent Undervalued
			11/26/25		
ANTERO RESOURCES	GAS	AR	35.12	$42.00	19.59%
CIVITAS RESOURCES	OIL	CIVI	28.45	$60.00	110.90%
COTERRA ENERGY	GAS	CTRA	26.39	$34.00	28.84%
CRESCENT ENERGY	OIL	CRGY	9.25	$24.00	159.46%
DEVON ENERGY	OIL	DVN	36.40	$47.00	29.12%
DIAMONDBACK ENERGY	OIL	FANG	149.31	$195.00	30.60%
EOG RESOURCES	OIL	EOG	106.20	$139.00	30.89%
EQT CORP	GAS	EQT	59.00	$64.00	8.47%
MAGNOLIA OIL & GAS	OIL	MGY	22.93	$27.00	17.75%
MATADOR RESOURCES	OIL	MTDR	41.67	$64.00	53.59%
NORTHERN OIL & GAS	OIL	NOG	21.98	$41.00	86.53%
OVINTIV INC (was ENCANA)	OIL	OVV	40.45	$61.00	50.80%
PERMIAN RESOURCES	OIL	PR	14.36	$21.50	49.72%
RANGE RESOURCES	GAS	RRC	38.46	$42.00	9.20%
SM ENERGY	OIL	SM	18.73	$45.00	140.26%
SOLARIS ENERGY INFRASTRUCTURE	SERVICES	SEI	46.63	$57.00	22.24%

released preliminary guidance for 2026, conservative estimates of future production have been applied based on each company's historical performance.

These upstream companies produce a mix of crude oil, natural gas, and NGLs. As natural gas prices rise, this diversification is expected to provide a notable revenue boost in both the fourth quarter of 2025 and in 2026. Importantly, none of the companies face debt servicing challenges at current oil and gas prices. In addition to dividend payments, most portfolio companies are actively engaged in stock buyback programs.

Valuation Methodology

Stock valuations are determined based on a multiple of operating cash flow per share, utilizing a reasonable and conservative approach. Factors such as balance sheet strength, growth potential (funded by operating cash flow), the size and quality of development drilling locations, and commodity price risk are also considered in these evaluations.

Solaris Energy Infrastructure (SEI) leads the portfolio with a year-to-date share price increase of 62%. Currently, SEI is the only company outspending its operating cash flow in 2025, but it does not face any liquidity issues. Each of the company's updates and new analysts' reports further enhances the outlook for SEI. On November 17th, Piper Sandler analyst Derek Podhaizer maintained a Buy rating on SEI and raised the firm's price target by $15.00 to $65.00. SEI is projected to become free cash flow positive in 2026.

Companies Trading Below Fair Value

As updated profiles for each company are being published, particular attention is given to those trading at the deepest discounts to my fair value estimate.

Northern Oil & Gas (NOG) closed at $21.98 on November 27th, reflecting an 86% discount to my valuation of $41.00. This valuation is based on a conservative multiple of three times annualized operating cash flow. The seven most recent price targets on TipRanks range from $25 to $33, averaging $28.

NOG is expected to remain free cash flow positive in 2026 and offers the highest dividend yield in the Sweet 16 at 8.2%, which should be sustainable. Its production mix is 55% crude oil and 45% natural gas & NGLs, reported on a combined basis. Rising natural gas prices and effective hedging reduce NOG's oil price risk. The company's revenue in 2026 should exceed $2 billion.

The primary reason for the current share price appears to be NOG's status as a pure "Non-Op" upstream company. Because it does not hold the majority working interest in its producing properties, NOG lacks control over capital expenditures and development pace, which Wall Street analysts view as a forecasting risk. However, most of NOG's upstream assets are operated by large companies, many within the Sweet 16, and NOG maintains significant working interests and strong relationships with their operators.

Crescent Energy (CRGY) and Vital Energy (VTLE) Merger

The merger of Vital Energy into Crescent Energy is anticipated to close by mid-December. The combined entity will become the ninth largest independent upstream oil & gas company in the U.S. An updated profile on Crescent Energy was published on November 20th, with detailed merger discussions available on the EPG Forum.

Crescent Energy's production grew by 34.5% year-over-year in 2024, reaching 201,000 Boepd, largely due to the SilverBow Resources acquisition. Upon closing the merger with Vital Energy, production is expected to rise to approximately 390,000 Boepd. Revenues are forecasted to increase from about $3.6 billion in 2025 to over $5.5 billion in 2026.

The all-stock merger should be immediately accretive to operating and free cash flow per share, with consensus operating cash flow per share for 2026 at $7.29, just two cents below my own forecast. CRGY is expected to achieve "Investment Grade" status following their Q1 2026 financial results, which will include nearly $1 billion in cash proceeds from non-core asset sales. Combined with strong free cash flow, the balance sheet should be in good shape by March 31, 2026.

SM Energy (SM) and Civitas Energy (CIVI) Merger

SM Energy will ascend to the fifth largest independent upstream company after its all-stock merger with Civitas Energy, scheduled to close early in 2026. SM has been highlighted throughout the year as significantly undervalued. After updating the merger model, SM remains ranked as the ninth best value among the 84 companies followed by Harry van Neck (known as the "Petroleum Economist" on the EPG Forum). For more information, refer to the November 15th profile on SM Energy, available on the EPG website.

My bullish stance on U.S. natural gas prices has increased since my October newsletter. Among the three "True Gassers"—**Antero Resources (AR), EQT Corp. (EQT), and Range Resources (RRC)**—Antero Resources offers the greatest upside. If AR initiates dividend payments, its share price is expected to quickly move toward my current valuation of $42.00. Updated profiles on these large-cap natural gas producers can be downloaded from the EPG website.

An updated profile on **Coterra Energy (CTRA)** was published on November 26th. Coterra is considered a

"Gasser" due to its production mix in the third quarter: 61.5% natural gas, 17.3% NGLs, and 21.2% crude oil. However, it does not receive as high a price for its gas as the companies in Appalachia. TipRanks rates CTRA a Strong Buy with a consensus price target of $32.14.

Additional Value Opportunities

Diamondback Energy (FANG) and Ovintiv (OVV) both closed on November 21st below book value per share. I cannot find any justification for the low share prices. These companies are solid performers, generating significant free cash flow and possessing substantial "Running Room" in the US. TipRanks rates both as Strong Buys, with price targets of $177.85 for FANG and $50.63 for OVV. Updated profiles for both companies are expected to be published the second week of December.

Top Dividend Yields in the Sweet 16

For dividend-focused investors, the following Sweet 16 companies offer the highest annualized dividend yields based on September 26th closing prices. **Civitas Resources (CIVI)** has a dividend yield of 7.03%, but it is not listed below because of the pending merger into **SM Energy (SM). Antero Resources (AR)** is the only company in the Sweet 16 that does not pay quarterly dividends:

- Northern Oil & Gas (NOG): 8.19%
- Crescent Energy (CRGY): 5.19%
- SM Energy (SM): 4.27%
- Permian Resources (PR): 4.18%

Small-Cap Portfolio

The Small-Cap Growth Portfolio highlights the unique characteristics and opportunities presented by investing in smaller companies within the energy sector. While small-caps are subject to greater risk compared to larger companies like those in the Sweet 16, they also offer considerable upside potential. The size and growth trajectory of upstream companies are crucial factors, as increases in production and proved reserves can lead to higher stock valuations. Since the establishment of EPG in 2003, the most substantial percentage gains have been realized from small-caps with high-quality management teams and significant potential for expansion, often referred to as having ample "Running Room".

All ten companies included in the portfolio have released their third quarter 2025 results, which have generally aligned with my forecast models. The only one that has not been free cash positive in 2026 is Spartan Delta; however, this company continues to deliver robust well results in Alberta.

Despite ongoing uncertainty surrounding oil prices, **Spartan Delta (SDE.TO and DALXF)**, with a 122% year-to-date increase, and **Journey Energy (JOY.TO and JRNGF)**, up 104% year-to-date, have emerged as the top-performing stocks across all three of our model portfolios.

Successful Joint Venture: Spartan Delta and Journey Energy

In 2024, Spartan Delta and Journey Energy formed a joint venture focused on developing their leasehold in the West Shale Basin in Alberta, Canada. The "**Gilby Duvernay JV**" is operated by Spartan Delta, which holds a 70% working interest, while Journey maintains the remaining 30%. The initial five Duvernay wells drilled under this partnership have consistently outperformed the pre-drill type curve for the region, attributed to an enhanced completion design. Notably, the two-well pad at 05-18-042-03W5, which commenced production in December 2024, has already returned 85% of its capital investment within the first nine months.

According to Spartan Delta's press release on November 4th, the company delivered strong operational outcomes in the West Shale Basin Duvernay and the Deep Basin during the third quarter. This performance is attributed to a disciplined approach to capital allocation, ongoing cost reductions, and a focus on liquids growth. In Q3 2025, Spartan Delta successfully drilled 6.0 (5.7 net) wells, completed 8.0 (7.7 net) wells, and brought 10.0 (8.5 net) wells onstream.

The company is on track to meet or surpass the upper end of its 2025 production guidance range of 39,000 – 41,000 BOE/d. Additional details regarding its 2026 operating budget and guidance are expected to be released alongside the annual results for 2025. Financially, Spartan Delta is well-positioned to pursue its growth strategy in the Duvernay, having increased its total credit capacity from $250 million to $450 million.

The Duvernay asset continues to demonstrate its status as one of Western Canada's most promising oil-weighted growth opportunities, consistently outperforming internal expectations. In October, Duvernay field production estimates averaged 11,330 BOE/d, with 79% liquids. The strong productivity, consistency, and scalability of Spartan Delta's acreage have prompted ongoing acquisitions of additional Duvernay land.

Following the third quarter, Spartan Delta completed an asset swap to consolidate its southern acreage, facilitating more efficient development in 2026. The company now holds one of the largest Duvernay positions, amassing over 421,000 net acres (658 net sections), representing a 68% increase since Q3 2024.

Portfolio Changes: ROK Resources and Vital Energy

On September 23rd, **ROK Resources (ROK.V and ROKRF)** announced plans to transition to a private company. Further insights on this special situation are available **HERE.**

Both **ROK Resources and Vital Energy (VTLE)**, which is set to merge into **Crescent Energy (CRGY)**, will be

Small-Cap Growth Portfolio

Company Name	Primary Product	Stock Symbol	Share Price	EPG Fair Value Estimate	Percent Undervalued
		Dividends	11/26/25		
BAYTEX ENERGY	OIL	BTE	$3.16	$3.27	3.48%
JOURNEY ENERGY	OIL	JRNGF	$2.73	$3.47	27.34%
KOLIBRI GLOBAL ENERGY	OIL	KGEI	$4.05	$7.75	91.36%
PINE CLIFF ENERGY	GAS	PIFYF	$0.62	$0.78	26.17%
RILEY EXPLORATION PERMIAN	OIL	REPX	$27.07	$44.00	62.54%
RING ENERGY	OIL	REI	$0.88	$2.15	143.41%
ROK RESOURCES	OIL	ROKRF	$0.16	$0.20	21.12%
RUBELLITE ENERGY	OIL	RUBLF	$1.68	$3.73	121.69%
SPARTAN DELTA	GAS	DALXF	$5.17	$5.54	7.16%
VITAL ENERGY	OIL	VTLE	$17.50	$27.16	55.20%

removed from the portfolio in December.

Baytex Energy's Transformative Asset Sale

Baytex Energy (BTE) has seen its share price rise by over 40% since the October newsletter. On November 12th, Baytex announced a definitive agreement to sell its U.S. Eagle Ford assets to an undisclosed buyer for US$2.305 billion (approximately $3.25 billion Canadian) in cash. As of November 11th, Baytex's total market capitalization stood at $2.873 billion Canadian.

The assets being divested accounted for 54.8% of the company's production in Q3 2025. Baytex intends to utilize the proceeds from the sale to fully repay its senior notes due in 2030 and clear the outstanding balances on its credit facilities. This significant reduction in debt will leave Baytex with a strong balance sheet and an estimated $900 million in net cash.

With an extensive Canadian inventory comprising more than 2,200 drilling locations, Baytex is positioned to target annual production growth of 3–5% at US$60–65/bbl WTI, with the flexibility to accelerate growth should market conditions improve.

Mark Bly, Chair of the Board of Directors, commented: *"This Transaction provides Baytex with the financial strength and flexibility to pursue our strategic priorities. By sharpening our focus on core Canadian assets, we have a solid foundation to drive disciplined growth, capitalize on new opportunities, and deliver long-term value for our shareholders."*

Pine Cliff Energy Ltd.: A New Addition

Pine Cliff Energy Ltd. (PNE.TO and PIFYF) has recently been added to the portfolio, primarily due to its significant leverage to natural gas prices in Western Canada. Since the October newsletter, Pine Cliff's share price has increased by 14%, and with natural gas prices on the rise in Canada, this upward trend is expected to persist. The company plans to utilize free cash flow from operations, as well as proceeds from a non-core asset sale, to fund a modest drilling program in the fourth quarter of 2025.

Rubellite Energy's Growth Story

Rubellite Energy (RBY.TO and RUBLF) has posted a year-to-date gain of 16.75%. Its Q3 2025 financial results slightly exceeded my forecast, with adjusted funds flow reaching $35.7 million Canadian ($0.38 per share), up 55% year-over-year.

Rubellite was classified as an Aggressive Growth company when added to the portfolio three years ago. It is now capable of financing its organic growth through operating cash flow and proceeds from non-core asset sales. Since coverage began in 2022, Rubellite has achieved remarkable production growth: 97.7% year-over-year in 2023, 92.0% in 2024, and it is on track for approximately 98% growth in 2025. The company's anticipated exit rate for 2025 is over 12,500 Boepd.

In 2025, Rubellite has concentrated on developing its heavy oil assets. With AECO natural gas prices now forecast to exceed $3.00 Canadian/MMBtu in 2026, Rubellite may consider drilling several high-rate gas wells next year. The company's flexibility to shift focus between oil and gas across multiple core areas, exhibiting ample "Running Room", is particularly valuable to a company of this size.

Low Oil Prices have caused some stock prices to decline

Updated forecast models have been prepared for **Kolibri Global Energy (KGEI), Riley Exploration Permian (REPX), and Ring Energy (REI)**, reflecting their Q3 2025 results and the latest guidance. The revenues of these companies are heavily dependent on crude oil sales, which accounts for the year-to-date decline in their share prices. Nevertheless, all three are generating positive free cash flow and are expected to remain stable as long as WTI oil prices stay around $60 per barrel. Notably, REPX offers an attractive dividend yield, annualized at 5.91%.

Upcoming Publications

We have only published updated profiles on Baytex Energy, Kolibri Global Energy, Rubellite Energy, and Spartan Delta. Updated profiles on the other small-cap companies will be published by mid-December.

High Yield Income Portfolio

The 2025 High Yield Portfolio is designed to identify companies characterized by strong balance sheets and reliable, sustainable dividends. While the pursuit of high yield is a primary consideration, most holdings within this portfolio are also classified as "Growth Companies," offering meaningful potential for share price appreciation.

This portfolio typically exhibits lower volatility compared to dedicated growth portfolios, since share price movements are more influenced by dividend yield rather than speculative market activity. Investors who adopt high-yield strategies tend to have a long-term, buy-and-hold approach, distinguishing them from high-frequency traders.

Annual dividend projections included in the table below reflect updated estimates for 2025. Recent adjustments to stock valuations have resulted from third quarter financial results, updated guidance for the fourth quarter, and the application of a revised oil & gas price deck across all forecasting and valuation models. Minerals and upstream companies in the portfolio are more exposed to commodity price fluctuations than the four midstream companies.

Minerals & Royalties Companies

Following the merger of **Sitio Royalties (STR) into Viper Energy (VNOM)** on August 8th, the portfolio now contains three minerals companies. Minerals and royalties firms are generally considered safer investments than upstream oil & gas companies because they do not assume drilling risk. Nevertheless, they remain sensitive to commodity price risk, making their production mix a crucial factor in evaluation.

Black Stone Minerals (BSM), organized as a Master Limited

High Yield Income Portfolio

Company Name	Primary Product	Stock Symbol	Share Price	Estimated Annual Yield	Annual Dividend	Paid	EPG Valuation
			11/26/25		USD		
Minerals Companies							
BLACK STONE MINERALS LP	GAS	BSM	$13.97	9.13%	$1.28	Qtr	$15.00
KIMBELL ROYALTY PARTNERS	OIL	KRP	$12.17	12.57%	$1.53	Qtr	$16.50
VIPER ENERGY, INC.	OIL	VNOM	$36.05	6.52%	$2.35	Qtr	$46.00
Upstream Companies							
HEMISPHERE ENERGY	OIL	HMENF	$1.41	8.11%	$0.114	Qtr	$1.92
INPLAY OIL	OIL	IPOOF	$9.06	8.70%	$0.788	Mo	$12.07
PEYTO EXPLORATION & DEVELOPMENT	GAS	PEYUF	$15.64	6.10%	$0.954	Mo	$16.33
SURGE ENERGY	OIL	ZPTAF	$5.19	7.23%	$0.375	Mo	$6.82
WHITECAP RESOURCES	OIL	WCPRF	$8.24	6.38%	$0.526	Mo	$9.58
Midstream Companies							
ANTERO MIDSTREAM CORP	Midstream	AM	$17.79	5.06%	$0.90	Qtr	$20.00
ENBRIDGE INC	Midstream	ENB	$48.04	5.54%	$2.66	Qtr	$47.57
ONEOK, INC.	Midstream	OKE	$71.51	5.76%	$4.12	Qtr	$100.00
PLAINS GP HOLDINGS LP	Midstream	PAGP	$18.48	8.23%	$1.52	Qtr	$23.00

Partnership (MLP), reported third quarter production of 36,253 Boepd, surpassing the forecast of 34,000 Boepd. Net income reached $84.4 million, significantly exceeding expectations. The quarter's distributable cash flow (DCF) was more than sufficient to cover the cash distribution of $0.30 per unit. Of the minerals companies, BSM is most exposed to rising natural gas prices and is expected to increase cash distributions in 2026.

For investors seeking high-yield dividends over growth, **Kimbell Royalty Partners LP (KRP)** stands out as the top pick. KRP is a partnership taxed as a C-Corp, and its 2025 dividends are anticipated to be treated as a return of capital, resulting in the highest after-tax rate of return in the portfolio, estimated at approximately 12.5% for 2025. The company pays variable dividends, amounting to about 70% of operating cash flow per unit. Kimbell's third quarter production was 25,530 Boepd, meeting forecasts. Its production mix, about 48% natural gas, 20% NGLs, and 32% crude oil, combined with a hedging program, is expected to drive revenue growth in 2026. Approximately 19.2% of oil output is hedged through 2026 at a blended price of $67.88 per barrel, combined with rising natural gas prices, support the potential for dividend increases next year.

Viper Energy (VNOM) is highlighted as the portfolio's top choice for combining growth and income. Its significant scale and close relationship with **Diamondback Energy (FANG)**, the largest shareholder, provide a solid foundation for continued expansion, especially as Diamondback pursues an aggressive drilling program on Viper's mineral properties.

Viper's third quarter production of 108,859 Boepd exceed forecast, but crude oil production was 1% below forecast. Adjusted Net Income was in line with forecast. The fourth quarter will be the first full quarter since the merger with **Sitio Royalties (STR).** Viper's production guidance for the 4th quarter is 126,000 Boepd. My 2026 forecast is based on production of 130,000 Boepd, which is likely to be too conservative. Viper has more oil price risk because it is a pure play on the Permian Basin, where natural gas prices will remain at a deep discount to Henry Hub natural gas prices.

Viper has announced a definitive agreement to sell its non-Permian assets for $670 million in a transaction that is expected to close in Q1 2026 with an effective date of September 1, 2025; expected FY 2026 average daily production from the assets being sold is approximately 4,500 to 5,000 bo/d (9,000 to 10,000 boe/d).

Canadian Upstream Oil & Gas Companies

The High Yield Income Portfolio holds five Canadian upstream oil and gas companies, with forecasts updated to reflect third quarter actual results and updated guidance from each company. All five companies continue to deliver strong financial and operating results.

Hemisphere Energy (HME.V and HMENF) focuses exclusively on heavy Canadian crude oil production. Operating two successful polymer floods in the Atlee Buffalo area, the G Pool shows a very low decline rate, while the F Pool continues to increase output. Production dipped to 3,571 Boepd in Q3 due to facility maintenance and well workovers, but rebounded to 3,800 Boepd (99.5% oil) of oil in November. With a modest drilling program that was completed in November, production is expected to reach approximately 4,000 bpd at year-end. The company maintains a pristine balance sheet, and pays quarterly dividends of $0.025 CAD, along with two special dividends annually. The current forecast does not include results from the Marsden polymer flood pilot project, which has not shown the results the company hoped for, but has not been abandoned. Hemisphere is actively exploring further opportunities in Alberta.

InPlay Oil (IPO.TO and IPOOF) offers considerable upside from current trading levels following its acquisition in the Pembina Area, which closed on April 7th. The transaction doubled production capacity and added substantial high-quality inventory, referred to as "Running Room." The company's third quarter production of 18,970 Boepd (48% crude oil, 12% NGLs and 40% natural gas) exceeded my forecast. InPlay also raised its production guidance for 2025.

The CEOs of Hemisphere Energy and InPlay Oil will be speaking at our Houston luncheons on December 2 and 9, respectively. Seating is limited, so you must register if you wish to attend.

Peyto Exploration & Development (PEY.TO and PEYUF) is close to a pure play on Canadian natural gas. It continues to report the highest realized natural gas prices in this group. Third quarter financial results were slightly better than my forecast. I consider Peyto the safest way to add more exposure to rising natural gas prices in Western Canada. In addition to high yield dividends, Peyto has flexibility to ramp up production if market conditions continue to improve.

Surge Energy (SGY.TO and ZPTAF) hosted our November 18th luncheon in Houston. Paul Colborne, President & CEO, and Murray Bye, COO, made a very good presentation and answered all of our questions. A lot of our members in Houston own this stock, which made the Q&A a "lively" discussion.

Surge's third quarter production of 23,622 Boepd beat my forecast by 1,122 Boepd, primarily because they continue to report strong well results in the Hope Valley drilling program. The company's drilling program is designed to maximize free cash flow while keeping production flat. When Surge meets it final debt reduction goal early in 2026, it is expected to accelerate its stock buyback program Preliminary production guidance for 2026 is 23,000 Boepd, but if oil prices do improve, Surge has the ability to ramp up production. It has a lot of high-quality "Running Room" in two of the best conventional oil plays in Western Canada.

Whitecap Resources (WCP.TO and WCPRF) is the largest of the five Canadian upstream holdings, with production of 374,623 Boepd in the third quarter, beating my forecast of 365,000 Boepd. The company pays monthly dividends of $0.0608 CAD ($0.73 annually). The anticipated Q4 production mix is approximately 47.5% crude oil, 12.5% NGLs, and 40% natural gas. The company's production mix and hedging program help reduce exposure to commodity price risk.

Midstream Companies: Safe Bets for Income and Growth

Amid the volatility present in oil, gas, and NGL prices, midstream companies are considered the safest options across all three model portfolios.

Plains All American Pipeline LP (PAA) operates as an MLP, while **Plains GP Holdings (PAGP)** is a C-Corp paying the same dividend. PAGP is favored for investors wishing to avoid K-1 tax forms, while PAA offers a slightly higher yield for those comfortable with MLP ownership. PAGP is the top midstream pick, trading below book value per share and offering the highest dividend yield. Third quarter Distributable Cash Flow (DCF) was $0.61/unit, which compares to current cash distributions of $0.38/quarter. PAA's DCF should be going up in 2026 since they have closed the acquisition of the EPIC Crude Oil Pipeline. I expect them to increase dividends by about $0.04/quarter each year through 2030.

Enbridge (ENB.TO and ENB on the NYSE) is the largest company in the portfolio, with a market capitalization of $147Cdn billion. Its scale offers significant stability and resilience within the midstream sector. I have been following ENB for over five years and during that time their quarterly results have been very close to their guidance.

ONEOK (OKE) is a long-standing portfolio company. It is now a much larger company, having completed major acquisitions in September 2023 and October 2024. These transactions increased revenues from $17.7 billion in 2023 to $21.7 billion in 2024, with revenue projections above $33 billion for 2025. ONEOK reported third quarter revenues over $8.6 billion, that generated Adjusted Operating Cash Flow per share of $2.67 for the quarter. I am forecasting CFPS of $10.55 in 2026, which would be a company record.

TipRanks shows a very wide range of price targets for OKE of $75 to $110, with an average of $86.07. What stands out is that all 14 recently updated price targets are higher than the current share price,

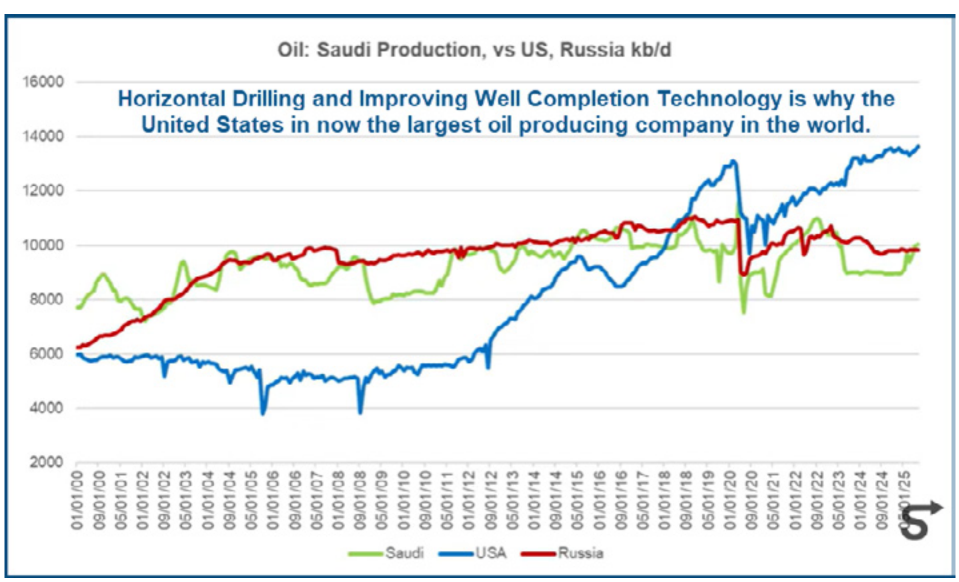
Antero Midstream (AM) is the smallest midstream company in the portfolio, with growth closely tied to the aggressive drilling activities of **Antero Resources (AR)**. AM's relationship with Antero Resources is key to this stock's growth. AM's third quarter results beat my forecast. Since I now expect AR to accelerate its drilling program in 2026, I have raised my valuation of AM by $2 per share. AM has reached its goal of consistently generating free cash flow after dividends, so it started a Stock Buyback Program in 2025.

We have published updated profiles on AM, OKE, PAA, and WCP.TO. We are working on the eight other profiles that need to be updated and hope to publish them by mid-December. November has been a very busy month.

Final Thoughts

U.S. upstream oil and gas companies have demonstrated notable resilience by sustaining increased oil production despite low commodity prices, largely attributable to advancements in drilling efficiency. Major Permian operators such as **Diamondback Energy (PR), Matador Resources (MTDR), and Permian Resources (PR)** have achieved significant improvements in both well completion time and cost.

The chart below indicates that oil production levels in Russia and Saudi Arabia have remained relatively stable over the past decade. Given current oil prices, it is improbable that the three leading producers will be able to markedly increase output. It will take years for Russia to cover all the damage that



Ukraine drones have done to their infrastructure. Saudi Arabia won't ramp up production so it can sell its most precious resource at a discount.

Natural Gas "Is the Future": The availability of substantial natural gas reserves offers an alternative energy source, including potential applications as transportation fuel.

Recent developments from Paris suggest a shift in perspective following years of cautionary forecasts concerning global oil market supply and demand fundamentals. The **International Energy Agency's (IEA)** World Energy Outlook 2025 now projects that, under existing policies, global oil demand will not peak within five years as previously anticipated but is instead expected to grow continually, reaching 113 million barrels per day by 2050. Since IEA remains beholding to the Climate Alarmist, it remains possible that actual demand growth may still be underestimated.

Significant discrepancies persist between the IEA's forecast and OPEC's outlook. Notably, OPEC estimates global demand will attain 113.3 million barrels per day within the next four years, with long-term projections suggesting an increase to 123 million barrels per day by 2050. OPEC knows that demand for oil-based products goes up in lock step with population growth.

Most of this growth in demand is projected to originate from emerging economies, including India, Asia, the Middle East, and Africa. Demand in these regions is anticipated to rise by 22.4 million barrels per day, with India accounting for 36 percent of this increase.

Current geopolitical developments should be considered with caution. Media coverage continues to focus on the possibility of peace negotiations between Russia and Ukraine; however, the implications for the oil market may differ from general expectations. Putin's "Peace Plan" looks more like the "Russian Victory Plan".

Even if sanctions and price caps are lifted, Russian crude already flows to markets, such as India and China, through indirect channels. Removing price caps would likely result in higher prices for Russian exports rather than an influx of new supply.

The dynamics of the oil market are expected to remain complex, with considerable attention likely to be directed towards global supply and demand trends in 2026 as market participants adapt to evolving circumstances.

The Oil Price Cycle will eventually win.

Thank you for your support.

Monitor the macro-environment while also conducting a thorough analysis of company specific details prior to making any investment decisions. Best wishes for your success.

Dan Steffens, President
Energy Prospectus Group