



**By: Dan Steffens, President**

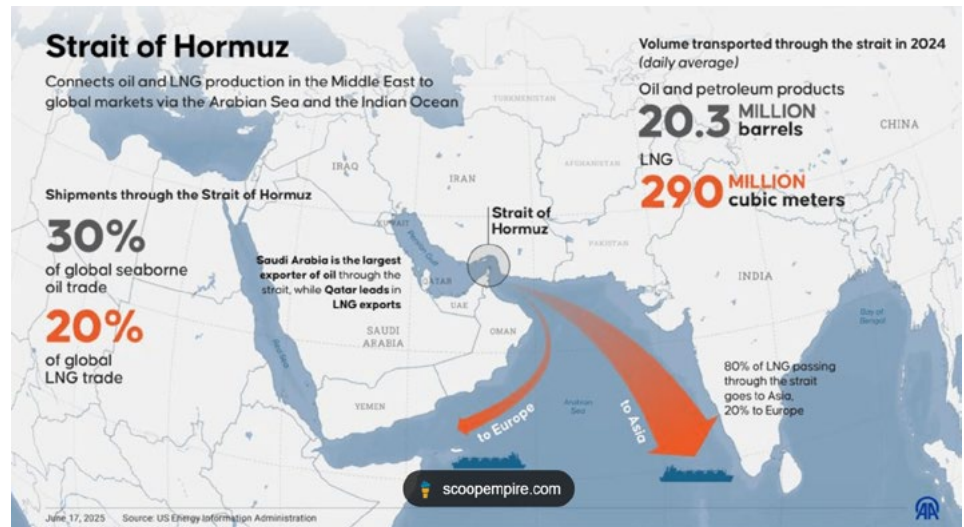


Dan Steffens is the President of Energy Prospectus Group (EPG), a networking organization based in Houston, Texas. He is a 1976 graduate of Tulsa University with an undergraduate degree in Accounting and a Masters in Taxation.

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.

**"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.



**War in the Middle East has created a BIG PROBLEM:** Last week, tanker traffic through the Strait of Hormuz was suspended, resulting in a significant spike in oil prices and marking crude's largest weekly increase in years amid heightened supply concerns and disruptions across the Middle East. It has also significantly increased natural gas prices in Asia and Europe.

WTI crude oil futures climbed more than 11% to exceed \$90 per barrel on Friday, **reaching their highest level since August 2022** as escalating tensions in the region continued to impact global energy trade. President Donald Trump called upon Iran to agree to **unconditional surrender**, further fueling apprehension that a protracted conflict could materially affect global oil supplies. Earlier, Qatar's Energy Minister Saad al-Kaabi informed the Financial Times that Gulf exporters

would halt production within days should tankers remain unable to transit the Strait of Hormuz—a vital passage typically responsible for handling approximately 20 million barrels of oil and petroleum products daily.

The United States indicated it may take steps to mitigate supply pressures, including the potential release of strategic reserves and temporary authorization for India to purchase certain Russian crude cargos already in transit. Additionally, Saudi Arabia increased oil prices for Asian buyers and rerouted shipments via Red Sea ports to circumvent Hormuz.

Oil traders are assessing potential export disruptions from the Persian Gulf amid regional tensions. With uncertainty around the Strait of Hormuz, Brent prices may go over \$100/bbl and could go over \$150/bbl.

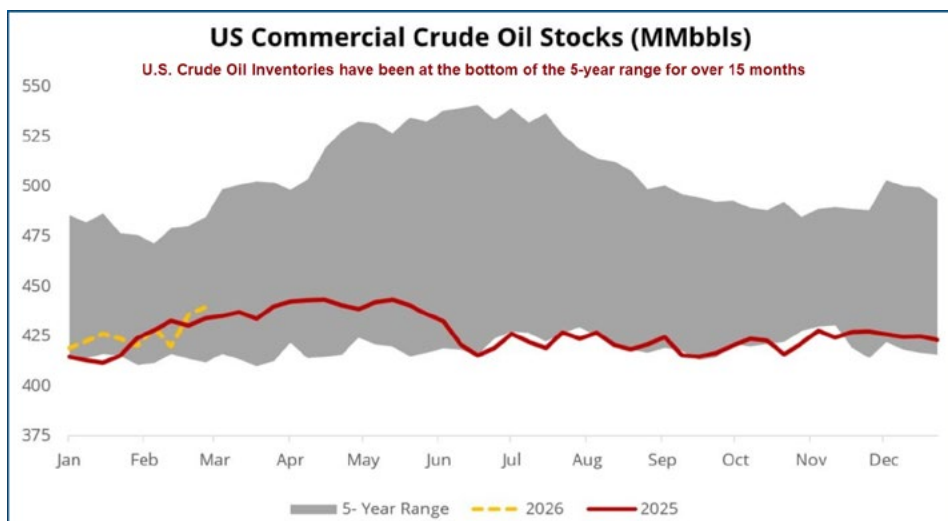
# Global Oil Market Outlook

After President Trump demanded 'unconditional surrender' from Iran, WTI oil prices surged past \$90 per barrel as the Strait of Hormuz remains closed, halting Persian Gulf crude exports. Iraq and Kuwait are also cutting output because they are running out of storage, amplifying the rally.

Drastic measures are being taken to keep a lid on oil prices:

- The US Treasury allowed Indian refiners to temporarily buy Russian oil shipped before March 5, causing a rise in Russian crude prices.
- Despite President Trump's offer of US Navy escorts, tanker insurers have withdrawn and no crude has left the Gulf since March 1.
- Middle East VLCC freight rates to northeast Asia have soared to \$16 per barrel due to the Strait of Hormuz closure, about 20% of FOB value.
- Japanese refiners are urging their government to release strategic oil reserves amidst fears of crude shortages.
- Kuwait followed Iraq in reducing oil output as its storage tanks fill, having already shut the Mina Abdulla refinery.

The EIA has been telling anyone that would listen that there is a GLUT of oil. Just a week into the war with Iran and there is no GLUT to be found. That's because EIA and IEA have been lying to us. U.S. crude oil and distillate inventories have been below normal for over a year.



## 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)
- Crescent Energy (CRGY)
- Devon Energy (DVN)
- Diamondback Energy (FANG)
- EOG Resources (EOG)
- EQT Corp. (EQT)
- Flex LNG Ltd. (FLNG)
- Freehold Royalties (FRU.TO)
- Magnolia Oil & Gas (MGY)
- Matador Resources (MTDR)
- Ovintiv (OVV)
- Permian Resources (PR)
- Plains All American Pipeline (PAA)

I have no idea where oil price are heading next, but here are a few points to be considered:

- **The global economy is heavily dependent on oil.** Currently, demand outpaces supply due to the conflict in Iran and the ongoing issue of insufficient investment in new oil exploration and development, resulting in minimal spare production capacity outside of Saudi Arabia and the United Arab Emirates. Both countries face challenges in bringing their oil to the global market, as exports must pass through the Strait of Hormuz.

- During President Trump's first term, increased domestic drilling activity ("**Drill Baby Drill**") was observed; however, **this trend did not continue into his second term**, largely due to the cyclical nature of oil prices. Typically, periods of low oil prices drive higher consumption and reduce investments in new supply, eventually tightening the global oil market.

- There is considerable pressure from market participants for lower oil prices, but West Texas Intermediate (WTI) in the \$50s per barrel range was never sustainable. Excluding the impact of the war in Iran, an appropriate price range for WTI would be between \$75 and \$85 per barrel. It is important to recognize that **the Oil Price Cycle is resistant to political influence.**

- **U.S. oil production has peaked.** Weather-related disruptions are expected to lead the Energy Information Administration (EIA) to confirm that U.S. oil output peaked in October, remained flat in November and December, and declined sharply in January. A rebound to the December production level is unlikely in February, given that upstream companies have not completed enough new wells to counteract natural declines in existing production. All oil wells experience

# Estimated Draws from U.S. Natural Gas Storage

## Natural Gas Storage Projections For The Next Four Weeks

Week 1 Ending: March 6		Week 2 Ending: March 13		Week 3 Ending: March 20	
<b>-45 BCF</b>	12 Hr Δ: Unchanged	<b>+18 BCF</b>	12 Hr Δ: Down -1 BCF	<b>-52 BCF</b>	12 Hr Δ: Down -9 BCF
	Vs. 5 Yr Avg: +16 BCF		Vs. 5 Yr Avg: +47 BCF		Vs. 5 Yr Avg: -32 BCF
	Vs. 2025: +19 BCF		Vs. 2025: +19 BCF		Vs. 2025: -85 BCF

declining output shortly after completion.

- **The potential for oil prices to rise further remains uncertain.** For context, the price of WTI exceeded \$147 per barrel in 2008, demonstrating that **\$100 per barrel does not represent a definitive upper limit.**
- **Regime Change will happen in Iran:** Thanks to the killing of the Supreme Leader and 40+ men on his leadership team on Day One of the War, there is going to be a lengthy fight for control of Iran. It could last years and it will definitely impact Iran's oil production capacity.

## Natural Gas Market Outlook

On Thursday, March 5th EIA reported that 132 Bcf of gas was drawn from storage during the week ending February 27, 2026. The larger than expected draw pushed natural gas in storage 43 bcf below the 5-year average for the last week of February.

As you can see at the top of this page, the next two weekly reports will wipe out the surplus. The long-range weather forecast is a bit more bullish, showing one last taste of winter that should cause storage to end the 2025/2026 winter with storage very close to the

5-year average of approximately 1,800 Bcf. That is a lot of gas in storage, but thanks to rapidly increasing LNG exports, natural gas prices in Q2 2026 should be close to \$3.25/MMBtu. That is the price that I am currently using in my forecast models.

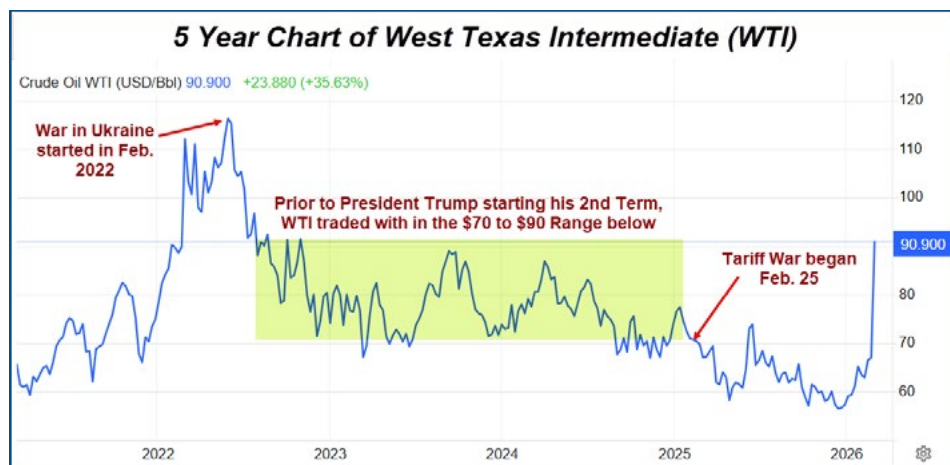
For modeling purposes, I am using the oil and gas prices in the table below.

## 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)**. Based on the March 6th closing prices **the Sweet 16 is up 23.34% YTD.**

All of the Sweet 16 portfolio companies have released their Q4 2025 financial results and issued comprehensive guidance for 2026. I have updated all relevant forecast and valuation models, ensuring that each company's stock valuation in the table reflects current information. Six profiles (CTRA, RRC, SM, SEI, TOU.TO, and WCP.TO) are pending updates, which will be completed by the end of this week.

This newsletter highlights select



**Bottomline:** As I have mentioned many times in my newsletters and on the EPG Forum; the "Right Price" for oil is within the range of \$75 to \$85 per barrel. Prior to the combined FEARs of "Drill Baby Drill" and Trump's Tariff War, that is where WTI traded for three years as you can see in the chart above. My opinion is that WTI is not going back the low \$60s/bbl. However, I want to see what happens over the next few weeks before I increase the oil price used in my forecast/valuation models.

Updated	Oil & Gas Prices used in Forecast Models					Following
2/15/2026	2023 to 2025 Actuals and 2026 & 2027 Forecasts					YEAR
	Q1	Q2	Q3	Q4	YEAR	Forecast
	Actuals	Actuals	Actuals	Actuals	Actuals	
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	\$ 59.14	\$ 64.81	
2026 by Qtr	\$ 60.00	\$ 62.50	\$ 65.00	\$ 70.00	\$ 64.38	\$ 70.00
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	\$ 3.55	\$ 3.43	
2026 by Qtr	\$ 3.50	\$ 3.25	\$ 3.50	\$ 4.00	\$ 3.56	\$ 4.00

## Sweet 16 Growth Portfolio

Company Name	Primary Product	Stock Symbol	Share Price	EPG Fair Value Estimate	Percent Undervalued
			3/6/26		
ANTERO RESOURCES	GAS	AR	38.83	\$43.00	10.74%
COTERRA ENERGY	GAS	CTRA	31.03	\$32.50	4.74%
CRESCENT ENERGY	OIL	CRGY	11.76	\$21.00	78.57%
DEVON ENERGY	OIL	DVN	44.48	\$56.00	25.90%
DIAMONDBACK ENERGY	OIL	FANG	180.54	\$196.00	8.56%
EOG RESOURCES	OIL	EOG	131.41	\$151.00	14.91%
EQT CORP	GAS	EQT	61.96	\$66.00	6.52%
MAGNOLIA OIL & GAS	OIL	MGY	29.22	\$32.00	9.51%
MATADOR RESOURCES	OIL	MTDR	56.32	\$68.00	20.74%
OVINTIV INC (was ENCANA)	OIL	OVV	52.25	\$64.00	22.49%
PERMIAN RESOURCES	OIL	PR	18.85	\$22.50	19.36%
RANGE RESOURCES	GAS	RRC	41.49	\$43.00	3.64%
SM ENERGY	OIL	SM	25.97	\$41.00	57.87%
SOLARIS ENERGY INFRASTRUCTURE	SERVICES	SEI	48.96	\$68.00	38.89%
TOURMALINE OIL (\$Cdn)	GAS	TOU.TO	63.37	\$65.00	2.57%
WHITECAP RESOURCES (\$Cdn)	OIL	WCP.TO	13.87	\$16.00	15.36%

companies whose valuations exceed their March 6, 2026, closing prices by more than 20%. It is important to note that these valuations are based on a WTI oil price deck significantly below current futures market prices. Should elevated oil prices persist, most of the Sweet 16 companies may warrant substantially higher valuations. **AR, EQT, and RRC** represent the group's "Gassers," that have the lowest exposure to crude oil prices.

Since the previous newsletter, **Whitecap Resources (WCP.TO)** has replaced **Northern Oil & Gas (NOG)** in the Sweet 16. NOG pays higher dividends than Whitecap, so it better aligns with our High Yield Income Portfolio. Both companies continue to hold positive outlooks. An updated profile on Whitecap will be published later this week.

Currently, three Sweet 16 companies are

engaged in strategic mergers poised to significantly increase their scale within the upstream oil and gas sector. Size remains a crucial factor in this industry. When these organizations report a full quarter of combined results, it is anticipated they will attract considerable attention from market analysts. Historically, energy sector analysts tend to await definitive post-merger performance before adjusting their valuations. If actual Q1 2026 results align with my projections, **CRGY, SM, and DVN** could merit notable increases in share price.

On December 15, 2025 **Crescent Energy (CRGY)** announced the closing of its previously announced acquisition of **Vital Energy, Inc. (NYSE: VTLE)**, creating a leading, returns-driven independent E&P company. The all-stock transaction positions Crescent as a top ten liquids-

weighted independent with a consistent strategy focused on free cash flow generation, disciplined capital allocation, and sustainable long-term value creation for shareholders. Crescent recently provided pro forma 2026 guidance with its fourth-quarter and full-year 2025 results that were announced on February 25, 2026.

The merger is a strategic move aimed at expanding Crescent Energy's operational footprint and strengthening its position in the U.S. energy market. The deal significantly increased Crescent Energy's scale, adding a 3rd core area in the Permian Basin, enhancing its production capacity and reserve base. By integrating Vital Energy's assets, Crescent Energy seeks to achieve greater operational efficiencies, diversify its portfolio, and improve long-term cash flow stability.

Based on the most recent guidance that I have from Crescent Energy, the company's production will increase approximately **27% year-over-year in 2026 to 330,000 Boepd**. My forecast model shows them generating over \$2 billion of operating cash flow this year (if WTI averages \$65/bbl), which compares to their capital expenditure guidance midpoint of \$1.4 billion. CRGY's free cash flow will more than cover their dividends of \$0.12/quarter (\$0.48/year), which is annual yield of 4.08% based on the March 6th closing price. **CRGY is now a very attractive "Growth + Income" stock.**

The merger of **Civitas Resources (CIVI)** into **SM Energy (SM)** was completed on January 30, 2026, making SM Energy larger than Crescent Energy. Production now stands at about **440,000 Boepd**, up from 206,900 in Q4 2025, making it the 5th largest U.S. upstream oil & gas firm by daily output. My valuation uses a 2.75x multiple on annualized operating cash flow per share, while **Permian Resources (PR)** trades at over 4x annualized CFPS despite 10% lower production. Similar-sized companies have historically traded at 6x to 8x CFPS. I will be reviewing my SM forecast model this week as it currently estimates 18% lower operating cash flow per share than TipRanks' consensus of \$16.06 for 2026, though my net income forecast is close to their net income per share consensus of \$3.49.

# 2026 Strategic Objectives



A CLEAR PATHWAY TO VALUE CREATION

## 1 | INTEGRATE

### Integrate & Capture Synergies

- Action \$200–\$300 million of expected synergies
  - ✓ \$185MM actioned to date—capturing upside amounts
- Proven integration track record
  - People, processes, and systems de-risk and accelerate integration
  - Data platform integration empowers technical team to scale best practices portfolio-wide

## 2 | EXECUTE

### Maximize Free Cash Flow

- Safety-led, efficiency-driven operations
- Optimize activity levels across scaled portfolio
- Disciplined capital investments
  - High-grade portfolio
  - Enhance capital efficiency
  - Maximize inventory value

## 3 | BOLSTER

### Strengthen Capital Structure

- \$1.0B+ of divestitures
  - ✓ \$950MM divestiture announced—proceeds expected to reduce debt
- Enhance liquidity
  - ✓ RBL upsized; maturity extended
  - ✓ Credit rating upgrades (Fitch, S&P)
- Boost capital return framework
  - ✓ 10% fixed dividend policy increase
  - ✓ 20% of quarterly free cash flow allocated to buybacks

2026 plan focuses on returns, resilience, and delivering stockholder value

I have personally realized some large gains on companies involved in significant acquisitions or mergers. The combination of rising oil prices and a step change in production tells me that SM has a lot of upside for us in 2026. The share price is now up 38.9% year-to-date, so it is starting to draw a lot more attention.

**Devon Energy (DVN) and Coterra Energy (CTRA)** recently announced an all-stock merger valued at \$58 billion, forming a company twice the size of CRGY + SM with **over 1,600,000 Boepd of production**. The merged entity, to be called Devon Energy and based in Houston with operations maintained in Oklahoma City, will have a strengthened presence in the Permian Basin, Marcellus Shale, and Anadarko Basin. It will also own the largest drilling inventory in the Delaware basin, with break evens below \$40 per barrel, and expects \$1 billion in annual pre-tax synergies to improve free cash flow. Operations will span the Permian, Anadarko, Eagle Ford, Marcellus, and Rockies regions.

The merger of Coterra into Devon Energy is expected to close early in Q2 2026.

According to Andrew Dittmar, director at Enverus Intelligence, the recent transaction is comparable in magnitude to Diamondback's acquisition of Endeavor and constitutes the fourth largest upstream merger since 2020.

Dittmar observes that such sizable transactions have become increasingly common as the U.S. upstream sector advances through a period of multi-year consolidation and as opportunities for strategic expansion within core plays become limited. *< This is why I expect several more of our Sweet 16 companies to be acquired this year.*

For Devon, the primary asset gained in this merger is its increased presence in the Delaware Basin within the Permian region. The northern part of the Delaware Basin in New Mexico is recognized for its high-quality geological formations, regarded as among the best in North America.

This transaction elevates Devon from the third-largest to the leading producer in the Delaware Basin based on gross operated volumes, and positions the company among the top three producers in the broader Permian region, exceeding one million barrels of oil equivalent per day, according to Enverus.

Furthermore, the merger is expected to enhance Devon's shareholder distributions, which is viewed positively by investors. Prior to the deal, Devon allocated approximately 10% of its operating cash flow to base dividends—at the lower end among large-cap, oil-focused E&P companies. Following the transaction, projected dividends will

increase to about 15% of cash flow, surpassing Diamondback and nearing levels seen at **EOG Resources (EOG)** and ConocoPhillips. Stock buybacks are also expected to resume in 2H 2026.

If this M&A trend continues, **Matador Resource (MTDR) and Permian Resources (PR)** definitely look like takeover targets to me. A transaction that makes a lot of sense to me is an all-stock merger of Matador into Permian Resources. Combined production would be close to 600,000 Boepd.

### Top Dividend Yields in the Sweet 16

Dividend-focused investors may consider the following Sweet 16 constituents, which posted the highest annualized dividend yields as of the close on March 6th.

- Whitecap Resources (WCP.TO or WCPRF): 5.37%
- Crescent Energy (CRGY): 4.08%
- SM Energy (SM): 3.38%
- Permian Resources (PR): 3.34%
- EOG Resources (EOG): 3.31%
- Riley Exploration Permian (REPX): 4.85% < REPX is in our Small-Cap Growth Portfolio.

## Small-Cap Portfolio

The Small-Cap Growth Portfolio showcases the unique benefits and

## Small-Cap Growth Portfolio

Company Name	Primary Product	Stock Symbol	Share Price	EPG Fair Value Estimate	Percent Undervalued
		Dividends	3/6/26		
			USD	USD	
BAYTEX ENERGY	OIL	BTE	\$3.95	\$4.50	13.92%
JOURNEY ENERGY	OIL	JRNGF	\$3.28	\$4.00	21.95%
KOLIBRI GLOBAL ENERGY	OIL	KGEI	\$4.63	\$8.50	83.59%
PINE CLIFF ENERGY	GAS	PIFYF	\$0.50	\$0.70	39.05%
RILEY EXPLORATION PERMIAN	OIL	REPX	\$33.01	\$52.00	57.53%
RING ENERGY	OIL	REI	\$1.54	\$2.50	62.34%
ROK RESOURCES	OIL	ROKRF	\$0.15	\$0.20	29.83%
RUBELLITE ENERGY	OIL	RUBLF	\$2.20	\$4.00	81.94%
SPARTAN DELTA	GAS	DALXF	\$7.92	\$9.00	13.64%

challenges of investing in smaller energy companies. Although small-cap stocks tend to carry greater risks compared to large firms in the Sweet 16, they often come with significant growth opportunities. For upstream companies, their size and capacity for expansion are vital; increased production and proven reserves can lead to stronger share values. Since EPG began in 2003, well-managed small-caps with notable growth potential—often described as

having ample “Running Room”—have delivered the highest percentage gains.

The Small-Cap Growth Portfolio is up 25.92% year-to-date

**Ring Energy (REI)** tops the list, climbing 77.9% YTD, thanks to generating over 99% of its revenue from crude oil sales. If WTI oil prices stay above \$65 per barrel, REI could reach my target value of \$2.50 per share.

**Baytex Energy (BTE)** improved its finances after selling its U.S. Eagle Ford assets in December, netting US\$2.14 billion (about CA\$2.96 billion). My current valuation stands at \$6.15 Canadian (\$4.50 US) per share. The valuation uses a multiple of four times annualized operating cash flow per share, which is conservative given Baytex’s now much healthier balance sheet. With higher oil prices than anticipated in my 2026 forecast, Baytex should soon be drawing a lot more attention from investors.

**Exciting Update:** On March 4, 2026, **ROK Resources (ROK.V and ROKRF)** announced the termination of the previously planned arrangement and go-private transaction involving Blue Alaska Oil Trading LLC. The Buyers could not get the financing necessary to close the transaction. As a ROK shareholder, I wanted this to happen, because with higher oil prices ROK has significant upside for us.

On March 4th, **Riley Exploration Permian (REPX)** released Q4 2025 results that exceeded my expectations, with production reaching 35,533 Boepd—6% more than predicted. Additionally, proceeds from the sale of Riley’s stake in Dovetail Midstream LLC were used to significantly reduce debt. Riley’s financial position is strong heading into 2026. Its share price has risen 25.04% YTD, and I believe there’s

**REPX is a Growth + Income Stock**

**4Q25 Highlights**

**Total Daily production of 35.5 MBoe/d**  
+10% QoQ and +42% YoY

**Daily Oil production of 20.1 MBbls/d**  
+9% QoQ and +26% YoY

**\$65 MM of Cash Flow from Operations**  
Created \$17 MM of Upstream FCF

**Return of Capital**  
In October increased quarterly dividend to \$0.40 per share or an increase of 5% from the previous dividend; Initiated share repurchase program with \$100 MM authorization in December

**Midstream Sale**  
Sold midstream project to Targa in December for \$123 MM; Proceeds used to reduce borrowings on the Company’s credit facility

**Debt Reduction**  
Reduced debt by \$120 MM during the quarter; Ended quarter with LTM Leverage of 0.9x

**Riley Permian Primed for Active 2026**

**Inventory Aggregated Through Acquisitions**

- Silverback represents third New Mexico Red Lake acquisition over the last three years
- Complements legacy Champions position; Combined provide 7-8 years of high cash-on-cash return drilling inventory

**Infrastructure Buildout**

- New Mexico Midstream Project anticipated to be operational in 2H-26; Provides flow assurance of natural gas production and enables more robust development of New Mexico assets

**Clean Balance Sheet and Robust Hedge Position**

- Significantly reduced debt with midstream sale proceeds
- Well hedged with 2026 average downside oil price of ~\$60

**Transformative 2025 Provides Riley Flexibility in 2026 to Allocate Capital Based on Economic Conditions**

- Riley Permian has optionality to allocate capital towards the drill bit or shareholder returns

at least 50% further upside ahead.

**Kolibri Global Energy (KGEI)** is trading far below my \$8.50 valuation. Despite operational challenges, Kolibri continues to achieve solid production growth annually, with revenues primarily from oil sales. 2026 could be a breakthrough year for this small-cap, and its share price is up 17.81% YTD.

Sue Riddell Rose, CEO of **Rubellite Energy (RBY.TO)**, will be joining me for a live webinar on March 26th. Rubellite's share price is up 24.58% YTD, but I'm optimistic about its future due to its substantial "Running Room" in some of the best oil basins in Western Canada. The company currently produces around 13,600 Boepd, with a mix of 63% crude oil, 33% natural gas, and 4% NGLs.

**Journey Energy (JOY.TO)** and **Spartan Delta (SDE.TO)** were the top performing stocks for us in 2025 and they are off to a great start this year; both up over 40% YTD. It is Spartan Delta's outstanding Duvernay Shale well results that are drawing the most attention. Spartan Delta is the operator of a 70/30 joint venture in the core of the Duvernay Shale oil play; Journey Energy holds the 30% Non-op share.

This week, I'll be speaking at an energy conference in Dallas on Thursday morning. Once back at my desk, I'll focus on updating all forecast and valuation models for the Small-Cap Growth Portfolio companies.

## High Yield Income Portfolio

Our High Yield Income 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

## 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.

**March 9 Webinar:** Teo Dechev, President & CEO of Mundoro Capital Inc. (MUN.V) will be joining me on a live webinar that will begin at 2:00 PM CT. < The share price has doubled since Ms. Dechev spoke at our January 13th luncheon in Houston. I believe this small-cap has a lot more upside for us.

**March 26 Webinar:** Sue Riddell Rose, President & CEO of Rubellite Energy (RBY.TO) will be joining me on a live webinar that will begin at 1.30 PM CT.

**March 27 Luncheon in Houston:** Marc Jasmin, Director of Investor Relations for Nouveau Monde Graphite (NYSE: NMG) will be joining me at Maggiano's Little Italy, 2019 Post Oak Blvd to update us on the significant progress that NMG has made at their Bécancour Battery Material Plant to fulfill Panasonic Energy's 13,000-tpa active anode material offtake agreement with NMG.

market activity. Investors who adopt high-yield strategies tend to have a long-term, buy-and-hold approach, distinguishing them from high-frequency traders.

### THE HIGH YIELD PORTFOLIO IS UP 23.35% YTD, NOT INCLUDING DIVIDENDS PAID YTD.

Annual dividend projections included in the attached table reflect updated estimates for 2026. I have not had time to update most of my forecast/valuation models for the companies in this portfolio for Q4 results and fresh guidance. I will be focusing on them next week.

### MINERALS / ROYALTIES COMPANIES

The portfolio now contains four minerals companies with the recent addition of **Freehold Royalties Ltd. (FRU.TO)**. 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 my evaluations.

**Black Stone Minerals (BSM)**, an MLP, is

the most heavily weighted to natural gas. The partnership's Q4 2025 production was below my forecast, but 2025 free cash flow more than covered their cash distribution for the quarter. Drilling activity on their minerals has increased in Q1 2026. Black Stone's production mix for 2026 is expected to be approximately 22% crude oil and 78% natural gas & NGLs, which it reports on a combined basis. I do expect BSM to increase cash distributions to \$0.375/quarter in 2026.

**Kimbell Royalty Partners LP (KRP)** reported Q4 2025 net income that exceeded my forecast despite production being slightly below my forecast. The company pays variable dividends, that amounted to \$1.57/unit in 2025. For investors seeking high-yield dividends over growth, **KRP** stands out as the top pick. KRP is a partnership taxed as a C-Corp, and its 2026 dividends are anticipated to be treated as a return of capital, resulting in the highest after-tax rate of return in the portfolio. Based on my 2026 forecast, KRP's dividend yield should be close to 11% this year.

**Viper Energy (VNOM)** is my top pick for combining growth and income. Its significant scale and close relationship with **Diamondback Energy (FANG)**, its

largest shareholder, provide a solid foundation for continued expansion, especially as Diamondback pursues an aggressive drilling program on Viper's mineral properties.

## UPSTREAM OIL & GAS COMPANIES

The High Yield Income Portfolio holds five upstream oil and gas companies. I recently moved **Northern Oil & Gas (NOG)** from our Sweet 16 Growth Portfolio into this portfolio. **Whitecap Resources (WCP.TO)** replaced it in the Sweet 16. NOG is a Non-OP company that has been a solid investment for us. The share price is up 94% over the last five years and the dividends have steadily increased since it was added to the Sweet 16 on January 1, 2022.

We will be publishing an updated profile on NOG this week.

2025 was a transformative year for **InPlay Oil (IPO.TO)** highlighted by light oil production growth of 131% and total proved and probable reserve replacement of 1,084%.

*"InPlay's 2025 fiscal year marked a truly transformational chapter in the Company's history, highlighted by the successful completion of the highly accretive April 2025 acquisition of Pembina assets in our core focus area. This strategic transaction significantly strengthened our already robust drilling inventory, expanded our operational scale, increased our ability to generate meaningful free adjusted funds flow ("FAFF") and enhanced the long-term sustainability and depth of our asset base. InPlay has never been better positioned to advance its growth strategy"* – **Doug Bartole, InPlay's CEO**

**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. 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 the flexibility to ramp up production if market conditions improve.

On March 4th **Surge Energy (SGY.TO and ZPTAF)** reported Q4 2025 results that were in line with my forecast. Surge's production mix is approximately 85% crude oil, 12% NGLs and 3% natural gas. If oil prices stay elevated through March, I expect Surge to reach their final debt reduction goal and increase dividends in 2H 2026.

**Hemisphere Energy (HME.V)** is a pure play on heavy oil. It is not going to announce Q4 2025 results until April 15th. I will update my valuation soon

## High Yield Income Portfolio

Company Name	Primary Product	Stock Symbol	Share Price	Estimated Annual Yield	Annual Dividend	Paid	EPG Valuation
			3/6/26				USD
Minerals Companies							
BLACK STONE MINERALS LP	GAS	BSM	\$15.19	9.87%	\$1.50	Qtr	\$15.50
FREEHOLD ROYALTIES	OIL	FRHLF	\$13.15	6.00%	\$0.79	Qtr	\$14.00
KIMBELL ROYALTY PARTNERS	OIL	KRP	\$14.40	11.18%	\$1.61	Qtr	\$16.50
VIPER ENERGY, INC.	OIL	VNOM	\$44.10	7.10%	\$3.13	Qtr	\$48.00
Upstream Companies							
HEMISPHERE ENERGY	OIL	HMENF	\$1.84	6.35%	\$0.117	Qtr	\$1.97
INPLAY OIL	OIL	IPOOF	\$12.34	6.39%	\$0.788	Mo	\$14.00
NORTHERN OIL & GAS	OIL	NOG	\$28.86	6.24%	\$1.800	Qtr	\$42.50
PEYTO EXPLORATION & DEVELOPMENT	GAS	PEYUF	\$20.36	4.73%	\$0.964	Mo	\$21.00
SURGE ENERGY	OIL	ZPTAF	\$6.13	6.19%	\$0.380	Mo	\$7.50
Midstream Companies							
ANTERO MIDSTREAM CORP	Midstream	AM	\$22.97	3.92%	\$0.90	Qtr	\$23.00
FLEX LNG	Midstream	FLNG	\$30.23	9.92%	\$3.00	Qtr	\$26.50
PLAINS GP HOLDINGS LP	Midstream	PAGP	\$18.82	8.93%	\$1.68	Qtr	\$23.00

after that date. Hemisphere's two successful polymer floods within the Altee Buffalo area are almost fully developed. They will generate significant free cash flow for many years.

### 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 because they do not have direct exposure to commodity price risk.

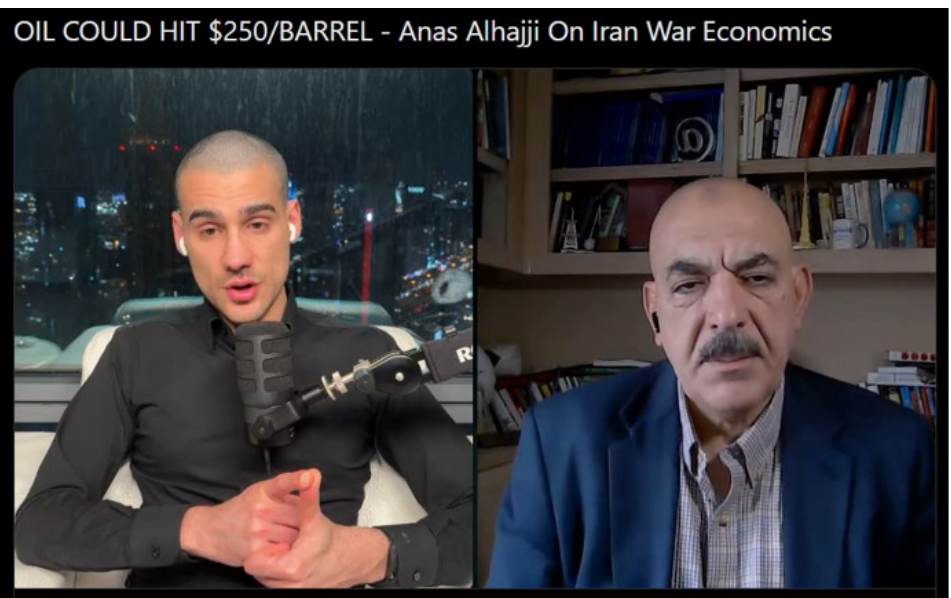
I have removed **Enbridge (ENB)** and **ONEOK (OKE)** from the portfolio because their dividend yields have declined below my threshold. They are both rock solid companies, but you might want to move the money to the other companies for higher dividend yield. PAA pays a much higher dividend.

**Flex LNG, Ltd. (FLNG)** share price has increased 15% since being added to the portfolio in February. You can find our February 13th profile on Flex under the High Yield tab on the website.

We published a profile on **Antero Midstream (AM)** on February 16th. It is the smallest midstream company in the portfolio, with growth closely tied to the aggressive drilling activities of **Antero Midstream (AR)**. AM's relationship with Antero Resources is key to this stock's growth. AM's share price is now at my current valuation, so today I rate it a HOLD. **I recommend harvesting the gain on AM and moving the money to PAA or PAGP.**

**Plains All American Pipeline LP (PAA)** is an MLP with a slightly higher yield than its general partner **Plains GP Holdings (PAGP)** which is a C-Corp offering the same dividend and no K-1 tax forms. PAGP is my top midstream pick for safety and close to **9% dividend yield**. PAA and PAGP recently raised their quarterly dividends to \$0.42. I expect them to raise their dividends again in 2H 2026.

Next week I will be updating my forecast/valuation models for all of the companies in this portfolio and we will be publishing updated profiles before the end of March, except for Hemisphere.



### Final Thoughts

You can watch a very interesting discussion of how much the war in Iran will impact the oil price at this link: Mario Nawfal on [X](#).

Here are my notes from watching the 30-minute interview with Anas Alhajji:

- The world is realizing that oil prices depend not only on global supply and demand fundamentals but also on events like wars in the Middle East involving major oil producers, which can significantly affect balance in the global oil market.
- Even if the conflict ends soon, the geopolitical risk premium will likely remain.
- Iran does not have physical control over the Strait of Hormuz; currently, ships are avoiding it mainly due to insurance issues, which may take weeks to resolve.
- North American natural gas and NGL prices are shaped by regional supply and demand, while the war in Iran is driving up natural gas prices in Asia and Europe due to their reliance on steady LNG shipments from Qatar—Asian gas prices now exceed \$19/MMBtu.
- Natural gas producers could be the big winners because high demand for U.S. LNG is now guaranteed by what's already happened.
- No U.S. upstream oil and gas company or political figure (including Donald Trump) can control oil prices. If the

war in Iran continues beyond a few weeks, we may see oil prices surpass \$100 per barrel. If the war drags on for months, the oil price could top \$250 per barrel.

- If Brent stays over \$100/bbl it will crush the economies of many countries that rely on oil-based fuels.
- Our model portfolio companies don't need \$100/bbl oil. They just need WTI to return to the "Right Price" range of \$75 to \$85 per bbl to be extremely profitable.
- WTI averaged \$59.14/bbl in Q4 2025 and they were all profitable and free cash flow positive.

### 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

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