



EPG

Energy Prospectus Group

A Division of DMS Publishing, LLC

State of the U.S. Energy Industry

May 17, 2026

Dan Steffens, EPG President

THE WORLD WILL EXPERIENCE AN HISTORIC "OIL SUPPLY SHOCK" THIS SUMMER

EACH DAY THE STRAIT OF HORMUZ IS CLOSED EXTENDS THE TIME TO FIX THE PROBLEM

50 Year Chart of West Texas Intermediate (WTI)

War in Iran is the **LARGEST OIL SUPPLY DECLINE EVER**



IEA estimates that global oil demand will be ~104 million bpd in 2026, **but supply in April was just 95.1 mb/d, a decline since February of 12.8 mb/d.**

3

War with Iran has caused largest "Oil Shock" ever!



Strait of Hormuz

Connects oil and LNG production in the Middle East to global markets via the Arabian Sea and the Indian Ocean

Volume transported through the strait in 2024
(daily average)

Oil and petroleum products

20.3 MILLION barrels

LNG

290 MILLION cubic meters

Shipments through the Strait of Hormuz

30%

of global seaborne oil trade

20%

of global LNG trade

Saudi Arabia is the largest exporter of oil through the strait, while Qatar leads in LNG exports

Strait of Hormuz

80% of LNG passing through the strait goes to Asia, 20% to Europe

to Europe

to Asia



scoopempire.com



War with Iran started on February 28th
Strait of Hormuz was virtually closed a few days later
Global Oil Market has lost over 1 BILLION barrels of oil
~13 million bpd more oil supply is lost each day
"Battle for physical barrels" is getting serious in May



MarketWatch · 1d

**Why crude prices won't fall back to levels seen
before the Iran war anytime soon**

How does the war with Iran end?

All 3 of Trump's options will push oil prices higher than where they are today.

- **1. Pull back U.S. forces in the Middle East and allow Iran to keep control of the Strait of Hormuz.** This is highly unlikely because (a) Iran will claim victory and (b) Iran will keep oil prices high, using the increased revenues to rebuild.
- **2. U.S. can go to maximum military pressure.** Bombing critical infrastructure, taking control of the Strait of Hormuz and Kharg Island. This will require U.S. troops on the ground.
- **3. Seems most likely: The U.S. can play the Long Game and keep the blockade in place long enough to destroy Iran's economy.** The regime in Iran does not care how much their citizens suffer, so this will take at least several months to get Iran to surrender.

Team Trump has been able to "Talk Down" the price of oil, but not much longer.

5 Year Chart of West Texas Intermediate Oil Price (WTI)



Oil Price spike in Feb. 2022 was caused by the **FEAR** of lower supply from Russia. **It never happened.**

War in Iran has caused the **LARGEST OIL SUPPLY DECLINE EVER.** Why is WTI not \$150/bbl?

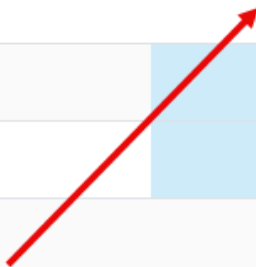
Just wait a few weeks longer

\$74/bbl on Feb. 27

A year ago, I said the "Right Price" for WTI was \$75 to \$85

The U.S. is not "*Energy Independent*" we are "*Energy Interdependent*". "*Drill Baby Drill*" won't save us.
 Oil prices are set by the Global Market, while U.S. Natural Gas prices are set by regional supply & demand fundamentals.

Energy	Price	Day	%	Weekly	Monthly	YTD	YoY
Crude Oil USD/Bbl	105.354	▲ 4.184	4.14%	10.52%	11.37%	83.65%	70.17%
Brent USD/Bbl	109.204	▲ 3.484	3.30%	7.86%	9.92%	79.55%	67.03%
Natural gas USD/MMBtu	2.9713	▲ 0.0773	2.67%	7.74%	12.22%	-19.41%	-10.91%
Gasoline USD/Gal	3.7002	▲ 0.0945	2.62%	4.98%	17.02%	116.39%	73.10%
Heating Oil USD/Gal	4.0568	▲ 0.1512	3.87%	4.05%	5.85%	91.24%	89.64%
Coal USD/T	130.40	▼ 0.75	-0.57%	-1.36%	-2.50%	21.30%	31.72%
TTF Gas <i>\$16.13/MMBtu</i> EUR/MWh	51.00	▲ 3.34	7.01%	15.45%	20.13%	80.97%	45.01%
UK Gas GBP/thm	124.7700	▲ 7.9900	6.84%	15.41%	17.38%	69.04%	49.43%
Ethanol USD/Gal	1.9525	▼ 0.0325	-1.64%	1.17%	2.76%	22.99%	12.86%
Naphtha USD/T	875.57	▼ 3.76	-0.43%	7.33%	-2.70%	79.28%	58.99%
Propane USD/Gal	0.85	▼ 0.01	-1.33%	1.44%	8.35%	33.97%	12.15%



**This is an AI Generate WTI Oil Price Forecast on May 16, 2026
Based on Supply / Demand Fundamentals**

Source: The Economy Forecast Agency

The NYMEX Strip for WTI is NOT A FORECAST

WTI Oil Price Forecast For 2026

Month	Open	Low-High	Close	Total, %
2026				
May	105.56	88.66-123.80	110.07	4.3%
Jun	110.07	99.01-133.89	114.83	8.8%
Jul	114.83	113.33-125.25	119.29	13.0%
Aug	119.29	119.29-133.02	126.69	20.0%
Sep	126.69	123.20-136.16	129.68	22.8%
Oct	129.68	129.68-144.61	137.72	30.5%
Nov	137.72	128.37-141.89	135.13	28.0%
Dec	135.13	123.42-136.42	129.92	23.1%

2027

Jan	129.92	120.40-133.08	126.74	20.1%
Feb	126.74	117.43-129.79	123.61	17.1%
Mar	123.61	110.15-123.61	115.95	9.8%
Apr	115.95	115.95-129.30	123.14	16.7%
May	123.14	123.14-137.31	130.77	23.9%
Jun	130.77	129.63-143.27	136.45	29.3%
Jul	136.45	121.59-136.45	127.99	21.2%
Aug	127.99	124.15-137.21	130.68	23.8%
Sep	130.68	117.65-130.68	123.84	17.3%
Oct	123.84	120.91-133.63	127.27	20.6%
Nov	127.27	127.27-141.12	134.40	27.3%
Dec	134.40	123.33-136.31	129.82	23.0%

U.S. and OECD Petroleum Inventories measured on Days of Demand are already telling us that "Rationing by Price" is necessary

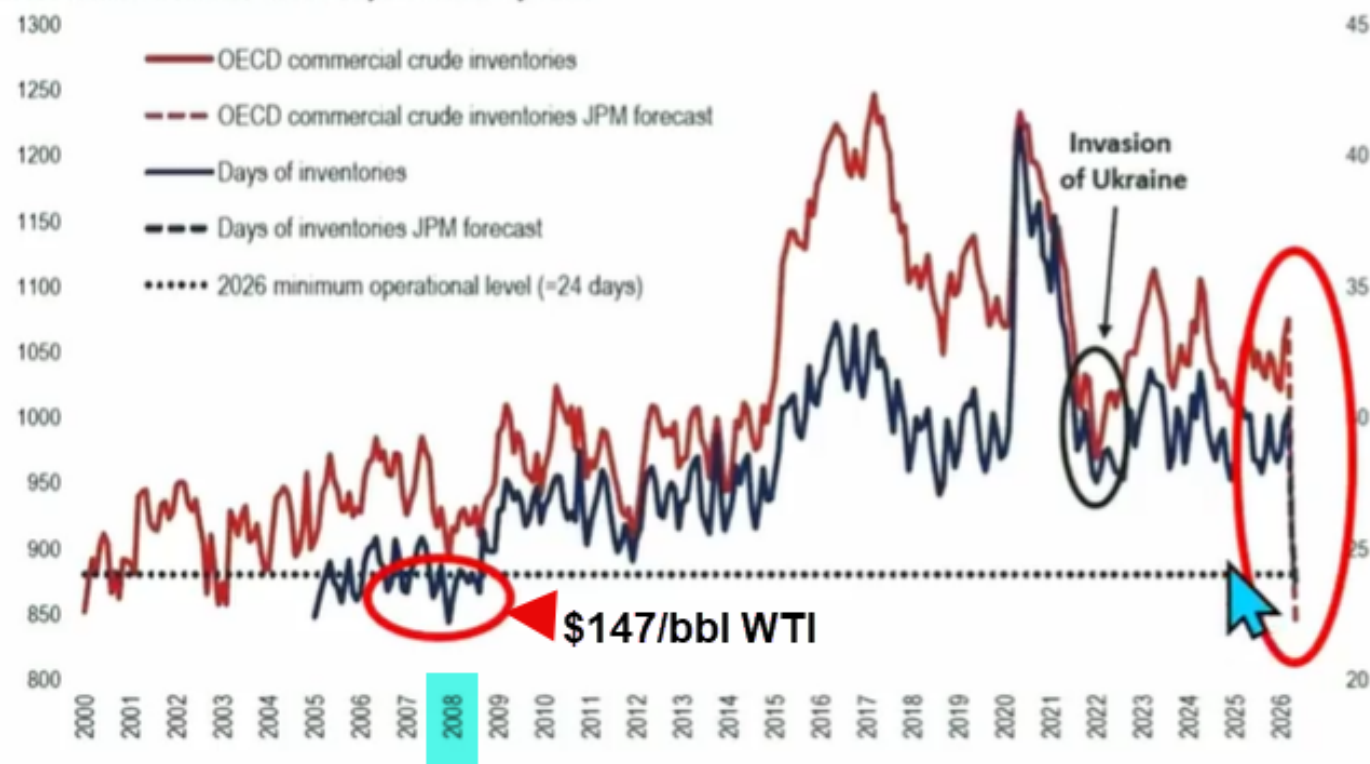
Based on the Supply & Demand Fundamentals, the price of oil should be over \$150/bbl.

In several OECD nations crude oil inventories are already below minimum operational levels.

If the Strait of Hormuz is still closed at the end of June, \$200/bbl could be the "Right Price".

Figure 1: OECD commercial crude inventories

LHS: million barrels; RHS: days of refinery runs






























Source: J.P. Morgan Commodities Research, IEA, S&P Global Platts, WoodMackenzie

NYMEX Strip is based on the “False Paradigm” that the physical market will be able to rebalance quickly when war ends.

Reality:

- **Supply Damage has been done.**
- **Physical inventories will decline rapidly in May and June. Operational minimums are just weeks away in Asia and Europe.**
- **U.S. inventories will decline in June.**
- **3 to 5 million bpd of supply won't come back this year even if war ends today.**

 JUN 2026 CLM6			105.94
 JUL 2026 CLN6			101.50
 AUG 2026 CLQ6			96.59
 SEP 2026 CLU6			92.24
 OCT 2026 CLV6			88.65
 NOV 2026 CLX6			85.89
 DEC 2026 CLZ6			83.62
 JAN 2027 CLF7			81.67
 FEB 2027 CLG7			80.18

What happens when our refineries run out of "Raw Material"?

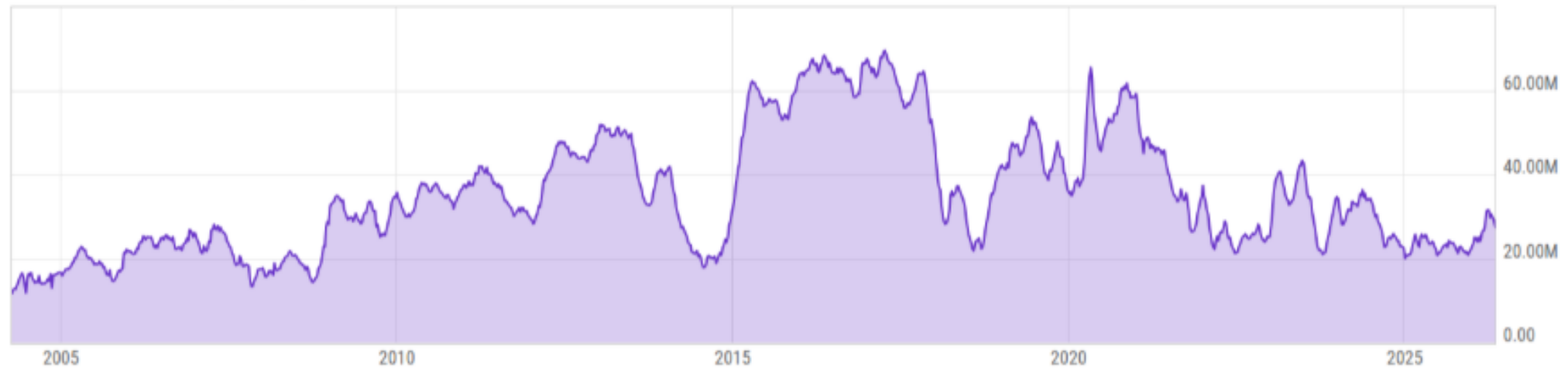
Cushing, Oklahoma is the most important crude oil storage facility in the U.S.

Total Capacity is 91 million barrels

On May 8 it held 27.42 million barrels (30.1% of capacity)

Level Chart

CUSHING, OK CRUDE OIL STOCKS (I:COKCOES) LEVEL CHART






























Key Takeaways for the Oil Market

- 1. The Global Oil Market was balanced before the War in Iran started. There was no surplus.
- 2. Closing the Strait of Hormuz has already caused the largest decline in oil supply EVER.
- 3. Oil Demand will continue to exceed supply deep into 2027.
- 4. The world's most important supply chain has been broken and will take at least a year to fix.
- 5. Refilling the SPR will extend the time needed to rebalance the market.
- 6. "Drill Baby Drill" will not solve this problem.
- 7. The Permian Basin is the only U.S. onshore basin that has significant upside.
- 8. The NYMEX Strip is not an oil price forecast.

NYMEX Strip for U.S. natural gas is not a forecast, but it is a better indication of how winter weather will impact the natural gas prices.

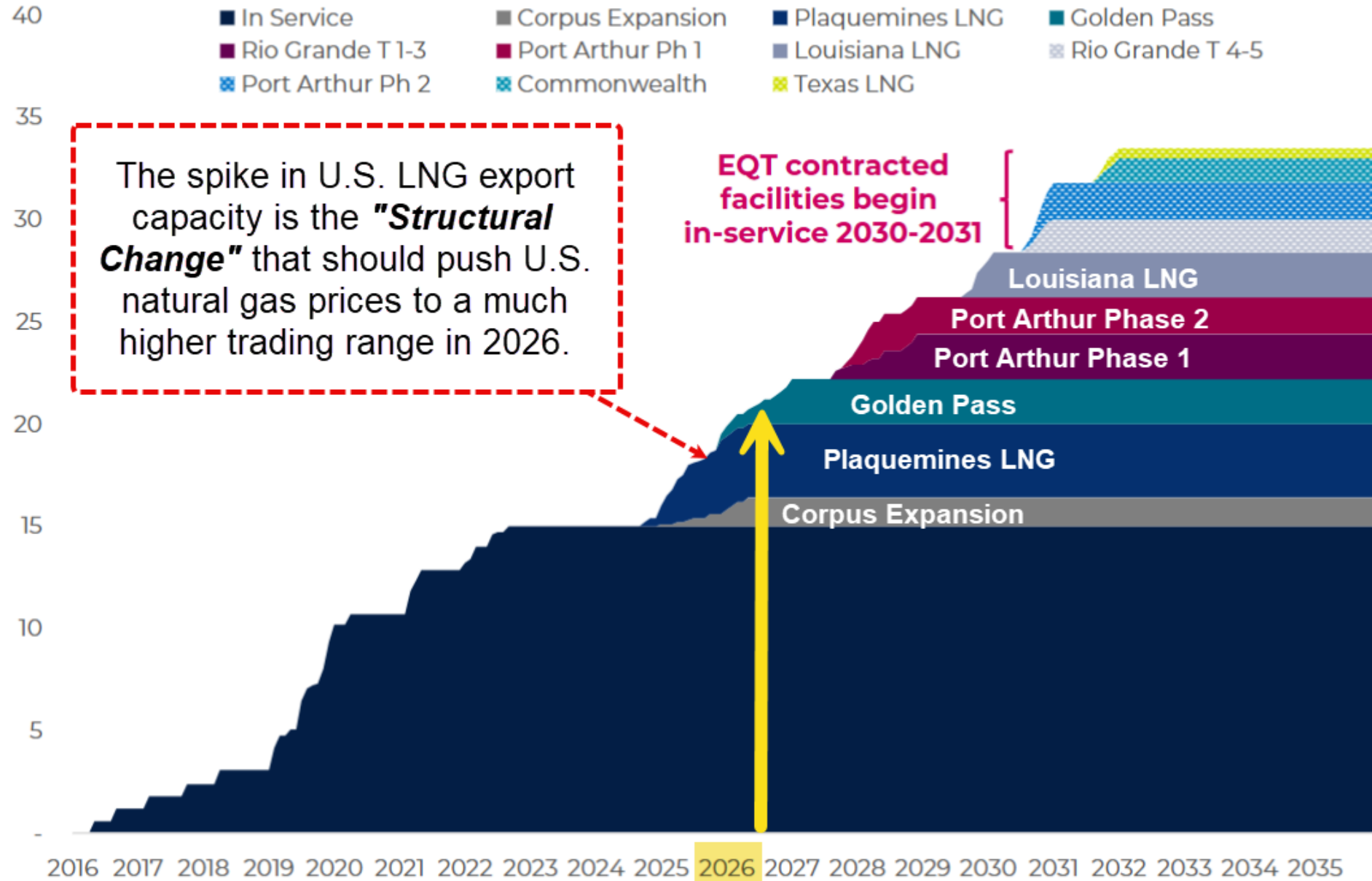
- **Natural gas prices in Asia and Europe are much higher than they are in the U.S. and Canada because North America is “blessed” with massive recoverable reserves. < More infrastructure to increase supply.**
- **Recent natural gas prices in Asia \$17.02/MMBtu and in Europe \$16.13/MMBtu.**
- **The U.S. has significant storage capacity and transportation systems that can move gas quickly during high demand periods, which gives the U.S. a BIG advantage. This is why the U.S. has much lower electricity and space heating prices.**
- **U.S. LNG export capacity (now ~19 Bcfd) will increase by ~4 Bcfd Year-over-year by November 2026**

NYMEX Strip for HH Natural Gas			
 JUN 2026 NGM26			14 2.964
 JUL 2026 NGN26			3.127
 AUG 2026 NGQ26			3.178
 SEP 2026 NGU26			3.133
 OCT 2026 NGV26			3.185
 NOV 2026 NGX26			3.461
 DEC 2026 NGZ26			4.127
 JAN 2027 NGF27			4.555
 FEB 2027 NGG27			4.892

U.S. LNG EXPORT BUILD OUT

Source: EQT Corp.

Bcf/d



2 High Prices

- High prices make production highly profitable, leading to an increased investment and elevated E&P valuations.
- Elevated prices dampen demand as consumer look for alternatives.
- Increased supply and slowed demand growth begin to put downward pressure on prices.

1 Rising Prices

- With supply tightening and demand rising, prices start to increase, making production more profitable.
- Higher prices attract new investment in exploration and production, gradually increasing supply.
- E&P equity valuations begin to rise.

Oil & Gas Price Cycle

3 Falling Prices

- Oversupply from previous investments and reduced demand start to drive prices down.
- As prices drop, companies begin scaling back on new investments, reducing future supply growth.
- Oil and gas equity valuations are falling in this environment.

4 Low Prices

- Low prices reduce investment and depress E&P equity valuations.
- Lower prices make oil more attractive, stimulating demand growth.
- As demand grows and supply shrinks due to reduced investment, upward pressure on prices begins.



Updated	Oil & Gas Prices used in Forecast Models					
5/16/2026	2023 to 2025 Actuals and 2026 & 2027 Forecasts					AFTER
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>YEAR</u>	2026
<u>WTI Oil</u>	Actuals	Actuals	Actuals	Actuals	Actuals	Forecast
2023 by Qtr	\$ 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	\$ 73.98	\$ 95.00	\$ 105.00	\$ 94.00	\$ 92.00	\$ 85.00
<u>HH NGas</u>						
2023 by Qtr	\$ 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	\$ 4.95	\$ 2.75	\$ 3.10	\$ 4.00	\$ 3.70	\$ 4.00

- IEA estimates that **global oil demand will be ~104 million bpd in 2026**, but **supply in April was just 95.1 mb/d, a decline since February of 12.8 mb/d** . We are in the middle of **the largest oil supply shock ever**.
- In 5 years (2031) oil demand will be 112 to 115 million bpd, so even if oil supply bounces back after the war with Iran ends we have a lot of work to do.
- **In addition to rising demand, we also need to offset natural decline**. Each year 8 to 10 million bpd of new supply needs to be found and developed. At least \$90/bbl Brent oil price will be required to attract the massive amount of capital required to meet this level of demand. AI generated oil price forecast is \$100 WTI thru 2029.
- **Strategic Petroleum Reserves (SPR) since April 25 US SPR has declined by ~49 million bbls** . Refilling SPRs will add to oil demand. **Total US petroleum liquids have declined by 16.3 per week**. **By mid-June US Liquids will be at all time low**.
- **Rationing by price now**. Real physical shortages will seem to reduce demand, just because no fuel is available at any price. That demand is still out there and some people will “pay whatever it takes” to get gasoline.
- **Oil basins onshore in the U.S. only have about 500,000 bpd of upside**. The Permian Basin is the only U.S. onshore basin with any upside and it has only about a million bpd of upside. All of the other oil producing areas in the U.S. are on decline.
- **The U.S. is not “Energy Independent”, we are “Energy Interdependent”**. The U.S. is not shielded from shortages. U.S. exports of light oil, NGLs, gasoline, diesel and Jet fuel are already near capacity. **U.S. crude oil will be at tank bottoms in July. Trump will be pressured to ban exports, which will crush Europe**.
- **What happens next in the War with Iran?** Trump only has three options:
 - **Pull back U.S. forces in the Middle East and allow Iran to keep control of the Strait of Hormuz**. This is highly unlikely because (a) Iran will claim victory and (b) Iran will keep oil prices high, using the increased revenues to rebuild.
 - **The U.S. can go to maximum military pressure**. Bombing critical infrastructure, taking control of the Strait of Hormuz and Kharg Island. This will be expensive and require U.S. troops on the ground.
 - **Most Likely: The U.S. can play the Long Game** and keep the blockade in place long enough to destroy Iran’s economy. **The regime in Iran does not care how much their citizens suffer, so this will take several months to get Iran to surrender**.