Energy Prospectus Group
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State of the Global Oil Market
July 15, 2026
Dan Steffens, EPG President

ON MONDAY, JULY 13 PRESIDENT TRUMP STARTED "THE BATTLE FOR THE STRAIT OF HORMUZ"

BY MID-AUGUST THE U.S. WILL HAVE DRAINED MOST OF ITS OIL SUPPLY "BUFFERS"

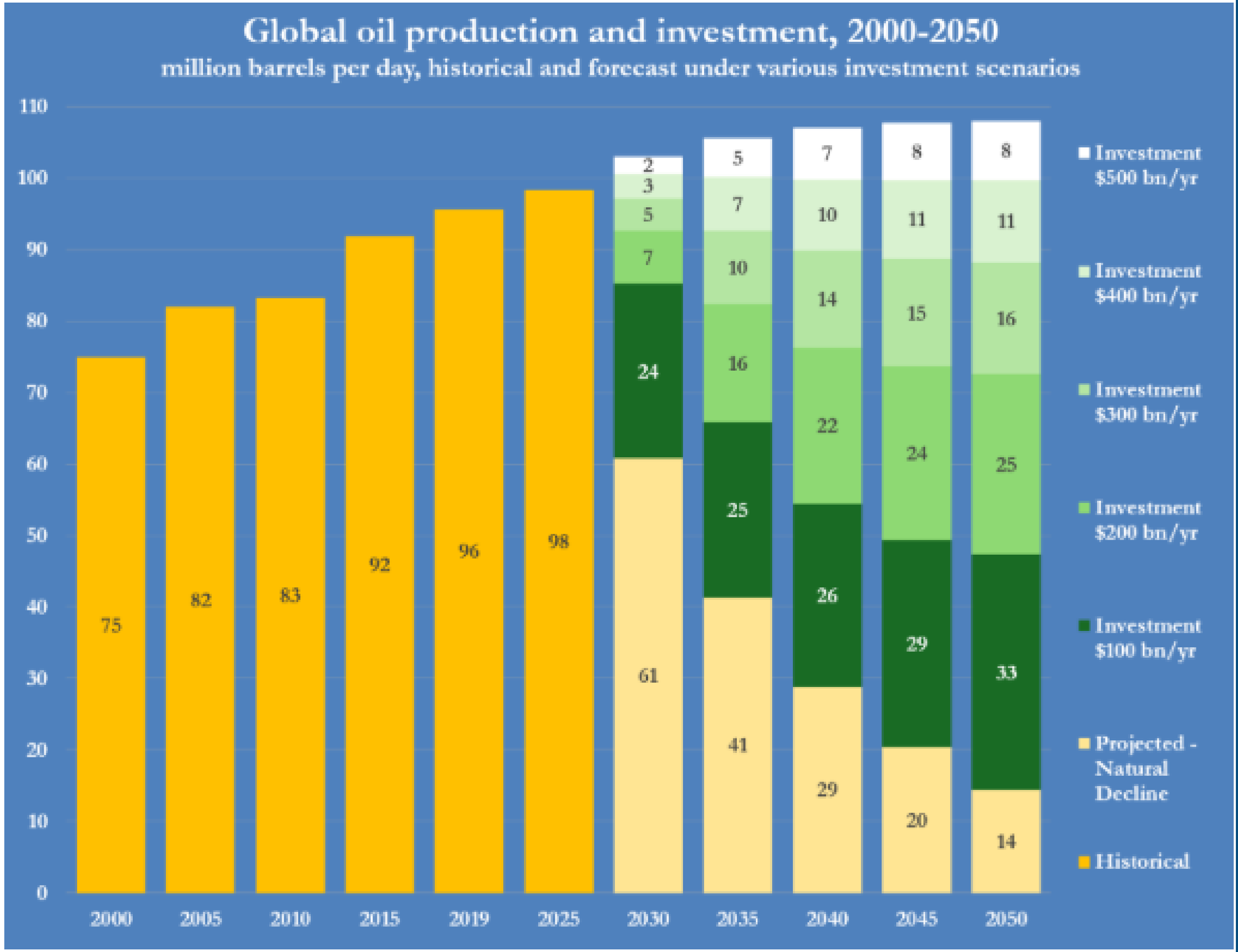
This world runs on oil. Demand increases by ~1% per year.

Global oil & gas producers need to invest more than $500 billion each year just to sustain output due to natural declines from existing fields as pressure falls.

Since 2019, upstream investment has averaged about $550 billion per year. Only 10% of capex has been spent on finding and developing new oil and gas reserves.

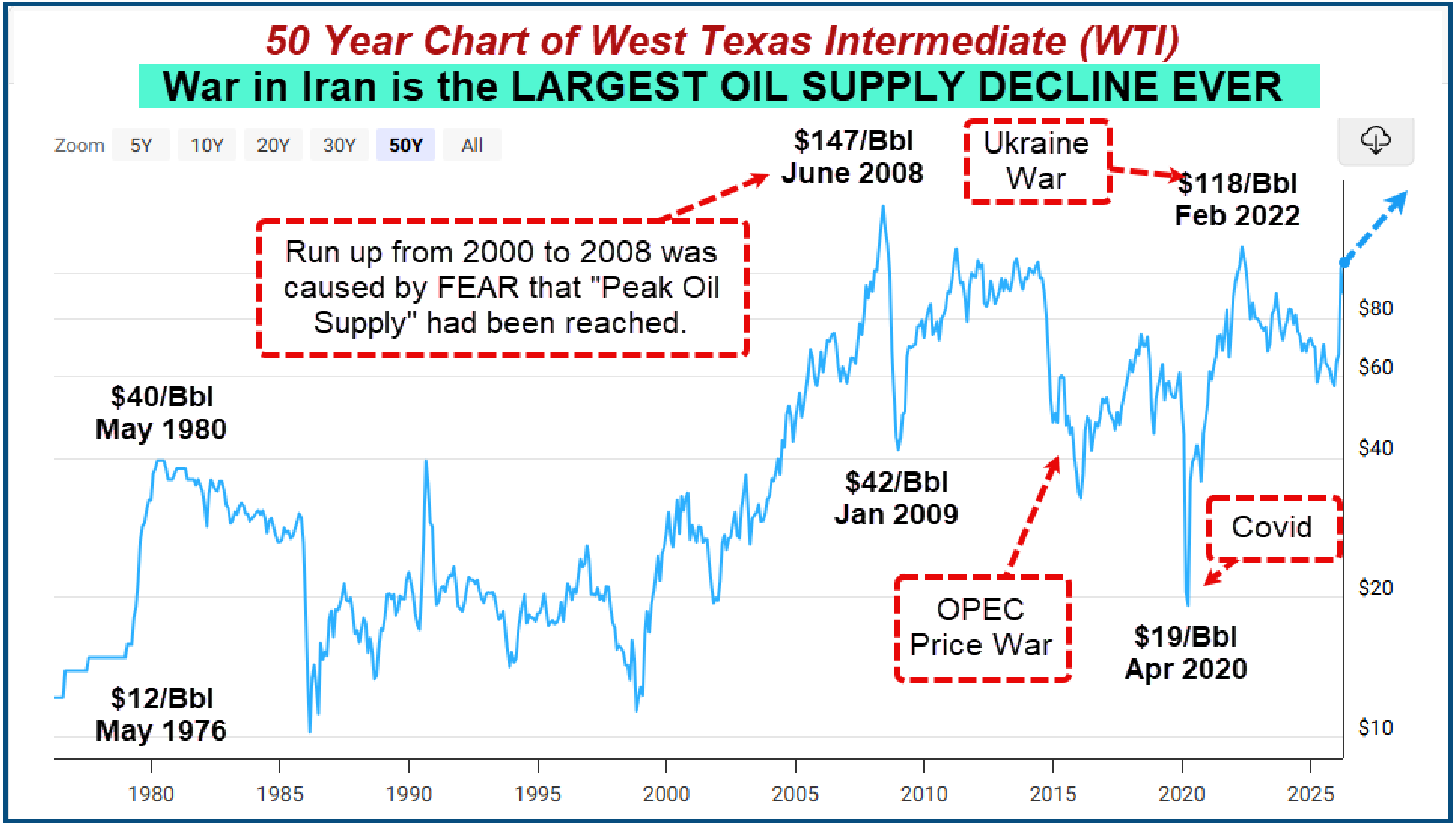
Between now and 2050, upstream companies would need to spend $540 billion per year (adjusted for inflation) to keep global oil production flat beyond 2025.

Source: IEA

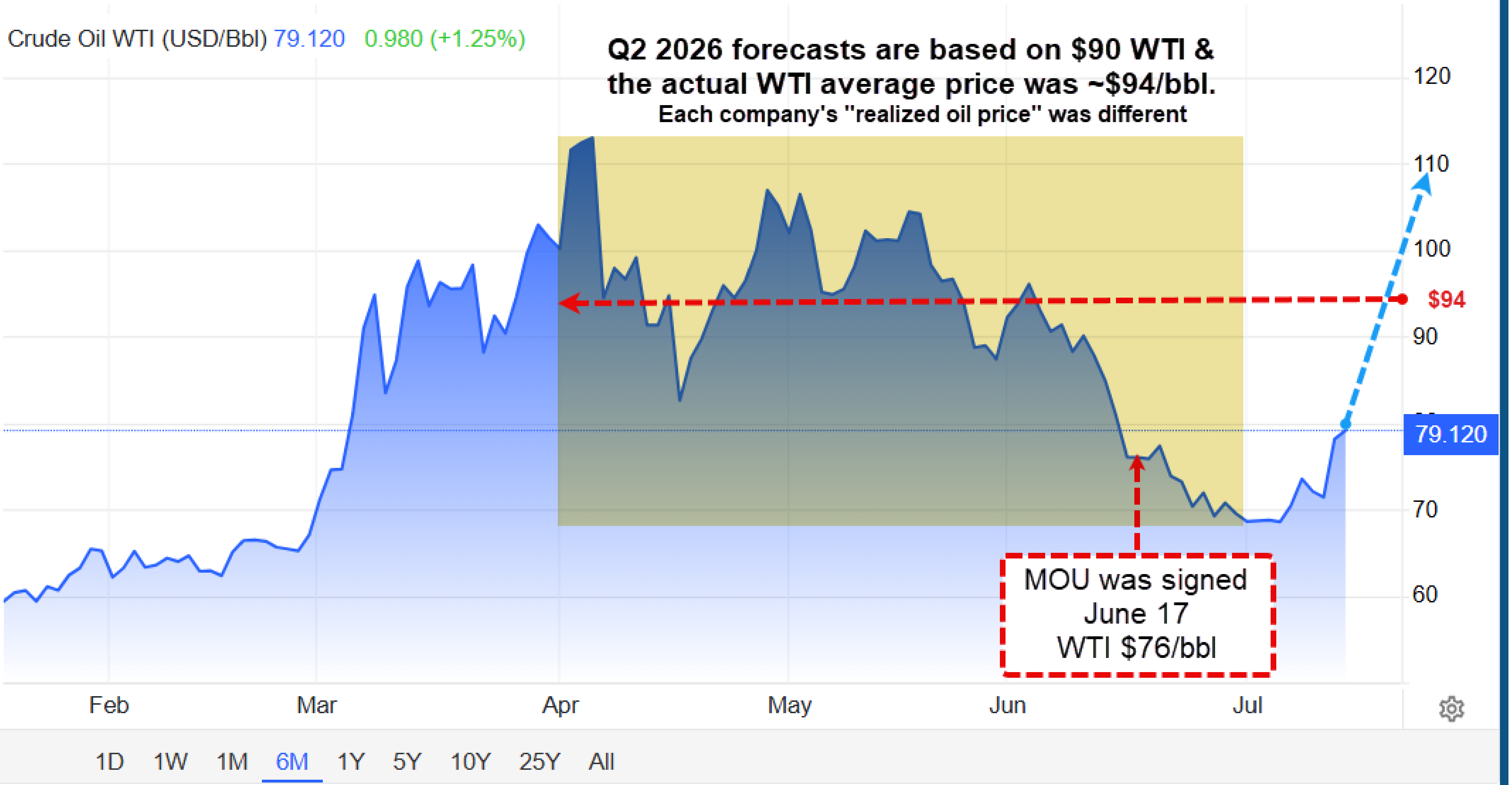


WTI averaged ~$94/bbl in Q2 2026 and HH Ngas ~$3.00/MMBtu
All of our portfolio companies should report strong Q2 results

Updated	Oil & Gas Prices used in Forecast Models					
6/16/2026	2023 to 2025 Actuals and 2026 & 2027 Forecasts					AFTER
	Q1	Q2	Q3	Q4	YEAR	2026
WTI Oil	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	$ 71.93	$ 90.00	$ 100.00	$ 85.00	$ 86.73	$ 80.00
HH NGas						
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	$ 2.95	$ 3.25	$ 3.75	$ 3.73	$ 3.75


50 Year Chart of West Texas Intermediate (WTI)
War in Iran is the LARGEST OIL SUPPLY DECLINE EVER
Zoom 5Y 10Y 20Y 30Y 50Y All
$147/Bbl
June 2008
Ukraine War
$118/Bbl
Feb 2022
Run up from 2000 to 2008 was caused by FEAR that "Peak Oil Supply" had been reached.
$40/Bbl
May 1980
$42/Bbl
Jan 2009
Covid
OPEC Price War
$19/Bbl
Apr 2020
$12/Bbl
May 1976
$80
$60
$40
$20
$10
1980
1985
1990
1995
2000
2005
2010
2015
2020
2025

6 Month Chart of West Texas Intermediate (WTI)



“August Shock” is coming to the Oil Market

- 1. The “Memorandum of Understanding” is officially over. It was only done so that Trump could get a quick surge of oil supply.
- 2. *“The Battle for the Strait of Hormuz”* started on Monday, July 13 and the blockade reestablished
- 3. The Strait will not be completely open any time soon and the Red Sea route is now at risk.
- 4. Oil storage tanks at Cushing, Oklahoma are already at operational minimum.
- 5. Some of the U.S. Strategic Petroleum Reserve storage sites will reach operational minimums by the end of July. No more SPR draws by mid-Aug.
- 6. When the Wall Street Gang understands that the last “buffer” is gone, the oil price will spike up.
- Bottomline: Before WTI goes over $100/bbl a lot of money will rotate into high-quality upstream companies in Canada and the U.S.

On July 4th Hard Liners in Iran called for the assassination of President Donald Trump

$Trillion Dollar Question: Who will control the Strait of Hormuz?

The countries that must have access to the Strait of Hormuz still had 9.5 million bpd shut-in at end of June.

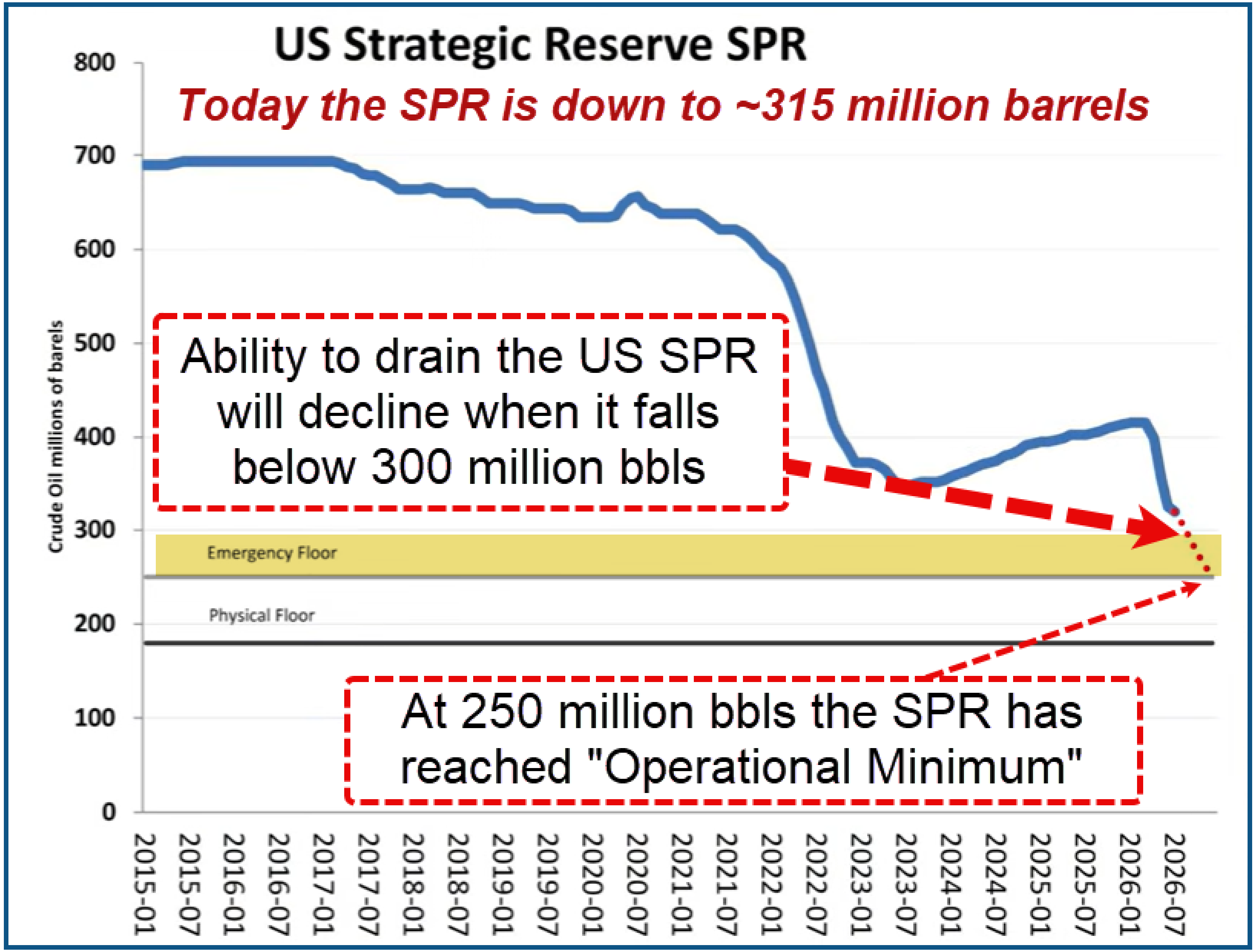
Even when the Strait of Hormuz is 100% open some of this production will not be returned to prewar levels.

Average Persian Gulf Crude Oil Production Losses in June vs February (mb/d)

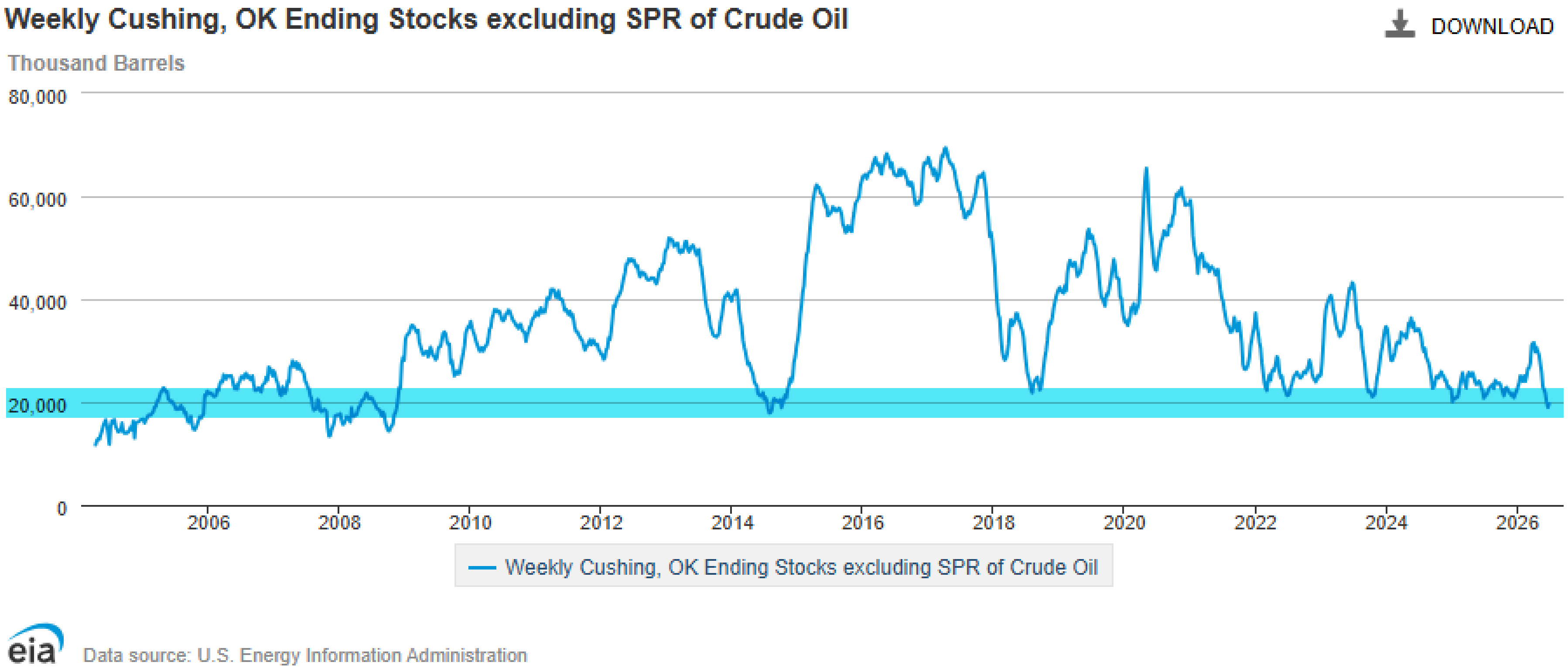
	GS Balance (June 15)	Kpler (as of June 19)
Iran	0.8	1.0
Iraq	2.7	2.6
Kuwait	1.8	1.4
Qatar	1.1	1.1
Saudi Arabia	3.0	2.9
UAE	1.0	0.6
Total Gulf	**10.5**	**9.5**

Excludes Neutral Zone.

Source: Kpler, Goldman Sachs Global Investment Research


US Strategic Reserve SPR
Today the SPR is down to ~315 million barrels
Crude Oil millions of barels
800
700
600
500
400
300
200
100
0
Ability to drain the US SPR will decline when it falls below 300 million bbls
Emergency Floor
Physical Floor
At 250 million bbls the SPR has reached "Operational Minimum"
2015-01
2015-07
2016-01
2016-07
2017-01
2017-07
2018-01
2018-07
2019-01
2019-07
2020-01
2020-07
2021-01
2021-07
2022-01
2022-07
2023-01
2023-07
2024-01
2024-07
2025-01
2025-07
2026-01
2026-07

America's Most Important Oil Storage Facility is at "Operational Minimum"



From April 3 to June 26 11,823,000 barrels drained from Cushing, OK oil tanks

2026-Apr	04/03	31,489	04/10	29,762	04/17	30,568	04/24	29,772		
2026-May	05/01	29,124	05/08	27,422	05/15	25,818	05/22	23,024	05/29	22,441
2026-Jun	06/05	21,640	06/12	20,034	06/19	18,957	06/26	19,666		

Copilot Search

Cushing, OK Oil Inventory Operational Minimum

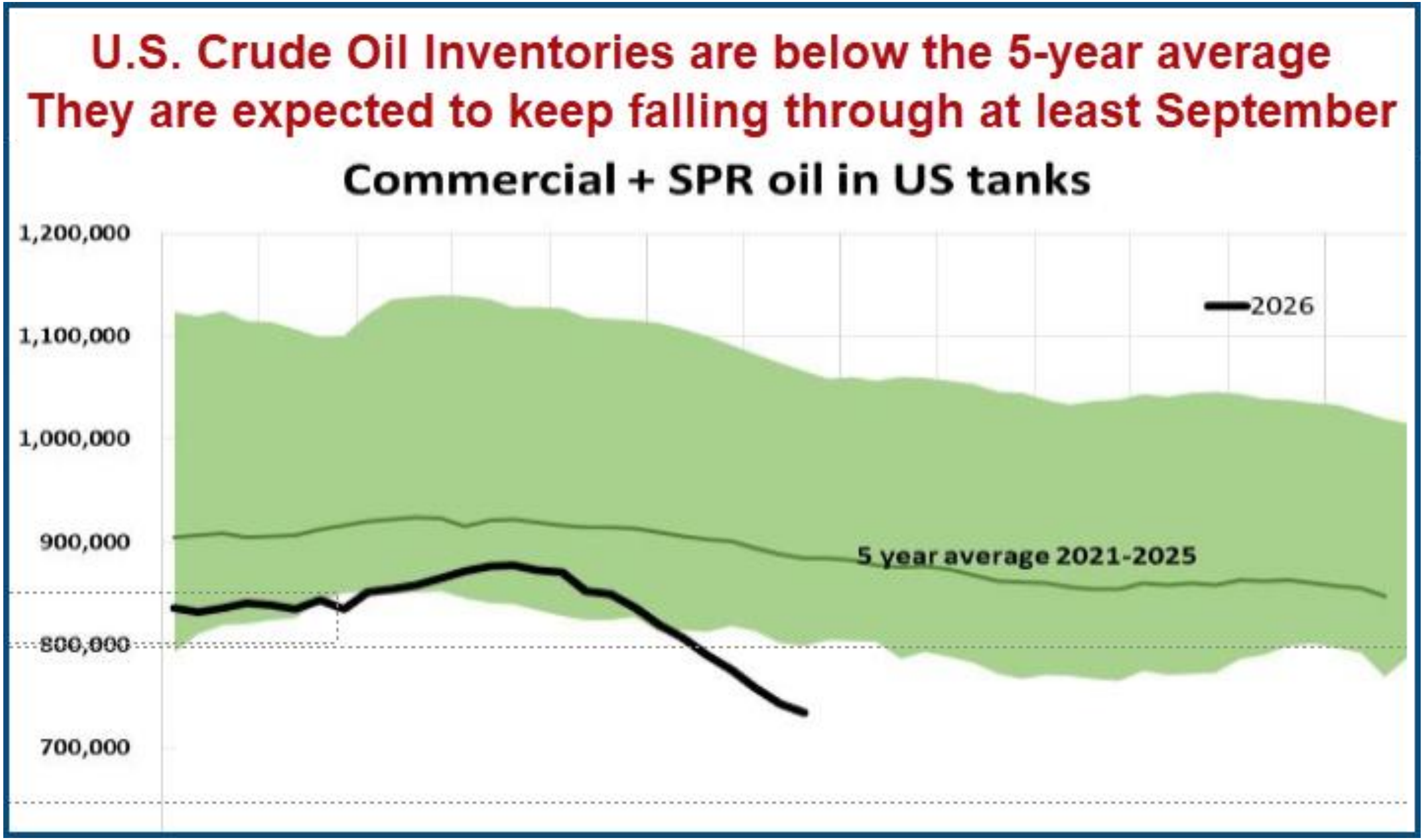
Cushing, Oklahoma — the largest U.S. commercial crude oil storage hub and the "Pipeline Crossroads of the World" — is currently operating at a **critical level near its operational minimum**.

Current inventory levels

As of the latest U.S. Energy Information Administration data, Cushing's crude oil stocks are about **20 million barrels**, down for eight consecutive weeks Transport Topics +1. This is roughly **less than two days of U.S. crude production** and is considered the **operational floor** by most traders Transport Topics +1.

Wood Mackenzie estimates that recent inventories are **less than 2 million barrels above minimum levels**, meaning the buffer is extremely thin and could be reached within one to two weeks if draws continue

< Under 18 million bbls, Cushing won't be able to send oil to refineries.



U.S. Crude Oil Inventories are below the 5-year average
They are expected to keep falling through at least September
Commercial + SPR oil in US tanks
1,200,000
1,100,000
1,000,000
900,000
800,000
700,000
2026
5 year average 2021-2025

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More Info

Supermajor Warns Oil Prices Could Hit $160 Within Weeks

By ZeroHedge - May 29, 2026, 9:00 AM CDT

May 28

- Exxon SVP Neil Chapman warned at the Bernstein conference that global oil inventories are approaching 'unheard of' lows and models show Brent crude could spike to $150-$160 once the operational floor is reached.
- Chevron CEO Mike Wirth said the market's shock absorbers have been 'steadily drawn down' and expects direct upward pressure on physical prices in June and July, with Hormuz still blocking 12-13 million barrels per day.
- Goldman Sachs data shows global inventories plunged a record 8.7 million barrels per day in May alone, while JPMorgan previously calculated only 0.8 billion of 8.4 billion total global barrels were realistically available before operational stress.

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Journey Energy Inc. (JOY.TO and JRNGF) is in EPG's Small-Cap Growth Portfolio

Previous Close	4.2300	Day's Range	4.2000 - 4.3550	Market Cap (intraday)	285.445M	Earnings Date (est.)	Aug 6, 2026
Open	4.3000	52 Week Range	2.1700 - 6.8100	Beta (5Y Monthly)	1.50	Forward Dividend & Yield	--
Bid	4.2300 x --	Volume	474,260	PE Ratio (TTM)	24.88	Ex-Dividend Date	Sep 28, 2015
Ask	4.2500 x --	Avg. Volume	433,733	EPS (TTM)	0.1700	1y Target Est	6.12