

# Giant Capital / Longreach Energy

## April 2025 Report

### 1.0 Market and Portfolio Commentary

#### 1.1 Macro Industry Commentary

##### General Market Commentary

US Henry Hub prompt gas prices fell in April as tariff induced fears of global economic weakness combined with relatively strong production and the end of the high-demand winter heating season. Month-on-month the prompt fell from \$4.12/mmbtu at close on 31 March to \$3.89/mmbtu at close on 29 April. Calendar 2025 also fell, beginning April at \$4.56/mmbtu and ending at \$3.85/mmbtu.

Oil demand is highly correlated to GDP and the tariff fallout sent the WTI price lower. The prompt began April at \$71.48/bbl and closed the month at \$60.42/bbl. Calendar 2025 fell from \$69.29/bbl to \$59.30/bbl.

Henry Hub natural gas prices have seen the highest increase of all the global energy prices in the last 12 months (Figure 1). Supply and demand fundamentals have provided good support over the last year to drive the recovery in US natural gas prices from multi-year lows. These fundamentals are likely to provide continued support over coming years.

Figure 1: Global Energy Prices 1 May 2024 to 30 April 2025 (Source: various, via Morgan Stanley)

### Global energy prices compared

Index: 1 year ago = 100



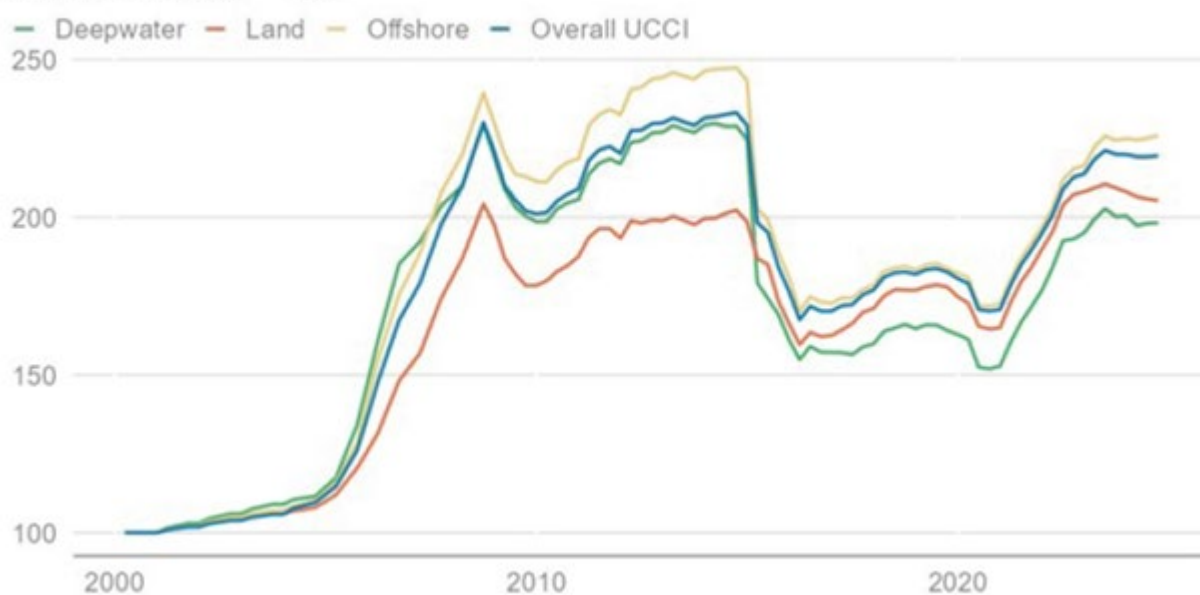
Source: Bloomberg, Platts, Morgan Stanley Research

Figure 2 shows the trend of upstream oil and gas capital costs since the start of 2000. The rapid rise in costs from 2005 was driven by the shale boom with well productivity providing compensation for higher capital costs. Current costs have stabilised at levels slightly below the pre-COVID peak. There are more oil wells drilled each year than gas wells. Because the same equipment is used for both targets, prolonged oil price weakness would lower costs for all upstream activities irrespective of the gas price.

Figure 2: Upstream Capital Costs (Source: various, via Morgan Stanley)

### Upstream capital cost

Index: 1Q 2000 = 100



Source: S&P Global, Morgan Stanley Research

The latest Baker Hughes rig count data follows. In April US total land rigs fell by 9 from 573 to 564. Total oil rigs fell by 15 from 489 to 474, gas rigs rose by 5 to 101. Oil and gas rig totals include 11 offshore and 3 inland water rigs working in April.

Over the last year the number of working gas rigs has declined by 2 and oil rigs are down by 22. In contrast to the overall decline, in Giant's core operating area of Oklahoma, the number of active rigs has increased by 12 from 43 to 55. This is strong evidence of the attractiveness of opportunities in the state.



## NORTH AMERICA Rotary Rig Count

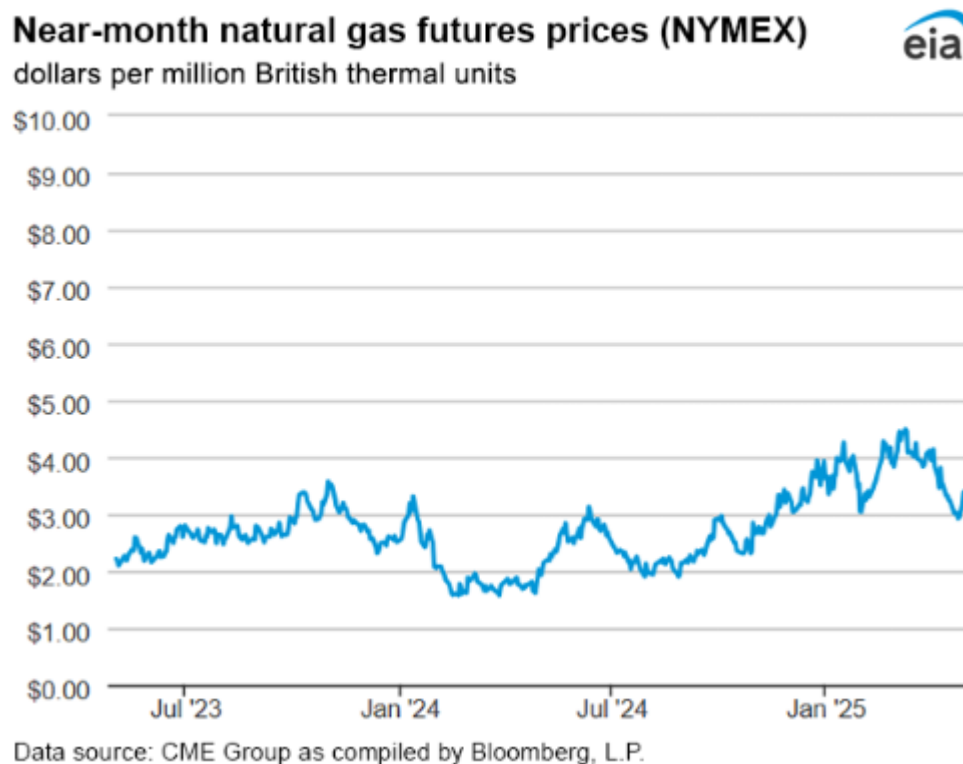
9/05/2025

Location	Week	+/-	Week	+/-	Year Ago
<b>Inland Waters</b>	3	0	3	3	0
<b>Land</b>	564	-3	567	-20	584
<b>Offshore</b>	11	-3	14	-8	19
<b>United States Total</b>	<b>578</b>	<b>-6</b>	<b>584</b>	<b>-25</b>	<b>603</b>
<b>Gulf of Mexico</b>	<b>9</b>	<b>-3</b>	<b>12</b>	<b>-9</b>	<b>18</b>
<b>Canada</b>	<b>114</b>	<b>-6</b>	<b>120</b>	<b>-2</b>	<b>116</b>
<b>North America</b>	<b>692</b>	<b>-12</b>	<b>704</b>	<b>-27</b>	<b>719</b>
U.S. Breakout Information	This Week	+/-	Last Week	+/-	Year Ago
<b>Gas</b>	101	0	101	-2	103
<b>Oil</b>	474	-5	479	-22	496
<b>Miscellaneous</b>	3	-1	4	-1	4
<b>Directional</b>	41	-5	46	1	40
<b>Horizontal</b>	522	-1	523	-26	548
<b>Vertical</b>	15	0	15	0	15

## Gas Market

Henry Hub prompt prices fell during April with fears of the adverse impact of new US tariffs on economic growth, shoulder season reduced gas demand and relatively strong gas production (Figure 3).

Figure 3: Near Month Henry Hub Futures (Source: EIA)



At time of writing, mid-May, the future level of US tariffs is highly uncertain. As general observation, tariffs will impair economic growth which will reduce gas demand from industrial consumers and for power generation. These losses are offset by increased power burns as lower cost gas displaces coal. Weather and general LNG export demand are not impacted. If China retains high tariffs on US LNG imports it will need to seek that gas from other sources. This leaves non-Chinese buyers with increased demand for US LNG offsetting China market losses (Figure 4).

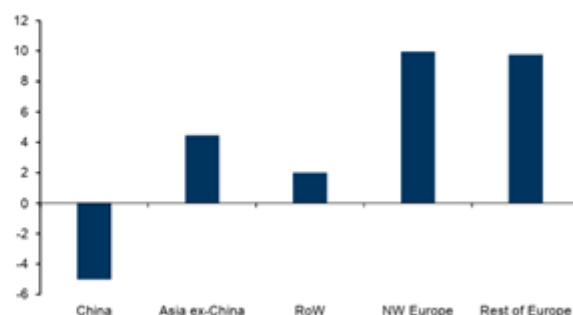
Figure 4: Global LNG Demand (Source: GS)

**Exhibit 2: We expect lower China competition for LNG to lower prices, and result in higher LNG demand elsewhere in the world**  
GS LNG demand revisions across region, mtpa



Source: Kpler, Goldman Sachs Global Investment Research

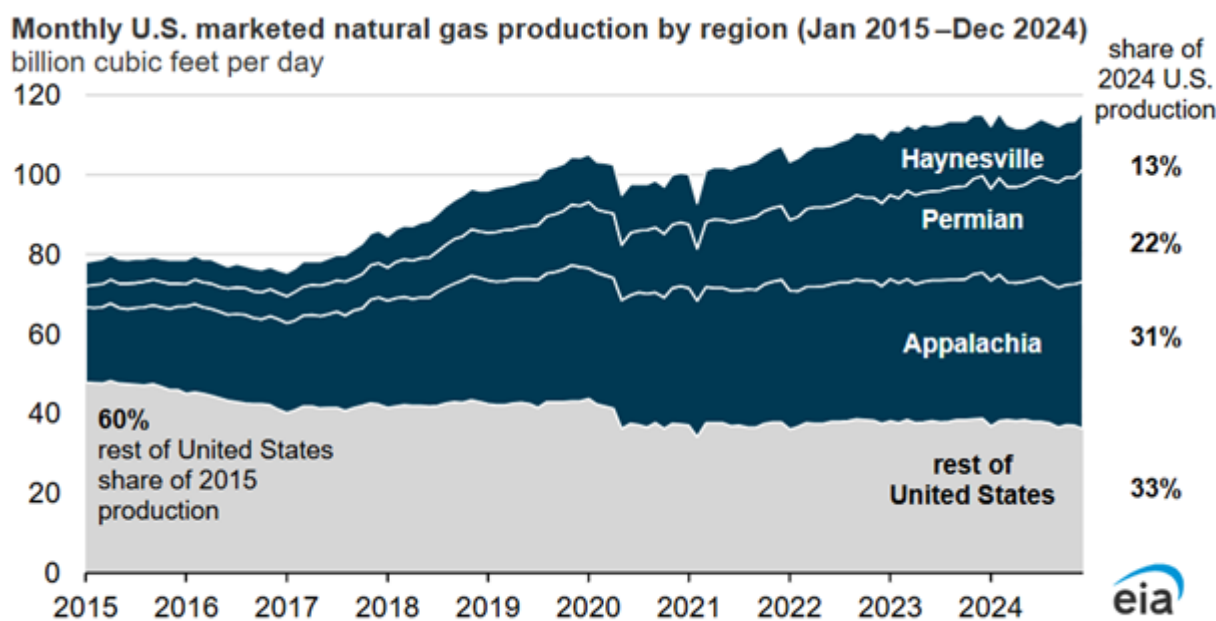
**Exhibit 3: We expect global LNG demand up 23 mtpa this year, led by Europe**  
GSe 2025 yoy change in global LNG imports, mtpa



Source: Kpler, Goldman Sachs Global Investment Research

Appalachia, the Permian and the Haynesville, in descending order, produce the highest shares of US natural gas production (Figure 5). Total US marketed natural gas production remained relatively flat in 2024, growing by less than 0.4 bcf/d compared to 2023 to average 113 bcf/d, according to data compiled by the EIA. This value includes natural gas liquids (wet gas). Dry gas production, net of the liquids, is approximately 104 bcf/d.

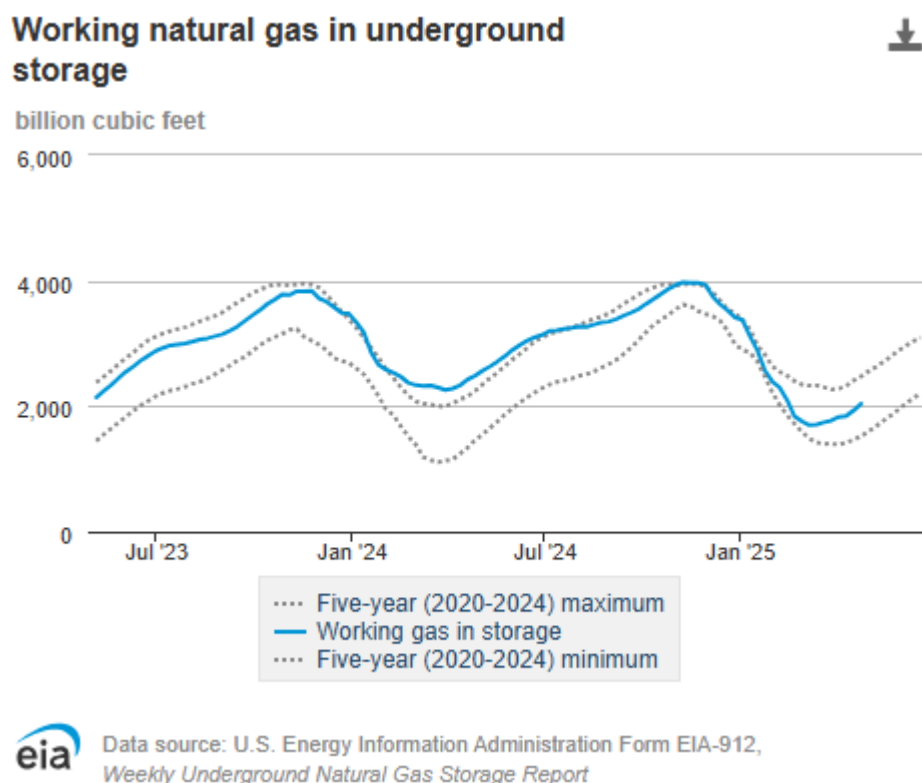
**Figure 5: US Marketed Natural Gas Production (bcf/d) (Source: EIA)**



Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook*, April 2025

The week that ended on 25 April saw 107 bcf addition to storage. This compares to the five-year (2020-2024) average net injections of 58 bcf and last year's net injections of 364 bcf during the same week. Working natural gas stocks totalled 2,041 bcf, which is 5 bcf (less than 1%) more than the five-year average and 435 bcf (18%) less than last year at the same time (Figure 6).

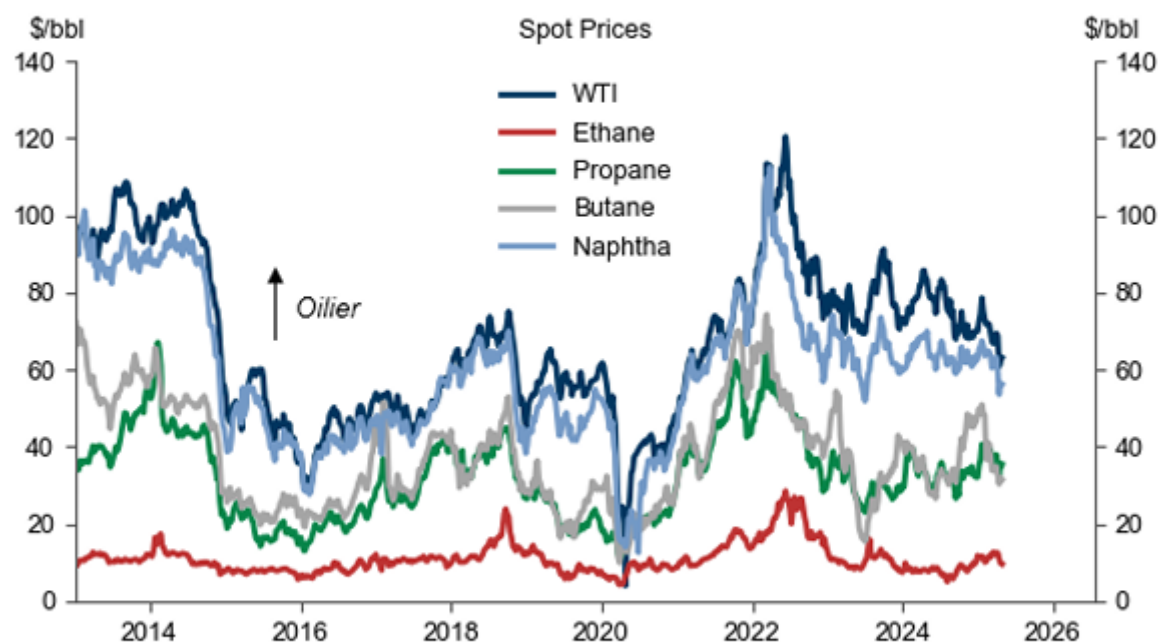
**Figure 6: Working Gas in Underground Storage (Source: EIA)**



Natural gas liquids (NGLs) are produced alongside dry gas in many of the Funds' wells. Revenue from NGL production offers commodity diversification that increases well profitability. The principal natural gas liquids are Ethane, Propane, Butane and Naphtha. Ethane and propane can be produced either by natural gas plants (as a natural gas by-product) or by oil refineries (as refined products by-products). Lighter NGL molecules come mostly from natural gas fractionators (eg ethane) and are more tied to natural gas prices, while heavier molecules come from oil distillation (eg naphtha) and follow crude prices more closely (Figure 7)

**Figure 7: NGL and Oil Spot Prices (Source: Platts via GS)**

**Exhibit 1: Heavier NGLs (Naphtha) Prices Co-Move More With Crude Prices More, While Lighter NGLs (Ethane) Are Tied to Natural Gas Prices**



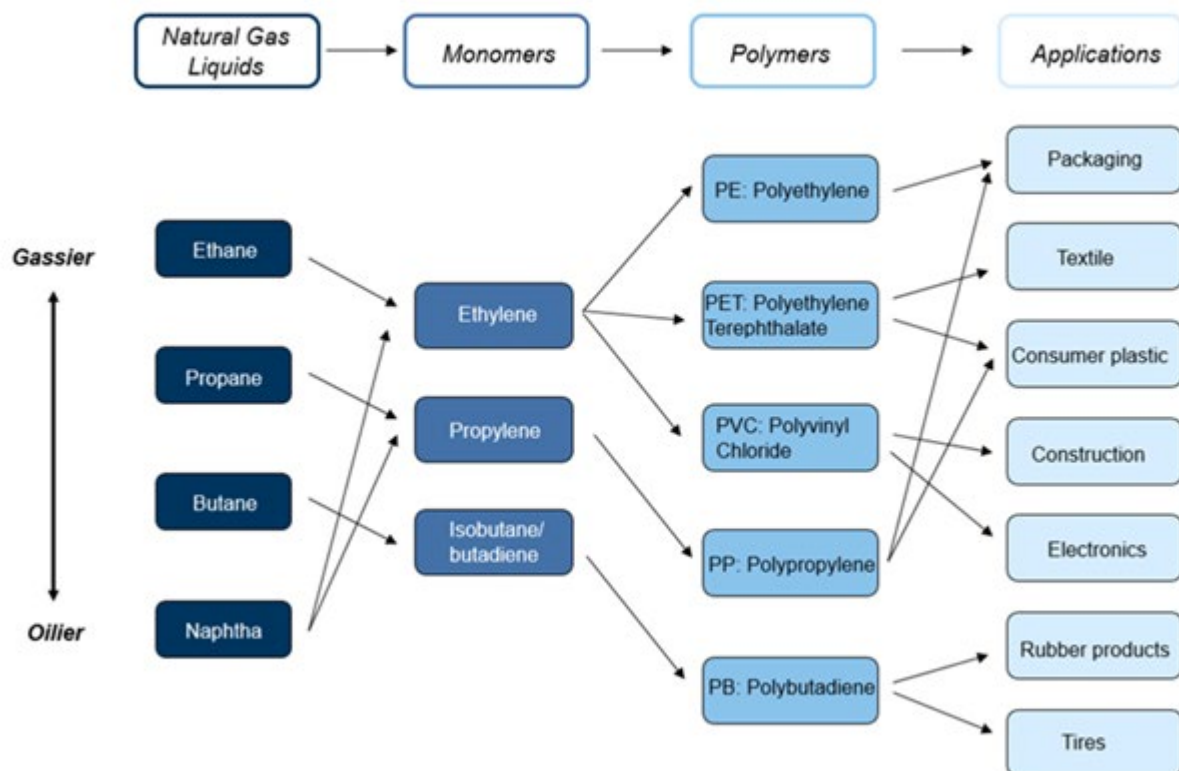
Ethane, propane, butane, and naphtha prices are Enterprise Mt Belvieu assessments.

Source: Platts, Goldman Sachs Global Investment Research

NGLs are used in power and heating but the petrochemical sector is the largest and fastest growing source of those liquids demand, accounting for two-thirds of global NGL consumption. China imports a large volume of US NGLs that are the raw material for manufactured products destined for a wide range of packaging and consumer product markets (Figure 8).

**Figure 8: Natural Gas Liquids Value Chain (Source: GS)**

**Exhibit 2: Potential Disruptions in Ethane and Propane Flows to China Can Affect Many End-Use Markets From Packaging to Consumer Products**



This stylized scheme focuses on petrochemical end-use of NGLs only.

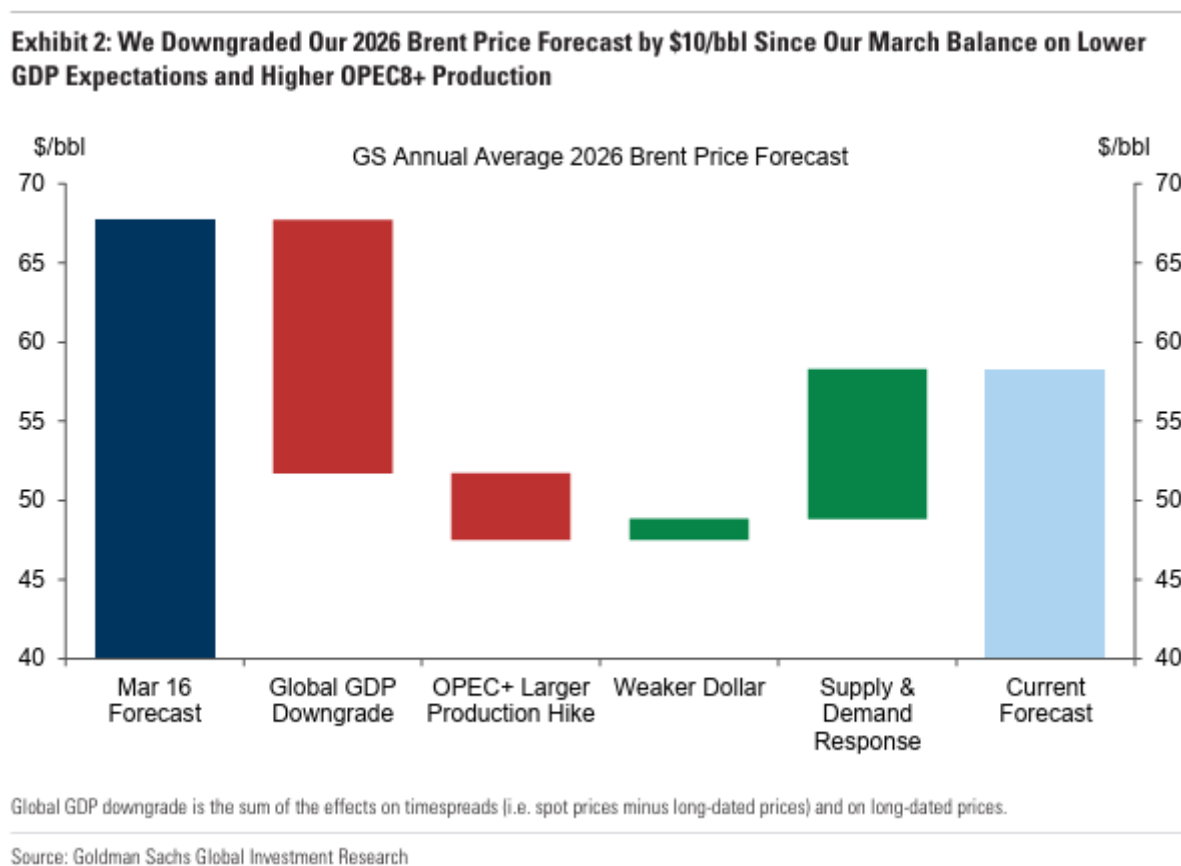
Source: Goldman Sachs Global Investment Research



## Oil Market

Crude prices are weaker with OPEC+ increasing production and lower GDP growth forecasts likely to deliver weaker global oil demand. Goldman has lower 2026 Brent oil price forecasts because of these factors (Figure 9).

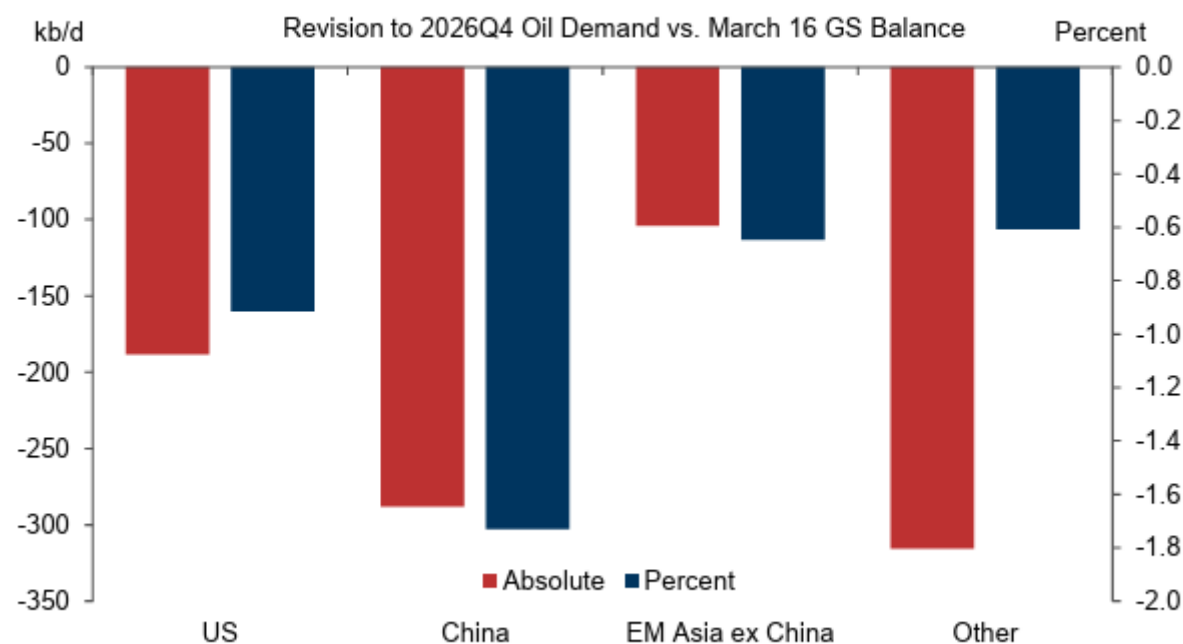
Figure 9: GS Annual Average 2026 Brent Price Forecast (Source: GS)



Tariff induced demand losses are likely to be greatest in the US and China (Figure 10).

Figure 10: GS Oil Demand Revisions (Source: GS)

**Exhibit 3: Our Oil Demand Downgrades Over the Past Month Have Been the Largest in China and the US**

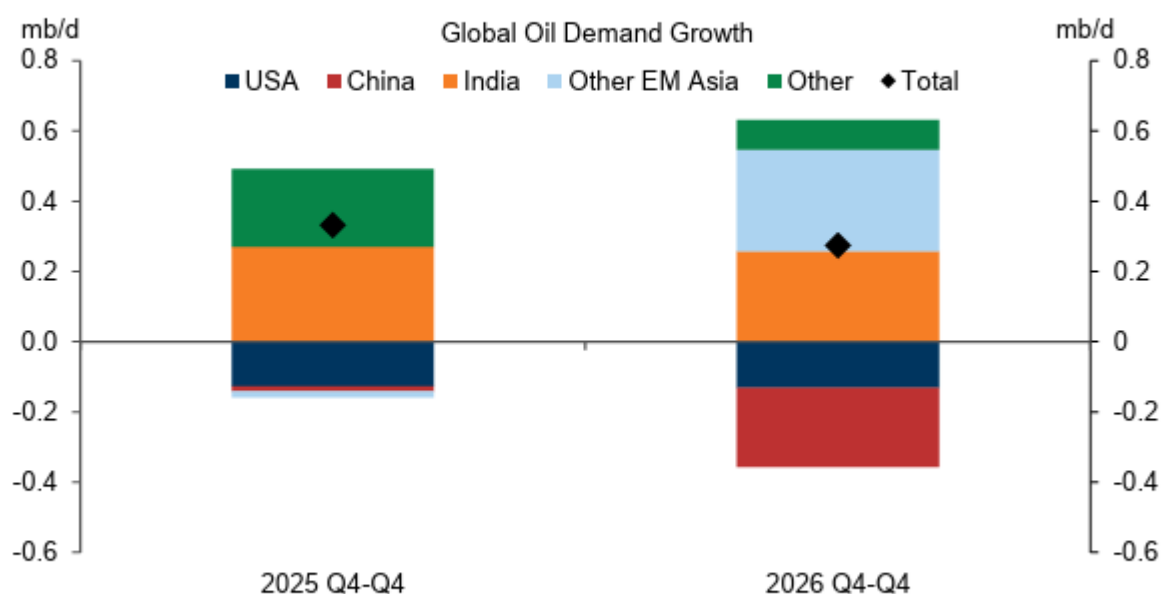


Source: Goldman Sachs Global Investment Research

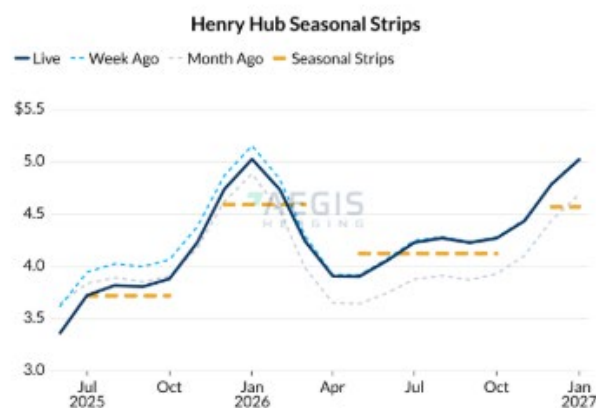
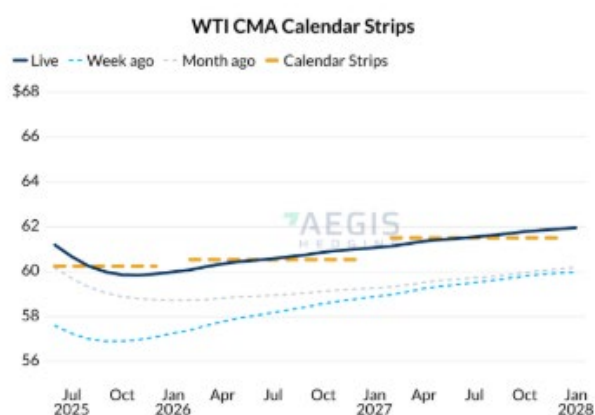
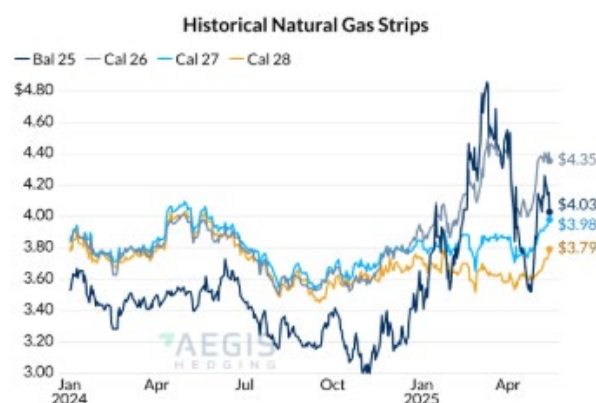
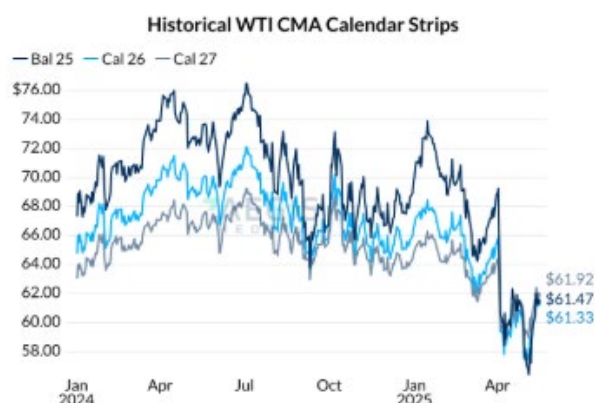
India is likely to be the primary source of global oil demand growth through 2025 and 2026 (Figure 11).

**Figure 11: Global Oil Demand Growth (Source: GS)**

**Exhibit 4: India Drives Much of the Soft Remaining Global Oil Demand Growth of 0.3mb/d (Q4-Q4 Basis) We Expect in 2025 and 2026**



Source: Goldman Sachs Global Investment Research

**Gas and Oil Prices 1 May 2025****Crude Oil Swap Pricing**

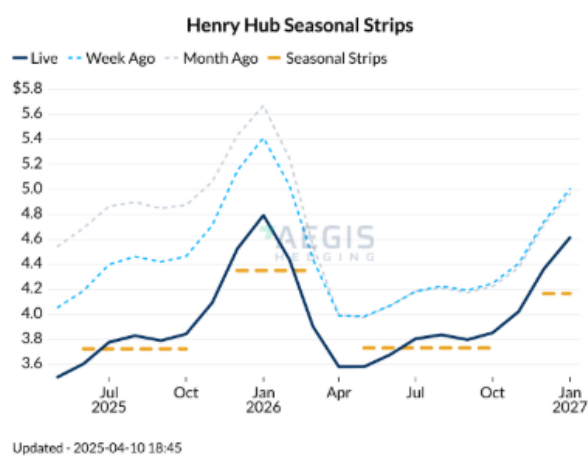
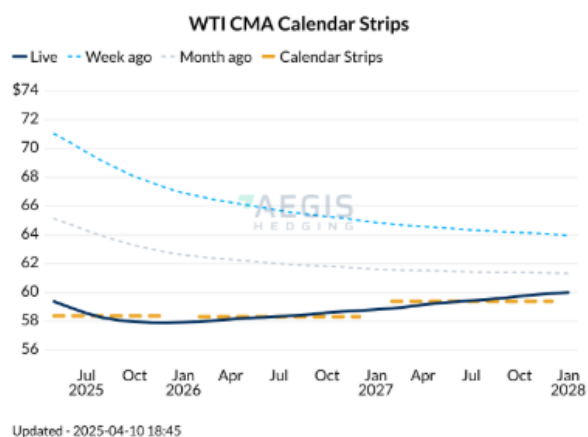
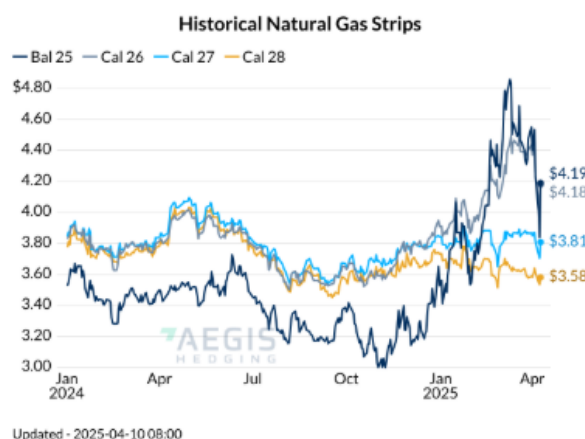
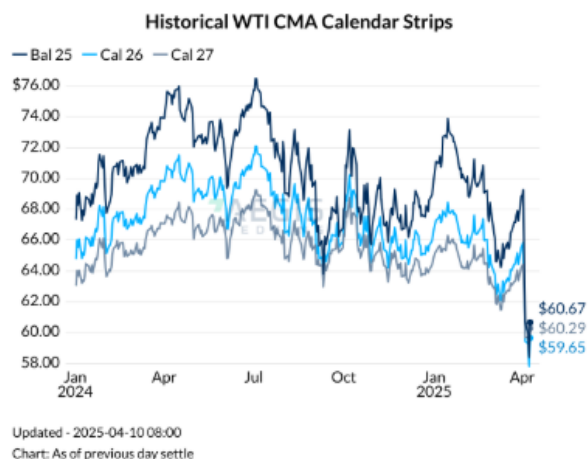
	2025	2026	2027
NYMEX WTI	\$59.94	\$60.18	61
LLS	\$62.96	\$63.71	65
Mars	\$60.68	\$60.46	59
Dubai	\$62.83	\$63.34	64
WCS-WTI	-\$12.12	-\$13.59	-14
ICE Brent	\$63.37	\$63.93	65
Dated Brent	\$63.55	\$63.81	65
West TX Sour (WTS)	\$59.82	\$59.93	61

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**Natural Gas Basis Swap Pricing**

	prompt	Bal' Summer 25	Winter 25/26	Summer 26	Winter 26/27
Henry Hub Fixed	\$3.492	\$3.820	\$4.645	\$4.127	\$4.569
Panhandle East	-\$0.665	-\$0.696	-\$0.155	-\$0.635	-\$0.118
Eastern Gas South	-\$0.845	-\$1.112	-\$0.882	-\$1.146	-\$0.905
Waha	-\$2.000	-\$2.025	-\$1.870	-\$2.252	-\$0.996
TETCO M3	-\$0.695	-\$0.932	\$1.005	-\$0.975	\$1.058
Houston Ship Channel	-\$0.340	-\$0.364	-\$0.305	-\$0.374	-\$0.219
Columbia Gulf Mainline	-\$0.285	-\$0.314	-\$0.192	-\$0.298	-\$0.200

## Gas and Oil Prices 1 April 2025



## Crude Oil Swap Pricing

	Bal 25	Cal 26
NYMEX WTI	\$58.91	\$58.46
LLS	\$62.12	\$62.12
Mars	\$59.70	\$59.13
Dubai	\$62.95	\$61.92
WCS-WTI	-\$12.53	-\$13.94
ICE Brent	\$62.34	\$62.19
Dated Brent	\$62.94	\$62.32
West TX Sour (WTS)	\$58.90	\$58.21

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## Natural Gas Basis Swap Pricing

	prompt	Bal' Summer 25	Winter 25/26	Summer 26	Winter 26/27
Henry Hub Fixed	\$3.816	\$4.045	\$4.634	\$3.922	\$4.341
Panhandle East	-\$0.758	-\$0.708	-\$0.151	-\$0.655	-\$0.118
Eastern Gas South	-\$0.845	-\$1.023	-\$0.863	-\$1.071	-\$0.883
Waha	-\$2.450	-\$1.999	-\$1.733	-\$1.959	-\$0.906
TETCO M3	-\$0.758	-\$0.879	\$0.856	-\$0.928	\$1.059
Houston Ship Channel	-\$0.430	-\$0.380	-\$0.313	-\$0.345	-\$0.256
Columbia Gulf Mainline	-\$0.318	-\$0.340	-\$0.217	-\$0.300	-\$0.217

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