Giant Capital / Longreach Energy

July 2025 Report

1.0 Market and Portfolio Commentary

1.1 Macro Industry Commentary

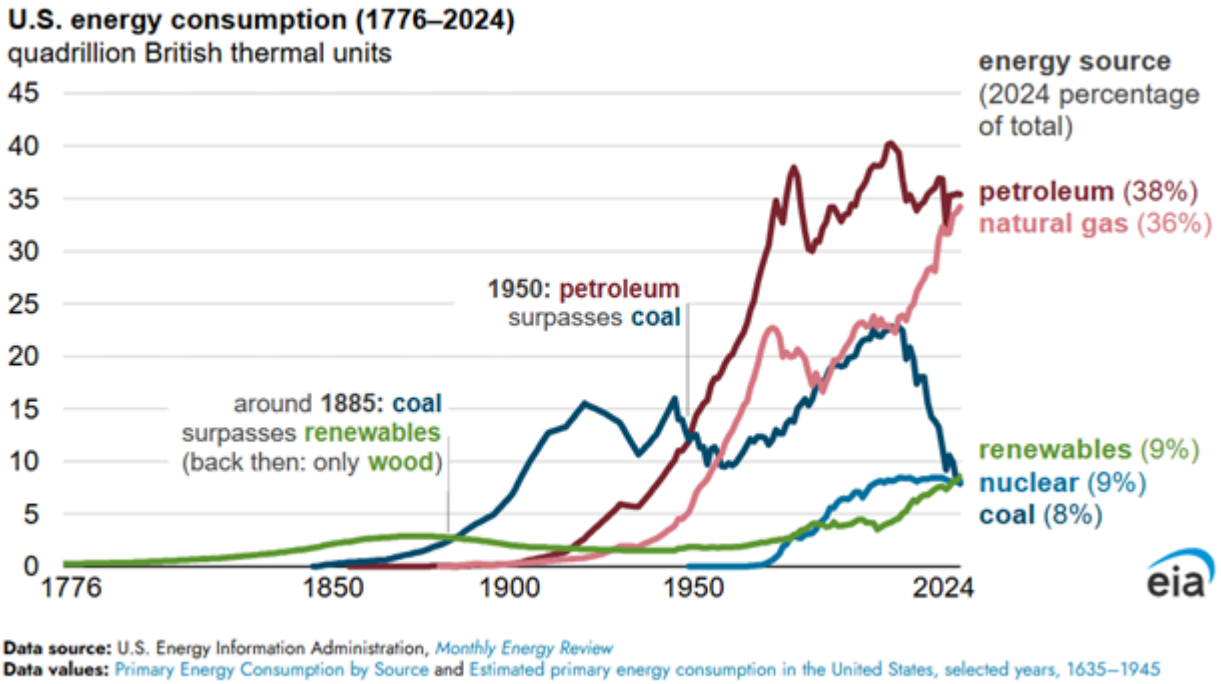
General Market Commentary

US Henry Hub prompt gas prices fell in July with strong production leading to concerns that storage limits may be reached before the winter withdrawal season starts. Month-on-month the prompt fell from $3.45/mmbtu at close on 30 June to $3.10/mmbtu at close on 31 July. Calendar 2025 also fell, beginning July at $3.82/mmbtu and ending at $3.52/mmbtu.

WTI oil rose in response to threats from the US President that stronger efforts would be made to restrict the export of Russian crude, particularly to India. The prompt began July at $65.11/bbl and closed the month at $69.26/bbl. Calendar 2025 increased from $62.96/bbl to $67.46/bbl.

According to data compiled by the EIA, in 2024 the US consumed about 94 quadrillion British thermal units (quads) of energy, a 1% increase from 2023. Fossil fuels – petroleum, natural gas, and coal – accounted for 82% of total US energy consumption in 2024 (Figure 1). Petroleum remained the most consumed fuel in the United States, as it has been for the past 75 years, and nuclear energy consumption exceeded coal consumption for the first time.

Figure 1: US Energy Consumption (1776-2024) (Source: EIA)



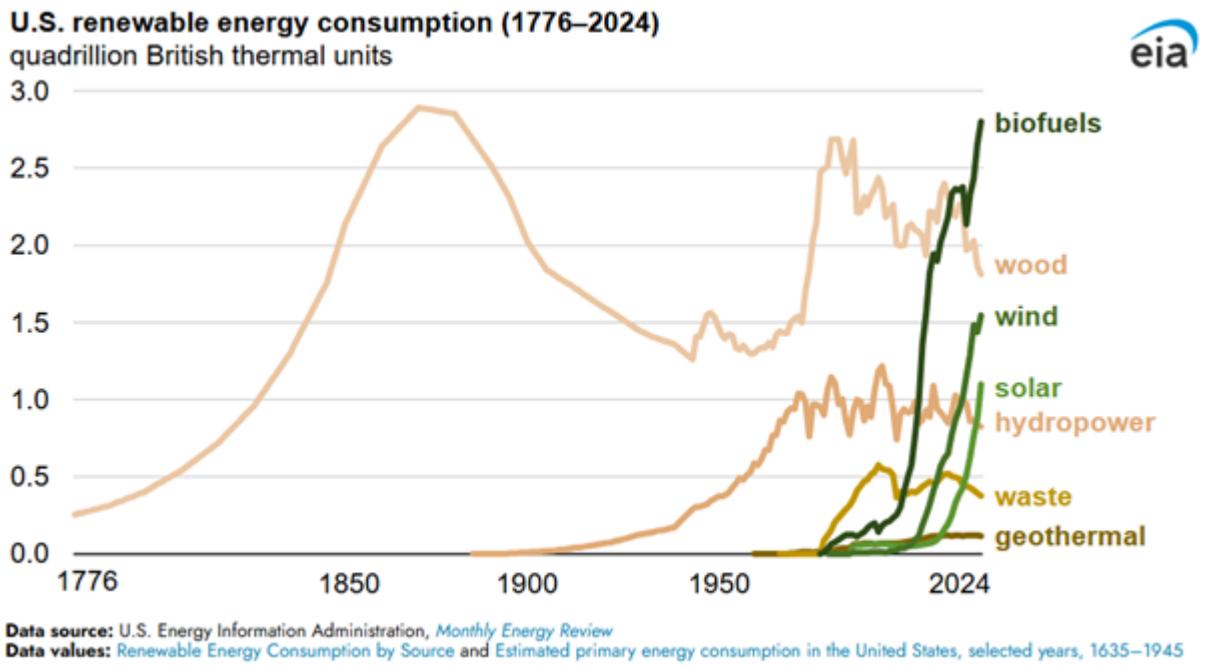
When the Declaration of Independence was signed in 1776, wood was far the largest source of energy in the United States and remained so until it was superseded by coal in the late 1800s. Coal was the largest source of US energy for about 65 years, from 1886 until 1950. Early uses of coal included in stoves for home heating and in engines for trains and ships. Since the 1960s, nearly all coal consumed in the United States has been for electricity generation.

Petroleum has been the most consumed source of energy in the United States since 1950. Petroleum products such as motor gasoline, diesel, jet fuel, and propane are commonly used across all sectors of the US economy, from transportation to industrial chemicals and plastics.

Natural gas is the second-largest source of US energy consumption, as it has been most years since it surpassed coal in 1958.

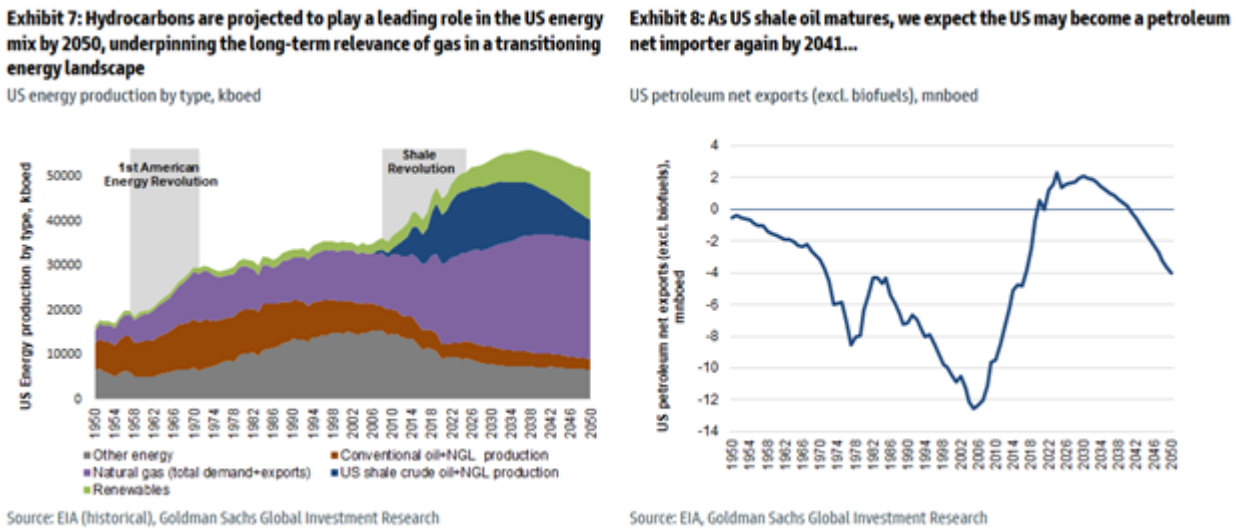
Of the 9% of US energy consumption provided by renewables, the largest components are biofuels and wood, followed by wind, solar and hydropower (Figure 2). In 2024 wind and solar together provided approximately 3% of total US energy consumption.

Figure 2: US Renewable Energy Consumption (1776-2024) (Source: EIA)



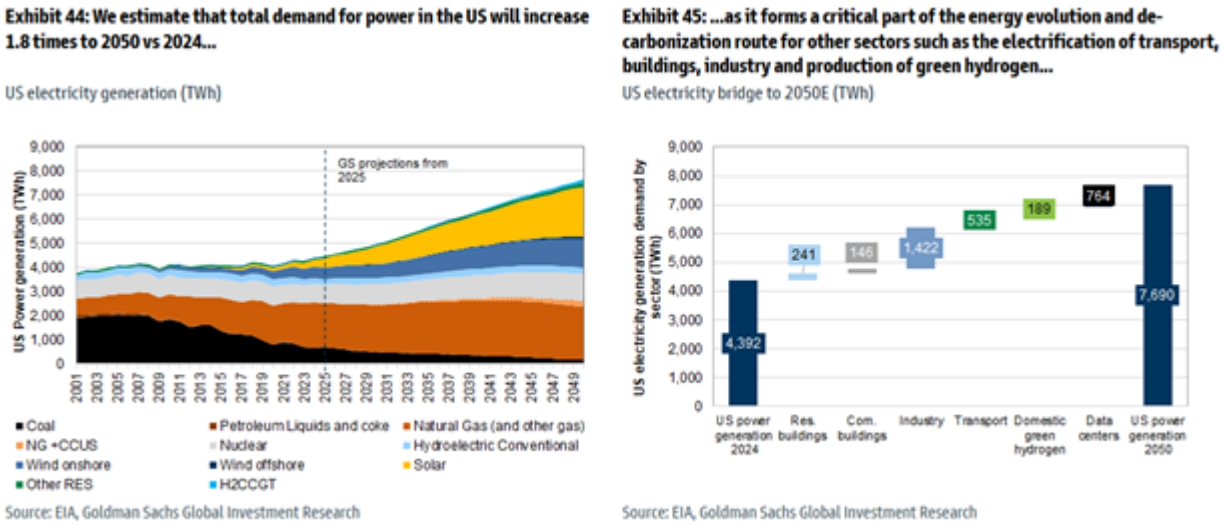
In July, Goldman Sachs published updated modelling of the US energy system, first published in 2023 in the wake of the Inflation Reduction Act (IRA). By 2050 hydrocarbons are projected to remain core source of US energy (LHS Figure 3). Crude oil production is expected to begin to decline after 2030 and, as US shale oil matures, Goldman expects that by 2041 the US may again become a net importer of oil (RHS Figure 3). Natural gas production is expected to continue to grow, driven by its continued role in power generation, industrial use and LNG exports.

Figure 3: US Energy Production by Type and US Petroleum Net Exports (Source: IEA, via GS)



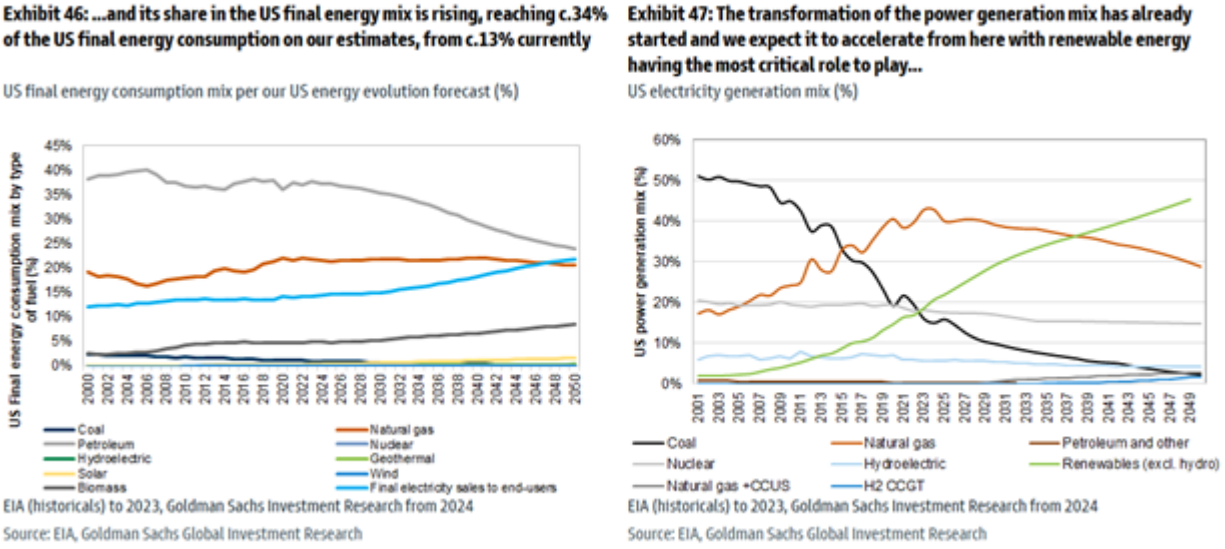
Goldman predicts that total US demand for electricity will grow by 80% from 2024 to 2050 (LHS Figure 4). Growth will be driven by electrification of transport, buildings, industry processes and the production of green hydrogen (RHS Figure 4).

Figure 4: US Electricity Generation and Bridge to 2050(E) (Source: IEA, via GS)



Electricity currently provides ~13% of the final energy mix, this is projected to increase to ~34% by 2050 (LHS Figure 5). Renewables are expected to overtake natural gas as source of electricity by 2040 (RHS Figure 5).

Figure 5: US Final Energy Consumption by Source and Electricity Generation Source (Source: IEA, via GS)

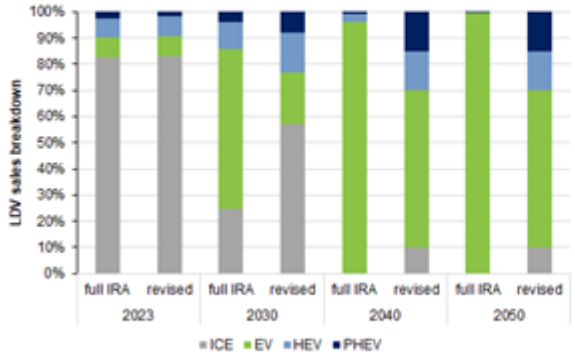


Legislative and regulatory changes to reduce IRA incentives and federal emissions requirements have led Goldman to materially cut their US 2030 Battery Electric Vehicle (BEV) sales assumptions (LHS Figure 6). As a result, 2030 BEV fleet share is reduced from 15% to 6% and 2040 share is reduced from 67% to 24% (RHS Figure 6)

Figure 6: US Light Domestic Vehicle Sales and Fleet (Source: IEA, via GS)

Exhibit 50: We cut our US 2030 BEV sales assumptions materially to reflect reduced IRA incentives and milder federal emissions requirements

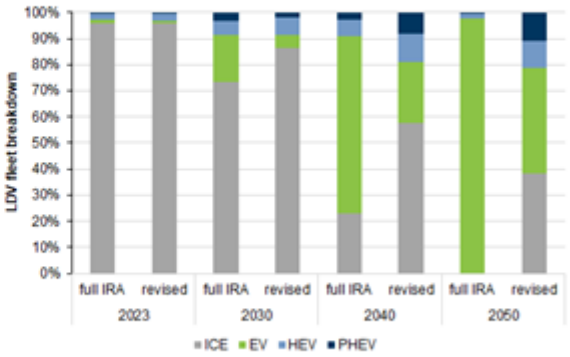
US LDV sales breakdown



Source: IEA, Goldman Sachs Global Investment Research

Exhibit 51: As a result, 2030 BEV fleet share is reduced to 6% from 15% before and 2040 share is reduced to 24% from 67% before

US LDV fleet breakdown



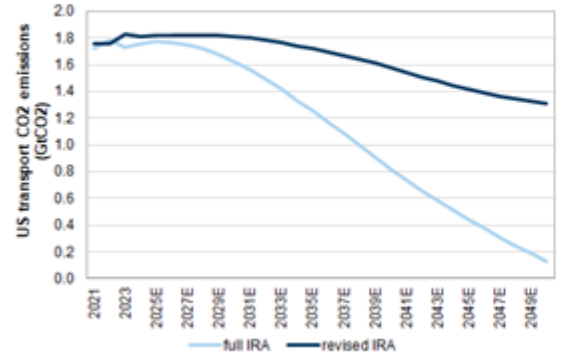
Source: IEA, Goldman Sachs Global Investment Research

The new EV sales assumptions drive a significant revision to the US transport sector emissions profile (LHS Figure 7). Oil demand is also significantly higher than in the previous forecast (RHS Figure 7).

Figure 7: US Transport CO2 Emissions and US Oil Consumption (Source: IEA, via GS)

Exhibit 54: US transport sector emissions profile is revised significantly as a result of the new EV sales assumptions...

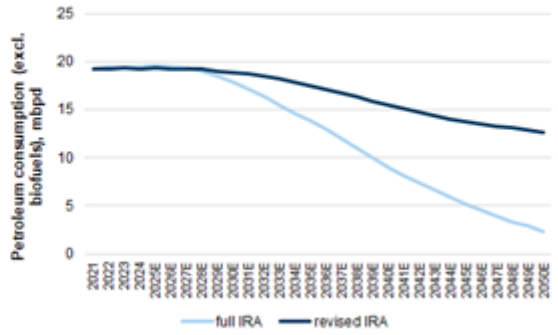
US transport CO2 emissions comparison, GtCO2



Source: IEA, Goldman Sachs Global Investment Research

Exhibit 55: ...driving significantly higher oil demand vs our previous estimates

Oil consumption in the US, mbpd



Source: EIA, Goldman Sachs Global Investment Research

The latest Baker Hughes rig count data follows. In July US total land rigs stayed flat at 524. Total oil rigs fell by 15 from 425 to 410, gas rigs rose by 15 from 108 to 123. Oil and gas rig totals include 13 offshore and 2 inland water rigs working in July.

Baker Hughes

NORTH AMERICA Rotary Rig Count

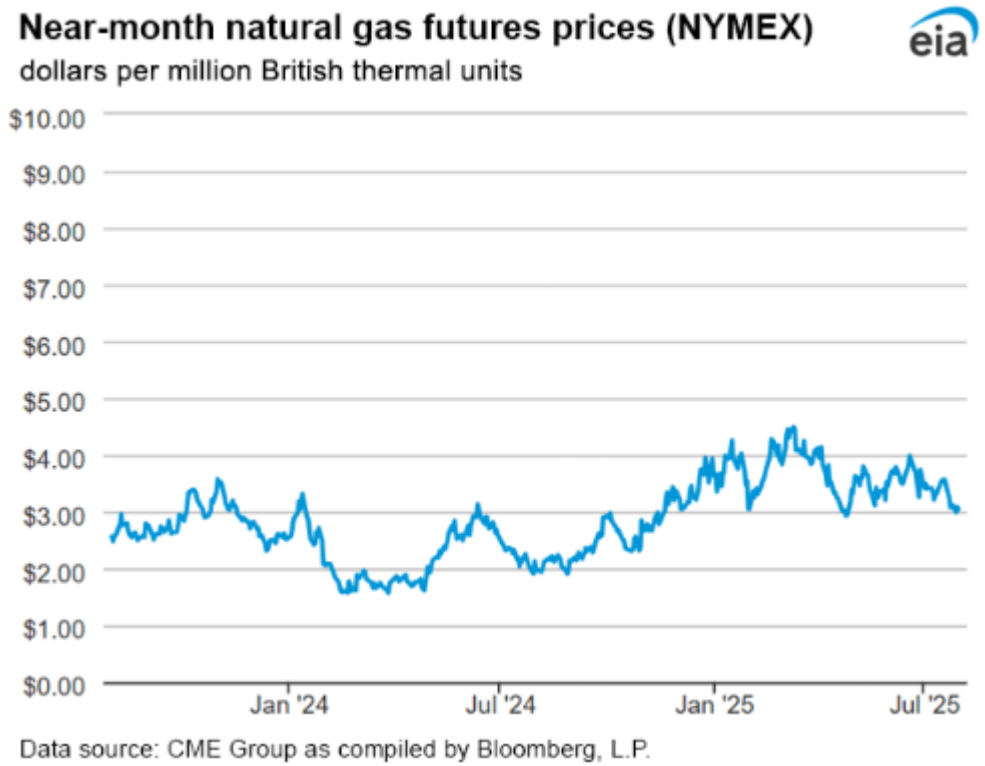
8/08/2025

Location	Week	+/-	Week	+/-	YearAgo
Inland Waters	2	0	2	2	0
Land	524	-1	525	-45	569
Offshore	13	0	13	-6	19
United States Total	**539**	**-1**	**540**	**-49**	**588**
Gulf of Mexico	**10**	**0**	**10**	**-7**	**17**
Canada	**180**	**3**	**177**	**-37**	**217**
North America	**719**	**2**	**717**	**-86**	**805**
U.S. Breakout Information	**This Week**	**+/-**	**Last Week**	**+/-**	**Year Ago**
Gas	123	-1	124	26	97
Oil	411	1	410	-74	485
Miscellaneous	5	-1	6	-1	6
Directional	54	0	54	4	50
Horizontal	471	0	471	-50	521
Vertical	14	-1	15	-3	17

Gas Market

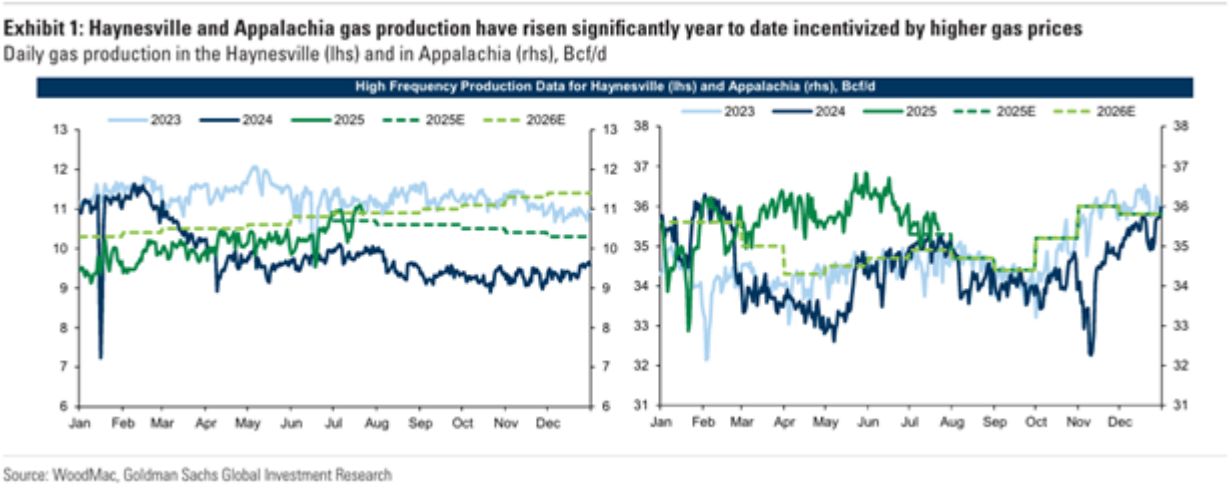
Henry Hub prompt prices fell back to $3/mmbtu during July, primarily because of strong production growth (Figure 8).

Figure 8: Near Month Henry Hub Futures (Source: EIA)



Year-to-date US prompt natural gas prices have averaged $3.66/mmbtu. This $1.44/mmbtu (or 65%) increase over 2024 has been driven by the combination of a colder-than-average start of the year and rapidly rising US LNG exports. After US natural gas production declined by 1.3 bcf/d from 2023 to 2024, higher prices have delivered a return to growth. June 2025 natural gas production averaged 105.5 bcf/d, up 1.7 bcf/d from December 2024, led by the Haynesville (+0.9 bcf/d) and Appalachia (+0.7 bcf/d) (Figure 9).

Figure 9: Haynesville and Appalachia Natural Gas Production (Source: Woodmac, via GS)



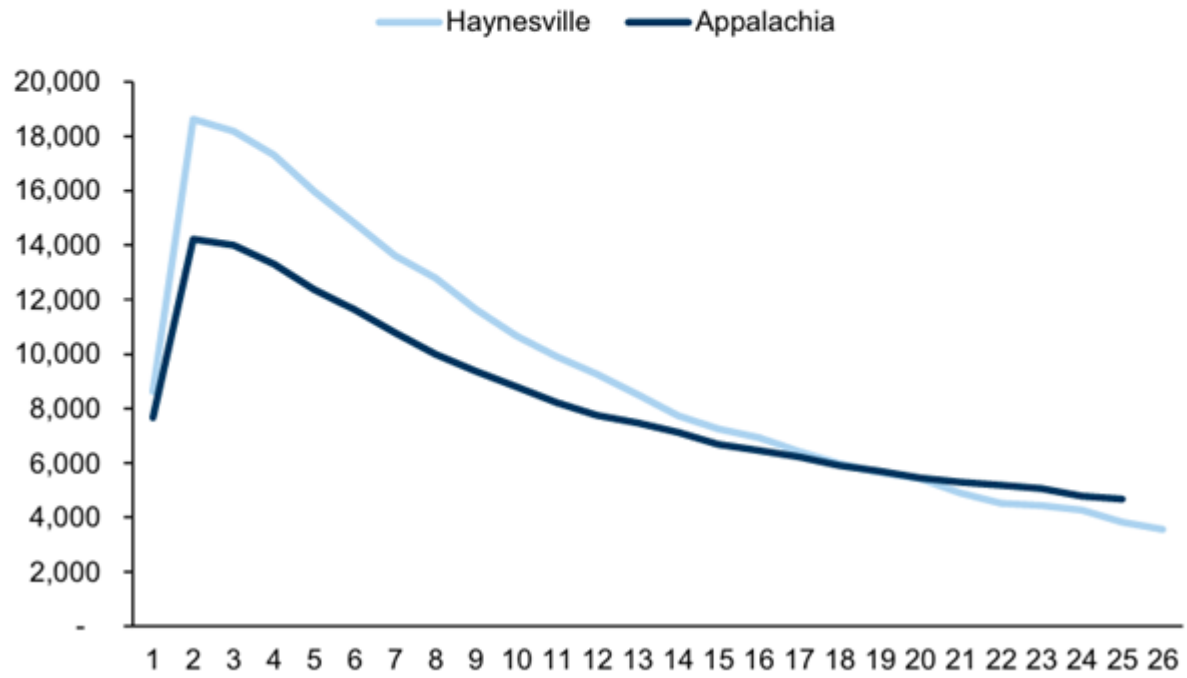
Earnings calls with the largest Haynesville and Appalachia gas producers have confirmed that that surge in local gas production was largely driven by one-off utilisation of the inventory of drilled but not completed wells accumulated during 2024, when gas prices were much lower. The increase in drilling of new wells year-to-date has been modest and uneven.

New shale wells typically face steep decline rates in their first year, generally reducing the production of each new well to approximately 50% of the peak by the 12th month of production (Figure 10). Without enough incremental drilling to fill back those declines, production levels will decline.

Figure 10: Haynesville and Appalachia 2-mile Type Curves (Source: GS)

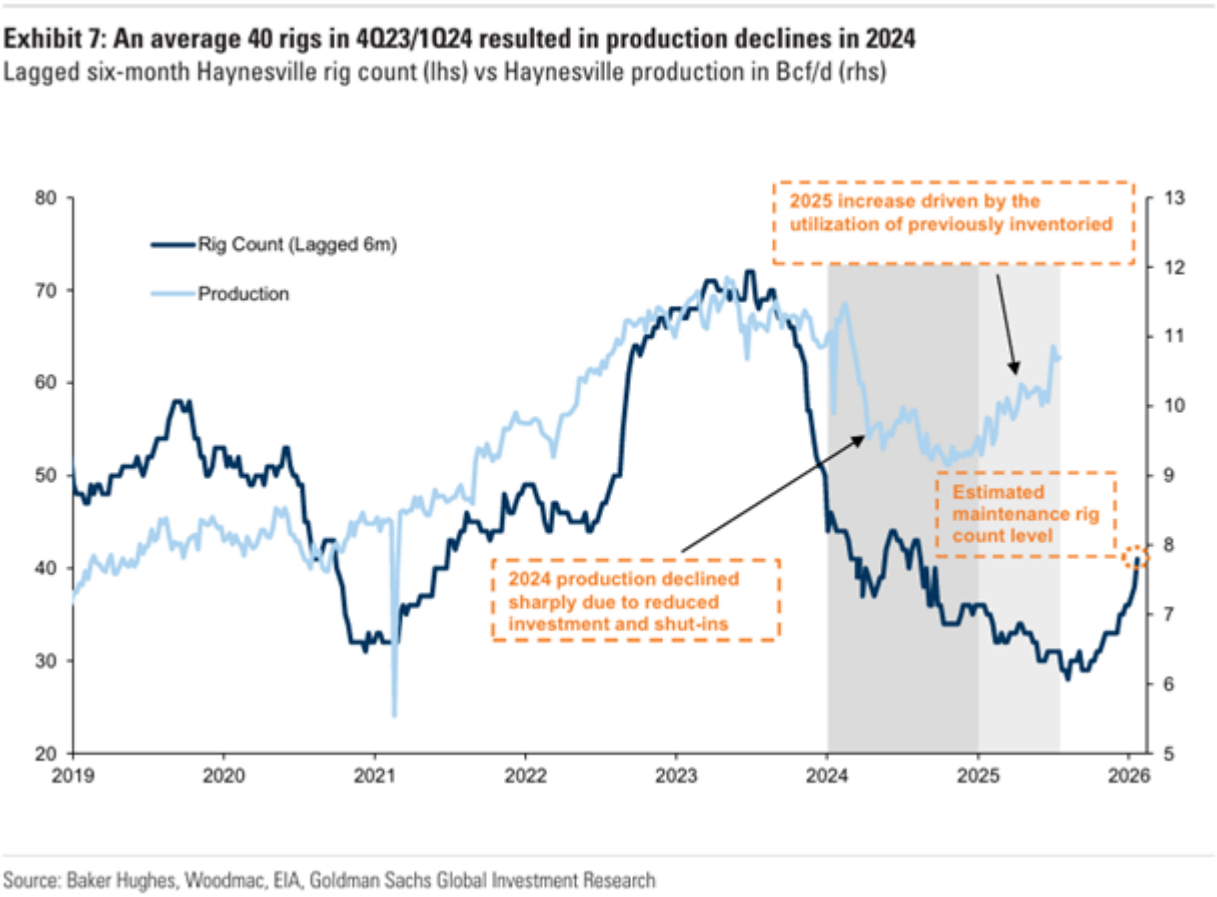
Exhibit 6: New wells lose a significant portion of their peak production in the first 12 months of operation

2023 vintage year Haynesville and Appalachia well type curves over months, mcf/d



Over the period from 1 October 2023 to 31 March 2024, there were an average of 40 rigs running in the Haynesville. This level of activity delivered production declines for calendar 2024 (Figure 11). As of 8 August 2025, there were 41 rigs running in the Haynesville. The key market question is from where will the supply come to meet the estimated 4 bcf/d sequential increase in US LNG exports expected over the next 18 months?

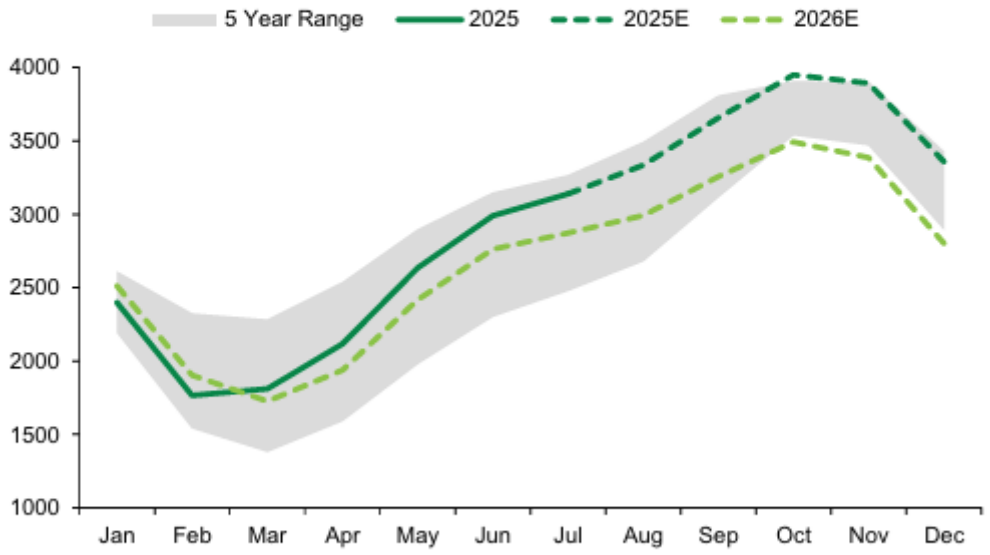
Figure 11: Lagged Six-Month Haynesville Rig Count vs Production (Source: various, via GS)



Goldman currently expects gas storage volumes to peak in late October at 3.95 tcf. Congestion begins above 4.2 tcf. While this a comfortable storage volume for the 2025/2026 winter, unless production increases significantly, growing LNG demand will rapidly draw down storage to below the five-year range by December 2026 (Figure 12).

Figure 12: L48 Working Gas Storage and GS Estimates (Source: EIA, via GS)

Exhibit 8: We estimate that under current forwards, US production growth is too low to manage storage through the 2026-27 winter
L48 working gas storage and GS estimates under forwards, Bcf

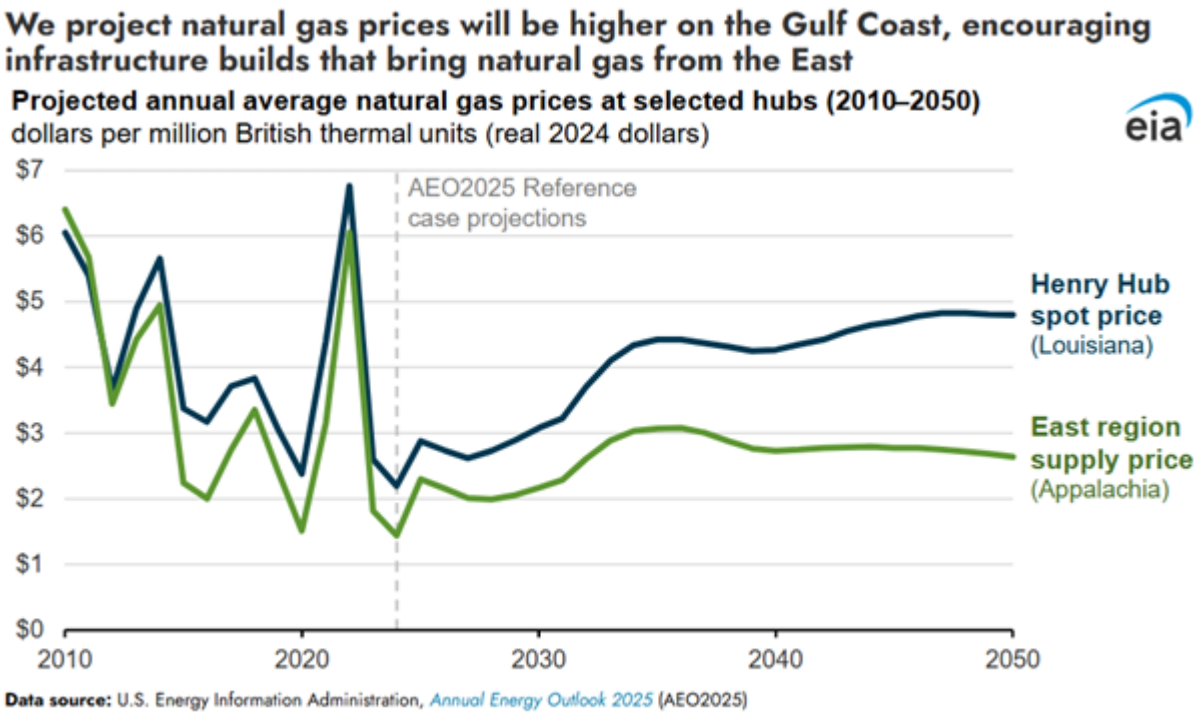


Source: EIA, Goldman Sachs Global Investment Research

Based on its discussions with large producers, Goldman believes that natural gas will need to price well into the $4-$5/mmbtu range in 2026 to incentivise producers to commit the capital required to deliver significant production growth.

Location of production is important. Nearly all existing LNG export capacity is on the US Gulf Coast. The EIA projects that natural gas converted to LNG will total 27 bcfd in 2037, compared to 11.6 bcfd in 2024. The national benchmark natural gas price is at the Henry Hub in southern Louisiana. The price received for production in any specific geography is primary determined by the ease of transport to the Henry Hub. Appalachia is a region with particularly limited transport out of the basin, resulting in large negative basis to Henry Hub (Figure 13). In contrast, east and south Texas and Oklahoma all have excellent gas transport infrastructure to Gulf Coast markets.

Figure 13: Project Annual Average Natural Gas Prices at Selected Hubs (Source: EIA)



Goldman's modelling of the US energy system suggests that US domestic natural gas demand will grow from an average of 93 bcf/d in 2024 to 107 bcfd in 2050 (Figure 14). US LNG exports are expected to almost double by 2030, reaching over 20 bcfd, up from 11.5 bcfd in 2024 (LHS Figure 15). Industrial gas demand is expected to be resilient, primarily driven by limited replacement in the chemicals industry (RHS Figure 15). Rising LNG exports are the major tailwind for domestic gas demand, reinforcing production and infrastructure expansion plans.

Figure 14: US Natural Gas Consumption (Source: EIA, GS)

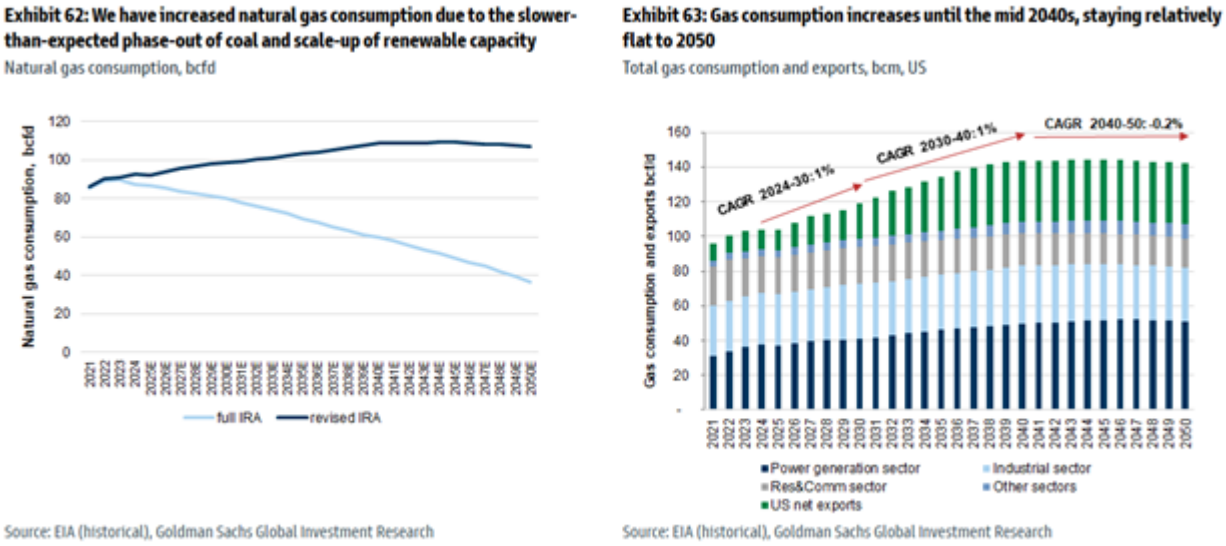
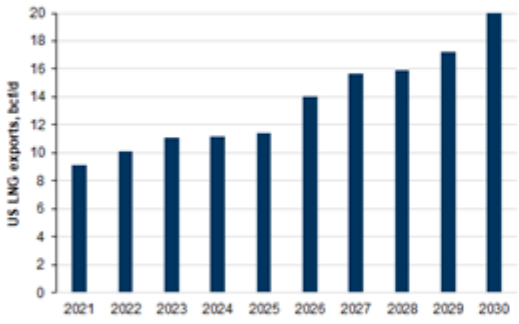


Figure 15: US LNG Exports and Industrial Gas Demand (Source: various, via GS)

Exhibit 64: US LNG export volumes are expected to almost double by 2030, reaching >20 bcf/d, up from 11.5 bcf/d in 2024

US LNG export capacity, bcf/d

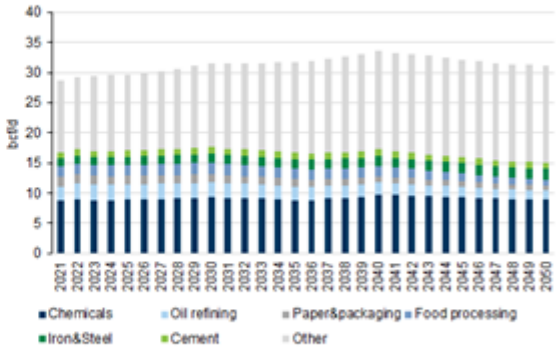


Energy Institute (historicals until 2024, GSe after 2024)

Source: Energy Institute, Goldman Sachs Global Investment Research

Exhibit 65: Industrial gas demand is expected to be resilient, primarily driven by limited replacement in the chemicals industry

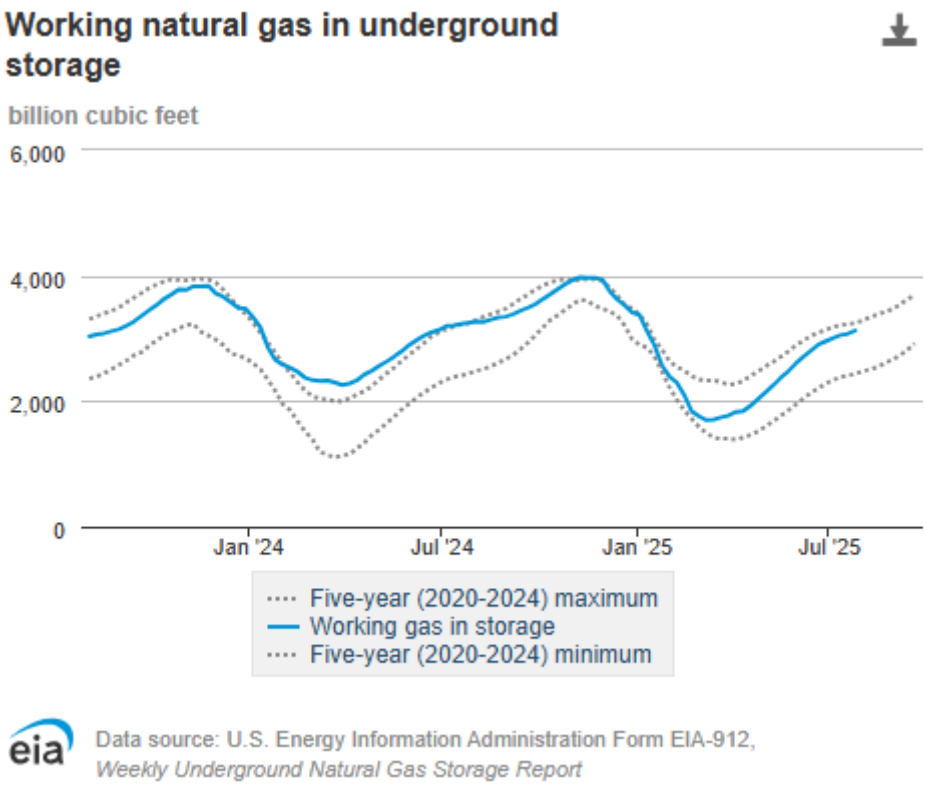
Industrial gas demand 2021-50, bcf/d, US



Source: EIA (historical), Goldman Sachs Global Investment Research

Net injections into storage totalled 48 bcf for the week ending 25 July, compared with the five-year (2020 – 2024) average net injections of 24 bcf and last year's net injections of 18 bcf during the same week. Working natural gas stocks totalled 3,123 bcf, which is 195 bcf (7%) more than the 5-year average and 123 bcf (4%) lower than last year at this time (Figure 16).

Figure 16: US Working Natural Gas in Underground Storage (Source: EIA)



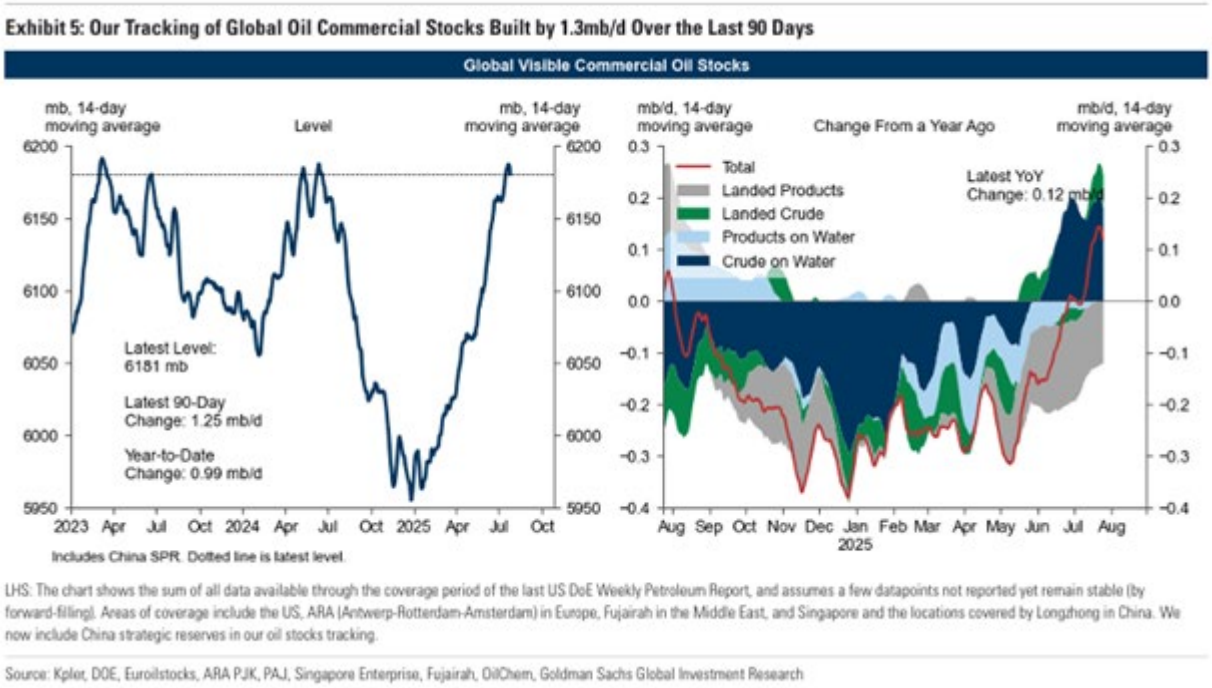
Oil Market

Brent and WTI oil prices both rose in the last week of July after the US President announced an 8 August deadline for Russia to reach a truce with the Ukraine. China and Russia are the principal buyers of Russian crude but neither, to date, have indicated any change of behaviour in response to threats, primarily tariff related, from the US President. Replacing Russian oil supply would be difficult for both countries.

The market was also focused on an OPEC+ meeting that was held in early August where, as was widely expected, a 0.55mmbld quota increase from September was announced. This increase has completed the return of 2.2mmbbld of voluntary cuts announced in November 2023.

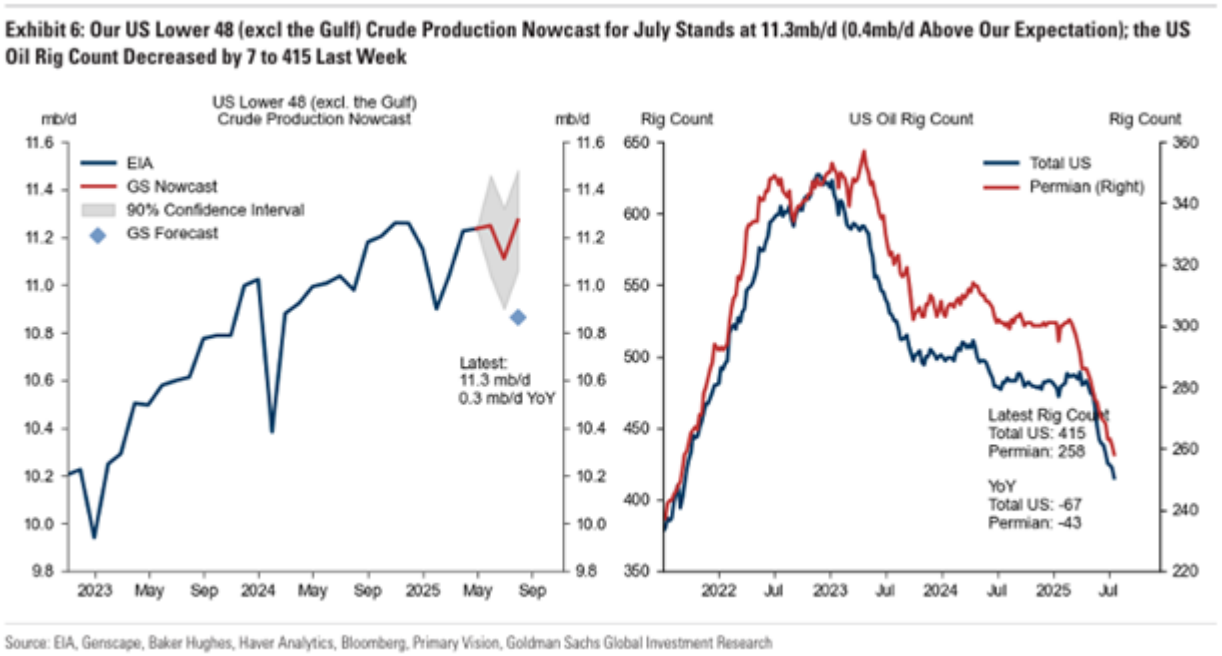
OPEC+ production increases have outpaced demand growth to deliver a build in OECD oil stocks. Total commercial reserves of oil have increased by 1.3mmbbld over the last 3 months (Figure 17)

Figure 17: Global Visible Commercial Oil Stocks (Source: various, via GS)



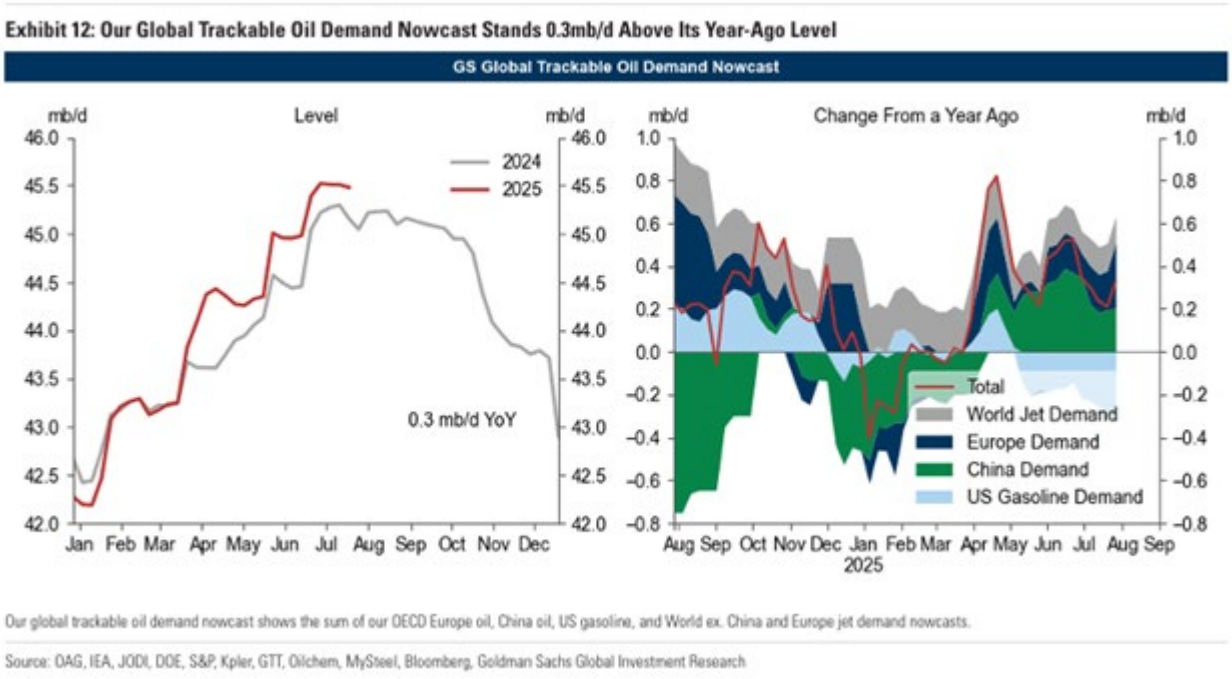
Lower prices have slowed the growth in US oil production (LHS Figure 18). The fall in oil rig counts is likely to deliver flat to falling total US oil production in coming months (RHS Figure 18).

Figure 18: US Lower 48 Production and Oil Rig Count (Source: various, via GS)



Year-to-date oil demand has grown faster than in 2024 (LHS Figure 19). Chinese demand has been the primary driver since April (RHS Figure 19). Chinese demand growth has been influenced by new energy security regulations from the Chinese authorities mandating minimum oil reserves that applies to both public and private institutions.

Figure 19: Global Oil Demand (Source: various, via GS)



Gas and Oil Prices 2 June 2025

Historical WTI CMA Calendar Strips

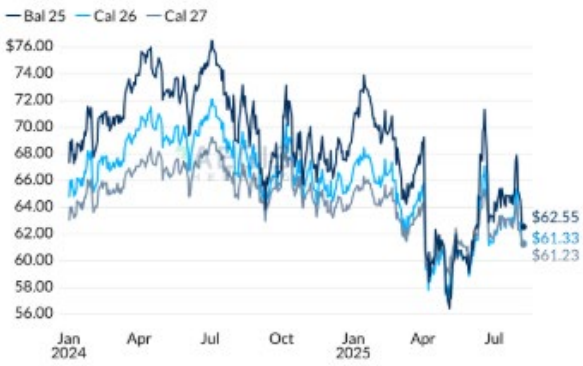


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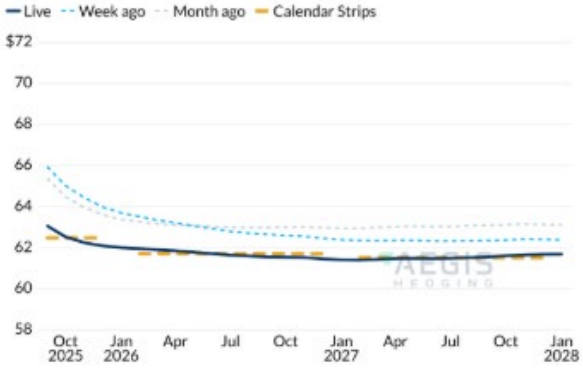
Chart: As of previous day settle

Historical Natural Gas Strips

Updated - 2025-08-11 09:10
Chart: As of previous day settle

WTI CMA Calendar Strips



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Henry Hub Seasonal Strips

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Crude Oil Swap Pricing

	2025	2026	2027
NYMEX WTI	$62.78	$61.63	$61.51
LLS	$65.71	$64.87	$64.98
Mars	$62.82	$61.59	$62.16
Dubai	$66.57	$64.72	$64.78
WCS-WTI	-$13.34	-$13.40	-$14.39
ICE Brent	$65.99	$65.11	$65.20
Dated Brent	$66.66	$65.22	$65.26
West TX Sour (WTS)	$62.43	$61.11	$61.01

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Natural Gas Basis Swap Pricing

	prompt	Bal' Summer 25	Winter 25/26	Summer 26	Winter 26/27
Henry Hub Fixed	$2.990	$3.038	$3.951	$3.742	$4.318
Panhandle East	-$0.550	$-0.575	$-0.082	$-0.638	$-0.120
Eastern Gas South	-$0.813	$-0.933	$-0.697	$-1.038	$-0.857
Waha	-$2.180	$-2.330	$-1.953	$-2.220	$-0.723
TETCO M3	-$0.655	$-0.788	$1.033	$-0.870	$0.998
Houston Ship Channel	-$0.383	$-0.433	$-0.279	$-0.375	$-0.222

Gas and Oil Prices 2 June 2025

Historical WTI CMA Calendar Strips

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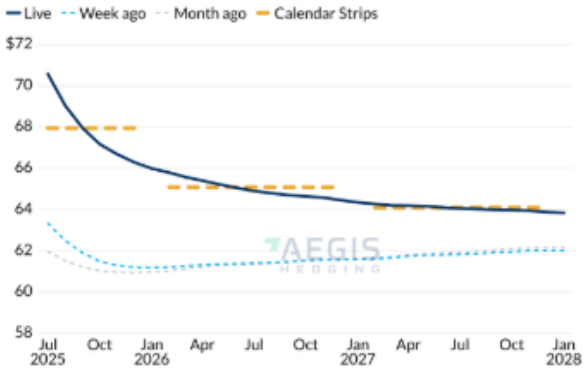
Chart: As of previous day settle

Historical Natural Gas Strips

Updated - 2025-06-16 08:00

WTI CMA Calendar Strips



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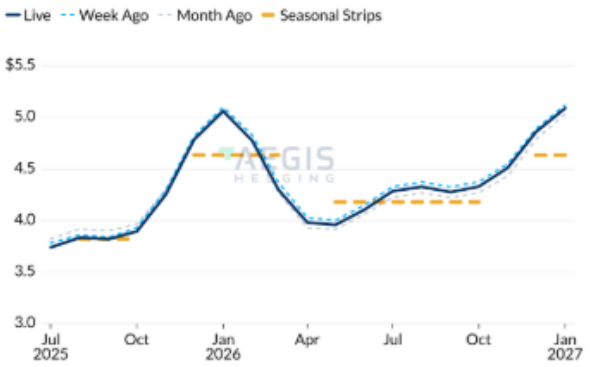
Henry Hub Seasonal Strips



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Crude Oil Swap Pricing

	2025	2026	2027
NYMEX WTI	$67.34	$64.18	64
LLS	$69.62	$67.68	67
Mars	$68.11	$64.50	64
Dubai	$69.50	$67.23	67
WCS-WTI	-$11.88	-$13.35	-14
ICE Brent	$70.13	$67.74	67
Dated Brent	$71.09	$67.94	68
West TX Sour (WTS)	$67.17	$63.83	63

Updated - 2025-06-16 12:45

Natural Gas Liquids

	Month 1	2025	2026
MBV x-TET C2	$0.230	$0.251	$0.290
MBV x-TET C3	$0.798	$0.803	$0.742

Natural Gas Basis Swap Pricing

	prompt	Bal' Summer 25	Winter 25/26	Summer 26	Winter 26/27
Henry Hub Fixed	$3.581	$3.673	$4.531	$4.130	$4.612
Panhandle East	-$0.693	$-0.745	$-0.141	$-0.660	$-0.125
Eastern Gas South	-$1.153	$-1.443	$-0.955	$-1.257	$-0.992
Waha	-$1.710	$-1.969	$-2.028	$-2.260	$-0.985
TETCO M3	-$0.920	$-1.266	$1.055	$-1.079	$1.011
Houston Ship Channel	-$0.400	$-0.441	$-0.328	$-0.394	$-0.226
Columbia Gulf Mainline	-$0.363	$-0.384	$-0.206	$-0.308	$-0.235
NGPL TXOK	-$0.438	$-0.514	$-0.374	$-0.403	$-0.297
SOCAL	-$0.210	$-0.285	$0.876	$0.092	$1.190
AECO	-$2.510	$-2.385	$-1.834	$-1.750	$-1.699
Chicago City-Gates	-$0.488	$-0.577	$0.168	$-0.463	$0.182

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