**PERMIAN BASIN**

**Ring Energy in Deal to Sell Permian Delaware Acreage**

Ring Energy Inc. said Tuesday it has entered a deal to sell a portion of its Permian Basin acreage to an undisclosed party for $31.5 million.

The property covers about 20,000 net acres in the Delaware sub-basin in Culberson and Reeves counties, TX, and is currently producing 575 b/d of oil and 2 MMcf/d of natural gas.

Engineering firm Cawley, Gillespie and Associated estimated the property’s year-end proved developed producing reserves to be 3.48 million bbl oil and 10.06 Bcf of natural gas, with a pre-tax discounted present value (aka PV-10) of about $43 million, assuming ...cont’ pg. 2

**NEWS**

**Noble Cuts More Lower 48 Capex; More Closures, Layoffs as Pandemic Disrupts Energy Markets**

One month after it cut expenditures by almost one-third, Houston’s Noble Energy Inc. has joined a growing group of peers in reducing even more spend, with the hit mostly to U.S. onshore operations, while it furloughs employees and cuts salaries in response to the never-ending impacts from the Covid-19 pandemic and sharp decline in oil and gas demand.

The global exploration and production (E&P) company last month reduced capital expenditures (capex) by $500 million, or nearly 30%, to $1.1-1.3 billion. Capex now has been reduced by another 20%, or $350 million, to $800-900 million. ...cont’ pg. 3

**BAKKEN SHALE**

**North Dakota’s Bakken Said Not at Low Point, But Heading There**

North Dakota’s robust Bakken Shale hasn’t reached its all-time low points for rig count and well shut-ins, but it will be there soon enough, the state’s chief oil/natural gas regulator Lynn Helms said Tuesday during a report on the latest monthly production statistics.

Offering data from February just ahead of the full force of the coronavirus lockdown and the global oil meltdown, Helms, director of the Department of Mineral Resources, said “the data we’re looking at are two months old, and a great deal has happened since then, but my remarks will try to be more contemporary.”

Production for oil and gas on an average ...cont’ pg. 6
Devon Energy Corp. has amended the terms of its Barnett Shale asset sale to Thailand’s Banpu Kalnin Ventures (BKV), with the Oklahoma City-based independent agreeing to divest the North Texas assets for $570 million in cash at closing and contingent payments of up to $260 million.

In the initial agreement reached in December, BKV offered $770 million for the assets, which gave Devon entry into the unconventional natural gas business in 2002.

Under the amended terms, BKV agreed to pay an increased deposit of $170 million, and the scheduled closing date was extended to Dec. 31 from Wednesday (April 15). The closing payment is subject to customary price adjustments that, among other things, allocate revenues and expenses based on a Sept. 1, 2019, effective date.

Contingent cash payments, that would begin Jan. 1 over a four-year term, would be based upon future commodity prices, with “upside participation” beginning at either a $2.75/Mcf Henry Hub natural gas price or a $50/bbl West Texas Intermediate oil price. The contingent payments would be earned and paid annually.

Devon paid $3.1 billion in late 2002 to acquire the granddaddy of all shale plays, the Barnett, as part of its takeover of Mitchell Energy & Development Corp. However, as gas prices continued to stagnate, the independent turned its attention to Lower 48 oil targets and had all but abandoned the birthplace of unconventional production.

Once completed, BKV would become the biggest gas producer in the Barnett with the purchase, which includes more than 320,000 gross acres and 4,200 producing wells.

Devon’s net production from the properties averaged 597 MMcfe/d in 3Q2019. At the end of 2018, proved reserves associated with the Barnett amounted to 4 Tcfe.

Ring Energy in Deal to Sell Permian Delaware Acreage
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average oil and gas prices of $52.41/bbl and $1.47/Mcf, respectively.

Ring CEO Kelly Hoffman said that proceeds would be used to pay down the company’s senior credit...

...cont’ pg. 3
Recent events have had an unprecedented and unpredictable impact on the global economy and the oil and gas industry,” said CEO David L. Stover. “We are acting quickly and aggressively to confront today’s economic challenges with a focus on Noble Energy’s financial strength and to position the company to improve shareholder value.”

An employee-based furlough program, combined with a part-time work status, would impact more than 30% of Noble’s U.S. workforce to align costs with reduced activity levels. “These programs are designed to be temporary until higher activity levels are justified,” management said.

An additional $125 million in cash cost...cont' pg. 4

Noble Cuts More Lower 48 Capex; More Closures, Layoffs as Pandemic Disrupts Energy Markets
Continued from Page 1

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An additional $125 million in cash cost...cont' pg. 4
savings should reduce outlays this year by more than $175 million versus the original plan. The quarterly dividend also was cut to 8 cents/share.

Noble is able to “flex spending as appropriate,” Stover said. “The actions taken to date are expected to generate more than $1 billion in annualized cash savings, and we will continue to remain agile to ensure the long-term success of the business.”

The incremental capital spending reductions by Noble are primarily to the U.S. onshore business, with expenditures deferred in the Permian and the Denver-Julesburg (DJ) basins “until commodity prices improve.

The updated Lower 48 capex plan now is set at $600 million, with $250 million earmarked for international/offshore.

**Deferrals, Salary Cuts**

Following the adjustments, one rig would run in the DJ “through the remainder of the year,” management said. “Completion activities are being temporarily deferred, maintaining flexibility to resume completions late in the year based upon economic and commodity conditions.”

Also effective May 1, Stover’s salary has been cut by 20%, with senior officers taking a 15% reduction and vice president salaries reduced by 10%. In addition, the board members are taking 25% less in cash retainers.

[We have been and will continue to cover the effects that COVID-19 is having on natural gas markets and have grouped that coverage here for your ease of use. All NGI article content regarding the coronavirus will be free until further notice.]

Tenaris SA, which provides oilfield steel pipes, is reducing its U.S. workforce by about 900 people and temporarily closing or reducing activities in Arkansas, Texas, Ohio and Pennsylvania because of the “abrupt, sharp decline in the price of oil, and subsequent decrease in market activity.”

Operations at the Koppel and Ambridge facilities in Pennsylvania were suspended on March 31, while the Brookfield, OH, threading plant is to suspend operations on Friday (April 17).

Tenaris also is reducing the workforce as of Friday at its threading plant in Baytown and in the Hickman, AR, welded pipe plant.

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**NGI ROCKIES EXPRESS ZONE 3 TRACKER FLOW DATE 04/15/2020**

**Putnam**
- Price: $1.640
- Deliveries: 86,607
- Op Cap: 297,000
- Cap. Util: 29%

**Lebanon**
- Price: $1.605
- Deliveries: Columbia: 1,920
- Op Cap: 63,323
- Total: 478,747
- Max Op Cap: 980,000
- Cap. Util: 49%

**Douglas**
- Price: $1.650
- Deliveries: 265,484
- Op Cap: 285,000
- Cap. Util: 91%

**Edgar**
- Price: $1.635
- Deliveries: 690,515
- Op Cap: 748,600
- Cap. Util: 79%

**Shelby**
- Price: $1.640
- Deliveries: 473,970
- Op Cap: 1,253,000
- Cap. Util: 38%

**Source:** Tallgrass Energy LP, NGI calculations. For more info and daily 10am ET updates of this chart, go to natgasintel.com/rextracker

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**Breakout of REX Zn 3 Receipt Operating Capacity by Individual Receipt Point**

<table>
<thead>
<tr>
<th>Receipt Point</th>
<th>Oper Capacity</th>
<th>Flows</th>
<th>% Cap Util</th>
<th>% Total Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td>OH GAS/REX CLAR MONROE</td>
<td>305,000</td>
<td>219,999</td>
<td>72.1%</td>
<td>7.6%</td>
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<tr>
<td>MARKEST/REX SE N CANOBLE</td>
<td>725,000</td>
<td>200,421</td>
<td>28.5%</td>
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<tr>
<td>Eureka/REX/Cameron Monroe</td>
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<td>518,105</td>
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<tr>
<td>REX/CANBROBER R MONROE</td>
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<td>400,540</td>
<td>56.5%</td>
<td>16.2%</td>
</tr>
<tr>
<td>Ohio River System/REX BEARY/LOW Mon</td>
<td>842,000</td>
<td>504,012</td>
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<tr>
<td>EOT/REX/REX KISALY MONROE</td>
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<td>648,741</td>
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<tr>
<td>Dominion/REX CLAR Monroe</td>
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<td>135,449</td>
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</tr>
<tr>
<td>Total Zone 3 Receipt Operating Cap Util</td>
<td>4,718,000</td>
<td>2,893,270</td>
<td>61.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
“These are extraordinary times for our sector that require us to implement difficult, short-term measures to temporarily lean our operations to maintain a long-term solid position to serve our customers,” said Tenaris US President Luca Zanotti.

Given the ongoing coronavirus outbreak, Tenaris said it would offer employees who are laid off three months of health insurance with the possibility of extending it should the outbreak persist.

Tenaris said as its TuboCaribe facility in Colombia has become “more susceptible” to the spread of Covid-19, it is implementing a community-based plan to bolster medical institutions and reduce food insecurity.

The facility in Qingdao, China, also became the first in the Tenaris industrial network to introduce mandatory temperature scans, restrict employee gatherings, map out workstations to enforce social distancing and disinfect high-risk areas at least four times per day.

Operators also are reporting the spread of coronavirus in the workplace, including in the Gulf of Mexico (GOM). The National Ocean Industries Association reportedly has tracked at least 29 confirmed Covid-19 cases on seven offshore facilities. There are up to 16,000 employees working in the U.S. offshore at any one time.

The Brazilian National Agency of Petroleum, Natural Gas and Biofuels, the federal agency linked to the Ministry of Mines and Energy, which regulates the energy sector, told Reuters that there were at least 126 confirmed cases of coronavirus among the oil and gas workforce, including 74 working on offshore platforms.

**Medical Manufacturing**

Meanwhile, ExxonMobil said Wednesday it has increased production for medical professionals, with specialized polypropylene monthly production increased by 1,000 metric tons, enough to make 200 million masks or 20 million gowns. It also has boosted its monthly isopropyl alcohol production by up to 3,000 metric tons, enough to make 50 million bottles of hand sanitizer.

“We’re increasing our manufacturing capabilities to meet this critical need to help keep doctors, nurses and first responders healthy and safe,” said ExxonMobil Chemical Co. President Karen McKeen. “Our team has been working around the clock, applying our engineering and technical know-how and working with our customers to make this happen. We’re committed to doing our part...”
daily basis continued to increase back then, including a 6.4% jump in gas production and an increase in gas capture to 87%. Turning to rig count, Helms said about 40% of the state’s rigs were lost in “three short weeks,” settling on Tuesday at 34 after holding in the low to mid-50s for several months. “This has all come since the Covid-19 onslaught and the plummeting of world energy demand,” Helms said. The director added that his office is seeing a “tremendous volume” of applications for uncompleted well and inactive well waivers, with a massive number of these requests expected in the months ahead.

Industry and operator sources are predicting rig counts to drop by 50%-75% in the next three months, which Helms said would result in a Bakken rig count in the upper 20s, around the state’s all-time low since the shale revolution hit 12 years ago. Layoffs now are about 2,200, but Helms said the jobless number could get much bigger — 8,000-8,500 — before the situation turns around. “Analysts’ projections are showing that liquid fuel demand still hasn’t bottomed out and will decline through the first half of May,” he said. Helms said that North Dakota had more than 16,000 active wells at the beginning of March and ended the month with 3,600 less wells operating, a clear example of the combined impact from the virus and global oil supply glut.

“That translates into about 175,000 b/d of capacity that was shut in, and in the last two weeks, another 1,000 wells also have been shut in,” he said. “That’s 4,600 shut-in wells equating to roughly 260,000 b/d of production.”

The industry appears to be taking advantage of the regulatory relief of the expanded waivers that was established last month by the North Dakota Industrial Commission headed by the governor. Helms sees the earliest relief coming globally in the fourth quarter because that is when the production cutbacks by the Organization of the Petroleum Exporting Countries and its allies should result in demand again exceeding supply. “That should begin to empty out storage and begin to make a difference in prices, but it will not immediately bring drilling rigs back,” he said.

Gas production in February was 89.9 Bcf — support the global response to the Covid-19 pandemic.”

The additional polypropylene would be made at sites in Baytown, TX, and Baton Rouge, LA, as well as in Singapore. Production of isopropyl alcohol, also known as rubbing alcohol, is being maximized at the Baton Rouge site.

ExxonMobil also is supporting development of products to help in the pandemic response. In work with the Global Center for Medical Innovation, ExxonMobil earlier this month announced multi-sector and joint-development projects to redesign and manufacture reusable personal protection equipment, such as face shields and masks, for health care workers.

The center is awaiting approval from the U.S. Food and Drug Administration for a new face mask design that has a replaceable cartridge system that includes a filtration fabric. When approved, production could begin immediately and produce per hour as many as 40,000 masks and filter cartridges.

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**North Dakota’s Bakken Said Not at Low Point, But Heading There**

*Continued from Page 1*

Note: Data through 4/14/2020.

Source: North Dakota DMR

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(3.1 Bcf/d), compared to 93.6 Bcf (3.01 Bcf/d) in January. Crude oil output was 42.07 million bbls (1.45 million b/d), compared to 44.3 million bbls (1.43 million b/d) in the previous month.

Oil prices for Bakken light sweet crude on Tuesday were $13.50/bbl, dropping from $47.19 in January, $37.21 in February and $20.33 in March.