BOE Report Weekly Round-up

May 23rd, 2025

We're always excited for the 20th (or 21st) of the month; when a fresh month of volumetric data is published. While this data is useful to gauge company performance – it's far more exciting to use these monthly data point as to advance (or disprove) our asset-level theses. Some of the more exhilarating developments this month were –

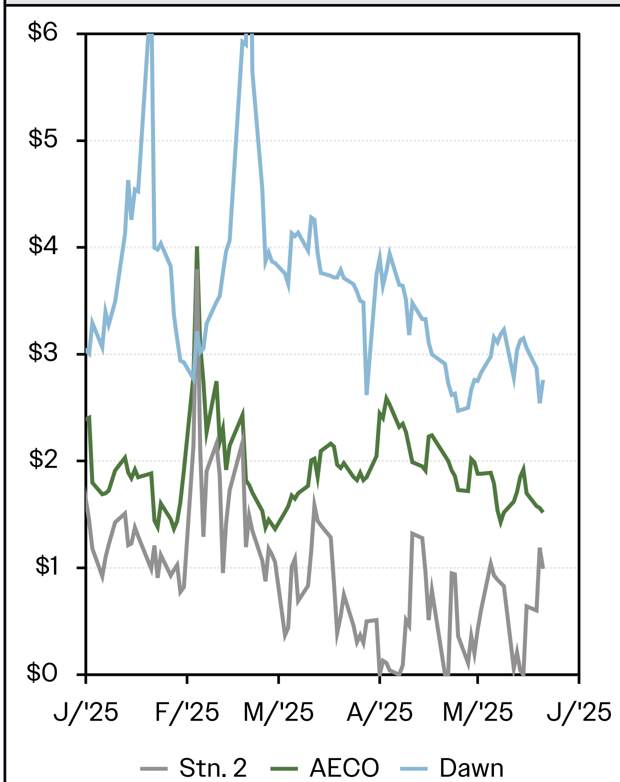
Whitecap continues to out-maneuver ARC at Kakwa in terms of spacing and drawdown management, with their Musreau Lake battery throughput at ~9,800Bbls/d (PD), with an asset-level CGR that has been effectively flat for 14 months. Notably, they haven't brought a new well on-stream since November, making this much more impressive.

Tourmaline's inaugural Belly River well at Willesden Green had a very strong oil IP_{30} rate of >550Bbls/d, this continues their success drilling horizontals offsetting vintage verticals that were technical successes (encountered hydrocarbons), but without stimulation weren't economic. We think Tourmaline has a half-dozen small plays they can advance with a strategy similar to this – including more Belly River, the Halfway/Baldonnel, and the Charlie Lake.

What is most interesting to us is Tamarack has ramped injection in SE 2-75-25W4; far harder than we'd have ever expected to be okay in the Clearwater. Commensurate with water rates ramping, there has been a consistent oil rate ramp from the parent wells. We think there is long- and short-term upside to waterflood configuration at Marten Hills.

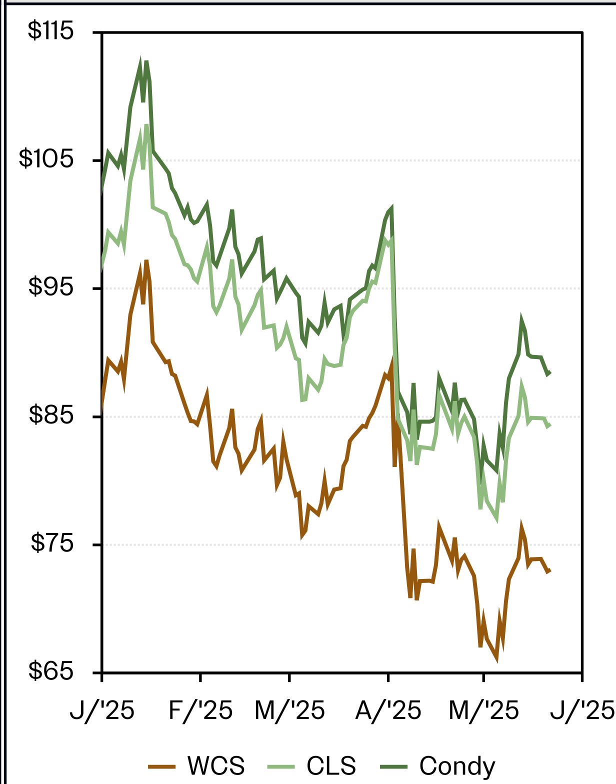
Offsetting Baytex's eastern flank Eagle Ford, Rosewood Resources R. D. NEIMANN 1-3H wells posted IP_{120} oil rates of ~525Bbls/d; though with an average HTMe ~445ac drainage radii. A potential positive for go-forward single-well economics in the Eagle Ford. We'd note that Baytex's current implied spacing is much tighter than these Rosewood wells, their IO 1-3H volatile oil wells with 150ac spacing delivered <300Bbl/d IP_{120} rates, with ~240MBbl HTMe EURs. Elsewhere, Baytex continues to grow their new Cadotte play, now at 650Bbls/d (up from 375Bbls/d prior).

5-23.1: Gas Price Netbacks by Hub ($/GJ)



Source: NGI, HTM Research, generated May 22nd, 2025
Note: Gas netbacks assume Gordondale plantgate, with long-haul tolls assumed at minimum FT-R rates

5-23.2: Spot Alberta Crude Pricing ($/Bbl)

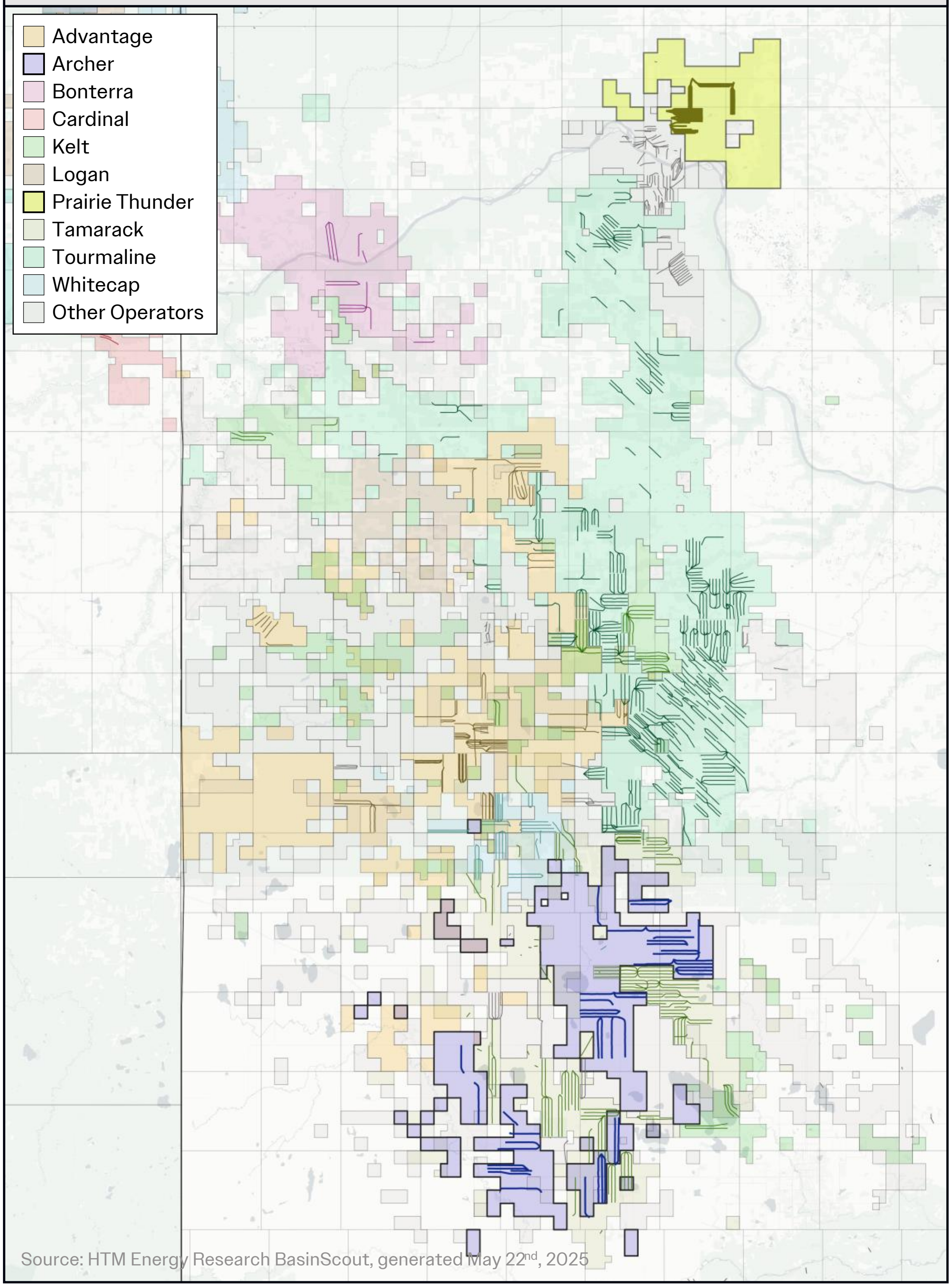


Source: Bloomberg, HTM Research, generated May 22nd, 2025
Note: Thursday pricing shown as Bloomberg assessed, and may not be reflective of actual settlement data

Charlie Lake Delivers Dual-Dip Dominance

On both ends of the Charlie Lake fairway; recent industry results have been phenomenal, even with different D&C strategies. To the north, Prairie Thunder has drilled unstimulated multilaterals – while to the south, Archer has been drilling ultra-long NCS-completed wells; both strategies are yielding >200MBbl oil wells, with recycle ratios above 3x.

5-23.3: Charlie Lake Industry Acreage Map



Source: HTM Energy Research BasinScout, generated May 22nd, 2025

Growth, and Breakevens are Extremely Impressive

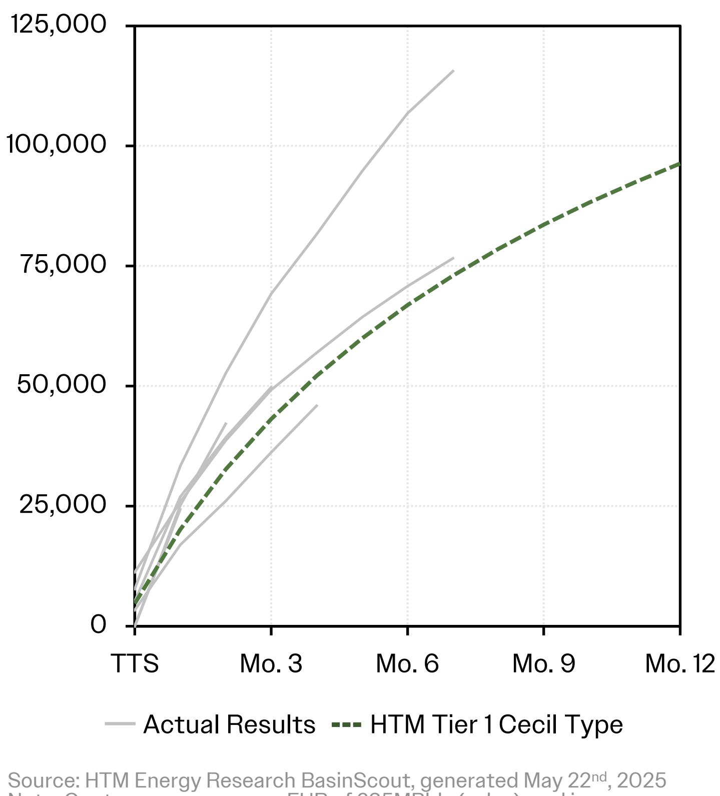
Prairie Thunder has grown their asset to ~2,800Bbls/d, up from essentially nothing a year ago; while Archer has grown production from ~2,500Bbls/d in 2022, to just shy of 9,000Bbls/d in April of 2025; and even more impressive, that's a ~100% y/y increase, from ~4,500Bbls/d of oil in April of 2024. Recall, Archer's current management sold their previous company, Anegada, to Tamarack in 2021 for ~$500MM; at the time they produced ~7,200Bbls/d of oil.

We wonder who will acquire Archer this time? Recall, Archer recently added complementary infrastructure at Valhalla through the acquisition of certain Surge assets. They also disposed of certain northern assets to Bonterra last year. We estimate that Archer, just in the Boundary Subcrop where they've been the most successful, has ~485,000 gross completable lateral meters, or 161 gross operated locations normalized to 3,000m in length. We see an average PUD booking of 215MBbl per normalized location. Considering all subcrops; their current position is similar to what was sold to Tamarack in 2021. Using Advantage/Longshore as a value marker, Archer could be worth upwards of $600MM.

Both Archer and Prairie Thunder are delivering robust single-well economics, with unsimulated wells costing <$3MM, and simulated wells costing <$5-6MM. With an oil F&D cost of <$20/Bbl, we estimate that the top quartile of Prairie Thunder's multilaterals could breakeven on a $PV_{10\%}$ basis below US$20/Bbl WTI. For Archer, that top quartile $PV_{10\%}$ breakeven is ~US$30/Bbl, but still extremely competitive. Using carefully executed fracs to consolidate pay nestled between low-permeability layers of anhydrite has been very successful, as has increasing reservoir exposure around the halo of pools that have historically been produced conventionally. We wonder who will be the first to try this on the other side of the border, in BC. Recall that Cardinal's 2015 Charlie Lake well at Mica just had an acid treatment; and has since produced almost 350,000Bbls of oil. The Baldonnel, Charlie Lake, Halfway, and Doig are complicated, with depositional "islands", internal unconformities, and gross structuring that all dictate productivity and viability.

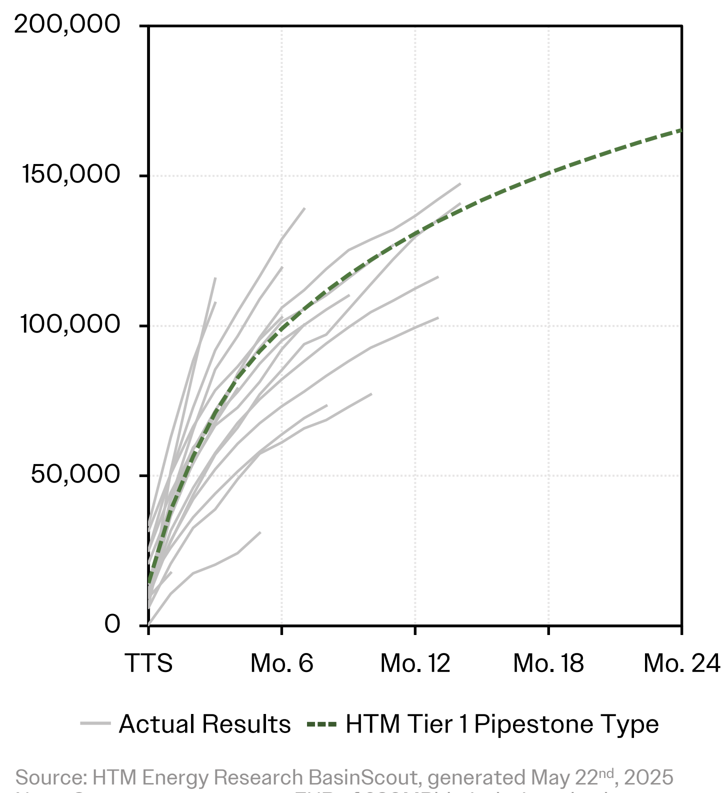
Ultimately, we think there is a non-Montney Triassic play to be developed throughout BC (unconventionally). Many E&Ps own Charlie Lake rights in BC, including Paramount, who ultimately lost most of the crown auction to Velvet in 2018 – could they have been going for the non-Montney Triassic offsetting Whitecap Boundary Lake?

5-23.4: Prairie Thunder Cumulative Oil (Bbls)



Source: HTM Energy Research BasinScout, generated May 22nd, 2025
Note: Our type curve sees an EUR of 235MBbls (sales), and is representative of unstimulated Upper Charlie Lake wells at Cecil

5-23.4: Archer Exploration Cumulative Oil (Bbls)



Source: HTM Energy Research BasinScout, generated May 22nd, 2025
Note: Our type curve sees an EUR of 280MBbls (sales), and only considers wells in the Boundary Subcrop of the Pipestone fairway

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