



NEW MEXICO OIL AND GAS ASSOCIATION

Economic & Rural Development Committee

Ryan Flynn, Executive Director

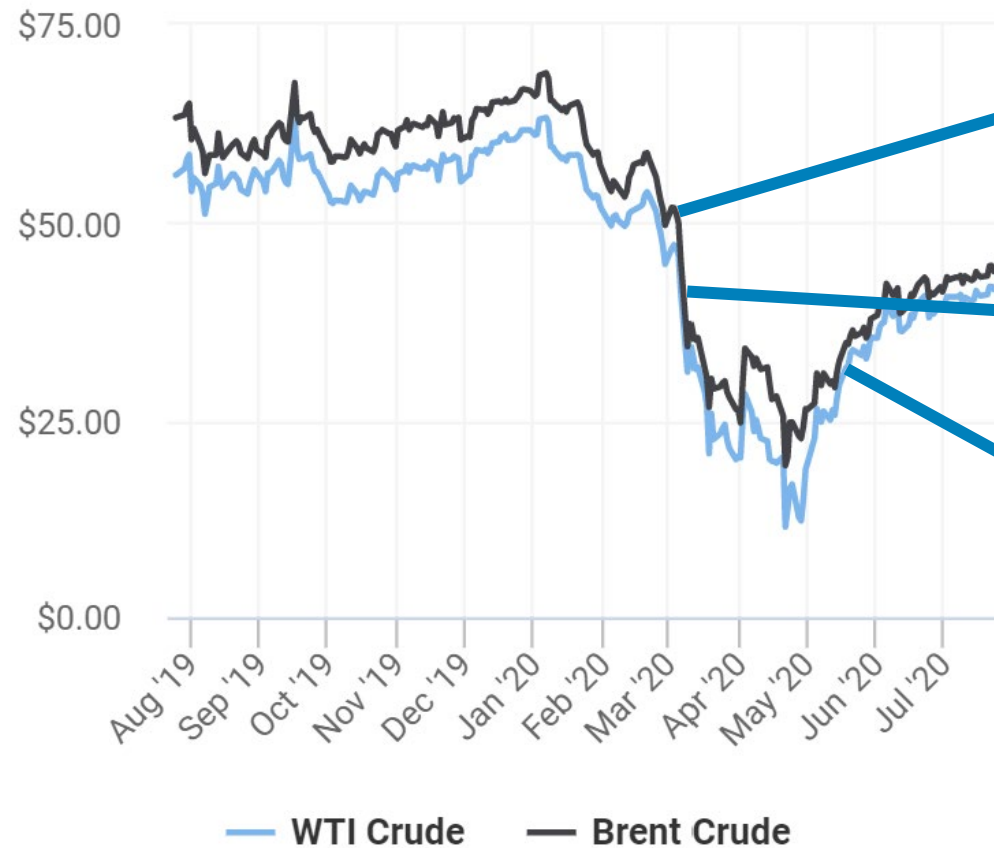
August 31, 2020

New Mexico's Pre-Pandemic Trajectory



Prior to the pandemic, New Mexico was well-positioned for broad, sustained economic growth

Oil Prices Before and During the Pandemic

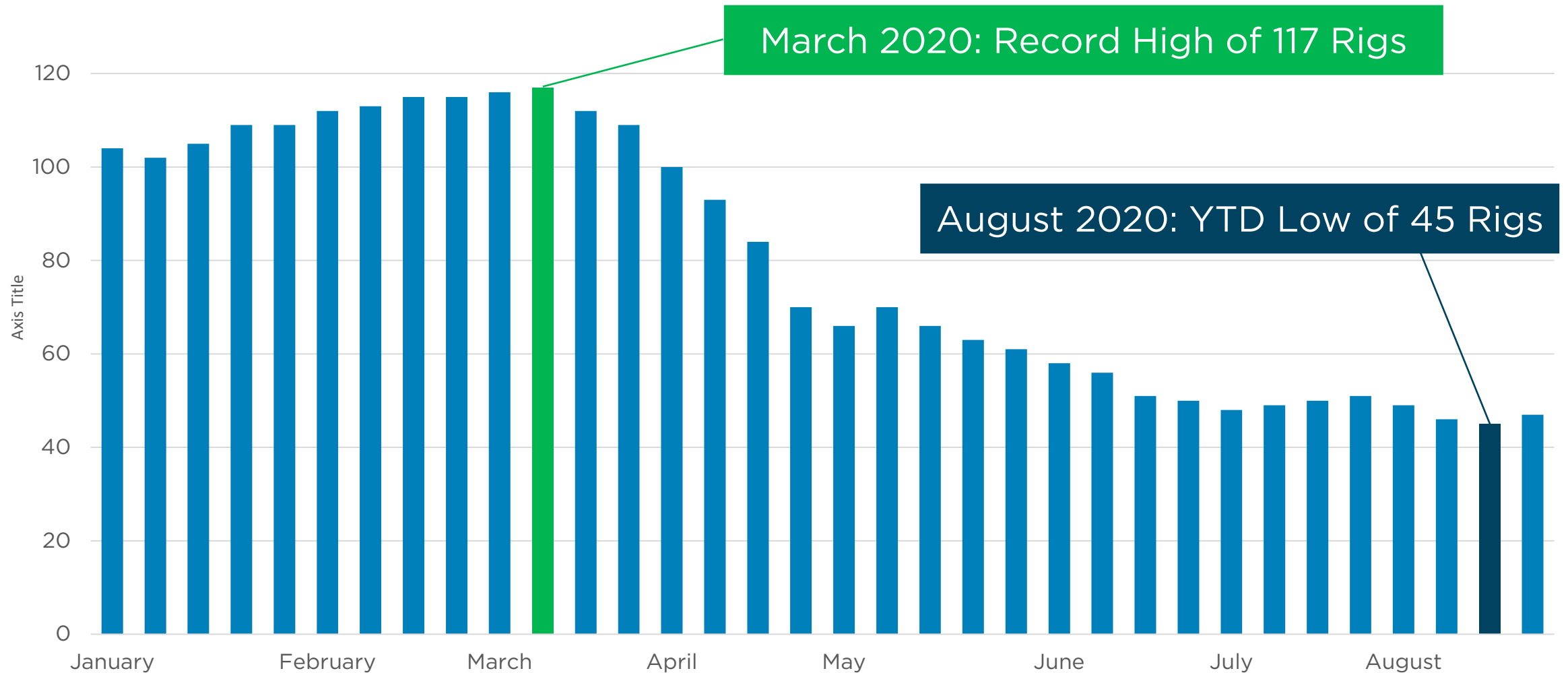


1 Uncertainty surrounding OPEC+ production exacerbated an already challenging market.

2 Prices further responded to a sharp, precipitous drop in demand amid a well-supplied market.

3 Prices have begun to rebound on increasing demand, select pandemic recovery data, and lower inventories and production.

New Mexico Rig Counts, Year to Date

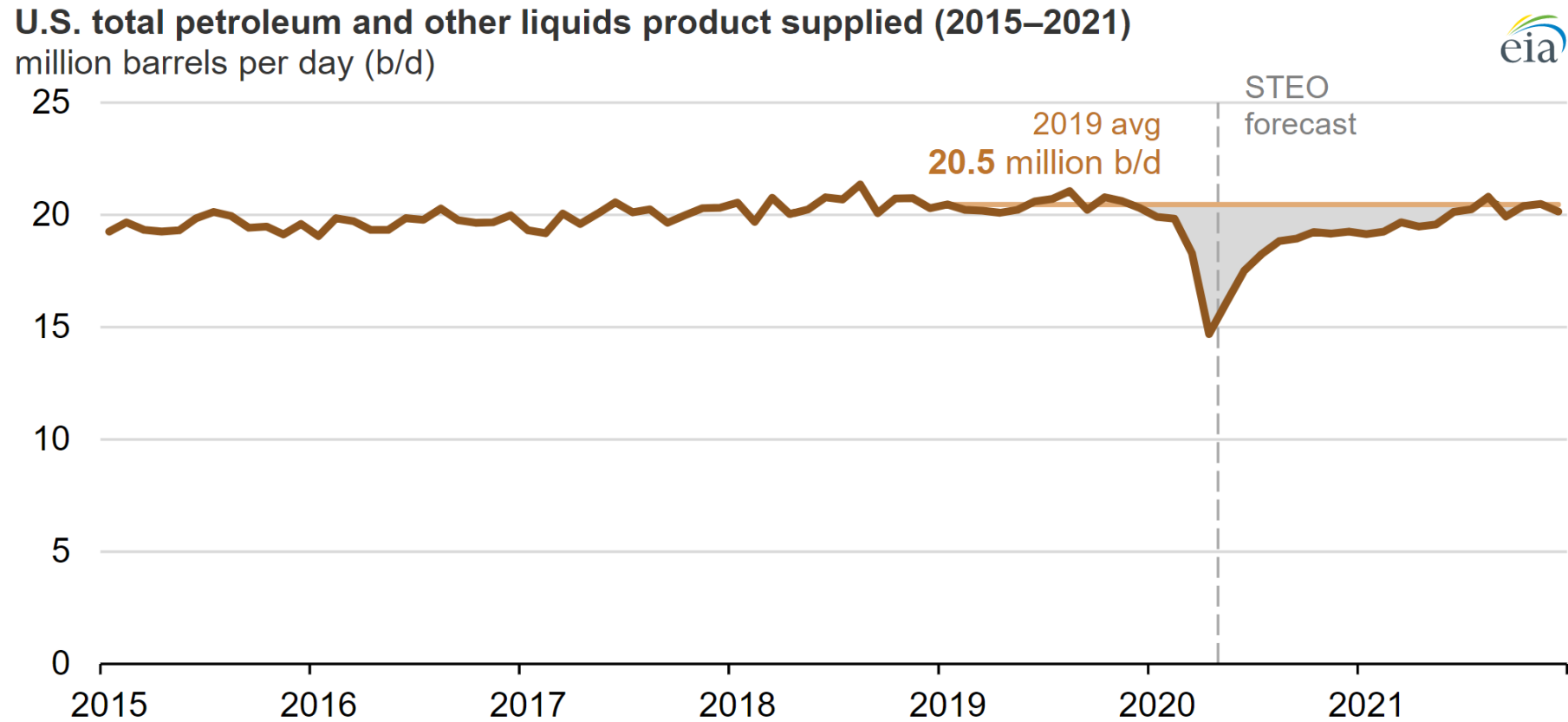


Rig Counts By State and Basin

State	Rigs
Texas	108
New Mexico	47
Louisiana	32
Pennsylvania	18
Oklahoma	11
North Dakota	10
West Virginia	8
Colorado / Ohio	5

Basin	Rigs
Permian	127
Haynesville	32
Marcellus	26
Williston	10
Eagle Ford	9
Cana Woodford	6
Utica	5
DJ-Niobrara	4

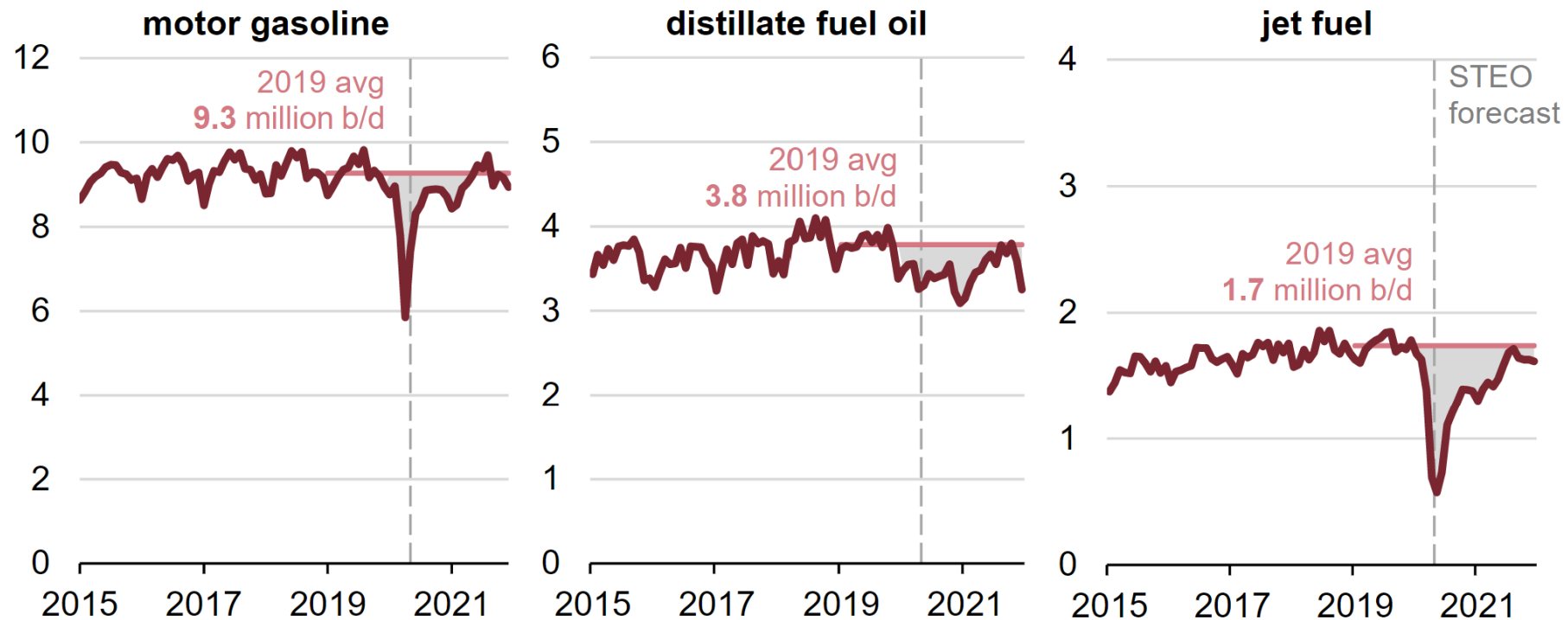
Changes in Demand for Oil



Source: U.S. Energy Information Administration, [Short-Term Energy Outlook \(STEO\)](#), July 2020

Changes in Demand for Oil

U.S. product supplied of motor gasoline, distillate fuel oil, and jet fuel (2015–2021)
million barrels per day (b/d)



Source: U.S. Energy Information Administration, [Short-Term Energy Outlook](#) (STEO), July 2020

Permian to be a Focus of Industry Recovery

THE WALL STREET JOURNAL.

“...the sprawling Permian Basin oil field straddling Texas and New Mexico is securing its place at the center of U.S. oil production as companies concentrate on their richest targets.”

HOUSTON CHRONICLE

The number of hydraulic fracturing crews... inched upward in July with the Permian Basin of West Texas and southeastern New Mexico accounting for most of the growth...

The Permian Basin... now accounts for 43 percent of all active frac crews in the United States

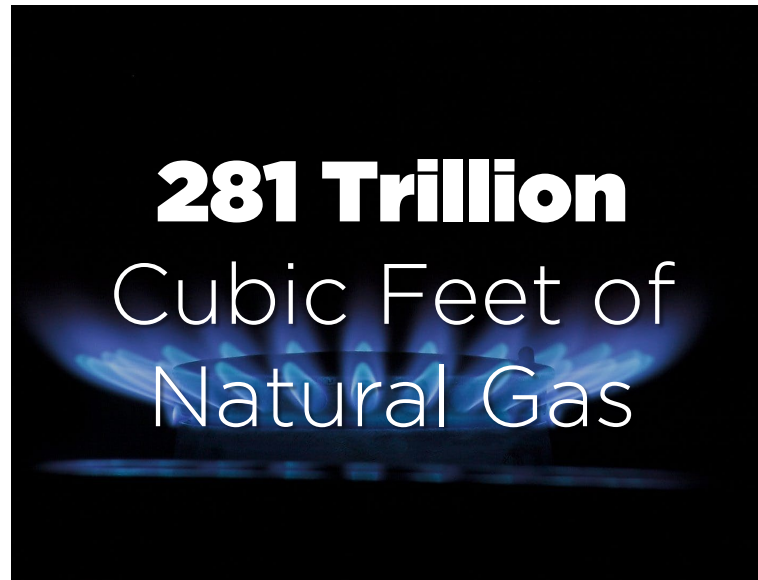
2018 Survey of Permian-Delaware Potential



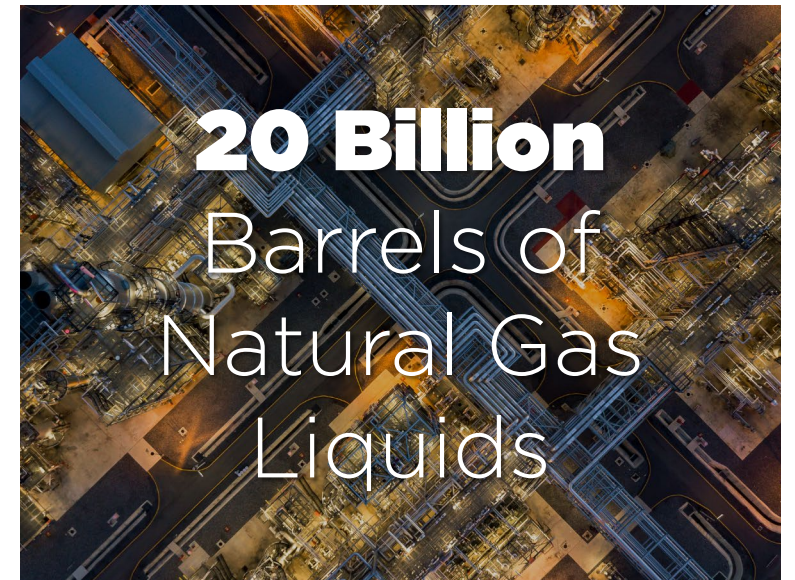
2018 Survey Shows the Largest Continuous Oil and Gas Resource Potential Ever Identified in the United States



46.3 Billion
Barrels of Oil



281 Trillion
Cubic Feet of
Natural Gas



20 Billion
Barrels of
Natural Gas
Liquids

2019 Long-Term Projection



2019 Analysis Projected **\$174 Billion in Upstream Infrastructure Investments** to Drive Long-Term Growth and Increase Economic Activity.

↑ 358%
Production

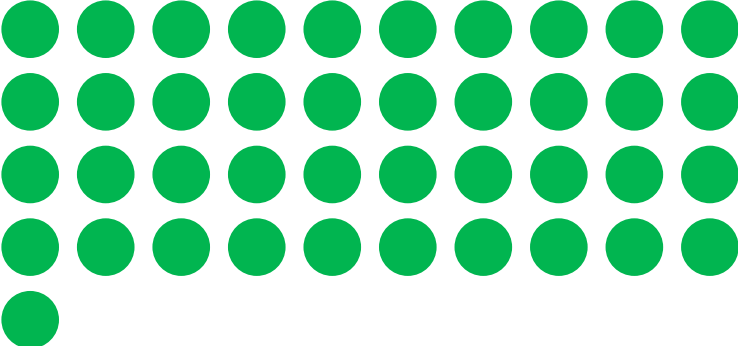
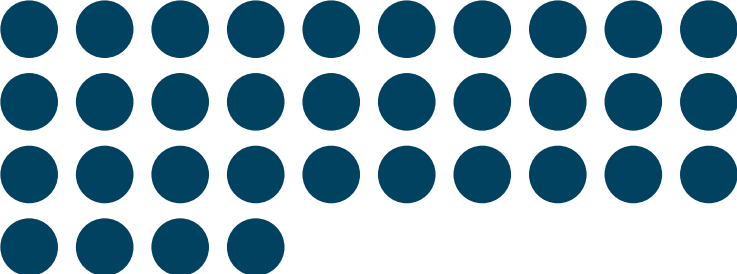
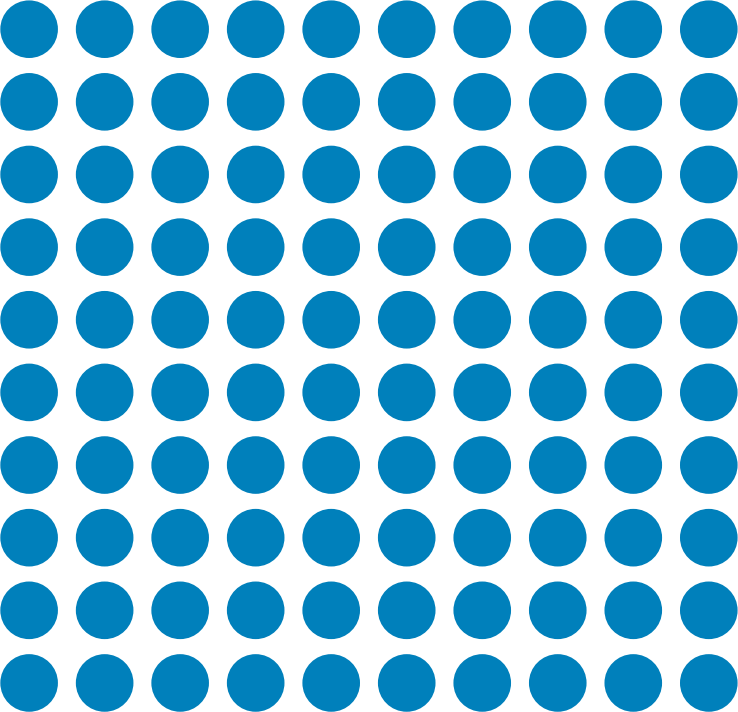
↑ 344%
Economic Impact

↑ 323%
Production Value

↑ 237%
State and Local Revenue

Jobs Multiplier

100 DIRECT JOBS → 34 INDIRECT JOBS → 41 INDUCED JOBS



Factors Influencing Recovery

1. Coronavirus path and timeline.

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2. Reopening plans and mobility.

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1. Coronavirus path and timeline.

2. Reopening plans and mobility.

3. State and federal policy.

New Mexico's Post-Pandemic Trajectory

With regulatory consistency and predictability, New Mexico is still well-positioned for broad, sustained economic growth in the future.



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www.nmoga.org