

TUDORPICKERING HOLT & CO

ENERGY INVESTMENT &
MERCHANT BANKING



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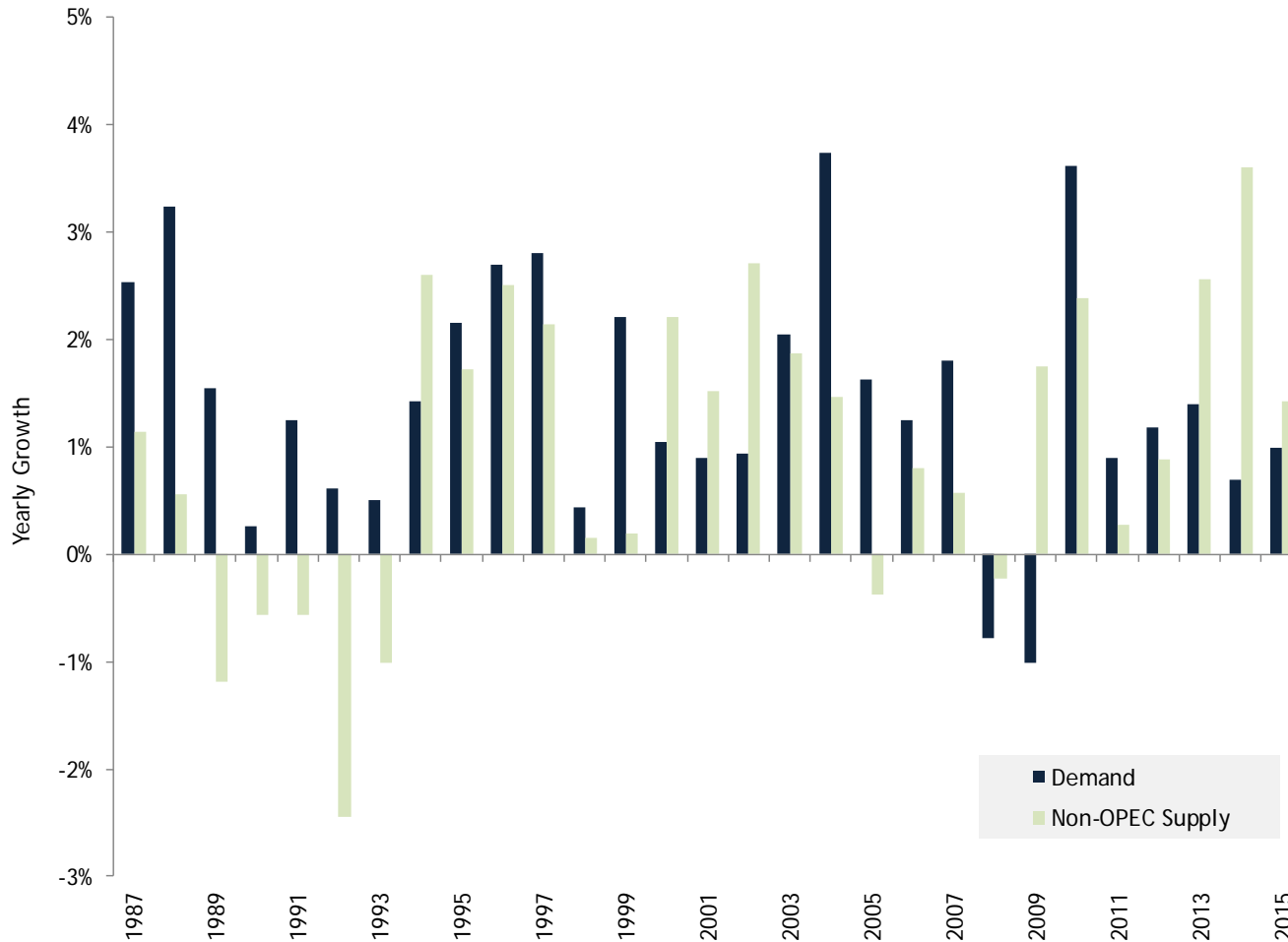


Crude Oil Markets:
*Or How I Learned To Stop Worrying
And Wait For 2016!*

Disclosures begin on page 14

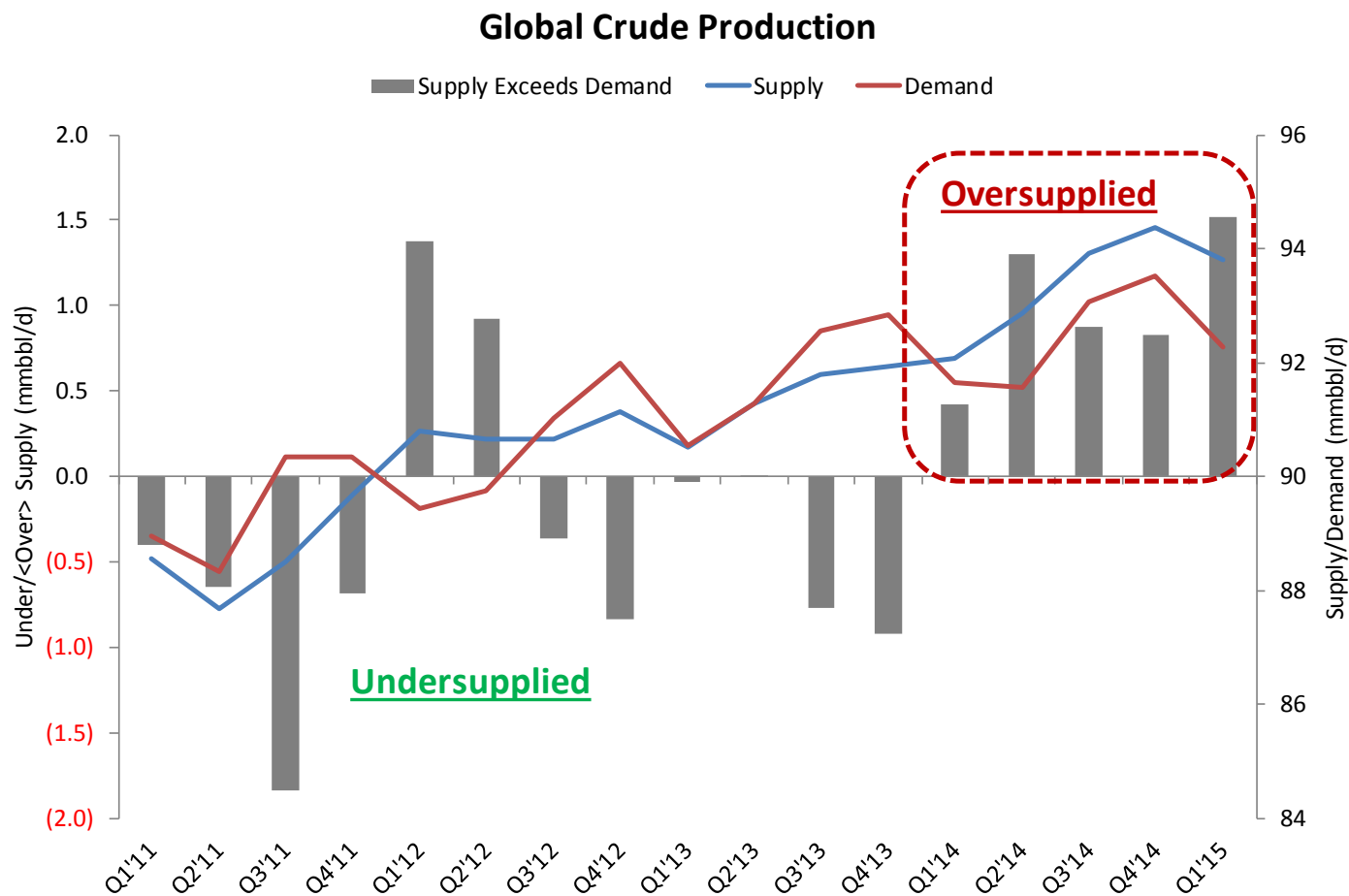
March 2015

Global Oil Supply & Demand



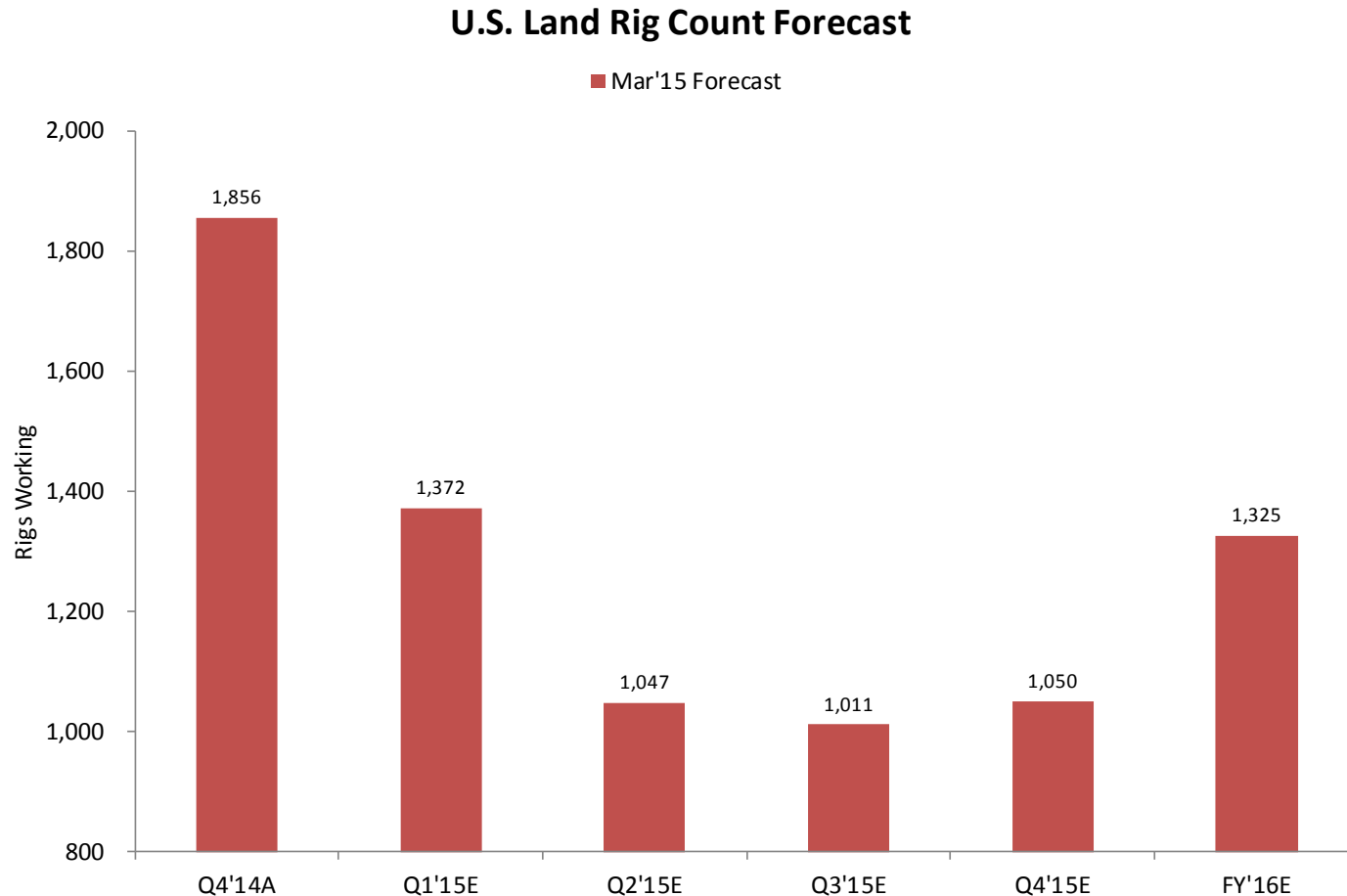
Betting against demand is a tough bet

S/D Moves Out-of-whack For Long Enough And Prices Drop...

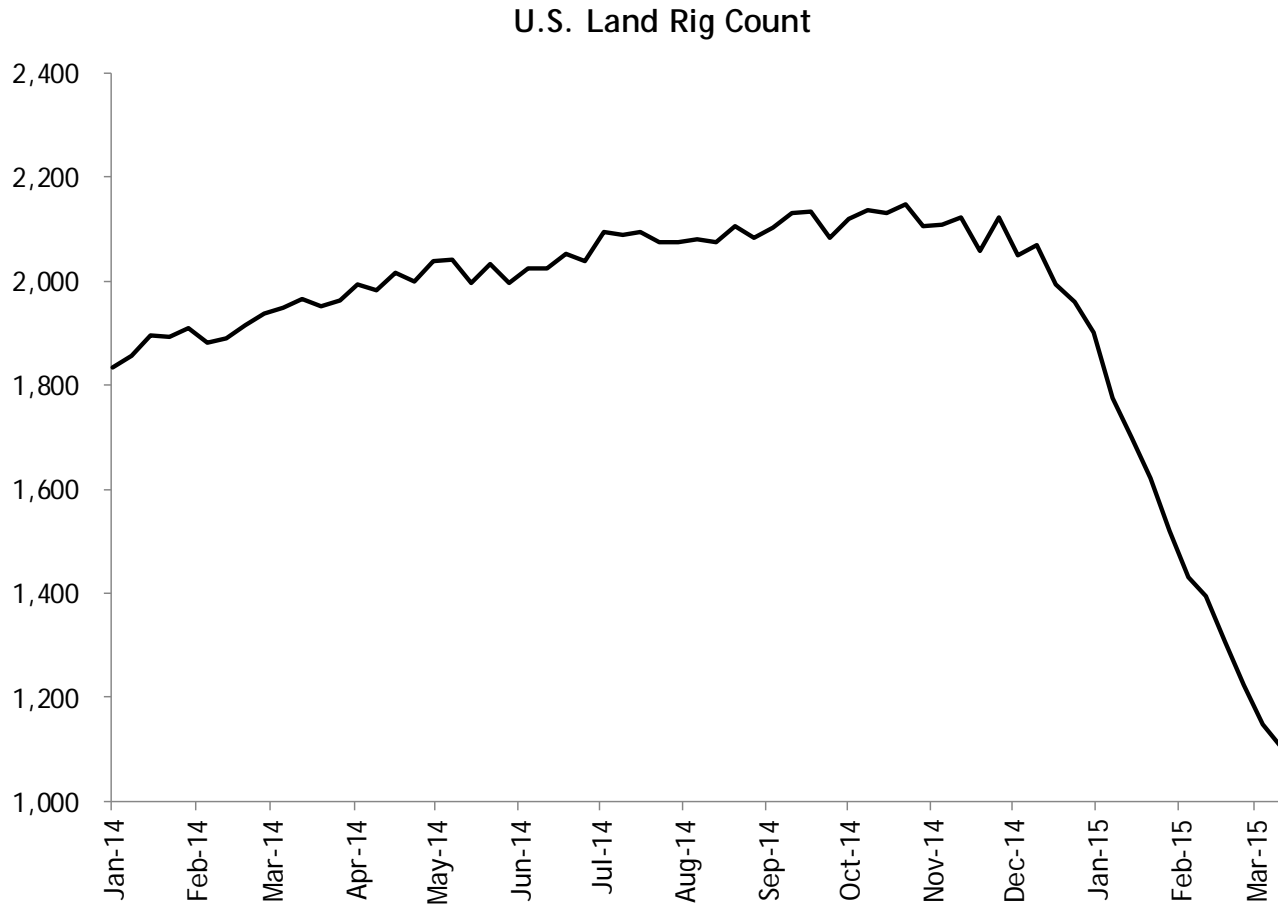


"I can hardly remember how I built my bankroll, but I can't stop thinking of how I lost it"
 Mike McDermott, Rounders

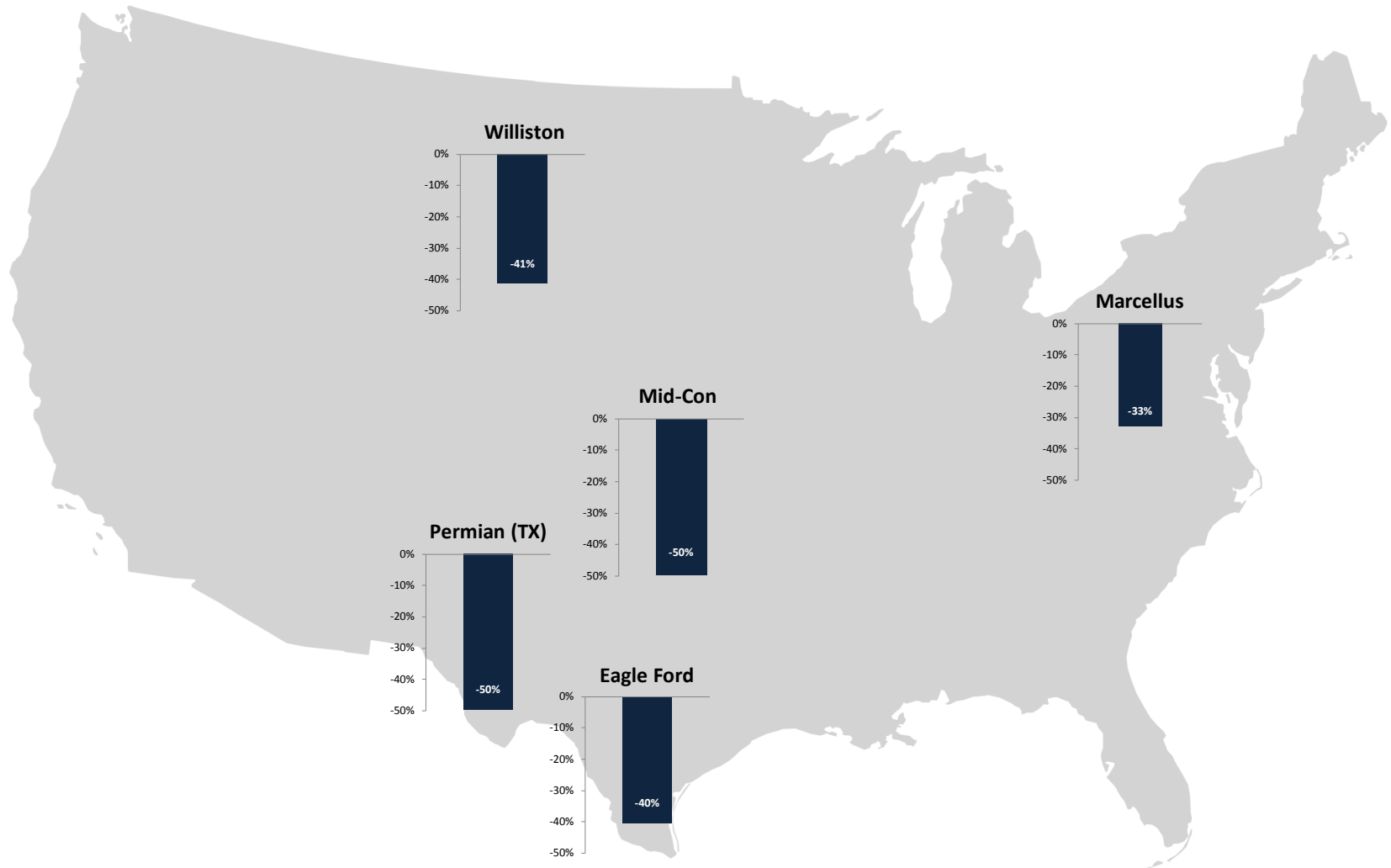
\$50 Price Signal Drives 2015 Rig Count Down...



U.S. Rig Count

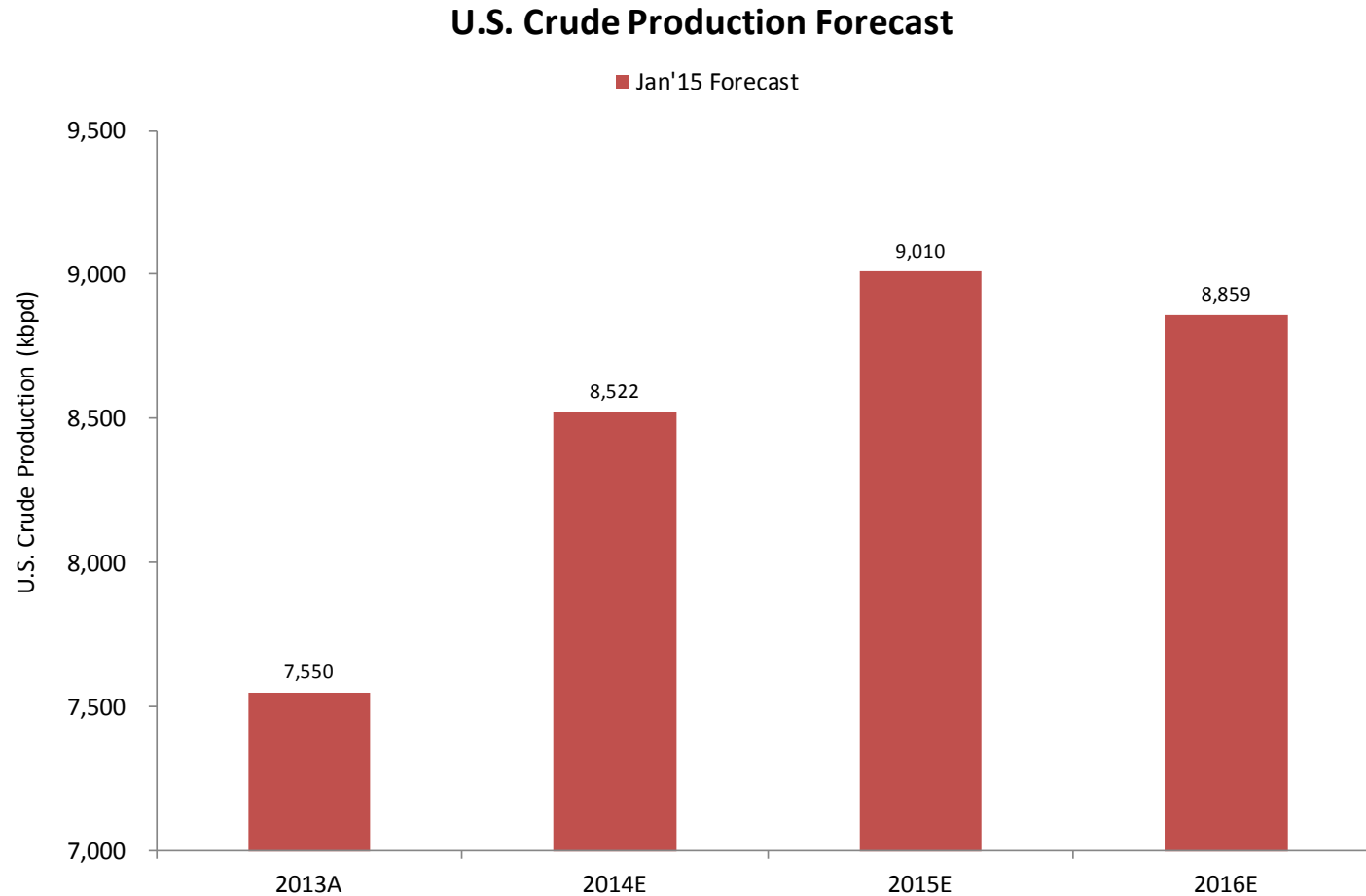


Rig Count Reduction



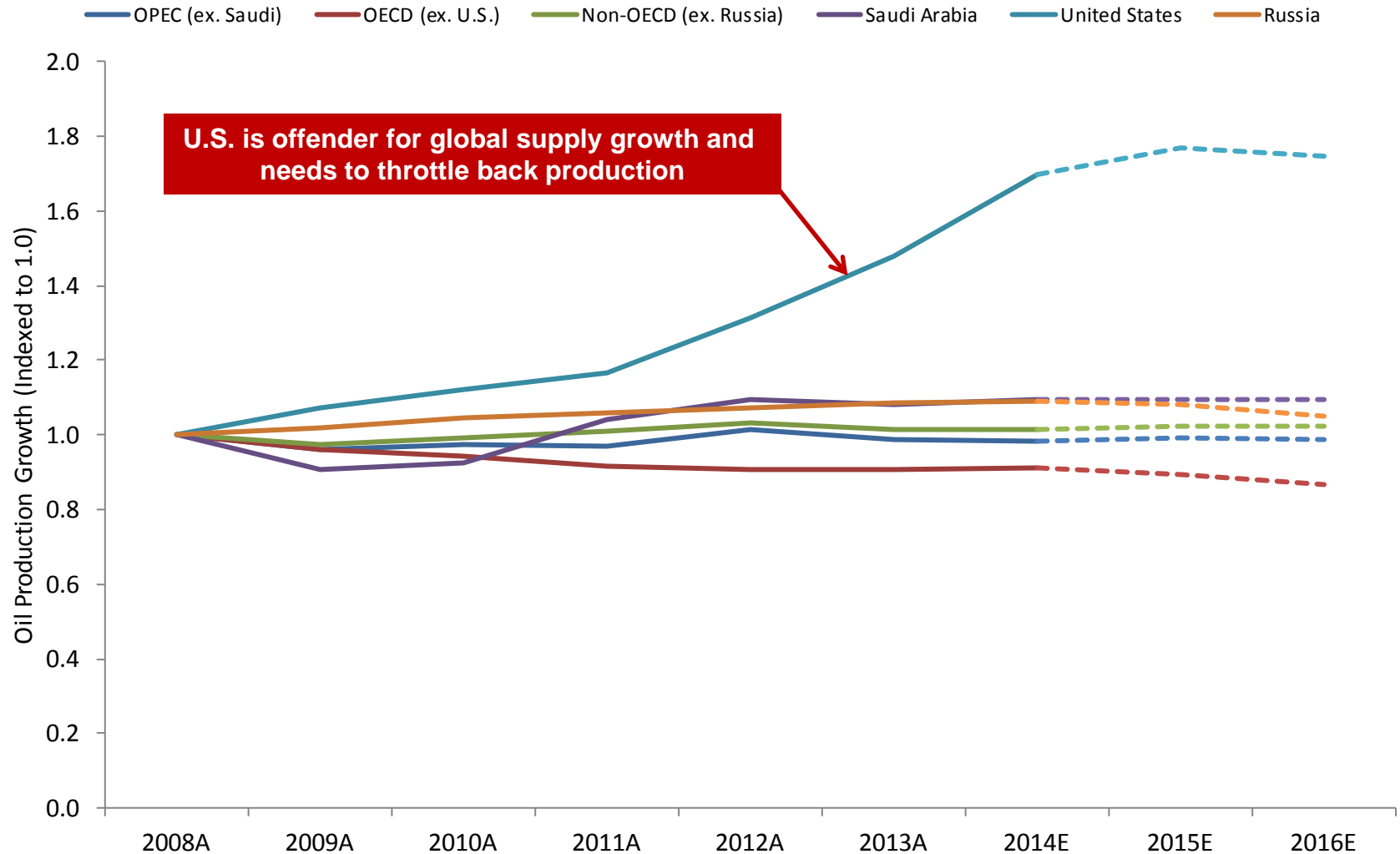
"According to this map we have gone 4 inches"
Harry, Dumb & Dumber

Impacting 2H 2015+ Supply



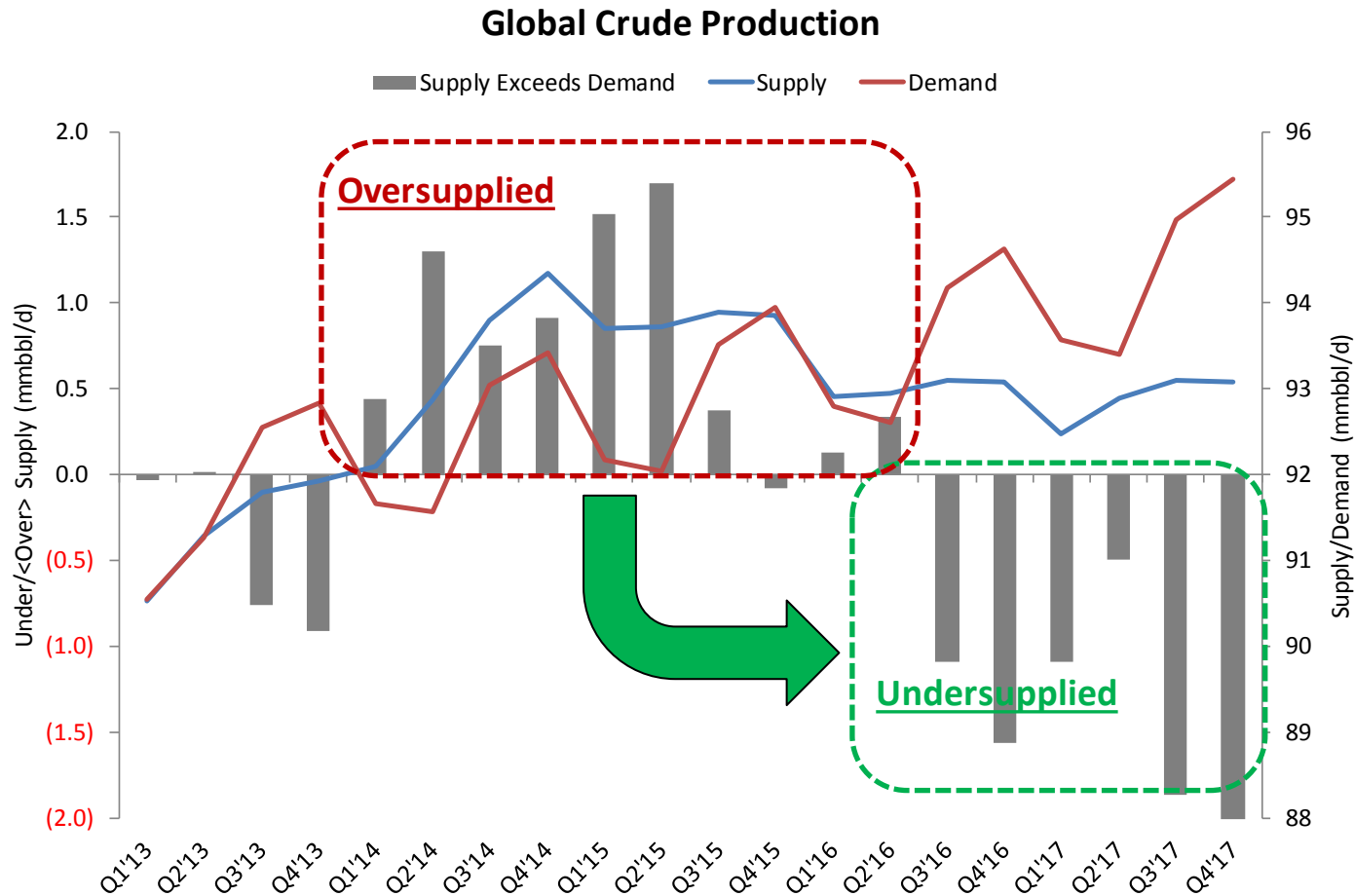
U.S. Caused This Problem...U.S. Will Fix It

Oil Production Growth by Country/Region



U.S. is offender for global supply growth and needs to throttle back production

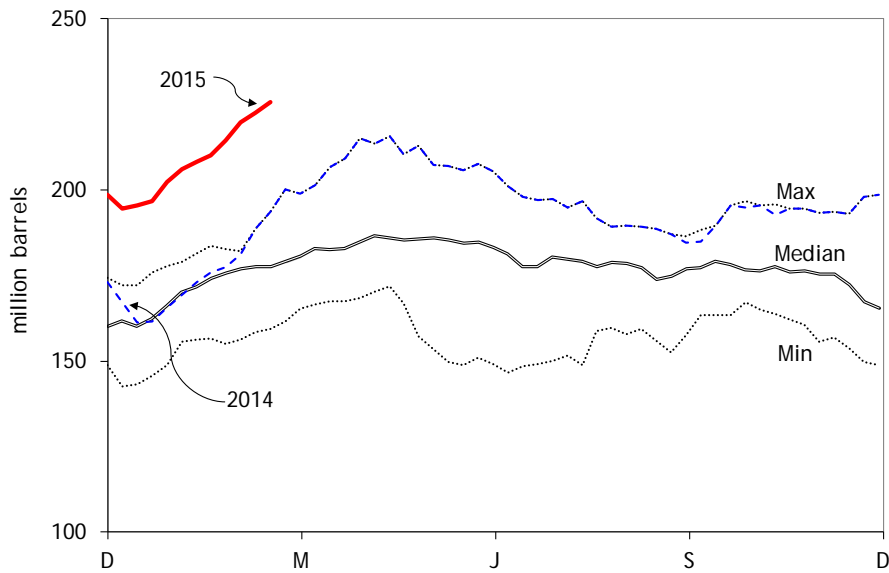
But Help Is On Its Way...



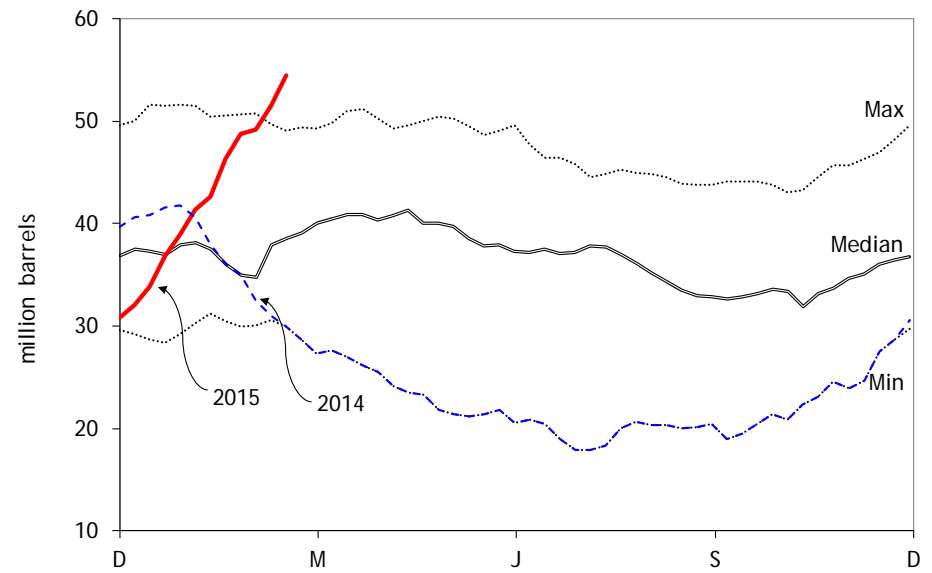
"Ahh... It's a profit deal"
 Navin Johnson, The Jerk

U.S. Inventories – Will We Fill?

PADD 3 Gulf Coast Inventories



US Cushing Inventories



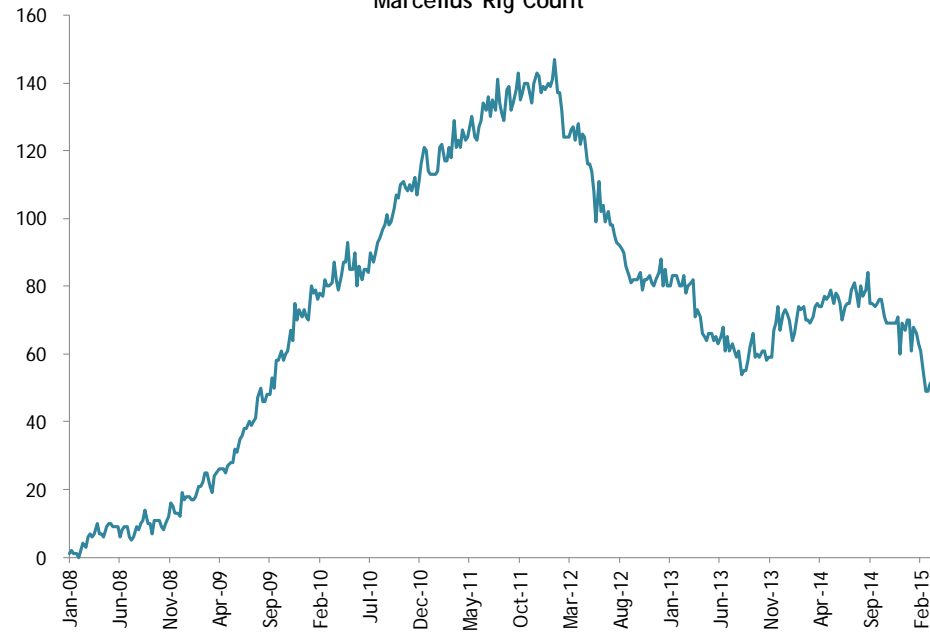
Cushing & PADD III - The proper metric

Gas Analogy Does Not Work

U.S. Land Gas-Directed Rig Count
(ex-Marcellus)

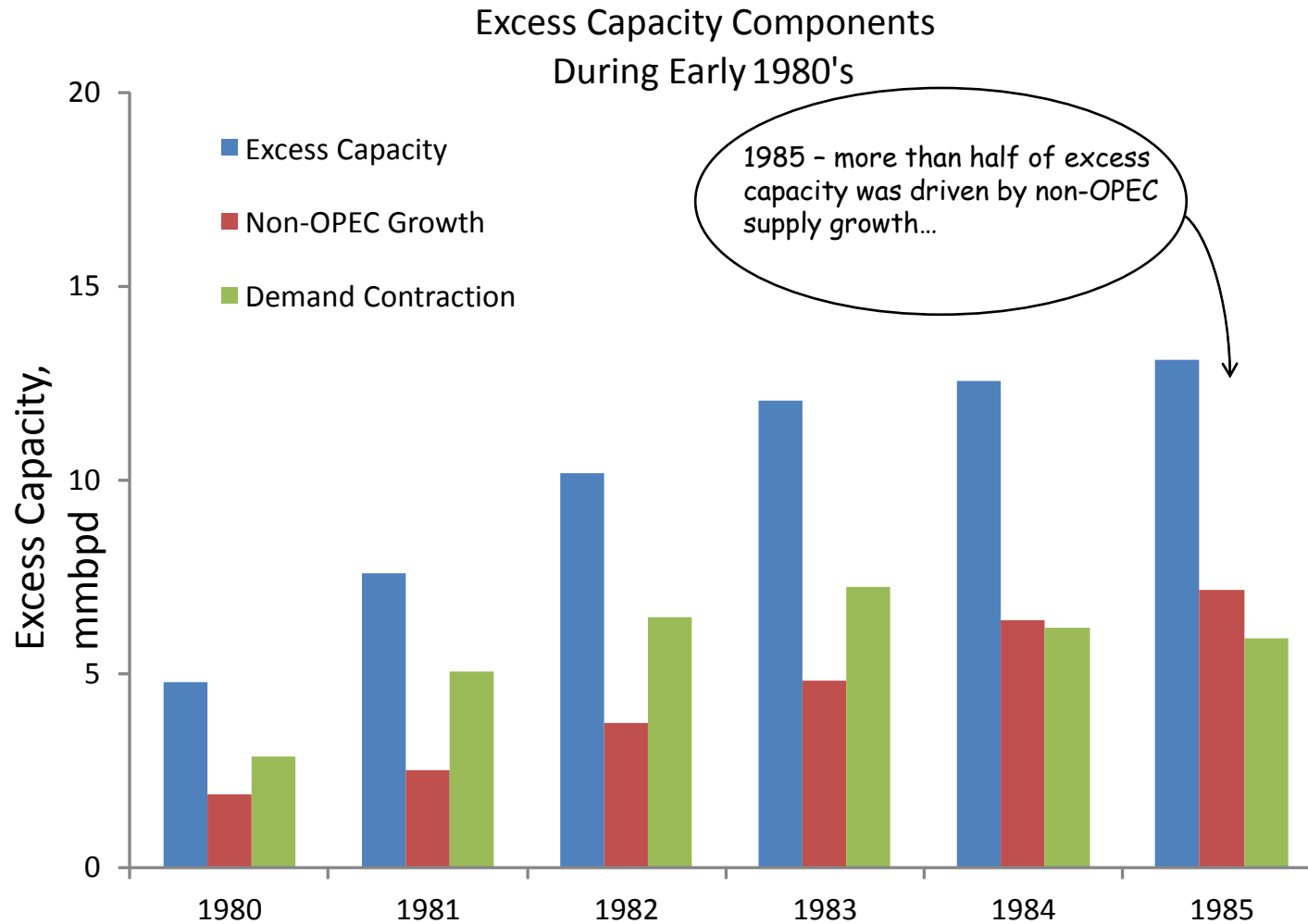


Marcellus Rig Count



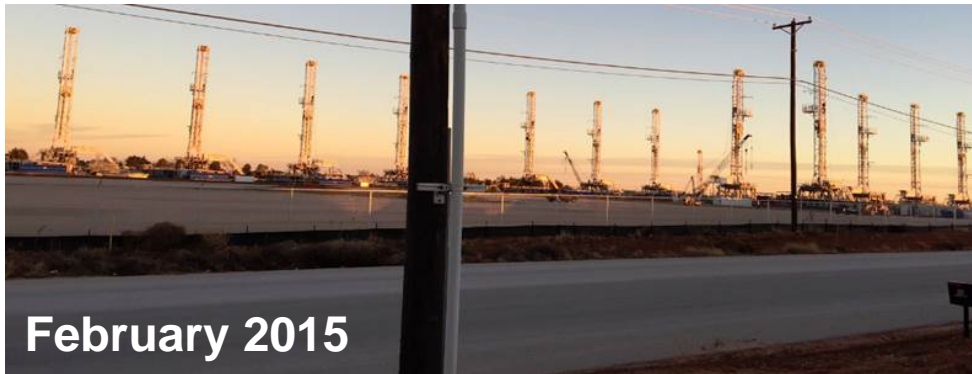
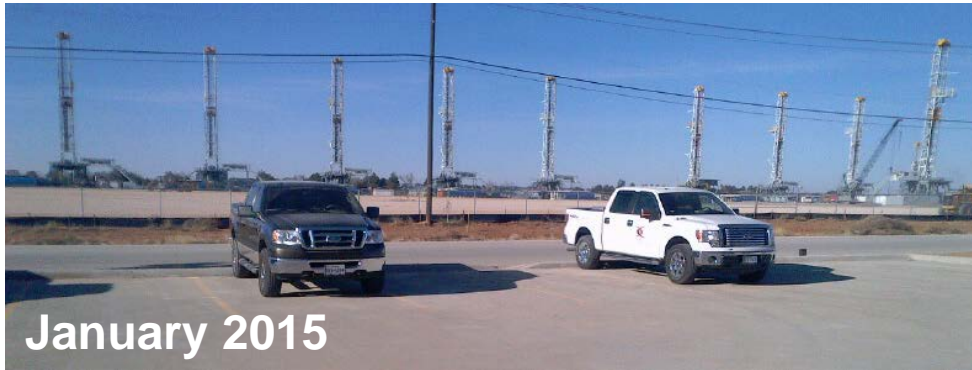
"If I had to do it all over again, I'd still hit that shot"
Roy 'Tin Cup' McAvoy

Cumulative OPEC Excess Capacity In The Early 80s!



"Are you suggesting coconuts migrate?"
Soldier in Monty Python

It's Happening Now!



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