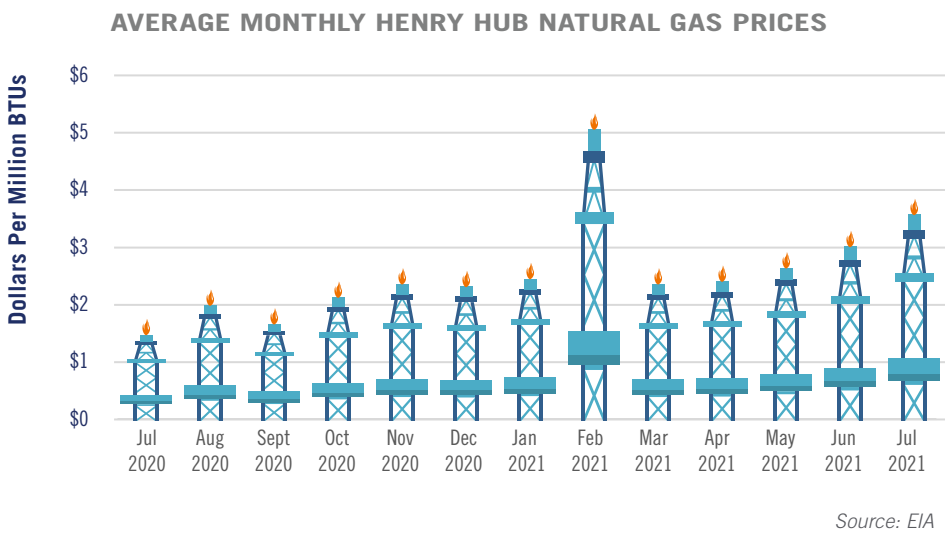
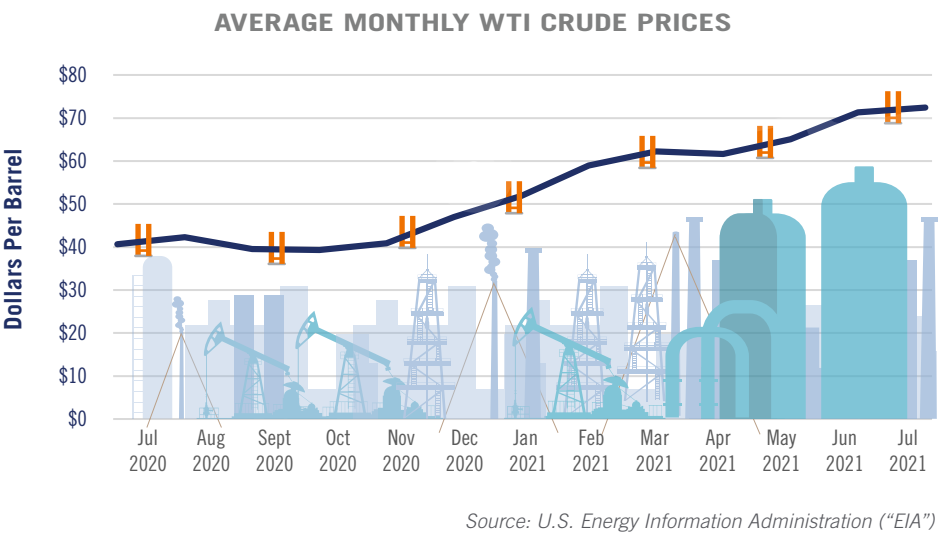


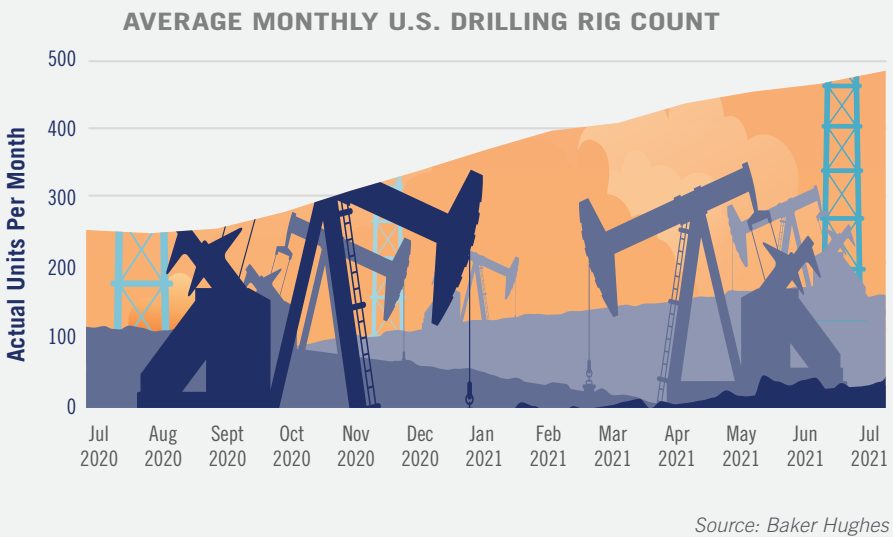
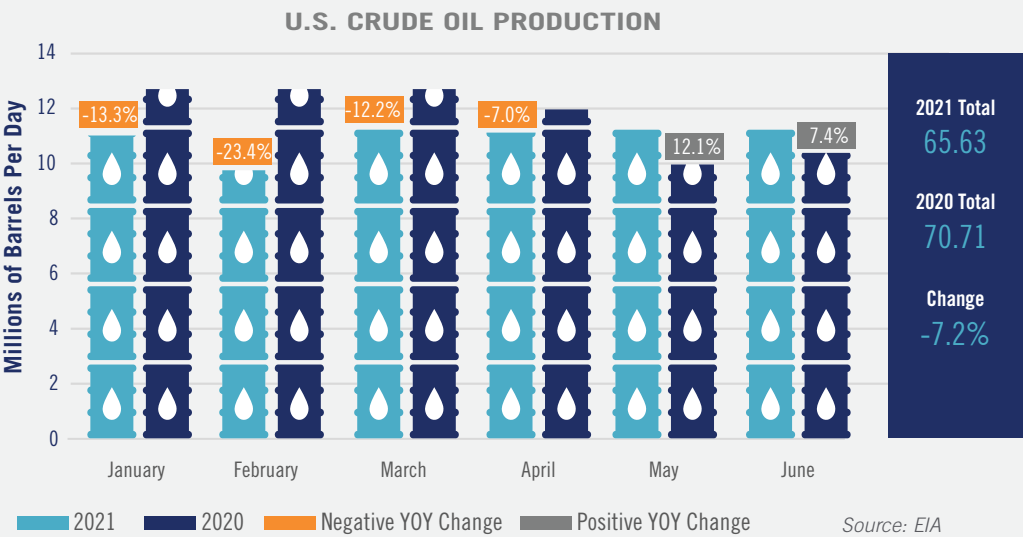
BARRELING BACK

Oil and natural gas prices have made a comeback in 2021 following severe lows resulting from the COVID-19 economic impacts. In July 2021, the price of West Texas Intermediate (“WTI”), the U.S.’s benchmark grade of crude oil, averaged over \$72 per barrel, a 78% year-over-year increase. The oil and gas industry’s outlook depends largely on the current COVID-19 vaccines’ effectiveness and their ability to stop the spread of ever-evolving variants.



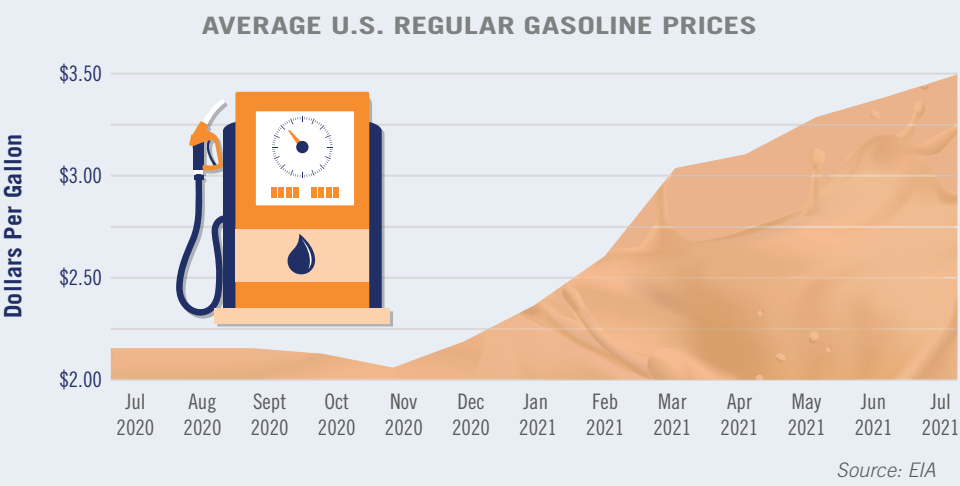
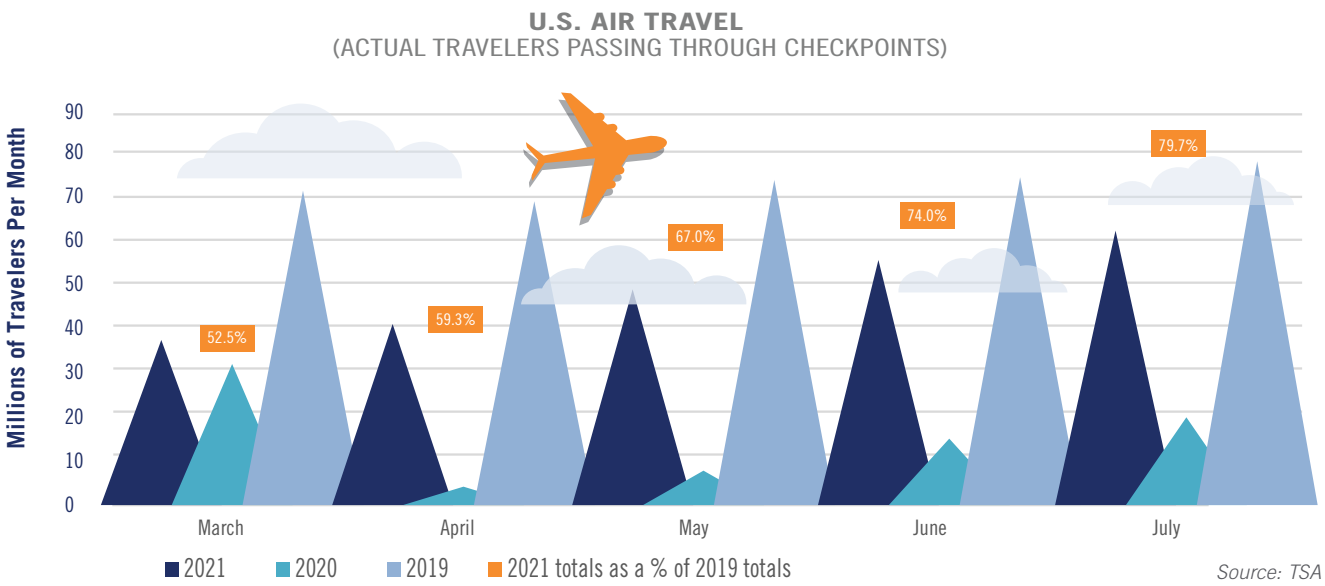
SLOW AND STEADY

Despite increases in oil and natural gas prices, U.S. operators continue to exert capital discipline and have refrained from significantly boosting oil production in 2021. The weekly U.S. drilling rig count has doubled since a record low count of 244 rigs was recorded for the week ended August 14, 2020, but remains well below pre-pandemic levels.



FUELED TO TAKE FLIGHT

After a year of lockdowns and COVID-19 infection concerns, travelers are enthusiastically returning to air travel. In April 2021, passenger traffic at U.S. airports increased approximately 1,159% versus April 2020, according to the Transportation Security Administration (“TSA”). The number of passengers passing through security checkpoints regularly exceeded two million per day over the summer, a figure not seen since March 2020. However, passenger numbers in 2021 still remain below pre-pandemic levels.



GAS-GUZZLING

Gasoline supplied, an indicator of demand, increased to approximately 10 million barrels per day for the week ended July 2, 2021, the start of the July 4th holiday, which represented the highest demand figure since 1990, according to the EIA. A rise in summer travel contributed to significant gas price increases since May 2021. Also contributing to the gasoline price boost is a hesitancy among U.S. operators and the Organization of Petroleum Exporting Countries to commit to large oil production increases. The increased demand for gasoline also ramped up the utilization rates at refineries. In July 2021, regular grade gasoline averaged \$3.14 per gallon, with California pricing the highest at \$4.30 per gallon.

