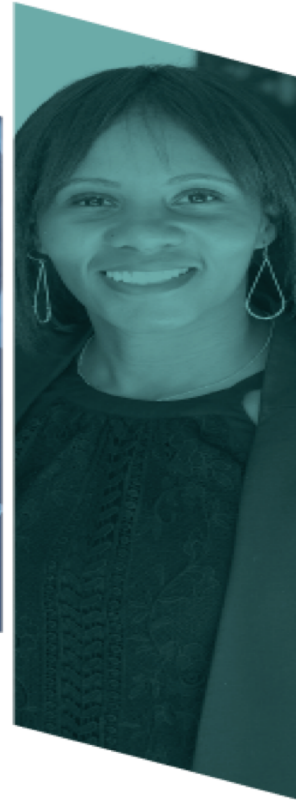




CELEBRATING 5 YEARS

*Developing the workforce for the energy transition*







# CORPORATE MEMBERS



## ENTREPRENEUR COUNCIL

EPIC COLLABORATIVE ADVISORS



# NOW WHAT?

*How will we survive and thrive?*



Katie Mehnert  
CEO and Founder, Pink  
Petro & Experience  
Energy (Houston)



Dr. Valentina  
Kretzschmar  
VP Corporate  
Research, Wood  
Mackenzie (London)



Hillary H. Holmes  
Co-Chair, Global  
Capital Markets  
Practice  
Gibson Dunn  
(Houston)



Anna P. Howell  
Co-Chair, Global Oil  
& Gas Practice  
Gibson Dunn  
(London)





# Disclaimer

## Strictly Private & Confidential

- These materials, including any updates to them, are published by and remain subject to the copyright of the Wood Mackenzie group ("Wood Mackenzie"), and are made available to clients of Wood Mackenzie under terms agreed between Wood Mackenzie and those clients. The use of these materials is governed by the terms and conditions of the agreement under which they were provided. The content and conclusions contained are confidential and may not be disclosed to any other person without Wood Mackenzie's prior written permission. Wood Mackenzie makes no warranty or representation about the accuracy or completeness of the information and data contained in these materials, which are provided 'as is'. The opinions expressed in these materials are those of Wood Mackenzie, and nothing contained in them constitutes an offer to buy or to sell securities, or investment advice. Wood Mackenzie's products do not provide a comprehensive analysis of the financial position or prospects of any company or entity and nothing in any such product should be taken as comment regarding the value of the securities of any entity. If, notwithstanding the foregoing, you or any other person relies upon these materials in any way, Wood Mackenzie does not accept, and hereby disclaims to the extent permitted by law, all liability for any loss and damage suffered arising in connection with such reliance.

Copyright © 2018, Wood Mackenzie Limited. All rights reserved. Wood Mackenzie is a Verisk business.

# Oil and Gas Sector's Transition to New Energies

What happens at US\$35/bbl?

Dr Valentina Kretzschmar, March 2020



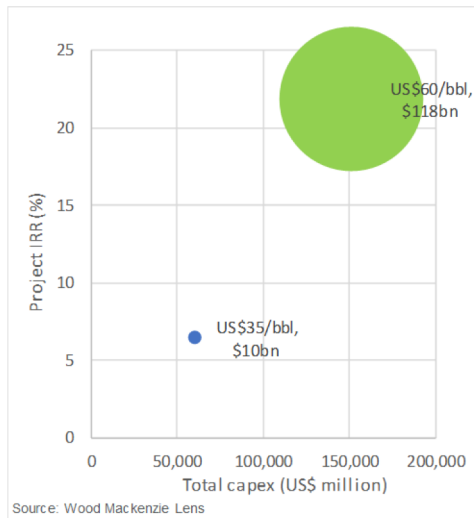
Trusted Power and Renewables Intelligence

[woodmac.com](http://woodmac.com)

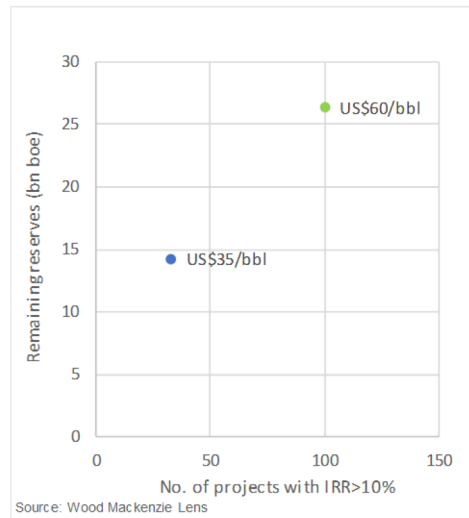
# Sustained low oil prices will decimate returns from oil and gas projects

At US\$35/bbl, 75% of pre-FID projects will not even cover the cost of capital, assumed at 10%

Pre-FID IRRs at \$35/bbl and \$60/bbl scenarios



Delta in produced reserves at \$35/bbl and \$60/bbl

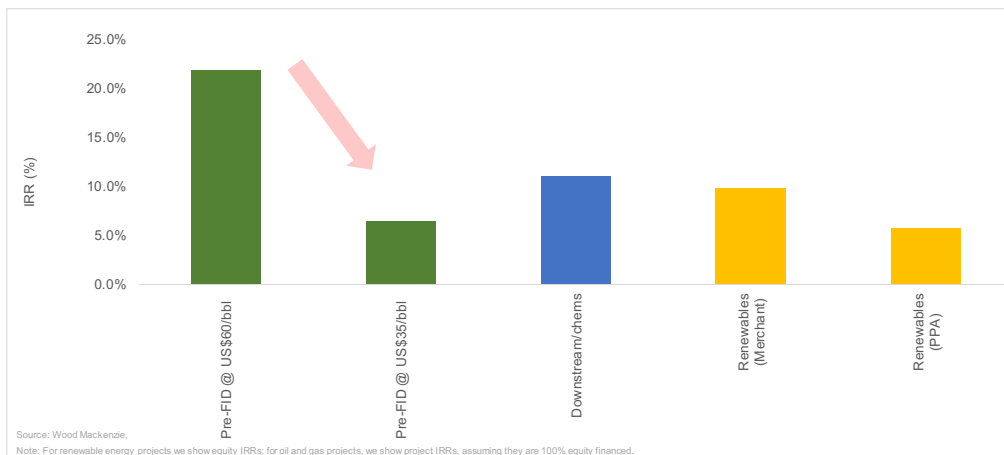


Source: Wood Mackenzie; Excludes gas, gas/condensate and USL48 projects; Economic cut off at IRR<10%; Size of the bubble indicates value (NPV10)

# At US\$35/bbl renewable investments easily compete with O&G projects

Weighted average returns from yet-to-be sanctioned O&G projects are around 6% IRR – are in line with average returns from low-risk renewable projects

## Typical energy project IRRs





The background of the slide is a photograph of a tunnel, likely a subway or transit tunnel, with tracks receding into the distance. The walls and ceiling are dark, and the floor is also dark. There are bright blue and yellow light streaks along the walls and ceiling, creating a sense of motion and depth. The perspective is from the center of the tracks, looking down the length of the tunnel.

# GIBSON DUNN

*All information shared in this presentation is derived from public sources. The enclosed materials have been prepared for general informational purposes only and are not intended as legal advice.*

## **Now what? How Will the O&G Industry Survive and Thrive?**

March 2020

# Legal Trends / Considerations

## SHORT TERM

**Supply Chain:**  
continuity issues

**Force Majeure:** esp.  
physical events

**Frustration/Impossibility:** civil  
vs common law approaches

**Cybersecurity / DP:**  
inadequate WFH policies

**Insurance**

**HSE:** compliance during “wartime”  
analogous conditions

## MEDIUM TERM

**Employment:**  
consultation  
requirements

**Distress M&A**

**Governance**

**Financial Reporting**

**Operational disputes**

## LONG TERM

**Debt Restructurings /  
covenant breaches**

**Regulatory Horizon**

**Energy Transition**

# Legal Trends / Considerations

## SHORT TERM

Supply Chain

Force Majeure

Frustration/Impossibility

Cybersecurity / DP

Insurance

HSE

Employment

## MEDIUM TERM

Distress M&A: opportunities  
but care needed

Governance: directors' duties

Financial Reporting

Operational disputes: sole risk,  
partner funding, mandate

## LONG TERM

Debt Restructurings / covenant  
breaches: (cf. 2014-15 oil price crash)

Regulatory  
Horizon

Energy Transition

# Legal Trends / Considerations

## SHORT TERM

Supply Chain

Force Majeure

Frustration/Impossibility

Cybersecurity / DP

Insurance

HSE

## MEDIUM TERM

Employment

Distress M&A

Governance

Financial Reporting

Operational disputes

## LONG TERM

Debt Restructurings / covenant breaches

Regulatory Horizon:  
budgetary impacts

Energy Transition:  
short term drop in  
emissions may  
accelerate pressure  
for change



# TUNE IN

---



Thrive: March 25 @ 10:30 am - 12:30 pm CDT

Energy Happy Hour - March 27 @ 2:00 pm - 3:00 pm CDT

Resume Rebuild - April 2 @ 10:30 am - 12:30 pm CDT

When Shi(ft Happens – April 2 @ 11:00 am – 12:00 pm CDT

Another Market Update: Week of April 5th