

PLAINSCAPITAL BANK

COMMODITY HIGHLIGHTS



Commodities Commentary
August 2025

By Kathy Robertson, RPL, CMM, and Larry Smith

Executive Summary

- Brent oil prices have held in the \$67-range, while WTI oil prices have remained in the \$63-range.
- Henry Hub Natural Gas has dropped to \$2.76 per MCF.
- The U.S. rig count ticked up to 539.
- OPEC price war is keeping prices below U.S. break-even.
- Increases in supply forecast.
- Texas production is still leading the way.
- Permian pipeline capacity is well at 90%-95%.
- TXOGA suggests that reserves will support production for decades.
- Texas groundwater supply is dwindling.
- Texas water supply/ deficit will be 3 million acre/feet in 5 years.
- 2025 Texas legislative priority.
- Lubbock legislators key to water crisis funding.
- \$20 billion funding package goes to Texas voters in November.

Dedicated Oil & Gas Services

Kathy Robertson, RPL, CMM
Manager, Oil & Gas Property Operations
817.255.4955 |
Kathy.Robertson@plainscapital.com
Fort Worth

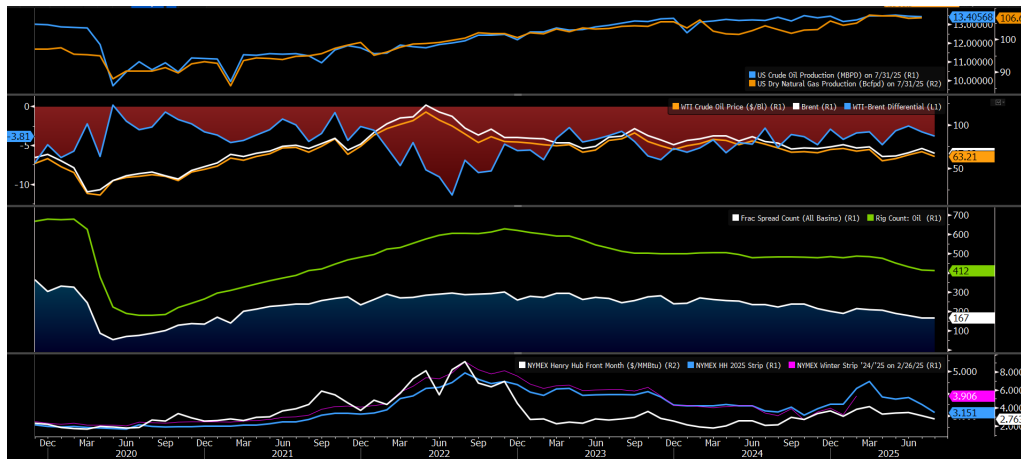
Oil and Gas Highlights

West Texas Intermediate has dipped a bit to \$63.21 per barrel, while Brent Crude is now priced at \$67.03 per barrel. Natural Gas is \$2.76 per MCF. The rig count is up by two at 539 this week, and the frac count has dropped to 163.

A price war driven by surging output from OPEC, including Saudi Arabia and Russia, is pushing crude oil prices below \$75 per barrel, the break-even point for many U.S. shale operators. Prices hover around \$62, causing shale producers to trim operations and budgets, with some planning production declines through 2026.

The International Energy Agency (IEA) recently raised global supply forecasts by 2.5 million barrels per day (bpd) for 2025 and 1.9 million bpd for 2026. This update follows OPEC+'s decision to increase production by 547,000 bpd starting in September, reversing prior cuts.

Texas Oil and Gas is leading the U.S. momentum, as usual. In 2024, Texas shattered records by producing over 2.003 billion barrels of oil and 12.62 trillion cubic feet of natural gas—a first for both metrics. From January to May 2025, Texas accounted for 42.2% of U.S. Crude oil production and 29.2% of U.S. marketed natural gas.

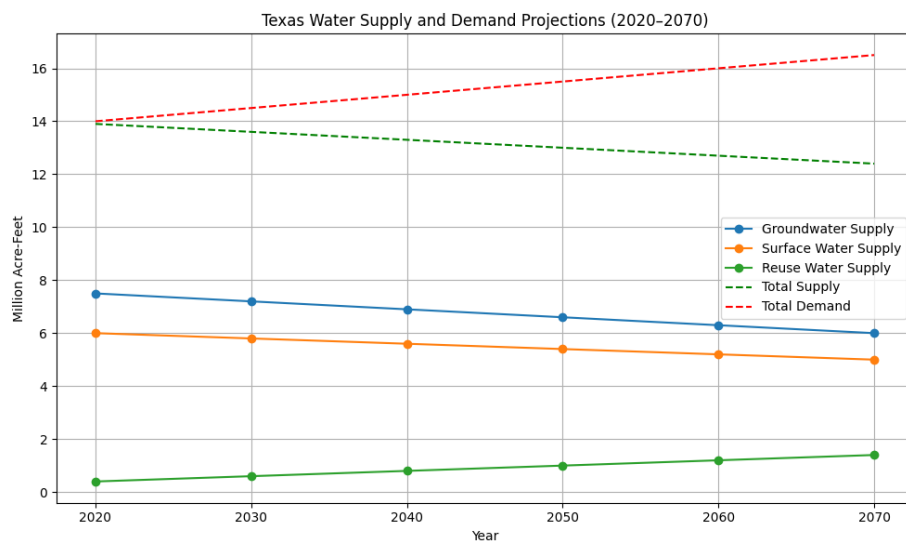


Commodity Highlights

“A drop of water is worth more than a sack of gold to a thirsty man.” – Unknown.

West Texas settler maps were historically marked “uninhabitable” due to the lack of surface and rainwater. Fortunately, the Ogallala Aquifer supplies ample water for the area. For now. Groundwater supply in Texas is trending down while demand is accelerating with population and industry growth.

The Texas Water Development Board estimated in 2022 that by 2030, the yearly supply deficit would be almost three million acre-feet. This estimate was before the AI boom, which could represent nearly 7% of the total water use of the state by 2030.



Bridging the Texas water supply gap was a significant issue in the 2025 legislative session. Governor Greg Abbot called it an “emergency item”. House Speaker Dustin Burrows of Lubbock voiced his concerns about the water crisis. “People want to come here because of our economy, because of our culture, and they are coming here with U-hauls,” Burrows said. “If they show up and they turn on that spigot, and water doesn’t come out, those U-hauls are going to go the absolute opposite direction.”

Lawmakers, led by Senator Charles Perry of Lubbock, passed a \$20 billion resolution to fund new projects, repair old infrastructure, increase conservation efforts, and build desalination projects. This resolution will go before the Texas voters as a constitutional amendment this November.

Critical Points for Commodities:

- Texas water supply is decreasing.
- The water supply deficit will be almost 3-million-acre feet.
- 2025 Texas legislative priority.
- Lubbock legislators key to water crisis funding.
- \$20 billion funding package goes to Texas voters in November.