

# High Grade Energy Weekly

## Week ended March 1, 2024

Rating Change - Credit

### Energy spreads finished ~10 bps wider w-o-w

Spreads in HG Energy finished roughly 10 bps wider w-o-w, despite oil rallying, due to weakness across the HG market from a deluge of supply the last few weeks. In E&P, spreads ranged from 5-15 bps wider w-o-w with Hess (HES) underperforming after it was disclosed that Exxon was exploring its options regarding its “right of first refusal” in Guyana as it relates to Chevron’s acquisition of Hess. In Midstream, spreads were 10 to 15 bps wider with Energy Transfer (ET) long bonds underperforming, widening 17 bps w-o-w. Separately, spreads for Integrated Producers, Refiners and Servicers closed roughly 5 to 10 bps wider w-o-w.

### HG Energy performed in-line with the HG Corporate Index

The ICE BofA HG Energy Index realized -47 bps of excess returns, performing in-line with the ICE BofA HG Corporate Index (-48 bps of excess returns). Integrated Producers (-59 bps) and Pipelines (-50 bps) underperformed, while other subsectors outperformed.

### OKE & DVN earnings; U/g OKE to MW from UW

This week, we discuss earnings from ONEOK Inc. (OKE) and Devon Energy (DVN). On Tuesday, OKE posted an EBITDA beat and guided FY24 EBITDA modestly above consensus at the mid-point. Importantly, the company reported 3.5x net leverage at YE23, essentially completing its de-leveraging efforts (post Magellan acquisition) and well ahead of schedule (initially expected to reach this in 2026). We upgrade OKE’s notes to MW from UW as we no longer expect spreads to underperform as de-leveraging is complete and the company’s recent ~10-30 bps premium to larger IG Midstream peers has now normalized to more fair levels. Away from OKE, we discuss DVN’s 4Q23 in-line earnings print and plans to retire \$1b of debt maturities over 2024 and 2025. Note the company has \$465mm of notes due September 2024 notes and \$485mm of notes due December 2025. In addition, management affirmed plans to return ~70% of cash flow to shareholder in FY24 and expect to prioritize its share buyback program at current valuation. We view DVN’s large scale in the Permian, robust balance sheet, and management plans to retire debt over 2024 and 2025 favorably but see near-term spread upside constrained by continued uncertainty around large-scale M&A and illiquidity in its notes. We therefore remain MW. Separately, we add Coterra Energy’s (CTRA, UW) recently issued \$500mm senior unsecured notes due March 2034 to our coverage with an UW rec (in-line with our issuer level rec).

### Oil and natural gas prices rise w-o-w

Oil prices were up 4% w-o-w to \$80.00/bbl. The DOE reported a weekly increase in oil inventories of ~4.2 mmbbl, a bearish result vs estimates of ~3.7 mmbbl. Natural gas prices rose 17% w-o-w to \$1.90/mmbtu. The EIA reported a weekly decrease in inventories of 96 bcf, a bullish result vs estimates of 85 bcf.

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Timestamp: 01 March 2024 10:05AM EST

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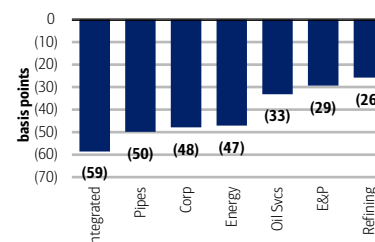
High Grade Credit  
United States  
Energy, MLPs & Pipelines

**Daniel Lungo**  
Research Analyst  
BofAS  
+1 646 855 9965  
[daniel.e.lungo@bofa.com](mailto:daniel.e.lungo@bofa.com)

**Gavin Andersen**  
Research Analyst  
BofAS  
+1 646 855 8058  
[gavin.andersen@bofa.com](mailto:gavin.andersen@bofa.com)

#### Exhibit 1: Weekly Excess Return (bps)

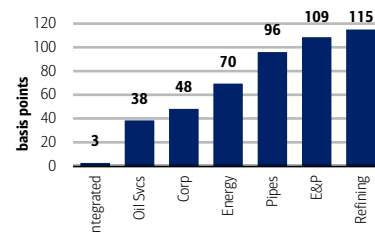
Energy modestly outperformed this week



Source: ICE Data Indices, LLC, BofA Global  
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#### Exhibit 2: YTD Excess Return (bps)

Energy has outperformed YTD



Source: ICE Data Indices, LLC, BofA Global  
ResearchBofA GLOBAL RESEARCH

#### Glossary

bbl: barrel  
bcf: billion cubic feet  
boe: barrels of oil equivalent  
DOE: Department of Energy  
EIA: Energy Information Administration  
E&P: Exploration and Production  
HG: high grade  
LTM: last 12 months  
mmbbl: million barrels  
mmbtu: million British thermal units  
WTI: West Texas Intermediate

## News & Views

### OKE 4Q23 reported EBITDA modest beat; upgrade to MW from UW on fair trading levels

On Tuesday after the market close, ONEOK Inc. (OKE, UW) reported 4Q23 adj EBITDA of \$1,514mm, above Bloomberg consensus estimates of \$1,466mm. The beat was led by strength in Natural Gas Liquids.

#### Cash flow and credit metrics

Cash from operations of \$1,508mm (including a \$328mm working capital inflow) covered capex of \$603mm and dividends of \$556m. There were no share repurchases during the quarter. OKE repurchased ~\$300mm of outstanding notes at a discount during 4Q23 (notes not specified, announced in mid-Jan). Credit stats, which are not pro-forma for Magellan, improved: debt/LTM EBITDA = 4.1x (4.6x at 3Q23); net debt/LTM EBITDA = 4.0x (4.6x); LTM EBITDA/int. expense = 5.9x (6.1x).

#### Capital allocation and deleveraging

OKE affirmed its 3.5x long-term net leverage target and commitment to IG credit ratings. The company reported net leverage of 3.5x as of YE23 (pro-forma for Magellan). Separately, OKE maintained plans to return ~75-85% of forecasted free cash flow from operations after capex to shareholders. Management approved a new \$2b share repurchase program in mid-January.

#### FY24 guidance

In 2024, OKE guided to EBITDA of \$5,900-6,300mm (consensus of \$5,980mm) and capex of \$1,750-1,950mm (consensus of \$1,768mm), which includes growth capital of \$1,390-1,550mm and maintenance capital of \$360-400mm. At its business segments, OKE expects FY24 EBITDA of \$2,390-2,550mm for Natural Gas Liquids, \$1,645-1,765mm for Refined Products and Crude, \$1,275-1,355mm for Natural Gas Gathering & Processing (G&P), and \$565-595mm for Natural Gas Pipelines.

#### M&A

OKE completed the acquisition of Magellan Midstream Partners on 9/25/23. The company sees FY24 annual synergies of \$175mm (included in guidance) and \$125mm in FY25. OKE expects additional synergies in FY26 (and beyond) but did not specify an amount.

#### Growth projects

OKE received FERC approval on its Saguaro Connector Pipeline in February. The company expects final investment decision on the project by mid-year 2024 (prev. saw by YE23). Separately, the company approved its Elk Creek Pipeline Extension at a cost of ~\$355mm with expected completion in 1Q25.

#### De-leveraging achieved and OKE trades fair, upgrade to MW from UW

OKE reported 3.5x net leverage at YE23 (pro-forma for Magellan), essentially completing its de-leveraging efforts well ahead of schedule (initially expected to reach this in 2026). Though we view this favorably, we struggle to see upside in OKE's notes which trade roughly 5 to 10 bps tight of Energy Transfer (ET, MW) and flattish to Kinder Morgan (KMI, MW) and MPLX LP (MPLX, MW). Though spreads appear to be full, we do not think OKE should underperform from here since de-leveraging is complete and the company's recent ~10-30 bps premium to these peers has now normalized. We therefore upgrade our rec on OKE to MW from UW. Though leverage is below larger peers, we believe further spread upside to peers is constrained by the operator's more volumetric exposed earnings stream and smaller scale.

### Segment results

- **Natural Gas Liquids:** Adj EBITDA increased 8% y-o-y to \$613mm driven by higher volumes across OKE's system and lower volumes of unfractionated NGLs in inventory, partly offset by lower earnings on sales of purity NGLs held in inventory.
- **Refined Products and Crude Segment:** Adj EBITDA decreased 9% y-o-y to \$424mm due to a \$40mm unfavorable inventory adjustment related to the closing of the Magellan deal.
- **Natural Gas G&P:** Adj EBITDA increased 22% y-o-y to \$323mm driven by higher volumes from increased producer activity in the Rock Mountain and Mid-Continent.
- **Natural Gas Pipelines:** Adj EBITDA was flat y-o-y at \$132mm as increased earnings from unconsolidated affiliates was offset by lower storage services.

### DVN 4Q23 earnings in-line; plans to retire \$1b of debt over 2024 and 2025

On Tuesday evening, Devon Energy Corp (DVN, MW) reported 4Q23 adj earnings of \$1.41/share, in-line with Bloomberg consensus estimates of \$1.40/share. Adj EBITDAX of \$1,888mm was down 7% q-o-q but mostly in-line with consensus of \$1,923mm.

#### Cash flow and credit metrics

Cash from operations of \$1,737mm (including a \$45mm working capital inflow) covered capex of \$910mm, dividends of \$488mm, and share repurchases of \$234mm. Credit stats were mostly unch'd q-o-q: gross debt/LTM EBITDAX = 0.8x (0.8x as of 3Q23), net debt / LTM EBITDAX = 0.7x (0.7x), and LTM EBITDAX / interest expense = 20.7x (20.5x).

#### 1Q24 guidance

DVN expects total production of ~640 mboe/d in 1Q24 (consensus of 641 mboe/d). The company expects a negative impact of ~12 mboe/d from winter weather.

#### FY24 guidance

DVN maintained previously announced FY24 guidance. The company sees (i) total production of ~650 mboe/d (consensus of 655 mboe/d); (ii) oil production of 312-318 mbbl/d (consensus of 315 mboe/d); and (iii) capex of \$3.3-3.6b (consensus of ~\$3.44b at the midpoint). Regarding capital spending, DVN plans to allocate >60% of FY24 capex to its core operations in the Delaware operations.

#### Capital allocation

DVN plans to retire \$1b of debt maturities over 2024 and 2025. The company's near-term maturities include: \$465mm September 2024 notes and \$485mm December 2025 notes. At YE23, DVN reported net leverage of 0.7x. Separately, DVN targets ~70% cash return payout to shareholders in FY24 (unch'd) and expects to prioritize its share buyback program. The company raised its fixed dividend by 10% to \$0.22/share (payable

#### M&A

Management maintained its disciplined approach to M&A and continues to evaluate all opportunities.

#### Reserves

Preliminary YE23 proved reserves were ~1,800 mmbbl. Proved reserve replacement ratio was 134%

#### Favorable fundamentals offset by M&A overhang and illiquidity; remain MW

We continue to like DVN's large scale in the Permian basin and robust balance sheet. We also believe that management's plans to retire \$1b of debt over 2024 and 2025 further



support to its credit story. However, we think near-term spread upside is limited by continued uncertainty around large-scale M&A and illiquidity in its notes. We remain MW DVN.

**Operations**

4Q23 production averaged 662 mboe/d (+4% y-o-y), with crude oil production of 317 mbbbl/d (unch'd y-o-y). Natural gas production averaged 1,061 mmcf/d (+3% y-o-y) and NGL production averaged 169 mbbbl/d (+14% y-o-y). The realized price of crude oil was \$77.32/bbl down from \$80.48/bbl in 3Q23. Natural gas prices were \$1.83/mcf down from \$1.92/mcf in 3Q23. NGL prices were \$19.67 down from \$20.72 in 3Q23.

## New Issue Commentary

### CTRA priced \$500mm debt offering across one part

On Wednesday, Coterra Energy (CTRA) priced \$500mm of senior unsecured notes across one part. The notes, which are due March 15, 2034, priced at a spread of +135 bps over the relevant treasury benchmark. Proceeds, along with cash on hand, will be used to repay CTRA's \$575mm September 2024 notes.

### BPLN priced \$1.3b debt offering across one part

On Monday, BP P.L.C (BPLN) priced \$1.3b of perpetual notes across one part. The notes, which have a first reset date of March 1, 2034, priced at a yield of 6.45%. Proceeds will be used for general corporate purposes or to fund a tender offer for BPLN's \$2.5b 4.375% perpetual notes issued in 2020 which have a June 2025 call date.

### PSX priced \$1.5b debt offering across three parts

On Monday, Phillips 66 (PSX) priced \$1.5b of senior unsecured notes across three parts. The notes are due June 15, 2031 (\$600mm), June 30, 2033 (\$400mm), and June 15, 2054 (\$500mm) priced at a spread over the relevant treasury benchmark of +100 bps, +110 bps, and +125 bps, respectively. Proceeds will be used to repay certain indebtedness, including all or a portion of outstanding DCP Midstream's \$825mm 5.375% July 2025 notes, outstanding borrowings under PSX's \$1.5b term loan, and/or PSX's outstanding commercial paper.

## BofA Global Research Recommendations

### Exhibit 3: BofA Global Research Recommendations

HG Energy recommendations include 7 Overweights and 3 Underweights

Exploration & Production	Rating	MLPs / Pipelines	Rating
Canadian Natural Resources	OW	Boardwalk Pipeline Partners	MW
Cenovus Energy	OW	Enbridge Inc	OW, MW 2049s+
ConocoPhillips	MW	Energy Transfer	MW
Continental Resources	OW	Enterprise Products Partners	MW
Coterra Energy	UW	Kinder Morgan Inc.	MW
Devon Energy	MW	MPLX LP	MW
Diamondback Energy	OW	ONEOK Inc.	MW
EOG Resources	UW	Plains All American Pipeline	MW, OW 4.9% 45s
EQT Corp	MW	Targa Resources Corp	UW
Hess Corp	MW	TransCanada	MW, UW long-end
Marathon Oil	MW	Western Midstream Operating	MW, OW Feb 25/30/50s
National Fuel Gas	MW	Williams Companies	OW
Ovintiv Inc.	OW		
Occidental Petroleum Corp	MW		
Pioneer Natural Resources	RSTR		

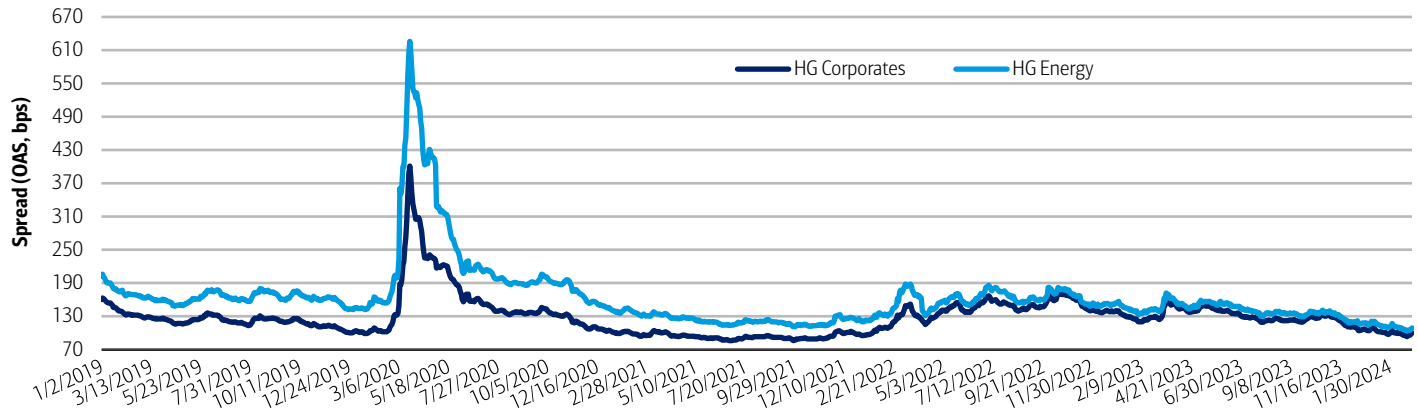
Source: BofA Global Research

Note: UW = Underweight, MW = Marketweight, OW = Overweight, RSTR = Restricted. Please see credit opinion key at the end of this report

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**Exhibit 4: Spread-to-Worst: HG Corporate Index and HG Energy Index (January 2019 – Present)**

The Option Adjusted Spread for HG Energy Index historically trades wide of the HG Corporate Index (Ice Data)

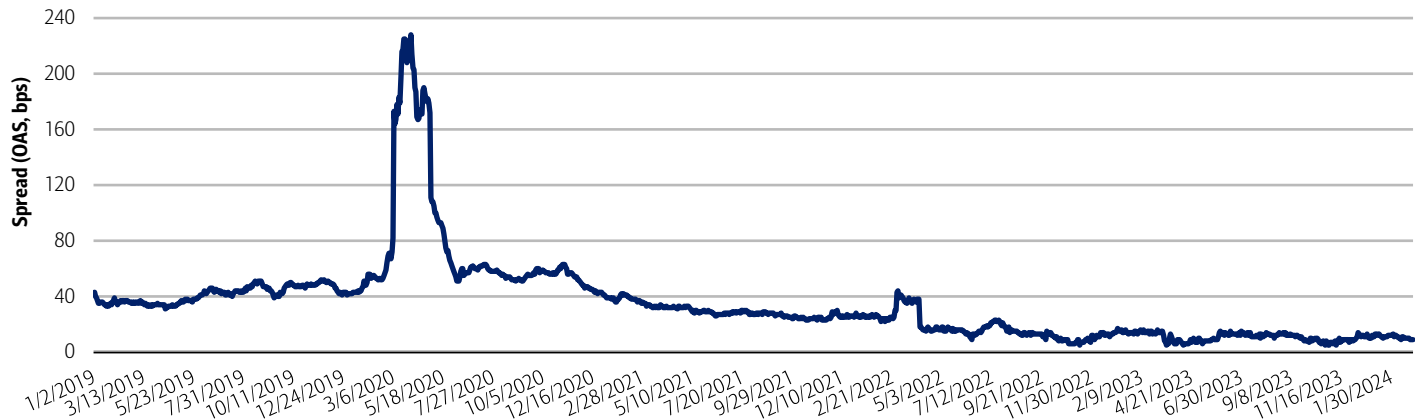


Source: ICE Data Indices, LLC, BofA Global Research

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**Exhibit 5: Spread-to-Worst: HG Energy Index less HG Corporate Index (January 2019 – Present)**

Spread Differential (OAS) for High Grade Energy relative to High Grade Corporate Index still tighter than historical norms

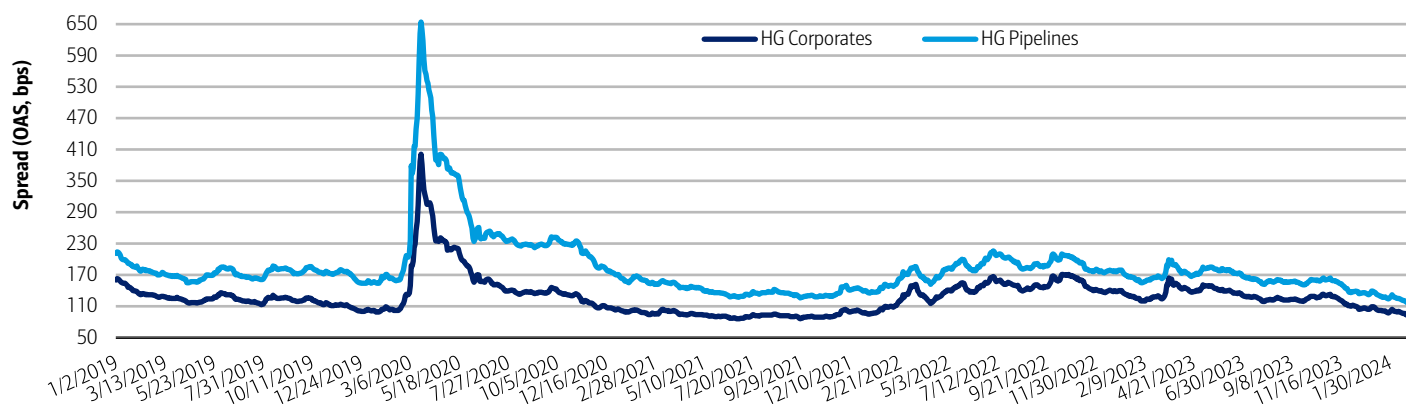


Source: ICE Data Indices, LLC, BofA Global Research

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**Exhibit 6: Spread-to-Worst: HG Corporate Index and HG Pipeline Index (January 2019 – Present)**

The Option Adjusted Spread for HG Pipeline Index historically trades wide of the HG Corporate Index (Ice Data)

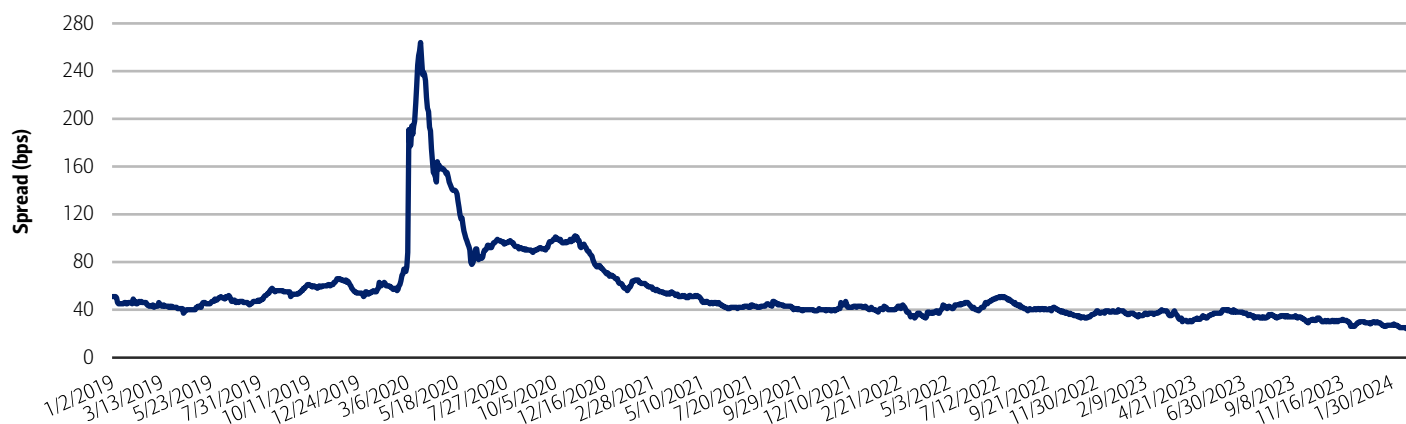


Source: ICE Data Indices, LLC, BofA Global Research

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**Exhibit 7: Spread-to-Worst: HG Pipeline Index less HG Corporate Index (January 2019 – Present)**

Spread Differential (OAS) for High Grade Pipeline relative to High Grade Corporate Index near historical norms



Source: ICE Data Indices, LLC, BofA Global Research

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**Exhibit 8: Oil and Gas and Refiner Cash Spreads (bid)**

In the E&amp;P subsector, spreads were mostly 5 to 15 bps wider w-o-w

Issuer	Entity	Coupon	Maturity	Outstanding (\$mm)	MDY/S&P	Bid (bps)	Z-Spread	G-Spread	Price	1 wk. change	1 mo. change	1yr. change	6-mo Tights	6-mo Wides	8-wk avg. spread (bps)
<b>Exploration &amp; Production</b>															
APA	Apache Corp	5.350	7/1/2049	387	Baa3 / BB+	265	323	259	80.07	14	2	N.A.	251	288	260
CLR	Continental Resources	2.875	4/1/2032	800	Baa3 / BBB-	180	215	179	79.85	6	(5)	(73)	174	243	183
CLR	Continental Resources	4.900	6/1/2044	700	Baa3 / BBB-	211	276	211	80.77	(2)	(17)	(99)	211	275	225
CNQC	Canadian Natural Resources	6.250	3/15/2038	1,100	Baa1 / BBB-	179	214	168	101.79	2	(5)	N.A.	177	193	180
CNQC	Canadian Natural Resources	4.950	6/1/2047	750	Baa1 / BBB-	150	220	154	86.58	9	6	(61)	138	187	143
COP	ConocoPhillips	5.050	9/15/2033	1,000	A2 / A-	88	123	88	99.26	8	(1)	N.A.	80	114	85
COP	ConocoPhillips	5.550	3/15/2054	1,000	A2 / A-	112	177	111	100.47	11	4	N.A.	98	134	105
CTRA	Coterra Energy	5.600	3/15/2034	500	Baa2 / BBB	141	176	141	99.40	N.A.	N.A.	N.A.	141	141	141
CVECN	Cenovus Energy	2.650	1/15/2032	500	Baa2 / BBB-	134	169	133	81.39	5	(3)	(44)	129	166	133
CVECN	Cenovus Energy	3.750	2/15/2052	750	Baa2 / BBB-	153	218	150	70.44	9	3	(40)	144	179	150
DVN	Devon Energy	5.000	6/15/2045	750	Baa2 / BBB	166	233	168	86.02	3	0	(48)	162	193	166
EOG	EOG Resources	3.900	4/1/2035	500	A3 / A-	98	134	95	88.78	10	3	N.A.	87	105	91
EOG	EOG Resources	4.950	4/15/2050	750	A3 / A-	109	170	104	92.58	14	14	(23)	87	126	95
EQT	EQT Corp	5.750	2/1/2034	750	Baa3 / BBB-	174	209	174	98.08	4	(8)	N.A.	167	190	176
FANG	Diamondback Energy	6.250	3/15/2033	1,100	Baa2 / BBB- *	128	162	127	104.82	10	(14)	(77)	118	177	132
FANG	Diamondback Energy	6.250	3/15/2053	650	Baa2 / BBB- *	151	214	149	104.69	11	(14)	(92)	140	213	157
HES	Hess	5.800	4/1/2047	500	Baa3 *+ / BBB- *	115	183	118	101.51	20	16	(119)	92	197	99
MRO	Marathon Oil	5.200	6/1/2045	500	Baa3 / BBB-	190	256	192	85.84	9	(6)	(44)	181	237	190
OVV	Ovintiv Inc.	6.250	7/15/2033	600	Baa3 / BBB-	164	198	163	102.37	3	(16)	N.A.	161	226	175
OVV	Ovintiv Inc.	7.100	7/15/2053	400	Baa3 / BBB-	209	271	207	107.92	12	(1)	N.A.	197	264	208
OXY	Occidental Petroleum	6.125	1/1/2031	1,143	Baa3 / BB+	142	171	141	102.28	13	(10)	N.A.	129	187	145
OXY	Occidental Petroleum	6.600	3/15/2046	1,116	Baa3 / BB+	162	228	164	105.32	11	(4)	N.A.	151	197	164
SU	Suncor Energy	3.750	3/4/2051	750	Baa1 / BBB	143	207	139	71.90	8	5	(30)	135	180	138
<b>Refiners</b>															
MPC	Marathon Petroleum Corp	4.750	9/15/2044	800	Baa2 / BBB	134	200	135	86.73	9	0	(70)	125	189	131
PSX	Phillips 66	5.300	6/30/2033	900	A3 / BBB+	119	154	119	98.84	14	6	N.A.	104	142	109
PSX	Phillips 66	5.650	6/15/2054	1,500	A3 / BBB+	125	191	125	100.04	N.A.	N.A.	N.A.	125	125	125
VLO	Valero Energy	2.800	12/1/2031	462	Baa2 / BBB	117	151	116	83.51	9	1	(44)	108	151	113
VLO	Valero Energy	4.000	6/1/2052	508	Baa2 / BBB	149	214	147	74.15	9	4	(32)	140	184	144
<b>International Oil Companies</b>															
BP	BP	4.989	4/10/2034	1,000	A2 / A-	97	132	97	98.03	9	0	N.A.	88	97	93
BP	BP	3.001	3/17/2052	1,250	A2 / A-	101	168	98	65.47	9	10	(33)	84	123	92
CVX	Chevron	2.343	8/12/2050	750	Aa2 / AA-	80	146	75	59.21	8	11	(13)	60	83	69
EQNR	Equinor	3.700	4/6/2050	1,250	Aa2 / AA-	93	156	88	77.19	10	9	(21)	76	115	83
RDSALN	Royal Dutch Shell	4.125	5/11/2035	1,500	Aa2 / A+	80	116	77	92.01	2	(2)	N.A.	74	86	77
RDSALN	Royal Dutch Shell	3.000	11/26/2051	1,000	Aa2 / A+	93	160	90	66.46	7	7	(20)	78	108	85
TTEFP	Totalenergies Capital	3.127	5/29/2050	2,500	A1 / A	97	161	92	68.64	8	9	(17)	80	113	87
XOM	Exxon Mobil Corporation	3.452	4/15/2051	2,750	Aa2 / AA-	92	157	88	73.36	9	9	(25)	74	106	82

Source: Company data, Bloomberg, Moody's, S&amp;P, BofA Global Research

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**Exhibit 9: Drillers/Service Companies and MLP/Pipeline Cash Spreads (Bid)**

In the Midstream subsector, spreads were mostly 10 to 15 bps wider w-o-w

Issuer Entity		Coupon	Maturity	Outstanding (\$mm)	MDY/S&P	Bid (bps)	Z-Spread	G-Spread	Price	1 wk. change	1 mo. change	1yr. change	6-mo Tights	6-mo Wides	8-wk avg. spread (bps)
Drillers/Service Companies															
BHI	Baker Hughes LLC	4.080	12/15/2047	1,350	A3 / A-	110	181	115	79.81	8	6	(70)	94	151	102
HAL	Halliburton	4.850	11/15/2035	1,000	A3 / BBB+	108	144	103	95.70	5	1	N.A.	103	119	106
HAL	Halliburton	5.000	11/15/2045	2,000	A3 / BBB+	111	179	113	92.04	8	7	(71)	98	149	104
SLB	Schlumberger Investment	4.850	5/15/2033	500	A2 / A	79	114	79	98.47	1	(5)	N.A.	77	117	79
Pipelines/Master Limited Partnerships															
BWP	Boardwalk Pipelines LP	5.625	8/1/2034	600	Baa2 / BBB-	152	187	151	98.73	8	N.A.	N.A.	144	152	148
CQP	Cheniere Energy Partners LP	5.950	6/30/2033	1,400	Ba1 / BBB	168	202	167	100.00	7	(5)	N.A.	161	204	168
DCP	DCP Midstream	3.250	2/15/2032	400	Baa3 / BBB-	137	171	136	84.87	3	(6)	(39)	134	182	138
DCP	DCP Midstream	5.600	4/1/2044	400	Baa3 / BBB-	150	214	150	95.02	8	(3)	(40)	142	196	149
ENBCN	Enbridge Inc	5.700	3/8/2033	2,300	Baa1 / BBB+	133	167	132	100.70	8	1	N.A.	125	182	130
ENBCN	Enbridge Inc	6.700	11/15/2053	1,250	Baa1 / BBB+	154	217	153	110.49	10	9	N.A.	135	178	144
EPD	Enterprise Products	4.850	1/31/2034	1,000	A3 / A-	97	132	97	97.01	9	7	N.A.	85	97	90
EPD	Enterprise Products	3.300	2/15/2053	1,000	A3 / A-	106	174	105	68.77	10	14	(53)	83	132	92
ET	Energy Transfer LP	5.550	5/15/2034	1,250	Baa3 / BBB	147	182	146	98.56	12	(5)	N.A.	135	152	145
ET	Energy Transfer LP	5.950	5/15/2054	1,750	Baa3 / BBB	178	243	178	96.89	17	6	N.A.	161	178	167
KMI	Kinder Morgan, Inc.	5.400	2/1/2034	1,000	Baa2 / BBB	140	175	140	97.98	9	(3)	N.A.	131	143	137
KMI	Kinder Morgan, Inc.	5.450	8/1/2052	750	Baa2 / BBB	169	232	167	91.41	10	6	(66)	156	211	162
MPLX	MPLX LP	5.000	3/1/2033	1,100	Baa2 / BBB	141	176	140	95.27	9	0	(50)	132	183	137
MPLX	MPLX LP	5.650	3/1/2053	500	Baa2 / BBB	166	230	165	94.45	10	6	(67)	154	219	159
OKE	Oneok Inc	6.050	9/1/2033	1,500	Baa2 / BBB	138	172	138	102.86	6	(6)	N.A.	132	185	139
OKE	Oneok Inc	6.625	9/1/2053	1,750	Baa2 / BBB	171	234	170	106.98	11	1	N.A.	160	236	166
PAA	Plains All American	4.900	2/15/2045	649	Baa3 / BBB-	180	246	181	83.53	14	9	(84)	166	242	171
TRGP	Targa Resources	6.500	3/30/2034	1,000	Baa3 / BBB	147	181	147	105.66	10	(9)	(70)	137	193	149
TRGP	Targa Resources	6.500	2/15/2053	850	Baa3 / BBB	178	240	176	104.28	11	(3)	(90)	167	234	176
TRPCN	TransCanada	2.500	10/12/2031	1,000	Baa2 / BBB+	122	156	121	81.62	10	0	(45)	111	168	117
TRPCN	TransCanada	5.100	3/15/2049	1,000	Baa2 / BBB+	139	198	132	90.97	11	9	(51)	121	198	128
WES	Western Midstream Operating	6.150	4/1/2033	750	Baa3 / BBB-	173	207	172	101.02	15	1	N.A.	158	218	168
WES	Western Midstream Operating	5.250	2/1/2050	1,000	Baa3 / BBB-	179	239	174	87.96	14	(12)	N.A.	165	267	183
WMB	The Williams Companies Inc	5.150	3/15/2034	1,000	Baa2 / BBB	124	159	124	97.24	10	3	N.A.	114	124	118
WMB	The Williams Companies Inc	5.300	8/15/2052	750	Baa2 / BBB	146	210	144	92.32	10	11	(60)	130	190	136

Source: Company data, Bloomberg, Moody's, S&amp;P, BofA Global Research

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**Exhibit 10: Commodity Price Forecast**

Commodity Deck Forecast is below consensus for oil and in-line for natural gas in FY24

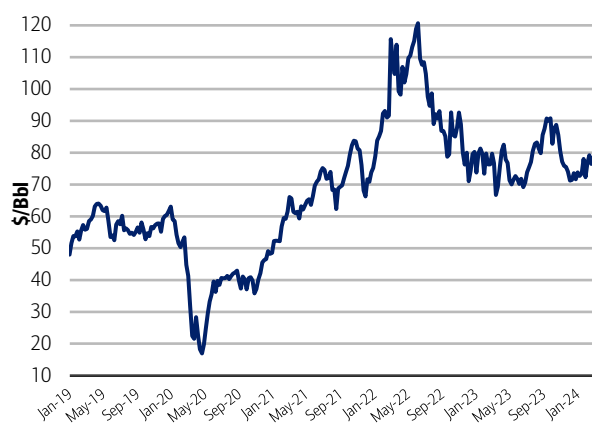
Period	BofA		Street Consensus	
	WTI Oil \$/Bbl	Natural Gas \$/MMBtu	WTI Oil \$/Bbl	Natural Gas \$/MMBtu
1Q24E	73.00	2.90	78.50	2.82
2Q24E	75.00	2.50	79.00	2.65
3Q24E	77.00	3.00	79.00	3.00
4Q24E	75.00	3.60	80.00	3.50
2024E	75.00	3.00	79.50	3.00

Source: BofA Global Research, Bloomberg

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**Exhibit 11: Weekly Front Month NYMEX WTI (\$/bbl)**

WTI front month price of \$78.50/bbl is above the price of \$74.00/bbl at the beginning of 2024

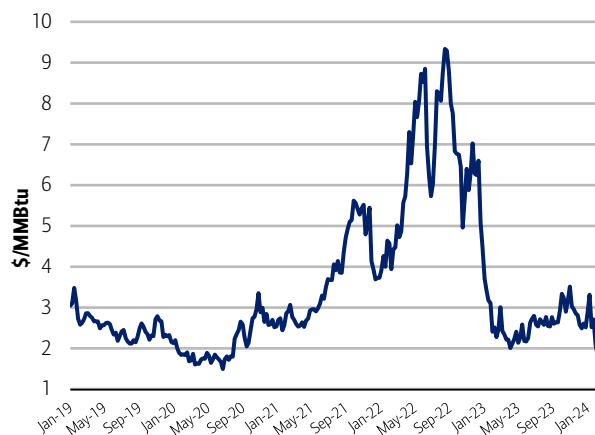


Source: BofA Global Research, Bloomberg

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**Exhibit 12: Weekly Front Month NYMEX Henry Hub (\$/MMBtu)**

Natural gas front month prices are at \$1.90/MMBtu, below \$2.90/MMBtu, the level at the beginning of 2024

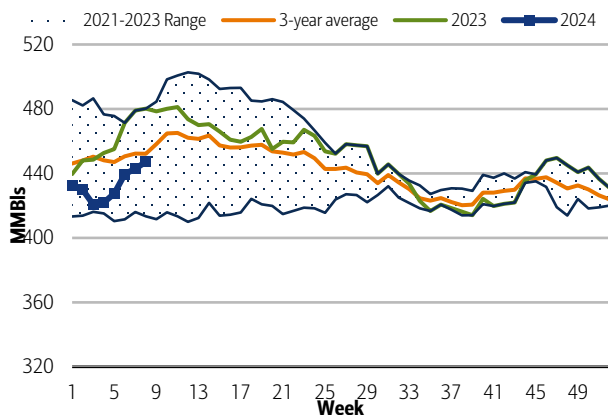


Source: BofA Global Research, Bloomberg

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**Exhibit 13: US Crude Oil Inventory (MMBbls)**

U.S. Crude Inventories are below their weekly 2021-2023 average of 452 mmbbls at 447 mmbbls

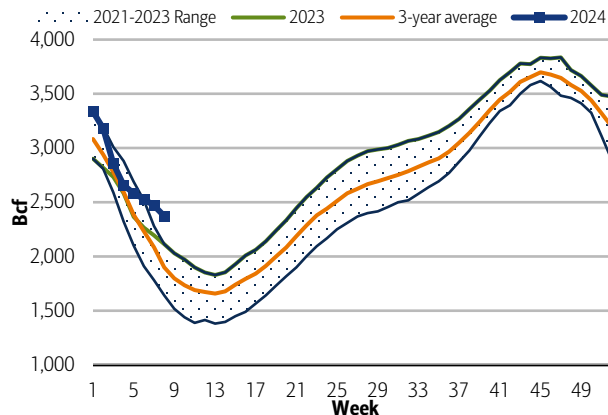


Source: BofA Global Research, Bloomberg

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**Exhibit 14: US Natural Gas Inventory (bcf)**

U.S. Natural Gas Inventories are above their weekly 2021-2023 average of 1,900 bcf at 2,374 bcf

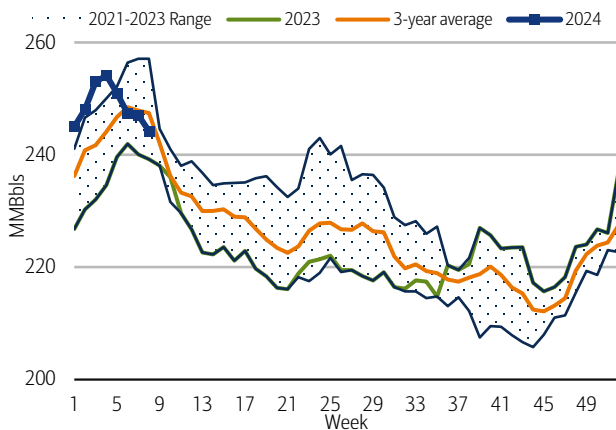


Source: BofA Global Research, Bloomberg

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**Exhibit 15: US Gasoline Inventory (MMBbls)**

U.S. Gasoline Inventories are below their weekly 2021-2023 average of 247 mmbbls at 244 mmbbls

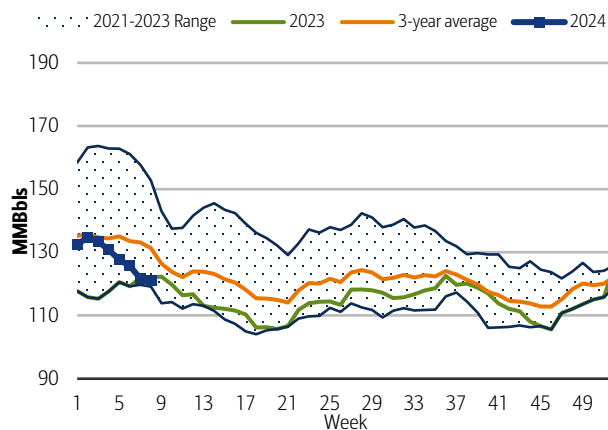


Source: BofA Global Research, Bloomberg

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**Exhibit 16: US Distillate Inventory (MMBbls)**

U.S. Distillate Inventories are below their weekly 2021-2023 average of 131 mmbbls at 121 mmbbls

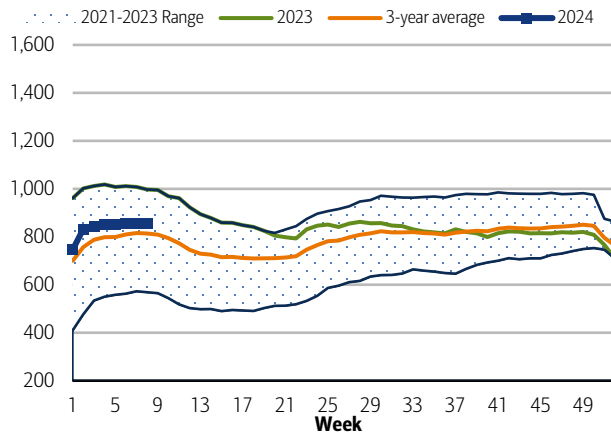


Source: BofA Global Research, Bloomberg

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**Exhibit 17: BHI North American Oil & Natural Gas Rig Count**

BHI Rig Count has decreased from 961 rigs at the beginning of 2023 to 857 rigs

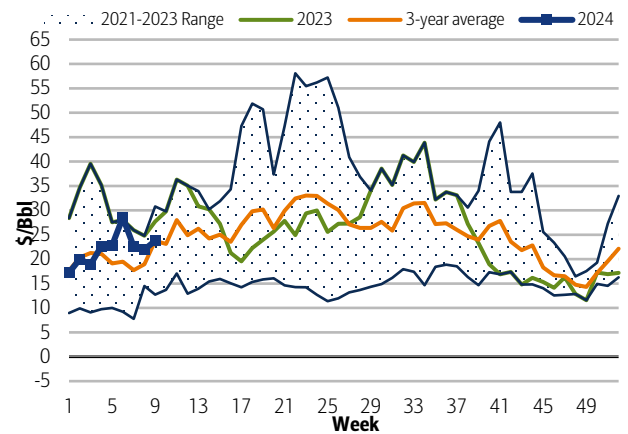


Source: BofA Global Research, Bloomberg

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**Exhibit 18: Weekly Average Cushing 3:2:1 Crack Spreads**

Cushing Crack Spreads are marginally above their weekly 2021-2023 average of \$23.74/bbl at \$23.79/bbl

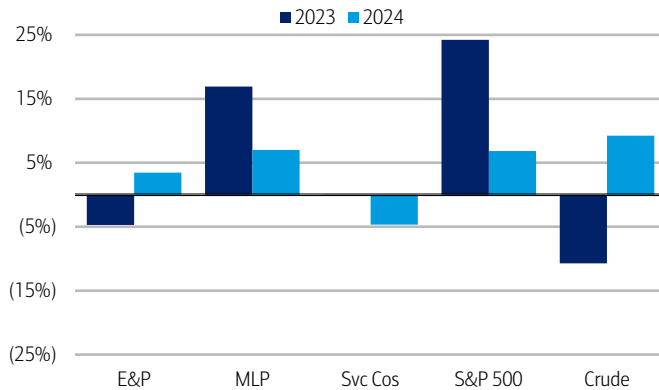


Source: BofA Global Research, Bloomberg

BofA GLOBAL RESEARCH

**Exhibit 19: YTD Equity Performance in Energy Sector**

MLPs and E&Ps have outperformed in 2024 while Oilfield Services have lagged

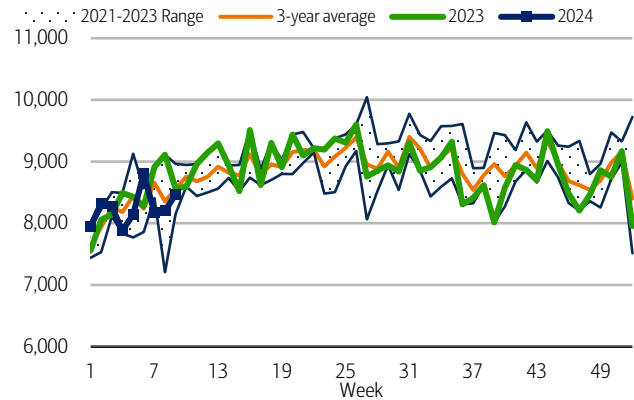


Source: BofA Global Research, Bloomberg

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**Exhibit 20: Weekly Average Gasoline Demand**

Average gasoline demand is below their weekly 2021-2023 average of 8,557 mbb/d at 8,467 mbb/d



Source: EIA, BofA Global Research

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**Exhibit 21: HG Energy New Issuance**

There was ~\$17b of HG New Issuance to date in 2024

Announce Date	Ticker	Issuer	Moody's	S&P	Amount Issued (\$MM)	Coupon (%)	Maturity Date	Term (yrs)	Spread At Issue
1/2/2024	EPD	Enterprise Products Oper	A3	A-	1000	4.85	1/31/2034	10	95
1/2/2024	EPD	Enterprise Products Oper	A3	A-	1000	4.6	1/11/2027	3	55
1/2/2024	WMB	Williams Companies Inc	Baa2	BBB	1100	4.9	3/15/2029	5	102
1/2/2024	WMB	Williams Companies Inc	Baa2	BBB	1000	5.15	3/15/2034	10	122
1/4/2024	CPGX	Columbia Pipeline Holdco	Baa1	BBB+	500	5.681	1/15/2034	10	168
1/4/2024	BPLN	Bp Cap Markets America	A2	A-	1250	4.699	4/10/2029	5	73
1/4/2024	BPLN	Bp Cap Markets America	A2	A-	1000	4.989	4/10/2034	10	100
1/10/2024	ET	Energy Transfer Lp	Baa3	BBB	1250	5.55	5/15/2034	10	155
1/10/2024	ET	Energy Transfer Lp	Baa3	BBB	1750	5.95	5/15/2054	30	175
1/10/2024	ET	Energy Transfer Lp	Baa3	BBB	800	8	5/15/2054	30	n.a.
1/17/2024	EQT	Eqt Corp	Baa3	BBB-	750	5.75	2/1/2034	10	165
1/29/2024	KMI	Kinder Morgan Inc	Baa2	BBB	1250	5	2/1/2029	5	105
1/29/2024	KMI	Kinder Morgan Inc	Baa2	BBB	1000	5.4	2/1/2034	10	135
2/8/2024	BWP	Boardwalk Pipelines Lp	Baa2	BBB-	600	5.625	8/1/2034	10	148
2/26/2024	PSX	Phillips 66 Co	A3	BBB+	600	5.25	6/15/2031	7	100
2/26/2024	PSX	Phillips 66 Co	A3	BBB+	500	5.65	6/15/2054	30	125
2/26/2024	BPLN	Bp Capital Markets Plc	A2	A-	1300	6.45	n.a.	n.a.	215
2/28/2024	CTRA	Coterra Energy Inc	Baa2	BBB	500	5.6	3/15/2034	10	135

Source: Bloomberg, Company &amp; Partnership Reports

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**Exhibit 22: Next Twelve Months Debt Maturities**

NTM USD Debt Maturities in the Energy Sector

	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	NTM Maturities
<b>E&amp;P</b>													
APA	-	-	-	-	-	-	-	-	-	-	-	-	-
CLR	-	-	-	893	-	-	-	-	-	-	-	-	893
CNQCEN	-	500	-	369	-	-	-	-	-	-	-	600	1,469
COP	461	-	15	-	-	-	-	-	281	-	-	-	757
CTRA	-	-	-	-	-	-	575	-	-	-	-	-	575
CVECN	-	-	-	-	-	-	-	-	-	-	-	-	-
DVN	-	-	-	-	-	-	472	-	-	-	-	-	472
EOG	-	-	-	-	-	-	-	-	-	-	-	-	-
FANG	-	-	-	-	-	-	-	-	-	-	-	-	-
HES	-	-	-	-	300	-	-	-	-	-	-	-	300
MRO	-	-	-	-	400	-	-	-	-	-	-	-	400
NFG	-	-	-	-	-	-	-	-	-	-	-	-	-
OVV	-	-	-	-	-	-	-	-	-	-	-	-	-
OXY	-	-	-	-	402	654	-	-	-	-	-	-	1,056
PXD	-	-	-	-	-	-	-	-	-	-	-	-	-
SUCN	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>\$0</b>	<b>\$500</b>	<b>\$15</b>	<b>\$1,262</b>	<b>\$1,102</b>	<b>\$654</b>	<b>\$1,047</b>	<b>\$0</b>	<b>\$281</b>	<b>\$0</b>	<b>\$0</b>	<b>\$600</b>	<b>\$5,922</b>
<b>MLP / Pipelines</b>													
BWP	-	-	550	-	-	-	-	-	-	600	-	-	1,150
DCP	-	-	-	-	-	-	-	-	-	300	-	500	800
ENBCN	1,000	-	-	507	-	159	258	-	369	271	500	500	3,564
EPD	-	-	-	-	-	-	-	-	-	-	-	1,150	1,150
ET	-	2,250	600	-	-	-	-	-	65	175	-	-	3,090
KMI	40	24	600	-	-	-	650	-	-	-	-	-	1,314
MPLX	-	-	-	-	-	-	750	-	-	1,150	-	500	2,400
OKE	-	-	-	-	-	-	500	-	-	-	-	-	500
PAA	-	-	-	-	-	-	-	-	750	-	-	-	750
TRGP	-	-	-	-	-	-	-	-	-	-	-	-	-
TRPCN	-	-	-	553	-	-	-	1,250	-	74	-	-	1,877
WES	-	-	-	-	-	-	-	-	-	-	-	666	666
WMB	1,000	-	-	1,250	-	-	-	-	-	-	750	-	3,000
	<b>\$2,040</b>	<b>\$2,274</b>	<b>\$1,750</b>	<b>\$2,310</b>	<b>\$0</b>	<b>\$159</b>	<b>\$2,158</b>	<b>\$1,250</b>	<b>\$1,184</b>	<b>\$2,570</b>	<b>\$1,250</b>	<b>\$3,316</b>	<b>\$20,261</b>
<b>Refiners</b>													
DINO	-	-	-	-	-	-	-	-	-	-	-	-	308
MPC	-	-	-	-	-	-	750	-	-	1,150	-	500	-
PSX	-	-	-	-	-	-	-	-	-	300	-	500	800
VLO	167	-	-	-	-	-	-	-	-	-	-	-	167
	<b>\$167</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$750</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,450</b>	<b>\$0</b>	<b>\$1,000</b>	<b>\$3,367</b>
<b>Service Companies</b>													
BHI	-	-	-	107	-	-	-	-	-	-	-	-	650
HAL	-	-	-	-	-	-	-	-	-	-	-	-	-
NOV	-	-	-	-	-	-	-	-	-	-	-	-	-
SLB	-	-	355	54	-	-	-	541	-	-	-	-	1,855
	<b>\$0</b>	<b>\$0</b>	<b>\$355</b>	<b>\$161</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$541</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,057</b>
<b>Majors</b>													
BPLN	-	620	-	-	356	-	466	-	149	-	-	233	-
CVX	1,000	-	27	-	-	9	-	37	650	18	-	-	2,090
TTEFP	1,028	1,250	-	-	-	905	-	541	-	316	1,000	-	3,250
SHELLN	-	1,082	1,893	-	-	-	-	-	1,250	-	-	1,352	2,500
EQNR	1,000	-	-	-	-	-	-	-	500	-	-	-	1,980
XOM	1,053	-	-	1,623	-	1,000	-	69	-	-	-	15	1,053
	<b>\$4,081</b>	<b>\$2,952</b>	<b>\$1,920</b>	<b>\$1,623</b>	<b>\$356</b>	<b>\$1,914</b>	<b>\$466</b>	<b>\$647</b>	<b>\$2,549</b>	<b>\$334</b>	<b>\$1,000</b>	<b>\$1,600</b>	<b>\$19,442</b>

Source: Bloomberg, Company Reports, BofA Global Research

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**Exhibit 23: Credit facilities**

Revolving credit facility size across energy space

Credit Facility #1			Credit Facility #2	
E&P				
Company	Size (\$mm)	Maturity	Size (\$mm)	Maturity
Apache Corp	1,800	April-27	€ 1,500	April-27
Canadian Natl Resources	C\$2,425	June-27	C\$2,425	June-25
Cenovus Energy	C\$3,700	November-26	C\$1,800	November-25
ConocoPhillips	5,500	February-27		
Continental Resources	2,255	October-26		
Coterra Energy	1,500	March-28		
Diamondback Energy	1,600	June-28	750	June-25
Devon Energy	3,000	March-28		
EOG Resources	1,900	June-28		
EQT Corp	2,500	June-27		
Hess	3,250	July-27		
Marathon Oil	2,500	July-27		
National Fuel Gas	1,000	February-27		
Occidental Petroleum	4,000	June-25		
Ovintiv Inc.	2,200	July-26	1,300	July-26
Pioneer Natural Resources	2,000	January-26		
Suncor Energy	2,800	June-26	2,707	June-24
MLP/Pipelines				
Company	Size (\$mm)	Maturity	Size (\$mm)	Maturity
Boardwalk Pipeline Partners	1,000	May-28		
Enbridge Inc.	C\$8,860	2024-2027	C\$8,403	2024-2027
Energy Transfer	5,000	April-27	1,500	April-27
Enterprise Products Partners	2,700	March-28	1,500	March-24
Kinder Morgan Inc.	3,500	August-27	500	November-23
MPLX LP	2,000	July-27		
ONEOK Inc	2,500	June-27		
Plains All American Pipeline	1,350	August-27	1,350	August-25
Targa Resources	2,750	February-27		
TransCanada	3,000	December-23	C\$3,000	December-27
Western Midstream Operating	2,000	April-28		
Williams Companies	3,750	October-29		
Service Companies				
Company	Size (\$mm)	Maturity	Size (\$mm)	Maturity
Baker Hughes,	3,000	December-24		
Halliburton	3,500	April-27		
Schlumberger	2,000	February-25	2,000	February-27
Refiners				
Company	Size (\$mm)	Maturity	Size (\$mm)	Maturity
HollyFrontier	1,650	April-26		
Marathon Petroleum	5,000	July-27	2,000	July-27
Phillips 66	5,000	July-27	1,400	March-27
Valero Energy	4,000	November-27	1,300	July-24

Source: Company filings, BofA Global Research

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**Exhibit 24: Summary Hedge positions 2023 and 2024**

E&amp;P company hedge positions for 2023 and 2024

Natural Gas Hedging Summary										Crude Oil Hedging Summary													
2023										2023										Total 2023			
Gas Swaps				Gas Collars				Gas Puts			Oil Swaps			Oil Collars				Oil Puts			Gas	Oil	BOE
Company	mmcf/d	% of Gas	Price	mmcf/d	% of Gas	Floor	Ceiling	mmcf/d	% of Gas	Floor	mb/d	% of Oil	Price	mb/d	% of Oil	Floor	Ceiling	mb/d	% of Oil	Floor	Hedged	Hedged	Hedged
Apache Corp	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	0%	0%	0%
Continental Resources	478	36%	\$3.56	195	15%	\$3.12	\$4.09	0	0%	N/A	76	31%	\$78.81	0	0%	N/A	N/A	0	0%	N/A	51%	31%	41%
Canadian Nat Resources	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	0%	0%	0%
ConocoPhillips	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	0%	0%	0%
Coterra Energy	0	0%	N/A	407	14%	\$3.81	\$6.34	0	0%	N/A	0	0%	N/A	30	16%	\$70.00	\$91.02	0	0%	N/A	14%	16%	15%
Cenovus Energy	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	0%	0%	0%
Devon Energy	110	11%	\$3.31	143	14%	\$3.67	\$7.62	0	0%	N/A	19	4%	\$72.09	81	17%	\$69.63	\$94.29	0	0%	N/A	25%	21%	22%
EOG Resources	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	0%	0%	0%
EQT Corp	152	3%	\$4.77	0	0%	N/A	N/A	3,196	57%	\$3.67	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	60%	0%	56%
Diamondback Energy	0	0%	N/A	302	56%	\$3.18	\$9.22	0	0%	N/A	0	0%	N/A	0	0%	N/A	N/A	150	41%	\$55.00	56%	41%	44%
Marathon Oil	0	0%	N/A	49	7%	\$4.00	\$11.14	0	0%	N/A	0	0%	N/A	10	4%	\$60.00	\$97.59	0	0%	N/A	7%	4%	5%
Ovintiv	0	0%	N/A	600	38%	\$3.67	\$7.93	0	0%	N/A	35	11%	\$76.94	75	24%	\$65.00	\$96.45	0	0%	N/A	38%	36%	37%
Occidental Petroleum	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	0%	0%	0%
Suncor		N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	0	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	n.a.	n.a.	n.a.
2024										2024										Total 2024			
Gas Swaps				Gas Collars				Gas Puts			Oil Swaps			Oil Collars				Oil Puts			Gas	Oil	BOE
Company	mmcf/d	% of Gas	Price	mmcf/d	% of Gas	Floor	Ceiling	mmcf/d	% of Gas	Floor	mb/d	% of Oil	Price	mb/d	% of Oil	Floor	Ceiling	mb/d	% of Oil	Floor	Hedged	Hedged	Hedged
Apache Corp	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	0%	0%	0%
Continental Resources	644	48%	\$3.42	49	4%	\$3.12	\$4.09	0	0%	N/A	76	31%	\$76.84	0	0%	N/A	N/A	0	0%	N/A	52%	31%	41%
Canadian Nat Resources	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	0%	0%	0%
ConocoPhillips	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	0%	0%	0%
Coterra Energy	0	0%	N/A	325	11%	\$2.82	\$4.50	0	0%	N/A	0	0%	N/A	25	13%	\$66.79	\$90.83	0	0%	N/A	11%	13%	12%
Cenovus Energy	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	0%	0%	0%
Devon Energy	97	9%	\$3.31	40	4%	\$3.78	\$7.05	0	0%	N/A	5	1%	\$72.09	32	7%	\$60.15	\$84.71	0	0%	N/A	13%	8%	9%
EOG Resources	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	0%	0%	0%
EQT Corp	0	0%	N/A	0	0%	N/A	N/A	765	13%	\$4.07	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	13%	0%	12%
Diamondback Energy	0	0%	N/A	195	35%	\$3.00	\$8.42	0	0%	N/A	0	0%	N/A	0	0%	N/A	N/A	37	10%	\$55.00	35%	10%	15%
Marathon Oil	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	0	0%	N/A	30	10%	\$65.83	\$101.33	0	0%	N/A	0%	10%	7%
Ovintiv	200	13%	\$3.62	550	34%	\$3.00	\$4.42	0	0%	N/A	12	4%	\$73.69	52	18%	\$64.52	\$83.88	0	0%	N/A	47%	23%	34%
Occidental Petroleum	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	0	0%	N/A	0	0%	N/A	N/A	0	0%	N/A	0%	0%	0%
Suncor	0	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	0	N/A	N/A	0	N/A	N/A	N/A	0	N/A	N/A	n.a.	n.a.	n.a.

**Source:** Company Reports, BofA Global Research

\* All hedging data excludes basis hedges

1&amp;2) EQT 2023 hedges exclude roughly 1.05 bcf/d of short nat gas swaps at a weighted average price of \$3.01/mcf. EQT 2024 hedges exclude roughly 1.52 bcf/d of short nat gas swaps at a weighted average price of \$3.34/mcf.

3&amp;4) EQT 2023 hedges exclude roughly 0.63 bcf/d and 2.64 bcf/d of long and short nat gas calls at a weighted average price of \$3.28/mcf and \$4.78/mcf, respectively. EQT 2024 hedges exclude roughly 0.14 bcf/d and 0.90 bcf/d of long and short nat gas calls at a weighted average price of \$3.20/mcf and \$5.18/mcf, respectively.

5) MRO 2023 collars exclude 50 mmbtu/d of nat gas put options sold at \$2.50/mmbtu

6) MRO 2023 collars exclude 10 mmbbl/d of oil sold put options sold at \$45/bbl

7&amp;8) OVV 2023 hedges exclude 400 mmcf/d of nat gas put options sold at a weighted average price of \$3.00/mcf. OVV 2024 hedges exclude 150 mmcf/d of nat gas put options sold at a weighted average price of \$2.25/mcf

9&amp;10) OVV 2023 hedges exclude 40 mmbbl/d of oil put options sold at a weighted average price of \$50/bbl. OVV 2024 hedges exclude 13 mmbbl/d of oil put options sold at a weighted average price of \$50/bbl.

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## Exhibit 25: Oil & Gas – Summary Financial Statistics – Third Quarter 2023

Financial Statistics for U.S. E&P companies as of 3Q23

	APA	CLR	CNQC	COP	CTRA	CVECN	DVN	EOG	EQT	FANG	HES	MRO	NFG	OVV	OXY	PXD	SUCN*
<b>Credit Ratings</b>																	
Moody's	Baa3 S	Baa3 S	Baa1 S	A2 S	Baa2 S	Baa2 S	Baa2 S	A3 S	Baa3 S	Baa2 S	Baa3 **	Baa3 S	Baa3 S	Baa3 S	Baa3 P	Baa1 **	Baa1 S
S&P	BB+ P	BBB- S	BBB- S	A- S	BBB S	BBB- P	BBB S	A- S	BBB- S	BBB- P	BBB- **	BBB- S	BBB- S	BBB- S	BB+ S	BBB **	BBB N
Fitch	BBB- S	BBB S	N.R.	A S	BBB S	BBB S	BBB+ S	N.R.	BBB- S	BBB S	BBB **	BBB- P	BBB S	BBB- S	BBB- S	BBB+ **	BBB+ S
<b>Credit Metrics</b>																	
Debt / BOE	\$6.28	\$3.94	\$0.79	\$3.47	\$0.90	\$0.82	\$3.39	\$0.84	\$1.42	\$2.90	\$5.62	\$4.28	\$1.22	\$2.71	\$5.87	\$2.07	\$2.29
Debt / PD BOE	\$6.70	\$7.10	\$1.17	\$5.01	\$1.19	\$3.30	\$4.36	\$1.63	\$2.03	\$4.20	\$9.85	\$6.65	\$1.54	\$4.78	\$8.30	\$2.33	\$3.63
Net Debt / PD BOE	\$6.58	\$7.05	\$1.16	\$2.53	\$0.73	\$2.72	\$3.82	(\$0.65)	\$2.00	\$3.64	\$7.52	\$6.44	\$1.50	\$4.78	\$8.11	\$2.28	\$3.05
Debt / EBITDAX (LTM)	1.1x	1.2x	0.7x	0.7x	0.5x	0.7x	0.8x	0.3x	2.1x	1.0x	1.5x	1.2x	2.3x	1.5x	1.7x	0.5x	0.9x
Net Debt / EBITDAX (LTM)	1.0x	1.2x	0.7x	0.3x	0.3x	0.6x	0.7x	-0.1x	2.1x	0.9x	1.2x	1.2x	2.2x	1.5x	1.6x	0.5x	0.7x
Debt / CFFO (LTM)	1.6x	1.4x	0.8x	0.9x	0.5x	0.8x	0.9x	0.3x	2.2x	1.1x	1.9x	1.3x	2.5x	1.7x	1.5x	0.5x	1.3x
LTM EBITDAX / Interest	14.5x	15.7x	27.1x	32.1x	73.2x	19.6x	20.5x	66.5x	11.9x	21.0x	10.7x	15.6x	8.8x	12.9x	14.8x	67.7x	18.1x
<b>Operating Results</b>																	
Total debt at 3Q23	\$5,584	\$7,349	\$8,576	\$19,063	\$2,167	\$5,331	\$6,162	\$3,806	\$5,916	\$6,230	\$8,548	\$5,726	\$2,672	\$6,163	\$25,892	\$4,924	\$11,156
Total debt at YE22	5,453	8,210	8,444	16,643	2,181	6,497	6,440	5,078	5,679	6,248	8,281	5,923	2,692	3,570	26,664	4,904	11,524
Change in total debt	131	(861)	132	2,420	(14)	(1,166)	(278)	(1,272)	237	(18)	267	(197)	(20)	2,593	(773)	20	(368)
Cash at 3Q23	95	49	92	9,446	847	930	761	5,326	65	830	2,018	174	55	3	611	98	1,759
Cash at YE22	245	138	679	9,243	673	3,338	1,454	5,972	1,459	164	2,486	334	46	5	984	1,032	1,461
Change in cash	(150)	(89)	(587)	203	174	(2,408)	(693)	(646)	(1,394)	666	(468)	(160)	9	(2)	(373)	(934)	298
EBITDAX (LTM)	5,280	6,125	11,890	27,519	4,464	7,773	7,683	12,560	2,840	6,182	5,562	4,715	1,165	4,038	15,456	9,539	12,889
Interest (LTM)	365	391	439	857	61	397	375	189	238	294	521	302	132	312	1,046	141	711
<b>Expenses / Boe</b>																	
3-year average RRC	\$13.44	\$12.44	\$3.09	\$19.43	\$20.83	\$7.12	\$11.52	\$6.33	\$3.50	\$10.73	\$9.93	\$16.96	\$4.69	\$6.14	\$7.46	\$13.10	NI 51-101
Production expenses	14.44	11.38	15.54	17.47	6.12	52.55	12.58	13.40	7.48	10.80	20.58	14.18	5.61	16.13	19.34	12.74	
E&P G&A	3.21	1.81	0.80	1.09	1.71	2.20	1.78	1.71	0.78	0.97	1.75	2.46	1.35	2.26	4.54	1.39	
E&P interest	2.21	2.05	1.06	1.41	0.30	1.62	1.66	0.50	0.77	1.07	3.18	1.50	0.91	1.67	2.11	0.53	
Total cost	\$33.29	\$27.68	20.49	\$39.39	\$28.96	\$63.49	\$27.54	\$21.94	\$12.53	\$23.56	\$35.44	\$35.10	\$12.55	\$26.20	\$33.45	\$27.76	
<b>Breakeven Price</b>																	
Breakeven price	\$42.42	\$39.21	\$30.41	\$47.83	\$66.86	\$95.22	\$41.14	\$30.19	\$31.53	\$32.73	\$49.57	\$56.17	\$36.43	\$45.37	\$48.75	\$38.32	N/A
Price realization factor	78%	71%	67%	82%	43%	67%	67%	73%	40%	72%	71%	62%	34%	58%	69%	72%	
<b>Reserves and LTM Production</b>																	
Total reserves (MMBoe)	854	1,864	10,741	5,497	2,399	4,400	1,815	4,238	4,167	2,033	1,256	1,338	695	2,273	3,817	2,377	4,181
Crude & NGL (MMBls)	582	890	8,700	4,036	537	4,144	1,286	2,806	196	1,555	1,011	955	0	1,142	2,759	1,710	4,181
Gas (Bcf)	1,632	5,845	12,247	8,767	11,173	1,538	3,175	8,591	23,825	2,869	1,470	2,295	4,171	6,786	6,350	3,997	2
% Crude & NGL	68%	48%	81%	73%	22%	94%	71%	66%	5%	76%	80%	71%	0%	50%	72%	72%	100%
% Gas	32%	52%	19%	27%	78%	6%	29%	34%	95%	24%	20%	29%	100%	50%	28%	28%	0%
Reserve life	6.2	10.4	26.2	8.4	11.6	15.5	7.6	12.2	13.1	13.0	8.9	9.5	11.2	11.4	8.3	9.4	15.6
% Proved developed	94%	56%	67%	69%	76%	25%	78%	52%	70%	69%	57%	64%	79%	57%	71%	89%	63%
Proved developed (MMBoe)	801	1,035	7,198	3,806	1,817	1,100	1,413	2,185	2,919	1,404	717	862	552	1,289	2,698	2,118	2,639
Crude & NGL (MMBls)	529	454	6,369	2,744	393	899	987	1,509	162	1,050	552	585	0	617	1,972	1,522	2,639
Gas (Bcf)	1,632	3,487	4,975	6,370	8,543	1,208	2,553	4,057	16,541	2,123	989	1,659	3,313	4,031	4,358	3,574	2
% Crude & NGL	66%	44%	88%	72%	22%	82%	70%	69%	6%	75%	77%	68%	0%	48%	73%	72%	100%
% Gas	34%	56%	12%	28%	78%	18%	30%	31%	94%	25%	23%	32%	100%	52%	27%	28%	0%
Reserve life	5.9	5.8	17.6	5.8	8.8	3.9	5.9	6.3	9.2	8.9	5.1	6.1	8.9	6.5	5.9	8.4	9.8
Total production (mboe/d)	375	492	1,123	1,793	567	778	651	955	873	430	386	388	170	545	1,259	694	734
Crude & NGL (mmbbl/d)	242	285	787	1,275	95	641	477	683	46	342	287	271	0	275	946	539	734
Gas (mmcf/d)	796	1,247	2,012	3,106	2,828	826	1,047	1,634	4,959	528	594	702	1,020	1,621	1,875	929	0
% Crude & NGL	65%	58%	70%	71%	17%	82%	73%	71%	5%	80%	74%	70%	0%	50%	75%	78%	100%
% Gas	35%	42%	30%	29%	83%	18%	27%	29%	95%	20%	26%	30%	100%	50%	25%	22%	0%

**Source:** Company/Partnership Filings, Credit Rating Agencies, BofA Global Research

\*BofA does not have coverage on this name

Note: 3-year average RRC adjusted for negative reserve revisions due to lower commodity prices

Note: NFG results for fiscal 4Q23 and YE23, CNQC, CVECN, and SUCN converted to USD

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**Exhibit 26: MLPs & Pipelines – Summary Financial Statistics – Third Quarter 2023**

Financial Statistics for U.S. Midstream companies as of 3Q23

	BWP	ENBCN	EPD	ET	KMI	MPLX	OKE	PAA	TRGP	TRPCN	WES	WMB	Median
<b>Credit Ratings</b>													
Moody's	Baa2	Baa1	A3	Baa3	Baa2	Baa2	Baa2	Baa3	Baa3	Baa2	Baa3	Baa2	
S&P	BBB-	BBB+	A-	BBB	BBB	BBB	BBB	BBB	BBB-	BBB+	BBB-	BBB	
Fitch	BBB	BBB+	A-	BBB-	BBB	BBB	BBB	BBB-	BBB-	BBB+	BBB-	BBB	
<b>Credit Outlook</b>													
Moody's	Stable	Neg	Stable	Pos	Stable	Stable	Stable	Pos	Pos	Stable	Stable	Stable	
S&P	Stable	Neg	Stable	Stable	Stable	Stable	Stable	Stable	Pos	Neg	Stable	Stable	
Fitch	Stable	Stable	Stable	Pos	Stable	Stable	Stable	Pos	Pos	Stable	Stable	Stable	
<b>Credit Metrics</b>													Median
Debt / LTM EBITDA	3.5x	4.6x	3.1x	4.0x	4.2x	3.6x	4.6x	3.3x	3.8x	5.6x	3.6x	4.0x	3.9x
Net Debt / LTM EBITDA	3.2x	4.5x	3.0x	4.0x	4.2x	3.4x	4.6x	3.2x	3.8x	5.4x	3.3x	3.6x	3.7x
LTM EBITDA / Interest	5.8x	4.3x	6.6x	5.0x	4.1x	6.2x	6.1x	6.7x	4.9x	3.3x	5.9x	5.2x	5.5x
Total Debt / Capitalization	35%	51%	49%	58%	50%	62%	57%	42%	75%	65%	71%	64%	58%
<b>Operating Results</b>													Total
Total debt at 3Q23	\$3,236	\$54,743	\$27,768	\$51,123	\$30,993	\$21,290	\$21,950	\$9,153	\$12,920	\$44,535	\$7,262	\$25,669	\$310,642
Total debt at YE22	3,233	58,450	27,147	51,288	31,673	20,929	13,621	9,592	11,536	40,063	6,785	22,904	297,221
Change in total debt	3	(3,707)	621	(165)	(680)	362	8,329	(439)	1,384	4,471	477	2,765	13,420
Shareholders' equity at 3Q23	5,971	52,784	29,370	37,520	31,581	12,831	16,299	12,403	4,378	23,656	2,978	14,308	244,078
Shareholders' equity at YE22	5,702	48,071	28,850	37,634	32,114	13,030	6,494	12,179	4,982	24,249	3,120	14,010	230,434
Change in shareholders' equity	269	4,713	520	(114)	(533)	(199)	9,805	224	(604)	(593)	(142)	298	13,644
Cash at 3Q23	265	1,921	314	514	80	960	284	260	140	1,425	484	2,074	8,720
Cash at YE22	216	635	76	257	745	238	220	401	219	457	286	152	3,903
Change in cash	49	1,286	238	257	(665)	722	64	(141)	(80)	967	198	1,922	4,818
EBITDA (LTM)	917	11,806	9,088	12,727	7,342	5,971	4,761	2,752	3,406	7,979	2,035	6,484	75,268
Interest (LTM)	159	2,716	1,367	2,565	1,771	966	775	408	693	2,437	346	1,249	15,451
<b>Distribution</b>													Median
LTM Distribution Coverage	N.A.	N.A.	1.8x	1.7x	N.A.	1.5x	N.A.	2.6x	N.A.	N.A.	N.A.	N.A.	1.7x
Market cap	N.A.	70,994	56,990	44,925	37,609	35,543	38,518	10,823	19,236	36,580	10,718	43,040	
Enterprise value	N.A.	123,816	84,444	95,533	68,522	55,873	60,184	19,716	32,017	79,690	17,495	66,635	
Enterprise value / EBITDA	N.A.	10.5x	9.3x	7.5x	9.3x	9.4x	12.6x	7.2x	9.4x	10.0x	8.6x	10.3x	9.4x
Quarterly dividend/distribution per share/unit	N.A.	\$0.89	\$0.50	\$0.31	\$0.28	\$0.85	\$0.96	\$0.27	\$0.50	\$0.93	\$0.58	\$0.45	
Share/unit price	N.A.	\$33.40	\$26.24	\$13.36	\$16.92	\$35.50	\$66.12	\$15.44	\$86.27	\$36.58	\$28.24	\$35.38	
Dividend/distribution yield	N.A.	8.0%	7.6%	9.4%	6.7%	9.6%	5.8%	6.9%	2.3%	7.7%	8.1%	5.1%	7.6%
<b>Business Mix</b>													
Pipelines	100%	80%	59%	67%	78%	68%	11%	N.A.	43%	89%	N.A.	N.A.	
Terminals & Storage					13%			N.A.					
Gathering & Processing			15%	19%		32%	25%	N.A.	57%		N.A.	N.A.	
Fractionation			9%				64%				N.A.	N.A.	
Oil & Gas					8%							N.A.	
Marketing								N.A.				N.A.	
Propane													
Utility		12%											
Other		8%	17%	14%						11%	N.A.	N.A.	

**Source:** Company/Partnership Filings, Credit Rating Agencies, BofA Global Research

Note: Market cap, enterprise value, EV/EBITDA, unit price, and distribution yield are as of 11/16/23

Note: ENBCN, EPD, ET, MPLX, PAA, and TRPCN total debt and shareholders equity is adjusted for equity content of hybrids and/or 50% rating agencies' treatment of the equity credit for the Preferred Units; ENBCN and TRPCN converted to USD

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**Exhibit 27: Summary Financial Statistics – Third Quarter 2023**

Financial Statistics for Refining companies as of 3Q23

**High Grade Refining Companies**

Credit Ratings	DINO*	MPC*	PSX*	VLO*	
Moody's	Baa3	Baa2	A3	Baa2	
S&P	BBB-	BBB	BBB+	BBB	
Fitch	BBB-	BBB	N.R.	BBB	
Credit Outlook					
Moody's	Stable	Stable	Stable	Stable	
S&P	Stable	Stable	Stable	Stable	
Fitch	Stable	Stable	N.R.	Stable	
Credit Metrics					Median
Debt / LTM EBITDA	0.8x	1.4x	1.7x	0.7x	1.1x
Net Debt / LTM EBITDA	0.2x	0.7x	1.4x	0.3x	0.5x
LTM EBITDA / Interest	19.2x	29.0x	13.3x	28.5x	23.9x
Total Debt / Capitalization	23%	46%	38%	29%	33%
Operating Results					Total
Total debt at 3Q23	\$3,169	\$27,282	\$19,444	\$11,441	\$61,336
Total debt at YE22	3,255	26,700	17,190	11,635	58,780
Change in total debt	(86)	582	2,254	(194)	2,556
Shareholders' equity at 3Q23	10,615	31,828	31,989	28,057	102,489
Shareholders' equity at YE22	10,018	34,119	34,106	25,468	103,711
Change in shareholders' equity	598	(2,291)	(2,117)	2,589	(1,221)
Cash at 3Q23	2,215	13,056	3,539	5,831	24,641
Cash at YE22	1,665	11,770	6,133	4,862	24,430
Change in cash	550	1,286	(2,594)	969	217
EBITDA (LTM)	3,897	19,408	11,623	17,358	52,286
Interest (LTM)	203	670	872	608	2,353
Throughput Capacity by Region**					
PADD I	-	-	258	-	-
PADD II	269	960	390	285	-
PADD III	376	1,322	604	2,055	-
PADD IV	-	66	66	-	-
PADD V	-	550	364	305	-
International	-	-	279	505	-
Total	645	2,898	1,961	3,150	-
Business Mix					
Refining	72%	72%	52%	98%	-
Retail	20%	-	26%	-	-
Pipelines	8%	29%	8%	-	-
Chemicals	-	-	18%	-	-
Ethanol	-	-	(3%)	2%	-

**Source:** Company/Partnership Filings, Credit Rating Agencies, BofA Global Research

\*BofA does not have coverage on this name

\*\*DINO's PADD III throughput consists of Puget Sound (PADD V), Navajo (PADD III) and Wood Cross (PADD IV) refineries

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**Exhibit 28: Oil Field Service Companies – Summary Financials – Third Quarter 2023**

Financial Statistics for Service companies as of 3Q23

**High Grade Oil Field Service Companies**

Credit Ratings	BKR*	HAL*	HP*	NOV*	SLB*	
Moody's	A3	A3	Baa1	Baa2	A2	
S&P	A-	BBB+	BBB+	BBB	A	
Credit Outlook						
Moody's	Stable	Stable	Stable	Stable	Pos	
S&P	Stable	Stable	Stable	Stable	Stable	
Credit Metrics						Median
Debt / EBITDA (LTM)	1.8x	1.6x	0.6x	1.7x	1.7x	1.7x
Net Debt / EBITDA (LTM)	1.0x	1.2x	0.3x	1.2x	1.3x	1.2x
EBITDA / Interest (LTM)	15.5x	14.7x	53.0x	15.4x	15.2x	15.4x
Debt / Capitalization	30%	46%	16%	24%	40%	30%
Operating Results						Total
Total debt at 3Q23	\$6,659	\$7,783	\$545	\$1,729	\$13,145	\$29,861
Total debt at YE22	6,657	7,928	543	1,730	12,226	29,084
Change in total debt	2	(145)	3	(1)	919	778
Cash at 3Q23	3,201	2,036	257	513	3,735	9,742
Cash at YE22	2,488	2,346	232	1,069	2,894	9,029
Change in cash	713	(310)	25	(556)	841	713
EBITDA (LTM)	3,618	4,979	916	1,002	7,521	18,036
Interest (LTM)	234	338	17	65	494	1,148
Revenue by Region						
North America	N/A	47%	92%	40%	20%	
Europe / Africa / Russia	N/A	12%	0%	8%	25%	
Middle East / Asia	N/A	24%	2%	16%	34%	
Latin America / Other	N/A	17%	7%	37%	20%	

**Source:** Company/Partnership Filings, Credit Rating Agencies, BofA Global Research

\*BofA does not have coverage on this name

Note: HP results for 4Q23 and YE23

BofA GLOBAL RESEARCH

## Valuation & risk

### Coterra Energy Inc (CTRA)

Formed from the merger between Cabot Oil & Gas (COG) and Cimarex Energy (XEC), Coterra Energy (CTRA) is an independent oil and gas exploration company with operations in the Permian, Marcellus and Mid-Continent basins.

Historically we viewed CTRA as a safe name in IG energy given its conservative management team. However, we have turned more negative, lately, due to lower natural gas prices YTD and an inability to replace reserves in 2022. The latter is concerning given that it implies CTRA is running out of inventory, which could lead to more M&A going forward. As a result, given a weaker fundamental story YTD and the potential for M&A, we think CTRA's spreads are biased wider and provide an UW rec. Our outlook is further underpinned by the company's small amount of debt outstanding, illiquidity across its notes, and spread premium to other natural gas focused peers.

Risks: volatility in oil, natural gas, and NGL prices, successful integration of the merged companies, changes in its capex program that either stress or relieve cash flow estimates, debt-funded acquisitions, and shareholder friendly activities that strain cash flows such as share repurchases and dividend increases.

### Devon Energy Corp (DVN)

Devon Energy Corp (DVN) is an independent oil and gas exploration and production company. DVN's production is split between oil, NGLs, and natural gas, with current operations in the Barnett Shale, Delaware Basin, Eagle Ford, the Rockies and the STACK.

We view DVN as one of the higher quality E&P names given its increased size and scale (following recent acquisitions) and strong balance sheet. Compared to peers, we think DVN's spreads should remain wide of other high-quality producers given the potential for M&A and illiquidity in its outstanding notes. We therefore view current spreads as fair and provide a MW rec on the name.

Risks: changes to debt reduction plans, changes in oil, natural gas, and NGL prices, changes to its capex program that affect FCF, debt-funded acquisitions, and further shareholder friendly activities such as share repurchases and dividend increases.

### Magellan Midstream (OKE)

ONEOK, Inc. (OKE) is one of the largest natural gas midstream companies in the U.S., owning a 38,000-mile integrated network of NGL and natural gas pipelines, processing plants, fractionators, and storage facilities.

Pro forma (PF) for the acquisition of Magellan Midstream, we have a more favorable view of OKE's asset base given commercial synergies, improved asset diversity, and exposure to Gulf Coast export facilities. In addition, OKE reached 3.5x net leverage at YE23, essentially completing its de-leveraging actions (post Magellan acquisition) and well ahead of scheduled (initially expected to reach this in 2026). Compared to peers, we view OKE's flattish trading levels to larger IG Midstream operators as fair given OKE's relatively lower leverage, partly offset by its more volumetric exposed earnings stream. This leads us to provide a MW rec on OKE.

Risks to our rec: new project execution risk, changing commodity prices decreasing / increasing drilling activity, spills / other operational disruptions, event risk in the form of M&A, changes in its lev targets, regulatory delays, and the new-issue overhang of the entire MLP space.

**ONEOK, Inc. (OKE)**

ONEOK, Inc. (OKE) is one of the largest natural gas midstream companies in the U.S., owning a 38,000-mile integrated network of NGL and natural gas pipelines, processing plants, fractionators, and storage facilities.

Pro forma (PF) for the acquisition of Magellan Midstream, we have a more favorable view of OKE's asset base given commercial synergies, improved asset diversity, and exposure to Gulf Coast export facilities. In addition, OKE reached 3.5x net leverage at YE23, essentially completing its de-leveraging actions (post Magellan acquisition) and well ahead of scheduled (initially expected to reach this in 2026). Compared to peers, we view OKE's flattish trading levels to larger IG Midstream operators as fair given OKE's relatively lower leverage, partly offset by its more volumetric exposed earnings stream. This leads us to provide a MW rec on OKE.

Risks to our rec: new project execution risk, changing commodity prices decreasing / increasing drilling activity, spills / other operational disruptions, event risk in the form of M&A, changes in its lev targets, regulatory delays, and the new-issue overhang of the entire MLP space.

**ONEOK Partners LP (OKE)**

ONEOK, Inc. (OKE) is one of the largest natural gas midstream companies in the U.S., owning a 38,000-mile integrated network of NGL and natural gas pipelines, processing plants, fractionators, and storage facilities.

Pro forma (PF) for the acquisition of Magellan Midstream, we have a more favorable view of OKE's asset base given commercial synergies, improved asset diversity, and exposure to Gulf Coast export facilities. In addition, OKE reached 3.5x net leverage at YE23, essentially completing its de-leveraging actions (post Magellan acquisition) and well ahead of scheduled (initially expected to reach this in 2026). Compared to peers, we view OKE's flattish trading levels to larger IG Midstream operators as fair given OKE's relatively lower leverage, partly offset by its more volumetric exposed earnings stream. This leads us to provide a MW rec on OKE.

Risks to our rec: new project execution risk, changing commodity prices decreasing / increasing drilling activity, spills / other operational disruptions, event risk in the form of M&A, changes in its lev targets, regulatory delays, and the new-issue overhang of the entire MLP space.

**Analyst Certification**

I, Daniel Lungo, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

**Security/Loan pricing****Coterra Energy Inc / CTRA**

	Amt		Ratings			Yield	Spread
Security		Maturity date	Moody's/S&P/Fitch	Price	Price date	(%)	(bps)
3.9, Senior, USD, 2027:B	687	15-MAY-2027	Baa2/BBB/BBB	96.58	20-Dec-2023	5.00	113
4.375, Senior, USD, 2029:B	433	15-MAR-2029	Baa2/BBB/BBB	96.86	20-Dec-2023	5.06	118

For pricing information refer to "Other Important Disclosures" below.

B=Bond; L=Loan; CS=Capital Security (Not including Equity Preferred); CDS=Credit Default Swap; EP=Equity Preferred



## Devon Energy Corporation / DVN

	Amt		Ratings			Yield	Spread
Security		Maturity date	Moody's/S&P/Fitch	Price	Price date	(%)	(bps)
5, Senior, USD, 2045:B	750	15-JUN-2045	Baa2/BBB/BBB+	86.54	29-Feb-2024	6.14	159
5.85, Senior, USD, 2025:B	485	15-DEC-2025	Baa2/BBB/BBB+	100.58	29-Feb-2024	5.45	65

For pricing information refer to "Other Important Disclosures" below.

B=Bond; L=Loan; CS=Capital Security (Not including Equity Preferred); CDS=Credit Default Swap; EP=Equity Preferred

## Magellan Midstream Partners LP / OKE

	Amt		Ratings			Yield	Spread
Security		Maturity date	Moody's/S&P/Fitch	Price	Price date	(%)	(bps)
6.4, Senior, USD, 2037:B	250	01-MAY-2037	NR/NR/NR	101.14	29-Feb-2024	6.27	194
3.2, Senior, USD, 2025:B	250	15-MAR-2025	NR/NR/NR	97.49	29-Feb-2024	5.72	70
4.2, Senior, USD, 2045:B	250	15-MAR-2045	NR/NR/NR	73.98	29-Feb-2024	6.48	194
5, Senior, USD, 2026:B	650	01-MAR-2026	Baa2/BBB/NR	99.24	29-Feb-2024	5.41	74
4.25, Senior, USD, 2046:B	500	15-SEP-2046	NR/NR/NR	78.49	29-Feb-2024	6.00	145
3.95, Senior, USD, 2050:B	800	01-MAR-2050	Baa2/BBB/NR	73.28	29-Feb-2024	5.99	150
3.25, Senior, USD, 2030:B	500	01-JUN-2030	NR/NR/NR	89.43	29-Feb-2024	5.26	101

For pricing information refer to "Other Important Disclosures" below.

B=Bond; L=Loan; CS=Capital Security (Not including Equity Preferred); CDS=Credit Default Swap; EP=Equity Preferred

## ONEOK, Inc. / OKE

	Amt		Ratings			Yield	Spread
Security		Maturity date	Moody's/S&P/Fitch	Price	Price date	(%)	(bps)
4, Senior, USD, 2027:B	500	13-JUL-2027	Baa2/BBB/BBB	96.41	29-Feb-2024	5.17	75
4.95, Senior, USD, 2047:B	700	13-JUL-2047	Baa2/BBB/BBB	86.29	29-Feb-2024	6.05	151
5.2, Senior, USD, 2048:B	1,000	15-JUL-2048	Baa2/BBB/BBB	90.33	29-Feb-2024	5.96	142
4.45, Senior, USD, 2049:B	673	01-SEP-2049	Baa2/BBB/BBB	79.99	29-Feb-2024	5.99	148
4.5, Senior, USD, 2050:B	443	15-MAR-2050	Baa2/BBB/BBB	80.15	29-Feb-2024	6.02	153
6.1, Senior, USD, 2032:B	750	15-Nov-2032	Baa2/BBB/BBB	103.67	29-Feb-2024	5.55	132
5.55, Senior, USD, 2026:B	750	01-Nov-2026	Baa2/BBB/BBB	100.74	29-Feb-2024	5.23	69
5.65, Senior, USD, 2028:B	750	01-Nov-2028	Baa2/BBB/BBB	101.73	29-Feb-2024	5.22	90
5.8, Senior, USD, 2030:B	500	01-Nov-2030	Baa2/BBB/BBB	102.30	29-Feb-2024	5.38	113
6.05, Senior, USD, 2033:B	1,500	01-Sep-2033	Baa2/BBB/BBB	103.06	29-Feb-2024	5.62	138
6.625, Senior, USD, 2053:B	1,750	01-Sep-2053	Baa2/BBB/BBB	107.46	29-Feb-2024	6.08	171

For pricing information refer to "Other Important Disclosures" below.

B=Bond; L=Loan; CS=Capital Security (Not including Equity Preferred); CDS=Credit Default Swap; EP=Equity Preferred

## ONEOK Partners LP / OKE

	Amt		Ratings			Yield	Spread
Security		Maturity date	Moody's/S&P/Fitch	Price	Price date	(%)	(bps)
6.125, Senior, USD, 2041:B	650	01-FEB-2041	Baa2/BBB/BBB	101.60	29-Feb-2024	5.97	153
6.2, Senior, USD, 2043:B	400	15-SEP-2043	Baa2/BBB/BBB	102.02	29-Feb-2024	6.02	151
4.9, Senior, USD, 2025:B	500	15-MAR-2025	Baa2/BBB/BBB	99.24	29-Feb-2024	5.67	64

For pricing information refer to "Other Important Disclosures" below.

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## Disclosures

## Important Disclosures

## Credit opinion history

## Coterra Energy Inc / CTRA

Company	Date <sup>R1</sup>	Action	Recommendation	
Coterra Energy Inc / CTRA	12-Oct-2021	Initial	Marketweight	
	13-Mar-2023	Downgrade	Underweight	
Security	Date <sup>R1</sup>	Action	Recommendation	Price
3.9, Senior, USD, 2027:B	28-Feb-2023		Marketweight	
	13-Mar-2023	Downgrade	Underweight	94.82
4.375, Senior, USD, 2029:B	28-Feb-2023		Marketweight	
	13-Mar-2023	Downgrade	Underweight	92.70

**Coterra Energy Inc / CTRA**

Company	Date <sup>R1</sup>	Action	Recommendation
Table reflects credit opinion history as of previous business day's close. <sup>R1</sup> First date of recommendation within the last 36 months, if for an issuer or within the last 12 months, if for a security or loan. The investment opinion system is contained at the end of the report under the heading "BofA Global Research Credit Opinion Key."			
Pricing information in the table is provided for each action where available. In the case of bonds, loans, capital securities and equity preferreds, the price shown reflects the nominal cash price for the security; and in the case of CDS, the price shown reflects the spread, on the date of the relevant action.			
B=Bond; L=Loan; CS=Capital Security (Not including Equity Preferred); EP=Equity Preferred; CDS=Credit Default Swap			

**Devon Energy Corporation / DVN**

Company	Date <sup>R2</sup>	Action	Recommendation	Price
Devon Energy Corporation / DVN	28-Feb-2021		Marketweight	
	10-May-2021	Restricted	NA	
	10-Jun-2021	Coverage Resumed	Marketweight	
	18-Aug-2021	Upgrade	Overweight	
	17-Mar-2022	Downgrade	Marketweight	
	08-Dec-2022	Upgrade	Overweight	
	23-May-2023	Downgrade	Marketweight	
Security	Date <sup>R2</sup>	Action	Recommendation	Price
5, Senior, USD, 2045:B	28-Feb-2023		Overweight	
	23-May-2023	Downgrade	Marketweight	84.24
5.85, Senior, USD, 2025:B	28-Feb-2023		Overweight	
	23-May-2023	Downgrade	Marketweight	101.38

Table reflects credit opinion history as of previous business day's close.<sup>R2</sup> First date of recommendation within the last 36 months, if for an issuer or within the last 12 months, if for a security or loan. The investment opinion system is contained at the end of the report under the heading "BofA Global Research Credit Opinion Key."

Pricing information in the table is provided for each action where available. In the case of bonds, loans, capital securities and equity preferreds, the price shown reflects the nominal cash price for the security; and in the case of CDS, the price shown reflects the spread, on the date of the relevant action.

B=Bond; L=Loan; CS=Capital Security (Not including Equity Preferred); EP=Equity Preferred; CDS=Credit Default Swap

**Magellan Midstream Partners LP / OKE**

Company	Date <sup>R3</sup>	Action	Recommendation	Price
Magellan Midstream Partners LP / OKE	28-Feb-2021		Marketweight	
	23-May-2022	Downgrade	Underweight	
	14-May-2023	Restricted	NA	
	27-Sep-2023	Coverage Resumed	Underweight	
Security	Date <sup>R3</sup>	Action	Recommendation	Price
6.4, Senior, USD, 2037:B	28-Feb-2023		Underweight	
	14-May-2023	Restricted	NA	NA
	27-Sep-2023	Coverage Resumed	Underweight	94.32
3.2, Senior, USD, 2025:B	28-Feb-2023		Underweight	
	14-May-2023	Restricted	NA	NA
	27-Sep-2023	Coverage Resumed	Underweight	95.64
4.2, Senior, USD, 2045:B	28-Feb-2023		Underweight	
	14-May-2023	Restricted	NA	NA
	27-Sep-2023	Coverage Resumed	Underweight	67.55
5, Senior, USD, 2026:B	28-Feb-2023		Underweight	
	14-May-2023	Restricted	NA	NA
	27-Sep-2023	Coverage Resumed	Underweight	98.11
4.25, Senior, USD, 2046:B	28-Feb-2023		Underweight	
	14-May-2023	Restricted	NA	NA
	27-Sep-2023	Coverage Resumed	Underweight	71.31
3.95, Senior, USD, 2050:B	28-Feb-2023		Underweight	
	14-May-2023	Restricted	NA	NA
	27-Sep-2023	Coverage Resumed	Underweight	67.14
3.25, Senior, USD, 2030:B	28-Feb-2023		Underweight	
	14-May-2023	Restricted	NA	NA
	27-Sep-2023	Coverage Resumed	Underweight	85.27

Table reflects credit opinion history as of previous business day's close.<sup>R3</sup> First date of recommendation within the last 36 months, if for an issuer or within the last 12 months, if for a security or loan. The investment opinion system is contained at the end of the report under the heading "BofA Global Research Credit Opinion Key."

Pricing information in the table is provided for each action where available. In the case of bonds, loans, capital securities and equity preferreds, the price shown reflects the nominal cash price for the security; and in the case of CDS, the price shown reflects the spread, on the date of the relevant action.

B=Bond; L=Loan; CS=Capital Security (Not including Equity Preferred); EP=Equity Preferred; CDS=Credit Default Swap

**ONEOK, Inc. / OKE**

Company	Date <sup>R4</sup>	Action	Recommendation
ONEOK, Inc. / OKE	28-Feb-2021		Marketweight



**ONEOK, Inc. / OKE**

<b>Company</b>	<b>Date<sup>R4</sup></b>	<b>Action</b>	<b>Recommendation</b>	
	14-Dec-2021	Upgrade	Overweight	
	23-May-2022	Downgrade	Marketweight	
	13-Mar-2023	Upgrade	Overweight	
	14-May-2023	Restricted	NA	
	17-May-2023	Coverage Resumed	Marketweight	
	22-Sep-2023	Downgrade	Underweight	
<b>Security</b>	<b>Date<sup>R4</sup></b>	<b>Action</b>	<b>Recommendation</b>	<b>Price</b>
4, Senior, USD, 2027:B	28-Feb-2023		Marketweight	
	13-Mar-2023	Upgrade	Overweight	93.82
	14-May-2023	Restricted	NA	NA
	17-May-2023	Coverage Resumed	Marketweight	95.73
	22-Sep-2023	Downgrade	Underweight	93.49
4.95, Senior, USD, 2047:B	28-Feb-2023		Marketweight	
	13-Mar-2023	Upgrade	Overweight	82.30
	14-May-2023	Restricted	NA	NA
	17-May-2023	Coverage Resumed	Marketweight	80.43
	22-Sep-2023	Downgrade	Underweight	79.78
5.2, Senior, USD, 2048:B	28-Feb-2023		Marketweight	
	13-Mar-2023	Upgrade	Overweight	84.91
	14-May-2023	Restricted	NA	NA
	17-May-2023	Coverage Resumed	Marketweight	83.97
	22-Sep-2023	Downgrade	Underweight	82.57
4.45, Senior, USD, 2049:B	28-Feb-2023		Marketweight	
	13-Mar-2023	Upgrade	Overweight	75.70
	14-May-2023	Restricted	NA	NA
	17-May-2023	Coverage Resumed	Marketweight	74.73
	22-Sep-2023	Downgrade	Underweight	72.92
4.5, Senior, USD, 2050:B	28-Feb-2023		Marketweight	
	13-Mar-2023	Upgrade	Overweight	76.22
	14-May-2023	Restricted	NA	NA
	17-May-2023	Coverage Resumed	Marketweight	74.12
	22-Sep-2023	Downgrade	Underweight	72.79
6.1, Senior, USD, 2032:B	28-Feb-2023		Marketweight	
	13-Mar-2023	Upgrade	Overweight	100.22
	14-May-2023	Restricted	NA	NA
	17-May-2023	Coverage Resumed	Marketweight	102.55
	22-Sep-2023	Downgrade	Underweight	99.34
5.55, Senior, USD, 2026:B	24-Aug-2023	New Issue	Marketweight	99.87
	22-Sep-2023	Downgrade	Underweight	99.30
5.65, Senior, USD, 2028:B	24-Aug-2023	New Issue	Marketweight	99.83
	22-Sep-2023	Downgrade	Underweight	98.88
5.8, Senior, USD, 2030:B	24-Aug-2023	New Issue	Marketweight	84.69
	22-Sep-2023	Downgrade	Underweight	98.18
6.05, Senior, USD, 2033:B	24-Aug-2023	New Issue	Marketweight	99.83
	22-Sep-2023	Downgrade	Underweight	98.89
6.625, Senior, USD, 2053:B	24-Aug-2023	New Issue	Marketweight	98.96
	22-Sep-2023	Downgrade	Underweight	99.21

Table reflects credit opinion history as of previous business day's close.<sup>R4</sup>First date of recommendation within the last 36 months, if for an issuer or within the last 12 months, if for a security or loan. The investment opinion system is contained at the end of the report under the heading "BofA Global Research Credit Opinion Key."

Pricing information in the table is provided for each action where available. In the case of bonds, loans, capital securities and equity preferreds, the price shown reflects the nominal cash price for the security; and in the case of CDS, the price shown reflects the spread, on the date of the relevant action.

B=Bond; L=Loan; CS=Capital Security (Not including Equity Preferred); EP=Equity Preferred; CDS=Credit Default Swap

**ONEOK Partners LP / OKE**

<b>Company</b>	<b>Date<sup>R5</sup></b>	<b>Action</b>	<b>Recommendation</b>	
ONEOK Partners LP / OKE	28-Feb-2021		Marketweight	
	14-Dec-2021	Upgrade	Overweight	
	23-May-2022	Downgrade	Marketweight	
	13-Mar-2023	Upgrade	Overweight	
	14-May-2023	Restricted	NA	
	22-May-2023	Coverage Resumed	Marketweight	
	22-Sep-2023	Downgrade	Underweight	
<b>Security</b>	<b>Date<sup>R5</sup></b>	<b>Action</b>	<b>Recommendation</b>	<b>Price</b>
6.125, Senior, USD, 2041:B	28-Feb-2023		Marketweight	
	13-Mar-2023	Upgrade	Overweight	96.48



**ONEOK Partners LP / OKE**

Company	Date <sup>R5</sup>	Action	Recommendation	
6.2, Senior, USD, 2043:B	14-May-2023	Restricted	NA	NA
	22-May-2023	Coverage Resumed	Marketweight	
	17-May-2023		Marketweight	95.75
	22-Sep-2023	Downgrade	Underweight	93.65
	28-Feb-2023		Marketweight	
	13-Mar-2023	Upgrade	Overweight	96.22
	14-May-2023	Restricted	NA	NA
	22-May-2023	Coverage Resumed	Marketweight	
	17-May-2023		Marketweight	94.52
	22-Sep-2023	Downgrade	Underweight	94.44
4.9, Senior, USD, 2025:B	28-Feb-2023		Marketweight	
	13-Mar-2023	Upgrade	Overweight	98.40
	14-May-2023	Restricted	NA	NA
	22-May-2023	Coverage Resumed	Marketweight	
	17-May-2023		Marketweight	98.78
	22-Sep-2023	Downgrade	Underweight	98.12

Table reflects credit opinion history as of previous business day's close.<sup>R5</sup>First date of recommendation within the last 36 months, if for an issuer or within the last 12 months, if for a security or loan. The investment opinion system is contained at the end of the report under the heading "BofA Global Research Credit Opinion Key."

Pricing information in the table is provided for each action where available. In the case of bonds, loans, capital securities and equity preferreds, the price shown reflects the nominal cash price for the security; and in the case of CDS, the price shown reflects the spread, on the date of the relevant action.

B=Bond; L=Loan; CS=Capital Security (Not including Equity Preferred); EP=Equity Preferred; CDS=Credit Default Swap

**BofA Global Research Credit Opinion Key**

BofA Global Research provides recommendations on an issuer's bonds (including corporate and sovereign external debt securities), loans, capital securities, equity preferreds and CDS as described below. Convertible securities are not rated. An issuer level recommendation may also be provided for an issuer as explained below. BofA Global Research credit recommendations are assigned using a three-month time horizon.

**Issuer Recommendations:** If an issuer credit recommendation is provided, it is applicable to bonds and capital securities of the issuer except bonds and capital securities specifically referenced in the report with a different credit recommendation. Where there is no issuer credit recommendation, only individual bonds and capital securities with specific recommendations are covered. Loans, CDS and equity preferreds are rated separately and issuer recommendations do not apply to them.

BofA Global Research credit recommendations are assigned using a three-month time horizon:

**Overweight:** Spreads and /or excess returns are likely to outperform the relevant and comparable market over the next three months.

**Marketweight:** Spreads and/or excess returns are likely to perform in-line with the relevant and comparable market over the next three months.

**Underweight:** Spreads and/or excess returns are likely to underperform the relevant and comparable market over the next three months.

BofA Global Research uses the following rating system with respect to **Credit Default Swaps (CDS)**:

**Buy Protection:** Buy CDS, therefore going short credit risk.

**Neutral:** No purchase or sale of CDS is recommended.

**Sell Protection:** Sell CDS, therefore going long credit risk.

**Corporate Credit Issuer Investment Rating Distribution: Global Group (as of 31 Dec 2023)**

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R6</sup>	Count	Percent
Buy	144	37.21%	Buy	119	82.64%
Hold	193	49.87%	Hold	163	84.46%
Sell	50	12.92%	Sell	37	74.00%

<sup>R6</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only corporate credit issuer recommendations. A corporate credit issuer rated Overweight is included as a Buy, a corporate credit issuer rated Marketweight is included as a Hold, and a corporate credit issuer rated Underweight is included as a Sell.

Credit Opinion History Tables for the securities referenced in this research report are available on the [Price Charts and Credit Opinion History Tables website](#), or call 1-800-MERRILL to have them mailed.

BofAS or an affiliate was a manager of a public offering of securities of this issuer within the last 12 months: Oneok Inc.

The issuer is or was, within the last 12 months, an investment banking client of BofAS and/or one or more of its affiliates: Coterra Energy Inc, Devon Energy, Oneok Inc., ONEOK Partners.

BofAS or an affiliate has received compensation from the issuer for non-investment banking services or products within the past 12 months: Coterra Energy Inc, Devon Energy, Oneok Inc., ONEOK Partners.

The issuer is or was, within the last 12 months, a non-securities business client of BofAS and/or one or more of its affiliates: Coterra Energy Inc, Devon Energy, Oneok Inc., ONEOK Partners.

BofAS or an affiliate has received compensation for investment banking services from this issuer within the past 12 months: Coterra Energy Inc, Devon Energy, Oneok Inc., ONEOK Partners.

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