EAST DALEY
ANALYTICS

Understanding the Crude Oil Market Amid Tariff-Driven Volatility

A RIG-LEVEL VIEW FOR INVESTORS

Executive Summary

In a market clouded by geopolitical trade tensions and tariff policies, particularly those stemming from the Trump administration, the need for granular, real-time energy intelligence has never been more critical. East Daley Analytics presents a rig-level educational framework for investors to interpret crude oil market shifts. This whitepaper dissects key questions raised in a recent internal session and offers actionable insights into how rig data can be used as a predictive tool across both upstream and midstream assets.

What Are Break-Evens Telling Us?

Market Concern:

How do tariffs and pricing volatility influence break-even thresholds and drilling behavior?

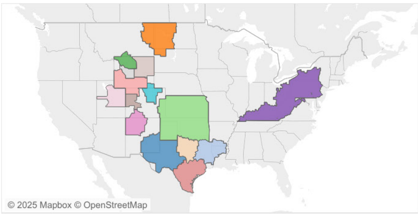
East Daley's Insight:

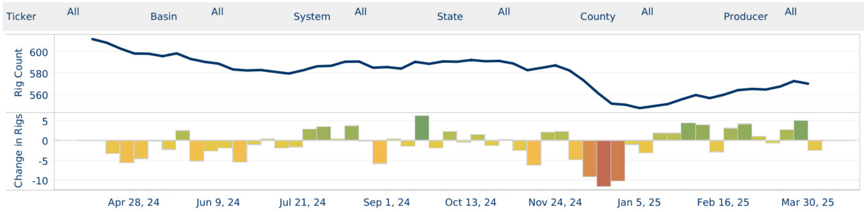
Break-even prices serve as a pressure point for drilling economics. When WTI prices approach or drop below these levels, operators—especially private ones—begin to pull back. Spot rigs, which are not bound by long-term contracts, are typically the first to go. This makes rig count a real-time indicator of economic stress in the oil patch.

Takeaway:

A fall in drilling rigs may precede production declines by 4–5 months, giving investors an early opportunity to de-risk or reallocate capital.

East Daley Product: Rig Activity Tracker





Basin	WoW	MoM	YoY	4/5/25	3/29/25	3/22/25	3/15/25	3/8/25	3/1/25	2/22/25	2/15/25	2/8/25
Grand Total				570.4	572.9	567.7	565.0	565.6	564.4	560.1	557.0	559.9
Denver Julesburg	1.4	0.4	-0.6	10.4	9.0	9.0	9.0	10.0	9.7	10.0	10.0	10.0
Other Rigs	1.0	2.4	4.1	21.4	20.4	18.3	19.6	19.0	17.7	11.9	10.4	12.0
ArkLaTex	1.0	4.6	-3.4	40.1	39.1	39.0	38.1	35.6	34.7	36.0	35.4	36.0
Uinta	0.9	0.9	-1.1	9.9	9.0	9.0	9.0	9.0	9.0	9.4	9.3	10.0

System	Basin	WoW	MoM	YoY	4/5/25	3/29/25	3/22/25	3/15/25	3/8/25	3/1/25	2/22/25	2/15/25	2/8/25
Grand Total					570.4	572.9	567.7	565.0	565.6	564.4	560.1	557.0	559.9
ET - Delaware	Permian	1.9	0.7	-16.6	8.3	6.4	4.9	6.1	7.6	7.9	7.4	8.6	11.3
ENLC - Delaware	Permian	1.9	1.9	-0.7	5.6	3.7	4.0	5.7	3.7	5.0	6.0	7.0	5.6
WES - MiVida/Bone Spri..	Permian	1.7	0.9	0.7	3.0	1.3	1.3	2.4	2.1	1.6	1.7	0.6	1.4
TRGP - Lucid S Carlsbad	Permian	1.7	-2.7	4.4	23.0	21.3	22.0	22.7	25.7	24.7	22.6	19.6	16.4
Private - Canes Midstrea..	Permian	1.1	-0.4	-1.0	4.3	3.1	3.1	4.3	4.7	5.0	5.0	5.4	5.7
Private - Dry	Eagle Ford	1.1	2.6	1.9	4.0	2.9	2.0	1.1	1.4	2.0	2.0	2.0	2.0
Other Rigs	Other Rigs	1.0	2.4	4.1	21.4	20.4	18.3	19.6	19.0	17.7	11.9	10.4	12.0
KMI - Eagle Ford	Eagle Ford	1.0	1.4	0.3	9.6	8.6	8.4	8.7	8.1	8.7	8.1	7.0	9.9
ET - Eagle Ford	Eagle Ford	1.0	3.0	-5.1	12.3	11.3	10.7	10.0	9.3	10.6	10.0	9.7	8.1

What Happens When Rigs Drop Amid WTI Volatility?

Market Concern:

Does rig behavior confirm that price volatility is affecting production planning?

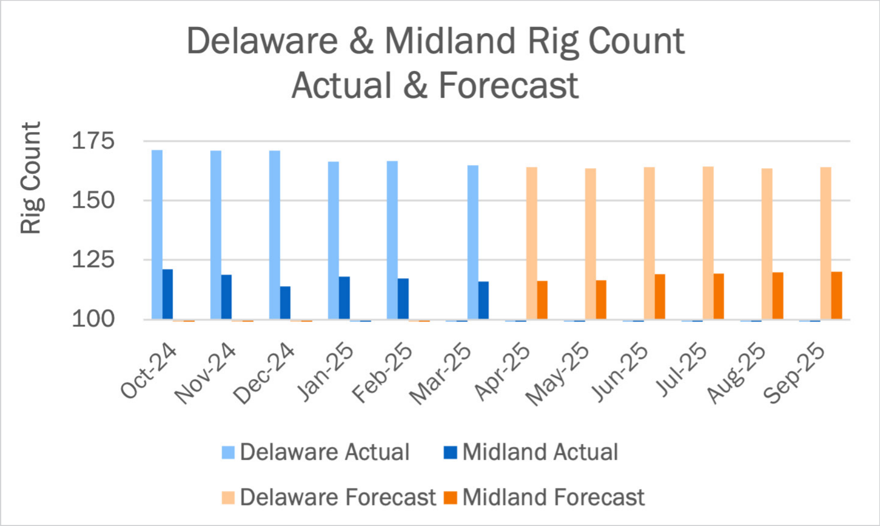
East Daley Insight:

Yes. Spot rigs can respond almost immediately to price fluctuations. A sustained drop in drilling rigs—without rapid recovery—reflects operators' lack of confidence in short-term pricing and signals impending production decline.

Takeaway:

Track weekly rig movement. Consistent pullback in drilling rigs = weaker forward production outlook.

East Daley Product: Crude Oil Permian Supply & Demand



How Do We Distinguish Between Spot and Contracted Rigs?

Market Concern:

How do we differentiate rigs that respond to short-term volatility from those tied to long-term planning?

East Daley Insight:

While rig contracts aren't always public, patterns emerge. Operators without dedicated fleets who pick up and drop rigs frequently are more exposed to price swings. We map these behaviors to identify spot rig patterns.

Takeaway:

Watch smaller, private E&Ps with inconsistent rig activity. They act as market sentiment proxies.

Does Rig Location Matter?

Market Concern:

Do all rig movements carry equal market weight?

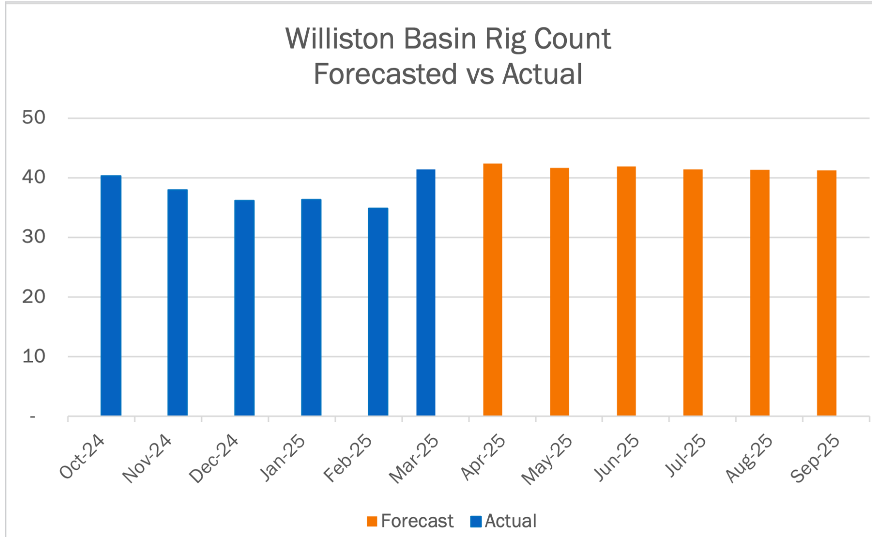
East Daley Insight:

Absolutely not. A rig in the Delaware Basin's Tier 1 acreage, for example, is far more meaningful than one in a fringe location. We track rigs by operator and assign them to midstream systems, giving regional clarity. Rigs deployed outside of top-tier acreage are most sensitive to commodity price fluctuations and would be more likely to be dropped. This results in a high-grading of remaining drill activity.

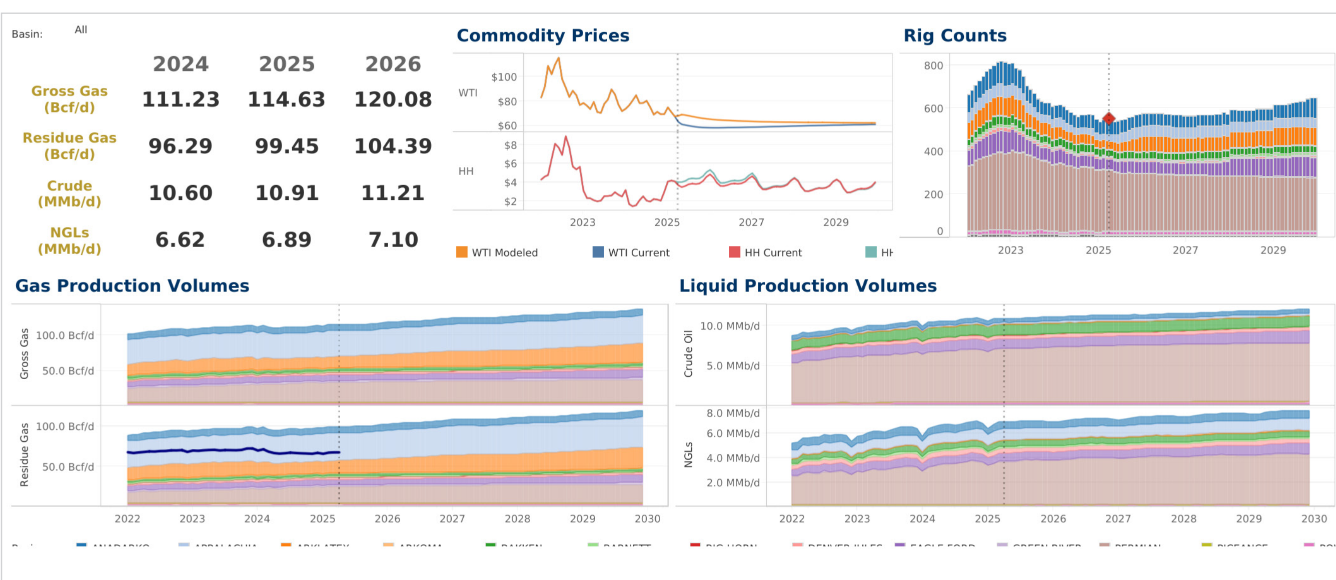
Takeaway:

Focus on premium acreage. Rig declines in high-productivity zones carry heavier market implications.

East Daley Product: Crude Oil Bakken, Guernsey, DJ Supply & Demand



East Daley Product: Macro Production Model



	2024	2025	2026
Gross Gas (Bcf/d)	111.23	114.63	120.08
Residue Gas (Bcf/d)	96.29	99.45	104.39
Crude (MMb/d)	10.60	10.91	11.21
NGLs (MMb/d)	6.62	6.89	7.10

How Should Wall Street Interpret Rig Trends?

Market Concern:

How do we turn rig data into a reliable investment signal?

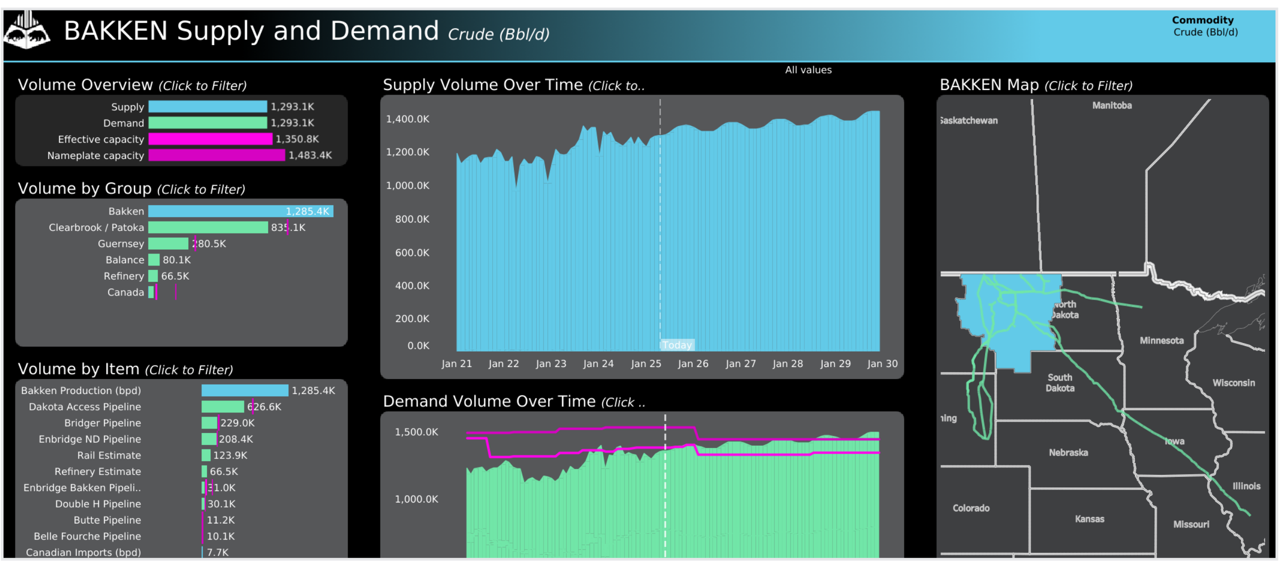
East Daley Insight:

Rigs are leading indicators for production (upstream) and throughput (midstream). Investors can link operator rig behavior to specific infrastructure systems to assess forward financial performance.

Takeaway:

Map rigs to both producers and midstream operators to anticipate earnings and production trends.

East Daley Product: Energy Path - Bakken



How Is Midstream Impacted Differently?

Market Concern:

Do rig changes affect midstream infrastructure immediately?

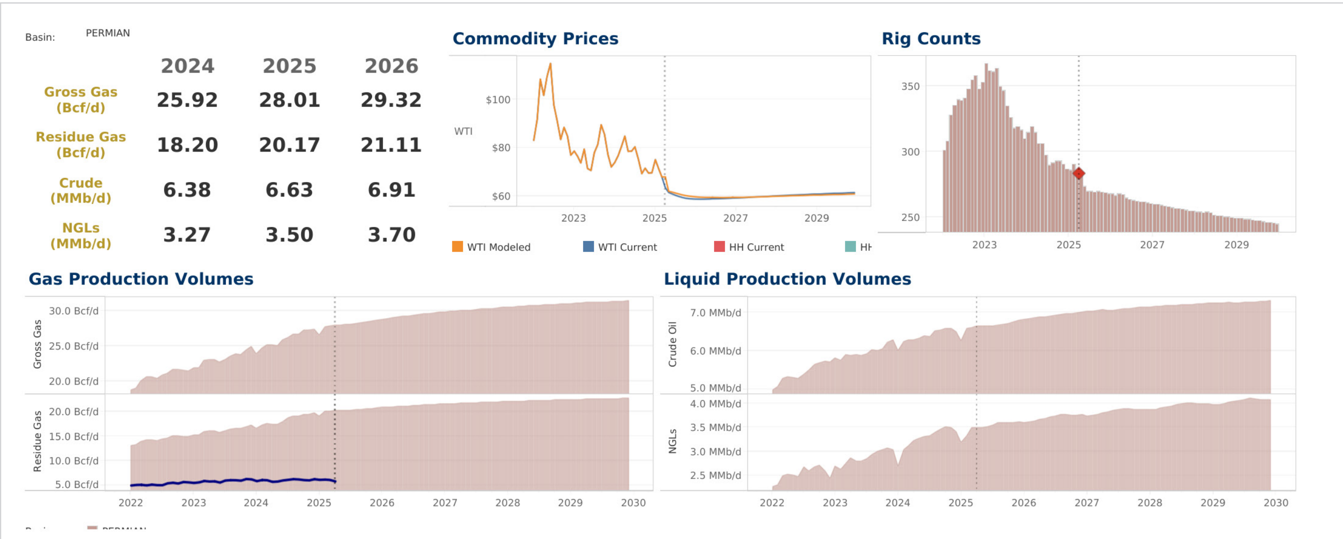
East Daley's Insight:

No—midstream sees a delay. Production cutbacks take months to manifest as lower system volumes. However, with real-time rig-to-system tracking, we can identify the impact window before guidance changes.

Takeaway:

Use rig declines in midstream systems as a leading indicator for underperformance in future quarters.

East Daley Product: Permian Production Model



Can We Forecast Ahead of Guidance?

Market Concern:

Are there tools to predict company performance before earnings calls?

East Daley's Insight:

Most energy firms provide annual or semi-annual updates. We offer weekly rig insights, mapped to systems, that act as real-time feedback loops on operator and midstream health. Weekly Visibility Across Crude, Gas & NGLs

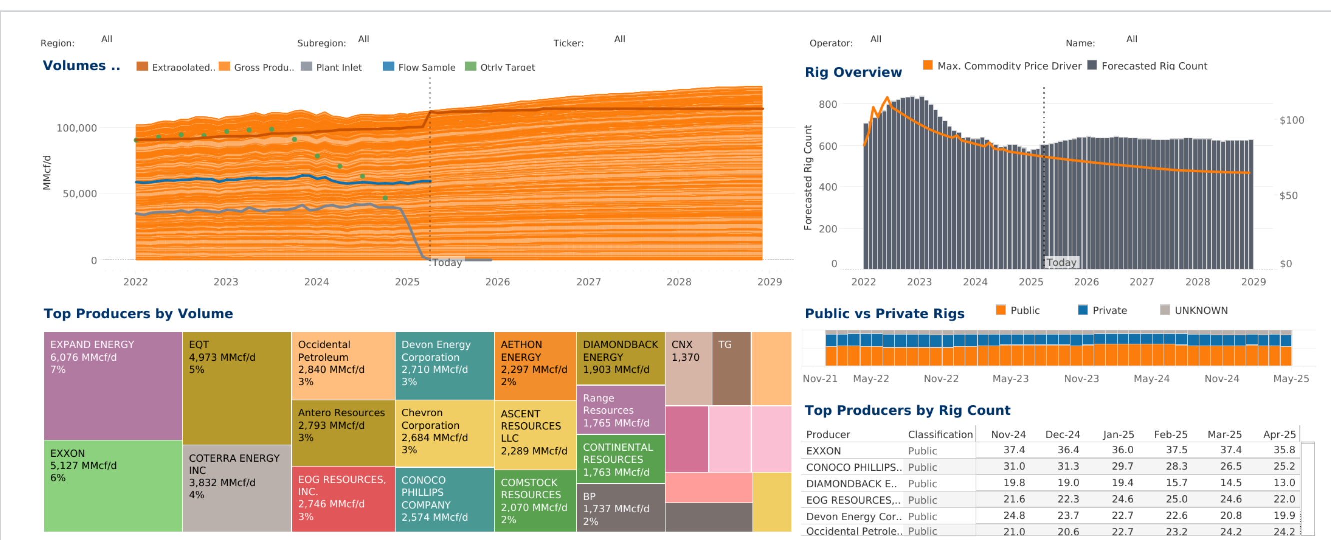
While centered on crude, these insights also serve as early indicators for natural gas and NGL production, especially in oil-heavy basins like the Permian. Shifts in rig activity impact associated gas and liquids supply, affecting flows, margins, and infrastructure utilization.

This cross-commodity view enables clients to anticipate changes across the value chain—from wellhead production to processing and transport—delivering a more dynamic, actionable perspective than traditional reporting cycles.

Takeaway:

Use rig declines in midstream systems as a leading indicator for underperformance in future quarters.

East Daley Product: G&P System Analysis



How Does Marketing Activity Factor In?

Market Concern:

How vulnerable are midstream marketing arms to pricing volatility?

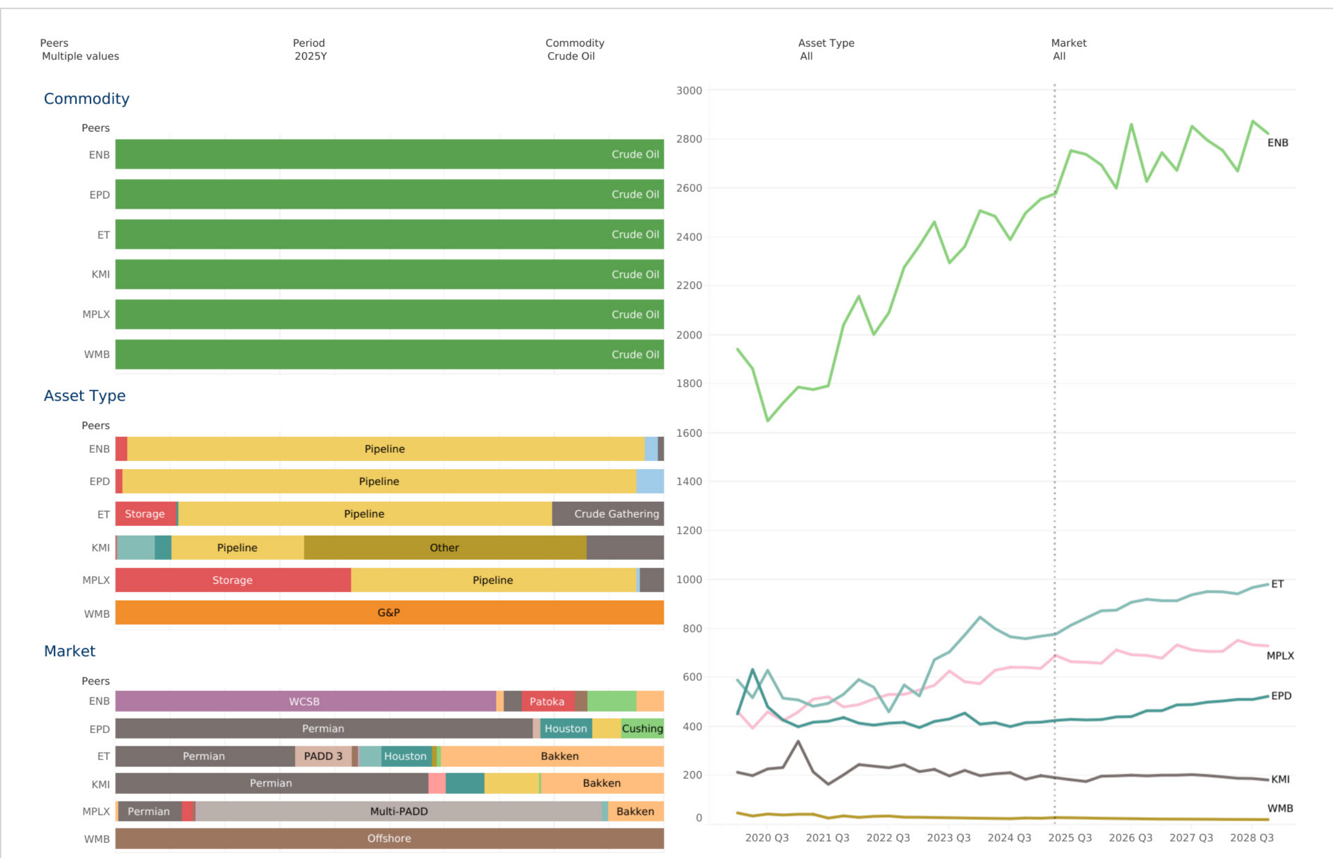
East Daley's Insight:

Marketing arms with Gathering and Processing assets take on price risk, but most hedge heavily—70% to 90% in recent years. While this cushions volatility, prolonged or extreme swings still affect margins. Transmission midstream companies typically rely more heavily on fee-based revenue, with less commodity risk exposure. These companies face longer-term supply risk as producers react with lower activity with a deferred production impact.

Takeaway:

Companies with strong hedging strategies in their marketing divisions offer more resilient cash flows during price instability.

East Daley Product: Peer Comparison Tool



Final Framework: How to Read the Market Like East Daley

MARKET SIGNAL	WHAT IT MEANS	INVESTOR APPLICATION
Spot Rig Decline	Commodity pressure, economic stress	De-risk E&P exposure
Location-Specific Drop	Productivity concerns in Tier 1 acreage	Rebalance midstream equity exposure
Operator Type	Small, nimble firms = leading indicator	Use as proxy for broader market reaction
System-Level Mapping	Early view of G&P system stress	Anticipate throughput and earnings impact
Hedge Coverage	Marketing risk management	Stability in volatile quarters

About East Daley Analytics

East Daley Analytics is a leading provider of energy infrastructure insights. Through asset-level data, rig system mapping, and proprietary modeling, we offer investors unmatched visibility into upstream and midstream market dynamics.

Learn more about East Daley's crude product suite and request a crude product demo here