

Oil & Gas

Resource Report: Monthly Oil & Gas Perspectives

December 2025 Edition

Bottom Line:

WTI fell 1.9% in December, falling to multi-year lows as persistent worries over oversupply and weak global demand weighed on prices. NYMEX prices tumbled 23.9% M/M as the NOAA reduced its cold weather expectation for the U.S. Midwest and Northeast. The U.S. captured Venezuela's President Maduro over the weekend deporting him to face charges in New York. Confusion and uncertainty remain and are likely to be persistent for some time, however we do not expect there will be a significant impact on the oil market for at least 2-3 years. The situation in Venezuela has heightened the case for a pipeline to Canada's West Coast.

Key Points

Natural Gas. NYMEX prices tumbled 23.9% month-over-month with AECO falling 14.3% M/M as the NOAA forecasted less harsh weather than expected for the U.S. Midwest and Northeast.

Crude Oil. Oil prices fell 1.9% in December as investors worried over a possible growing supply glut and the prospect for a Russia:Ukraine settlement loomed large.

Equities. Oil and gas equities followed the commodity throughout the month, with the TSX E&P Index down 1.2% while the S&P 500 E&P Index fell 0.7%.

Venezuela's President Maduro captured over the weekend by the U.S. Competitive lifting costs for Venezuela's crude likely to impact the PADD 3 market competitiveness of Canadian producers once production ramps in Venezuela. We don't expect an immediate impact on the oil market from the capture of Maduro and President Trump's pledge to "run the country." We believe that the possibility of sharply increasing crude volumes from Venezuela highlights the urgency of developing an additional crude oil pipeline to Canada's West Coast.



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Inside This Issue

1. Oil and Guns: The U.S. Captures Venezuela's President Maduro

Commodity Currents

WTI prices fell 1.9% in December, falling to multi-year lows as persistent oversupply worries and weak global demand weighed on prices. Crude oil prices were under pressure all month as concerns about growing supply and the associated “super glut” continues to weigh on the market. The strong possibility that a Russia-Ukraine peace deal may occur has also pressured crude oil prices.

NYMEX natural gas prices tumbled 23.9% month-over-month with AECO falling 14.3% M/M as the National Oceanic and Atmospheric Administration (NOAA) reduced the cold weather expectations in the U.S. Northeast and Midwest.

Oil Outlook. The oil market is expecting an anticipated wave of supply through Q1/26. While we expect possible weakness in the near term we believe OPECs dwindling spare capacity will increasingly become a focus for the market. We we would expect prices to increase over the balance of 2026.

Natural Gas Conundrum? The consensus view is that ramping North American LNG export capacity will link weaker natural gas markets strong international markets resulting in NYMEX/AECO price accretion. However European natural gas prices (TTF) which for most of 2025 averaged about US\$12/MMbtu (Henry Hub US\$6/MMbtu) have weakened recently over worries that a global LNG glut could develop over the next 2-3 years. With TTF averaging about US\$9/MMbtu in 2026 and 2027 this would imply Henry Hub prices of US\$3.50/MMbtu.

Equity Impact

The TSX E&P Index was down 1.2% in December while the S&P 500 E&P Index was down 0.7% over the month. North American producers were generally weaker month over month with Canadian E&Ps seeing generally larger underperformance. Among large cap equities COP, ARX and XOM saw the largest gains while IMO gave up some of its impressive 2025 gains in December.

Making News

Oil and Guns: The U.S. Captures Venezuela’s President Maduro deporting him to face charges in the U.S. One of President Trump’s stated goals is to allow U.S. companies to takeover Venezuela’s oil infrastructure and grow production to help compensate U.S. producers for expropriations experienced under Hugo Chavez’s regime.

Uncertainty abounds. Despite the capture of Maduro the Venezuelan government remains in place at least for now with Maduro-loyalist and former Vice President Delcy Rodriguez as the de-factor leader of the country. Ms. Rodriguez must meet various conditions set by the U.S. or face the possibility of a future attack on her country. This uncertainty coupled with energy infrastructure challenges that aren’t yet know suggest that any impact on the oil market prices are likely two-to-three years from now.

We believe that well workovers could restore production to mid-2010s levels. Better asset management and quick workovers could return production to approximately 2 million barrels per day in a couple of years but sustaining and growing production beyond that level will take

significant investment and time. In 2025, Venezuelan production averaged roughly 900,000 b/d but that has fallen to 500,000 b/d in 2025 as the U.S. enforced a tanker blockade and tightened sanctions. The softer demand environment and with major capital budgets already set, external investment in Venezuela is realistically delayed until 2027 at the earliest.

Greater pipeline capacity to Canada's West Coast needed. Venezuela has the world's largest proved oil reserves with the majority being heavy crude oil with similar characteristics to that of the Canadian oil sands. Canada is currently the largest exporter of crude oil into the U.S. with supply averaging 3.8 million b/d in 2025. Venezuelan crude exports to the U.S. have fallen from a peak of 1.2 million b/d to 140,000 b/d in 2025. Most Canadian crude is delivered to the U.S. Midwest (PADD 2). Should Venezuelan production return, it would most likely be delivered to the U.S. Gulf coast (PADD 3) for refining displacing around 400,000 b/d and growing of Canadian crude. Unlike oil from Canada's oil sands, Venezuelan heavy oil reservoirs have temperatures of around 130 degrees Fahrenheit which negates the need for steam injection and results in low lifting costs of US \$3.50-5.00/bbl making them extremely competitive barrels.

This represents a potential negative for Canadian producers who have gained market share into PADD 3 as Venezuelan production has declined from chronic underinvestment and sanctions while Mexican production has peaked. We believe that an additional pipeline to Canada's West Coast has become even more imperative given the unfolding situation in Venezuela.

Commodity Performance

Exhibit 1: Commodities Performance Overview

							Percent Change				
	12/31/2025	12/19/2025	12/12/2025	11/28/2025	12/31/2025	12/31/2024	1 Week	2 Week	1 Month	YTD	Y/Y Chg.
Commodities											
WTI (US\$/bbl)	57.42	56.66	57.44	58.55	57.42	71.72	1.3%	(0.0%)	(1.9%)	(19.9%)	(19.9%)
Brent (US\$/bbl)	60.85	60.47	61.12	63.2	60.85	74.64	0.6%	(0.4%)	(3.7%)	(18.5%)	(18.5%)
WCS (US\$/bbl)	43.83	43.24	44.43	45.81	43.83	58.23	1.4%	(1.4%)	(4.3%)	(24.7%)	(24.7%)
Henry Hub Prompt (US\$/MMBtu)	3.692	3.985	4.117	4.851	3.692	3.4	(7.4%)	(10.3%)	(23.9%)	8.6%	8.6%
AECO Prompt (C\$/Gj)	2.7	2.81	3.01	3.15	2.7	2.01	(3.9%)	(10.3%)	(14.3%)	34.3%	34.3%
Indices											
TSX E&P	344.81	336.11	351.59	349.15	344.81	322.61	2.6%	(1.9%)	(1.2%)	6.9%	6.9%
S&P500 E&P	608.52	598.93	624.85	612.98	608.52	643.08	1.6%	(2.6%)	(0.7%)	(5.4%)	(5.4%)

Source: FactSet, Granite Point Research

Equity Performance Overview

Exhibit 2: Large Cap M/M Share Performance

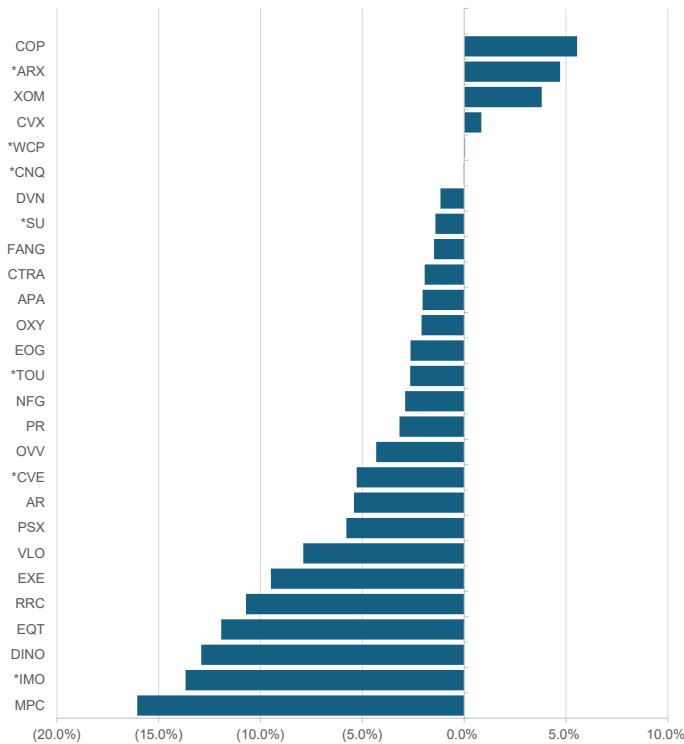
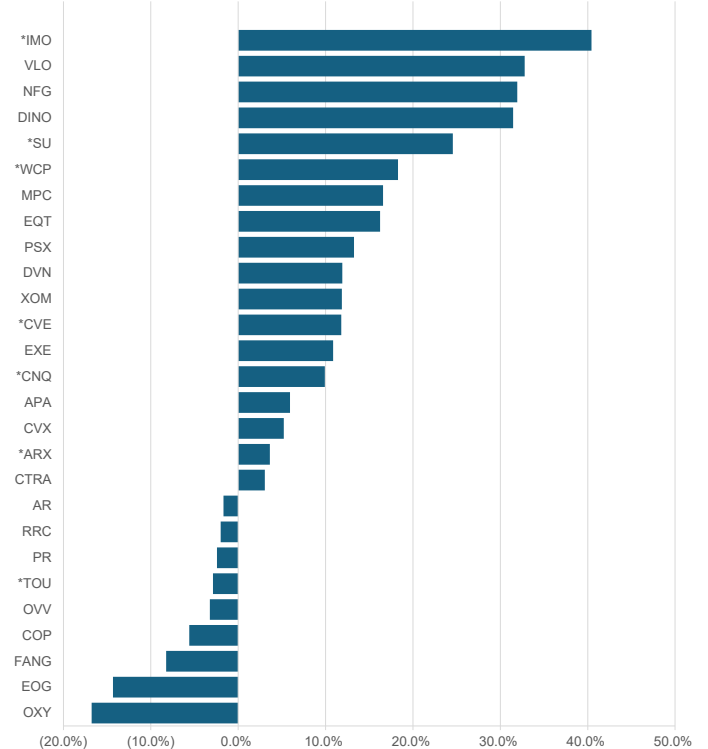


Exhibit 3: Large Cap YTD Share Performance



Source: FactSet, Granite Point Research

Exhibit 4: SMID M/M Share Performance

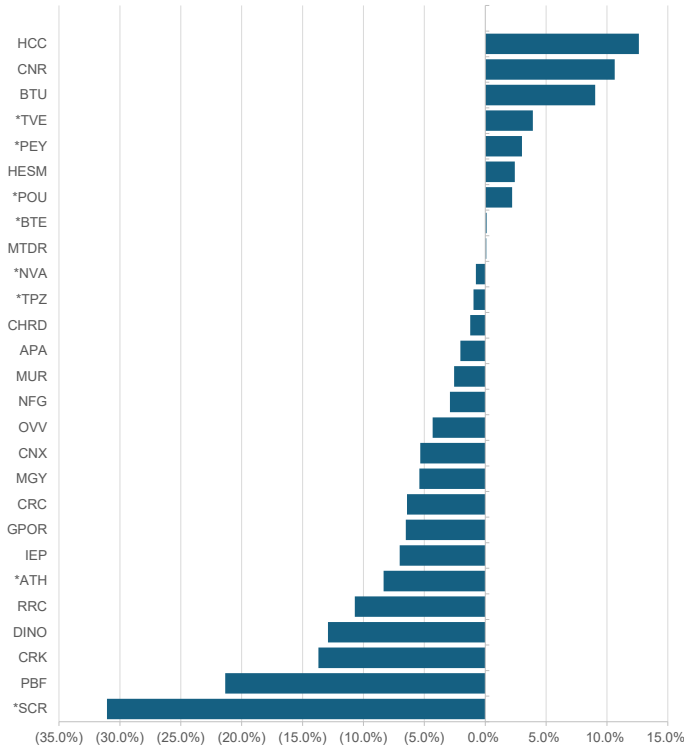


Exhibit 5: SMID YTD Share Performance

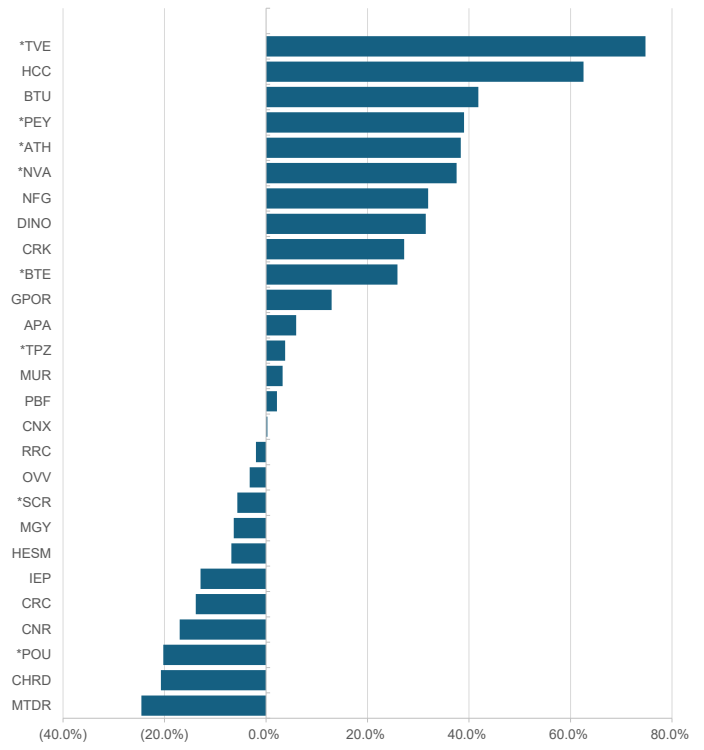


Exhibit 6: Large Cap 2026E Consensus M/M CFPS Revisions

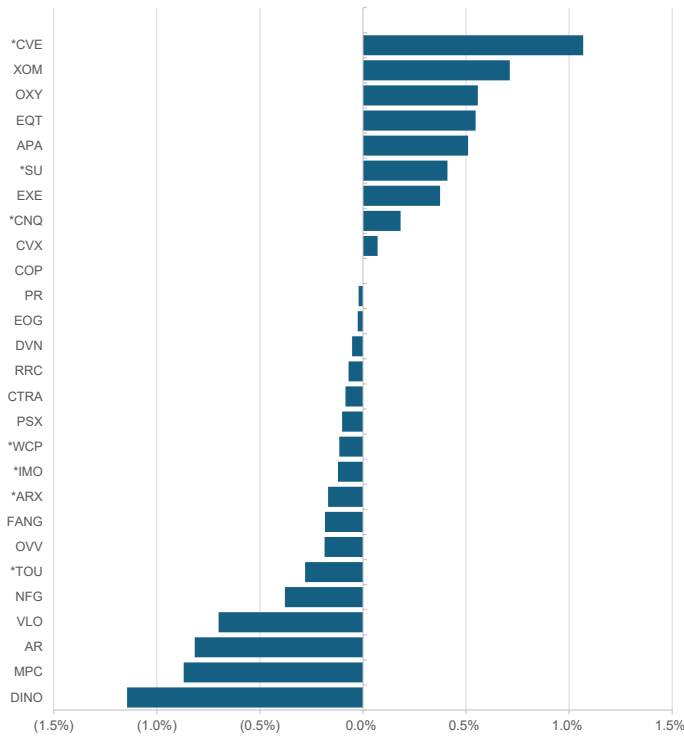
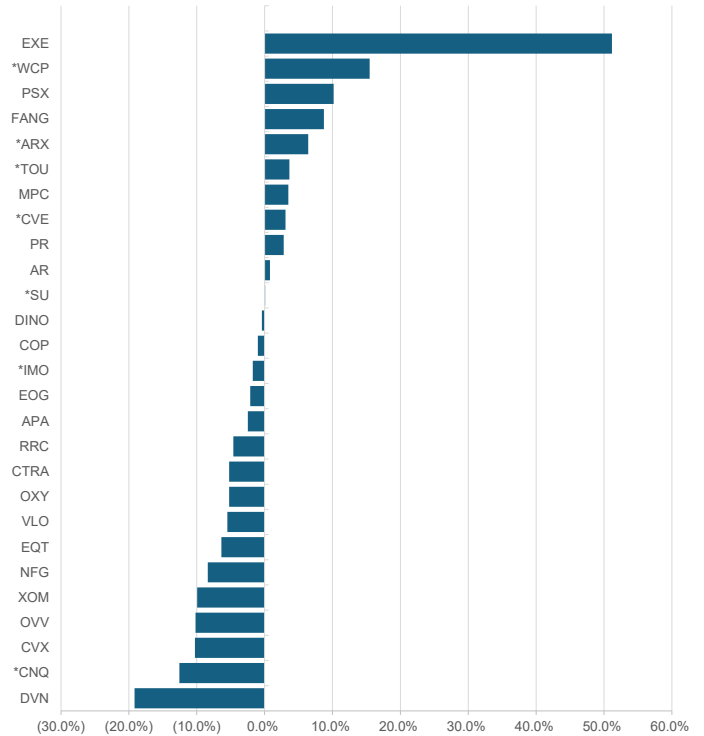


Exhibit 7: Large Cap 2026E Consensus YTD CFPS Revisions



Source: FactSet, Granite Point Research

Exhibit 8: SMID 2026E Consensus M/M CFPS Revisions

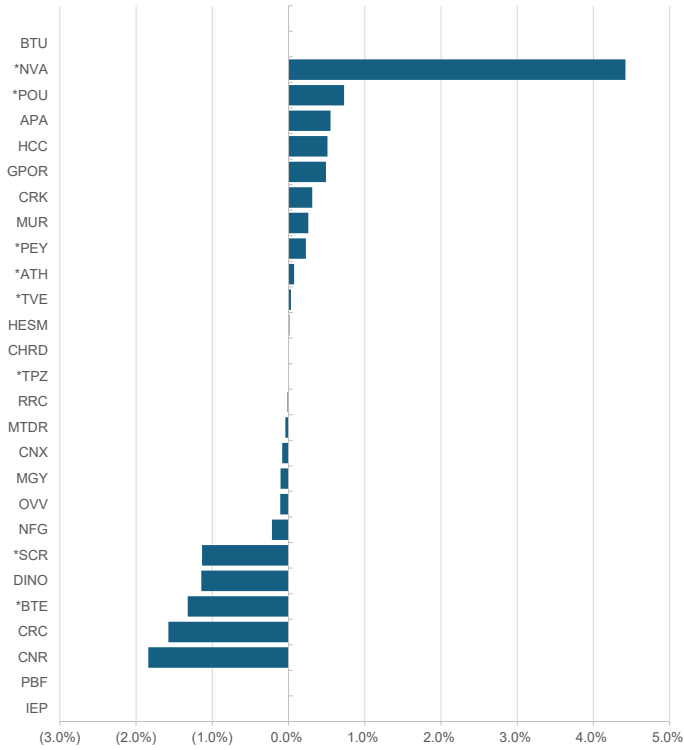
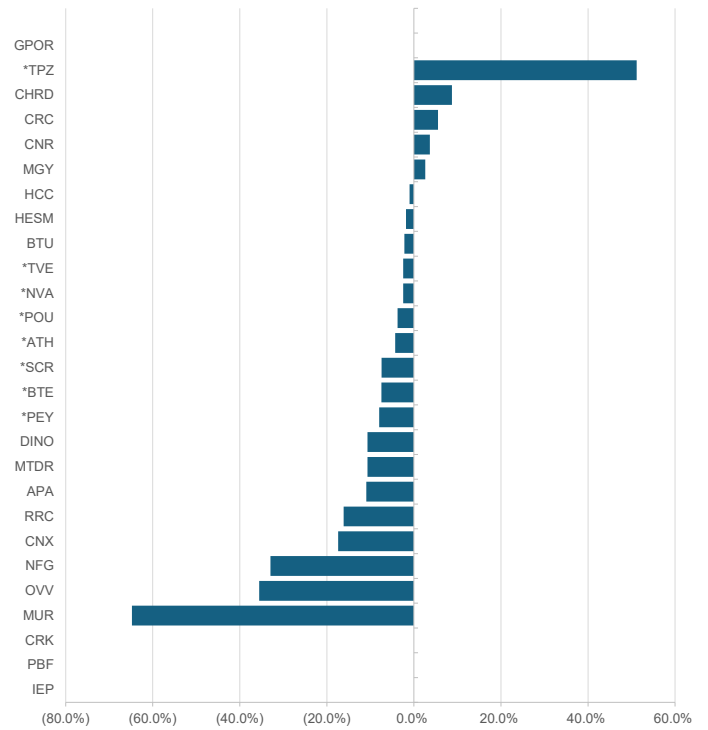


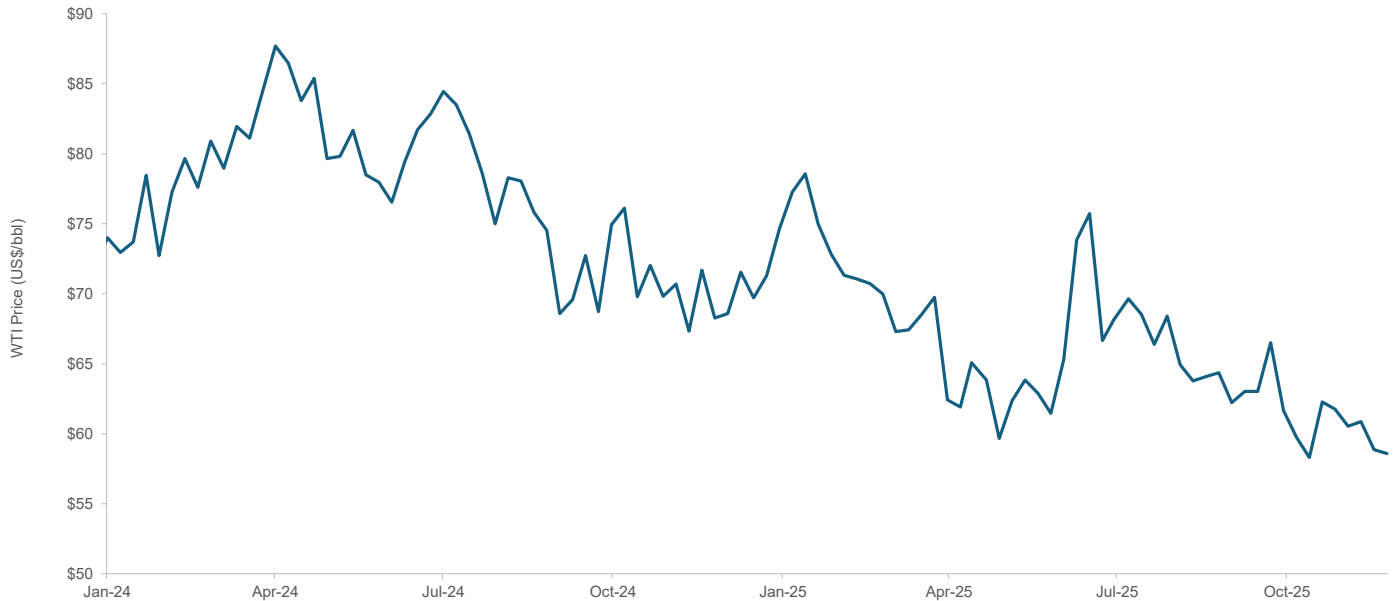
Exhibit 9: SMID 2026E Consensus YTD CFPS Revisions



Source: FactSet, Granite Point Research

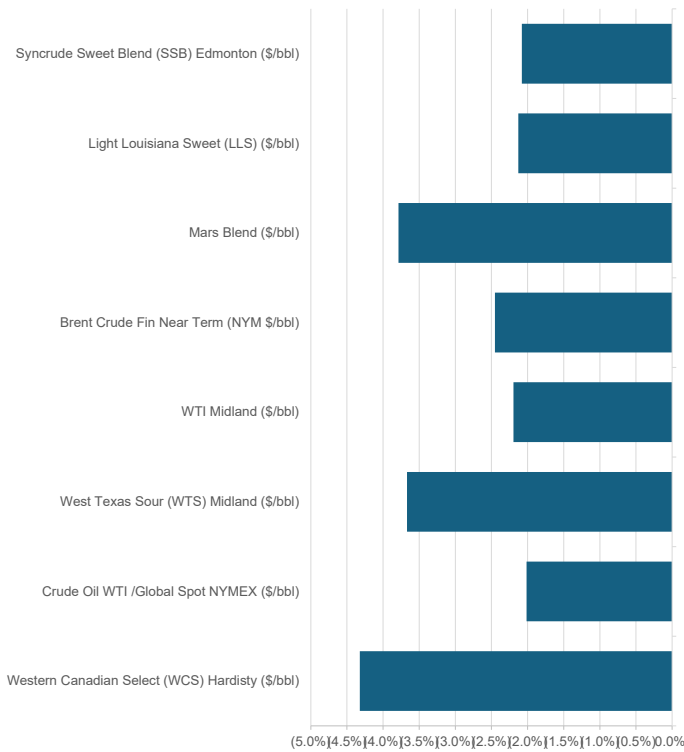
Oil Market

Exhibit 10: WTI Price



Source: FactSet, Granite Point Research

Exhibit 11: Crude Oil M/M Performance



Source: FactSet, Granite Point Research

Exhibit 12: Crude Oil YTD Performance

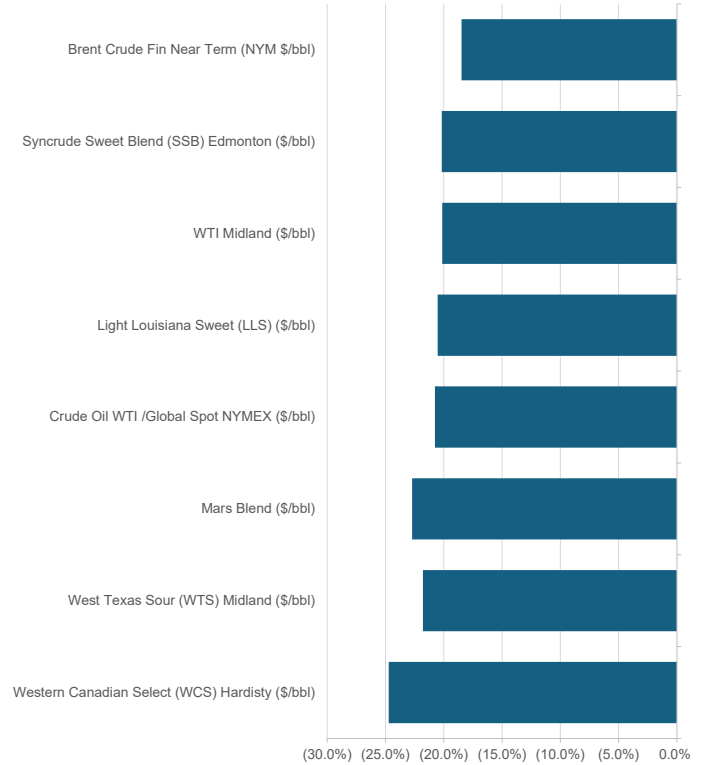
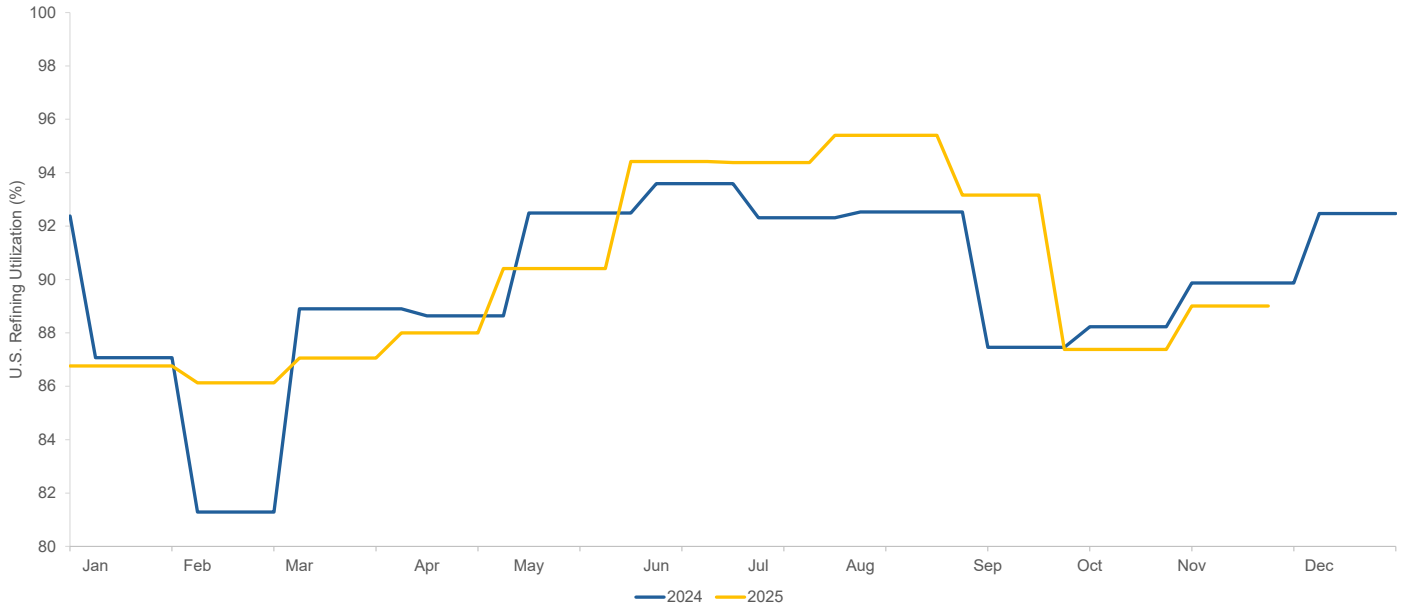
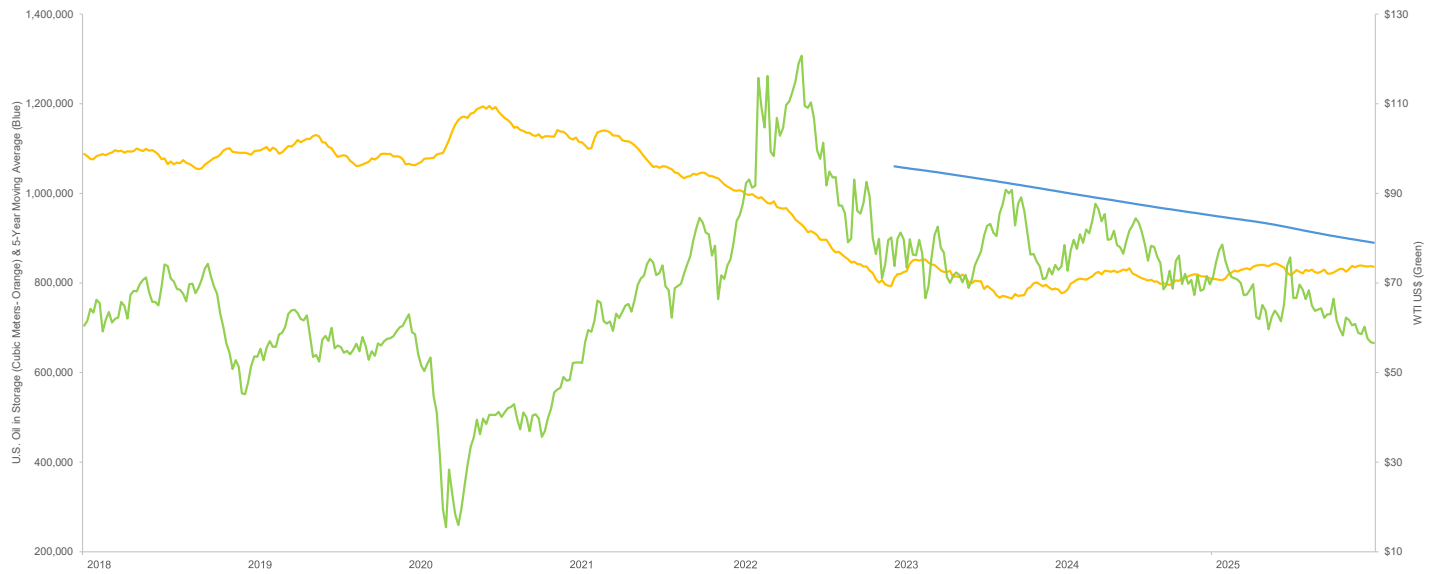


Exhibit 13: U.S. Refining Utilization %



Source: FactSet, Granite Point Research

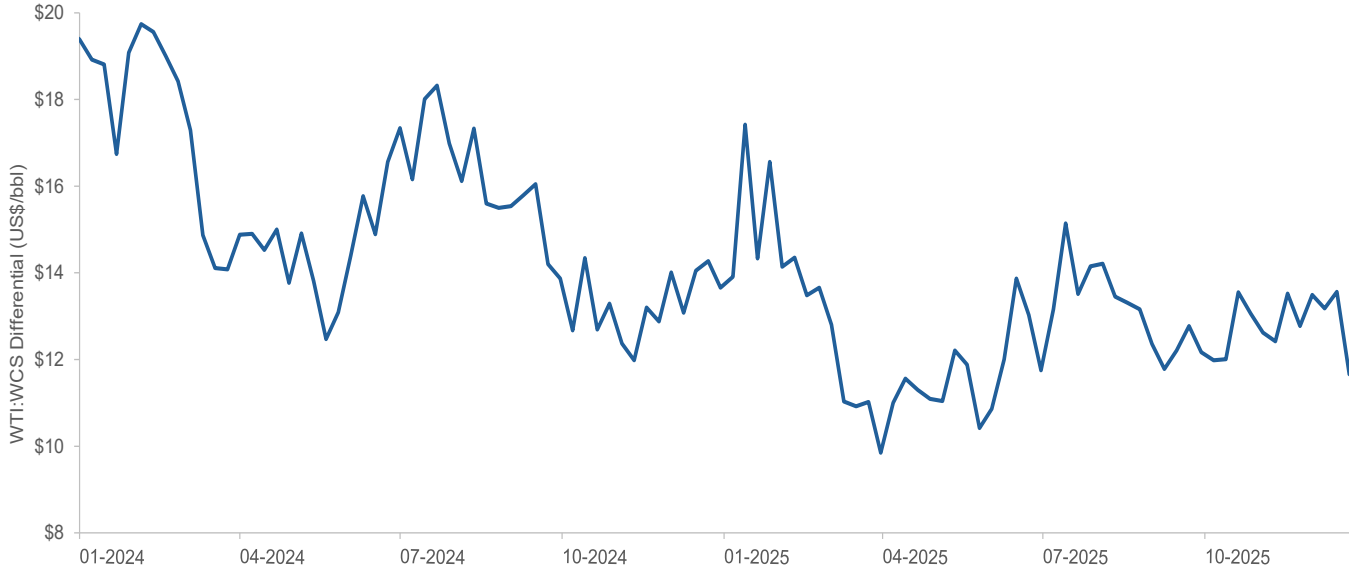
Exhibit 14: WTI and Crude Inventory



Source: Source: FactSet, Granite Point Research

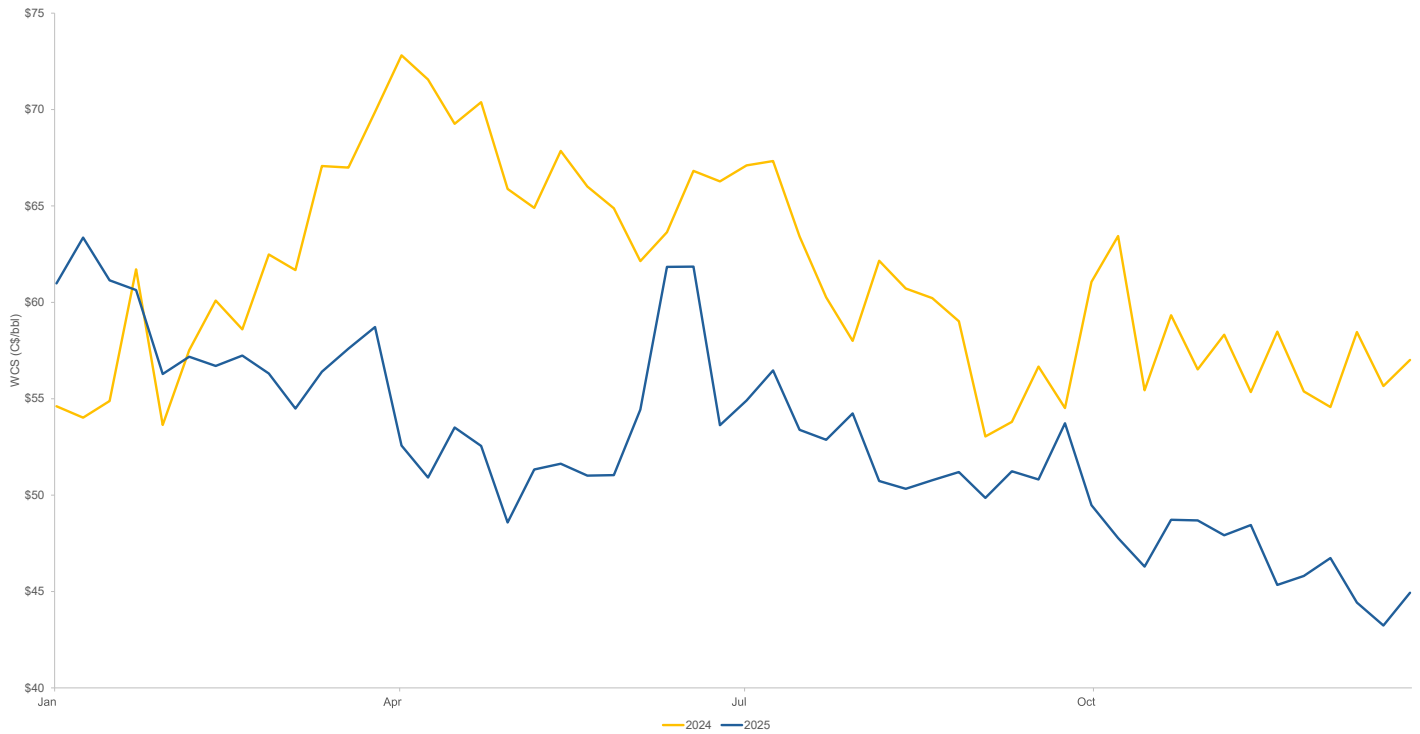
Canadian Oil Market

Exhibit 15: WTI:WCS Differential (US\$/bbl)



Source: FactSet, Granite Point Research

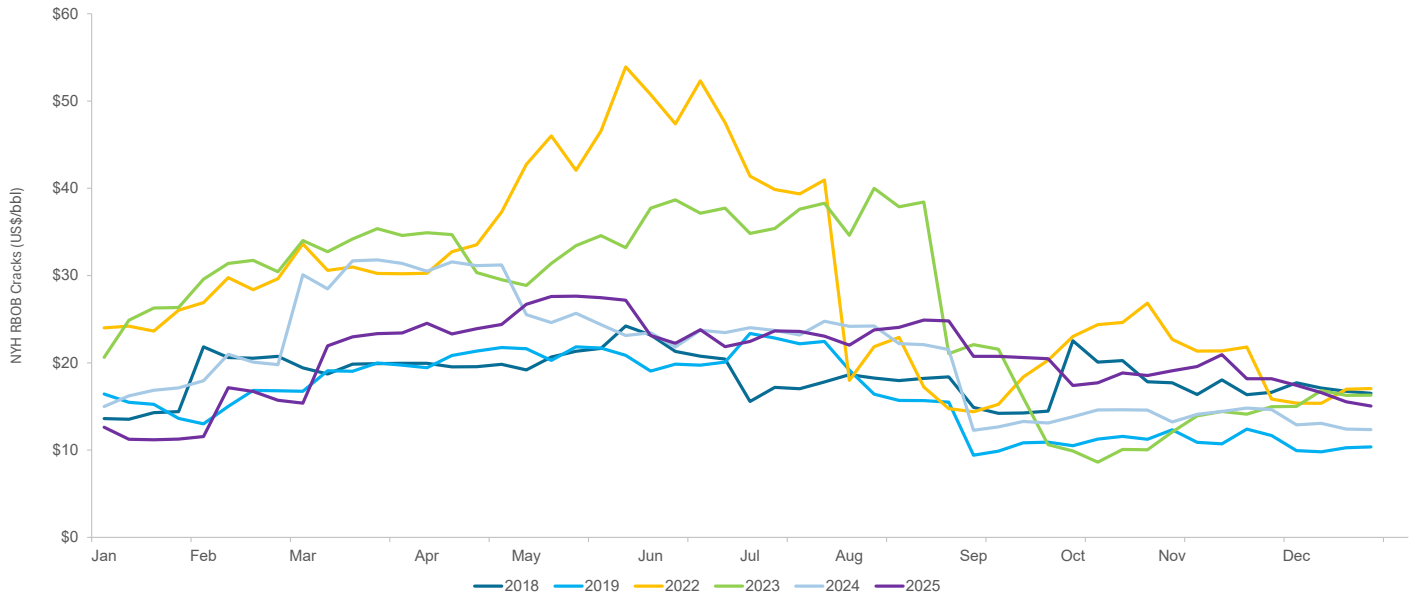
Exhibit 16: Western Canadian Select (\$/bbl)



Source: FactSet, Granite Point Research

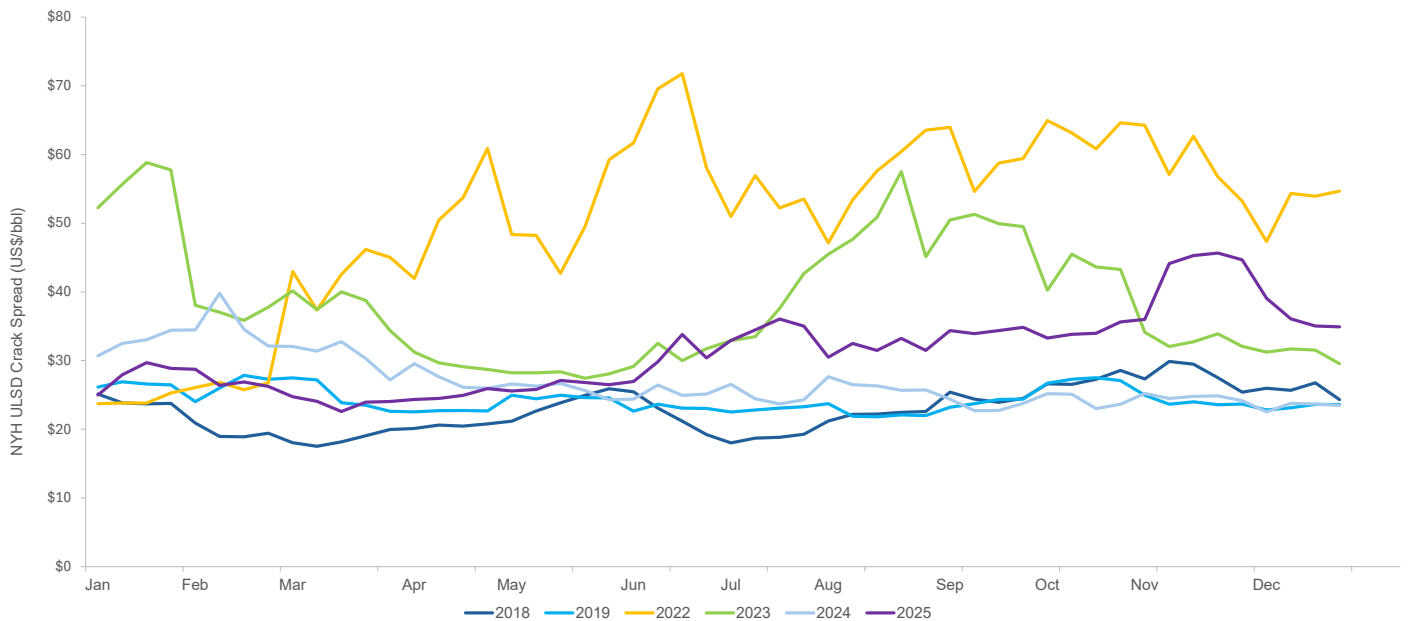
Oil Products Market

Exhibit 17: NYH RBOB Cracks (US\$/bbl)



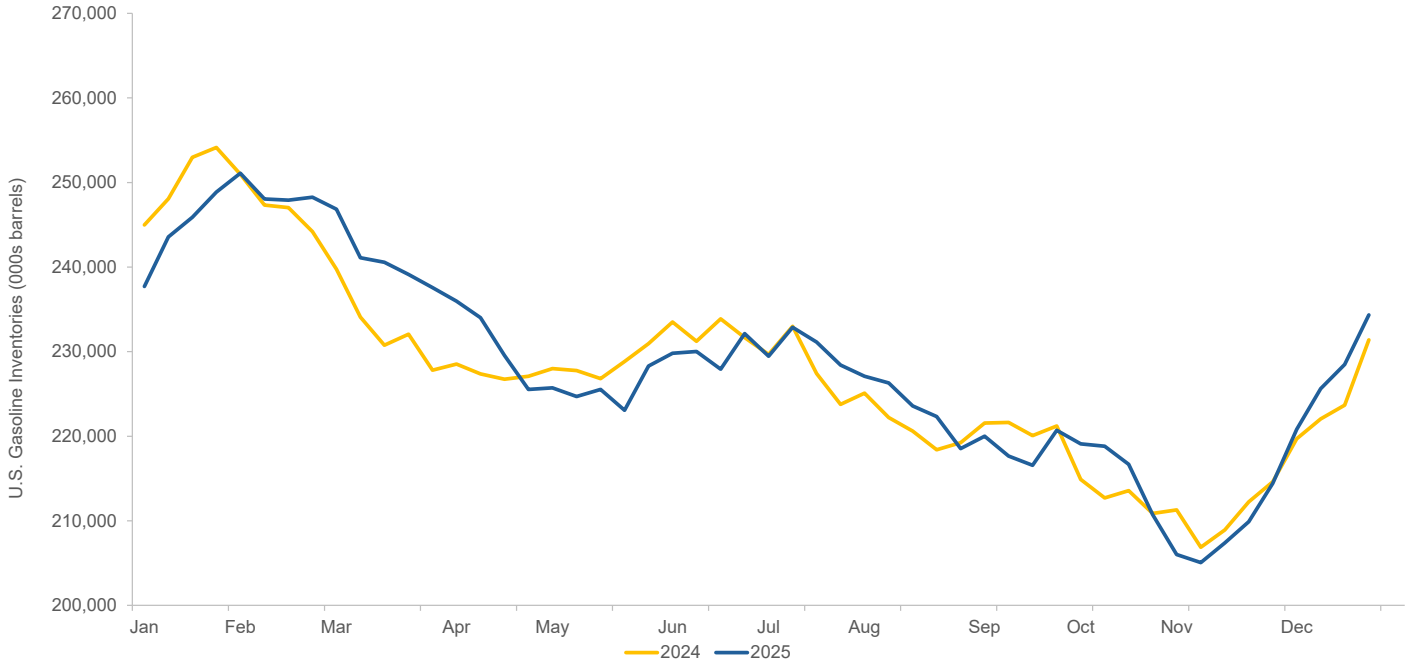
Source: FactSet, Granite Point Research

Exhibit 18: NYH ULSD Cracks (US\$/bbl)



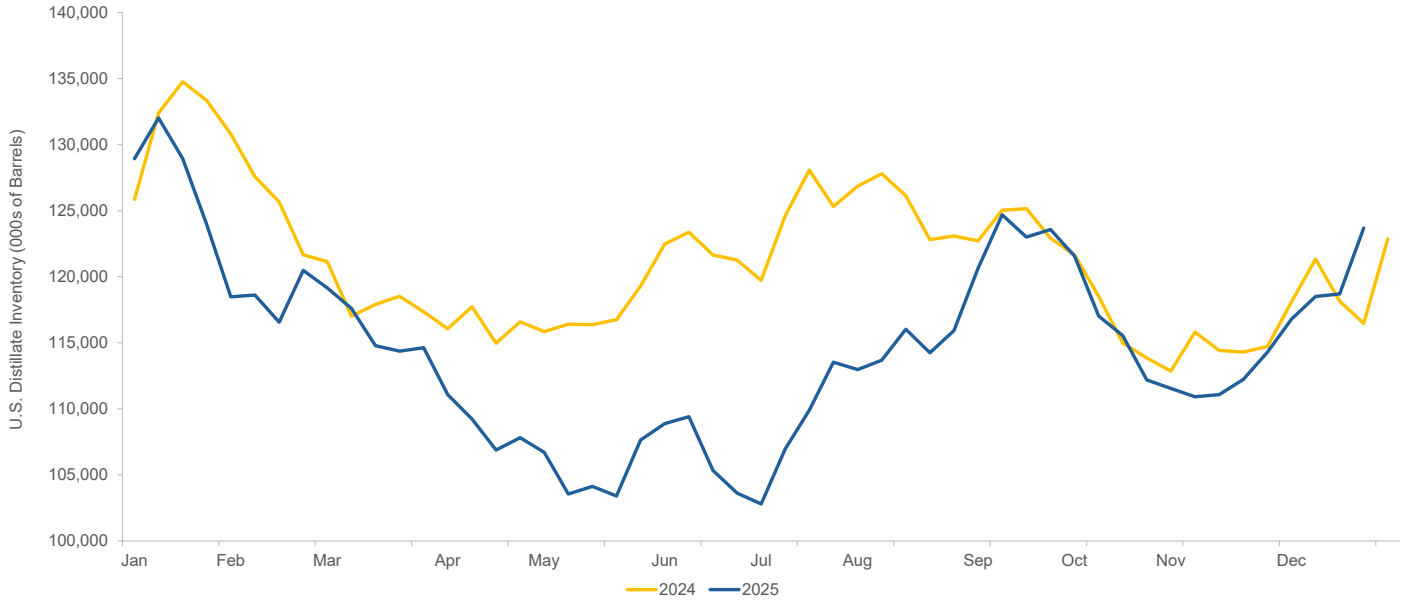
Source: FactSet, Granite Point Research

Exhibit 19: U.S. Gasoline Inventories



Source: FactSet, Granite Point Research

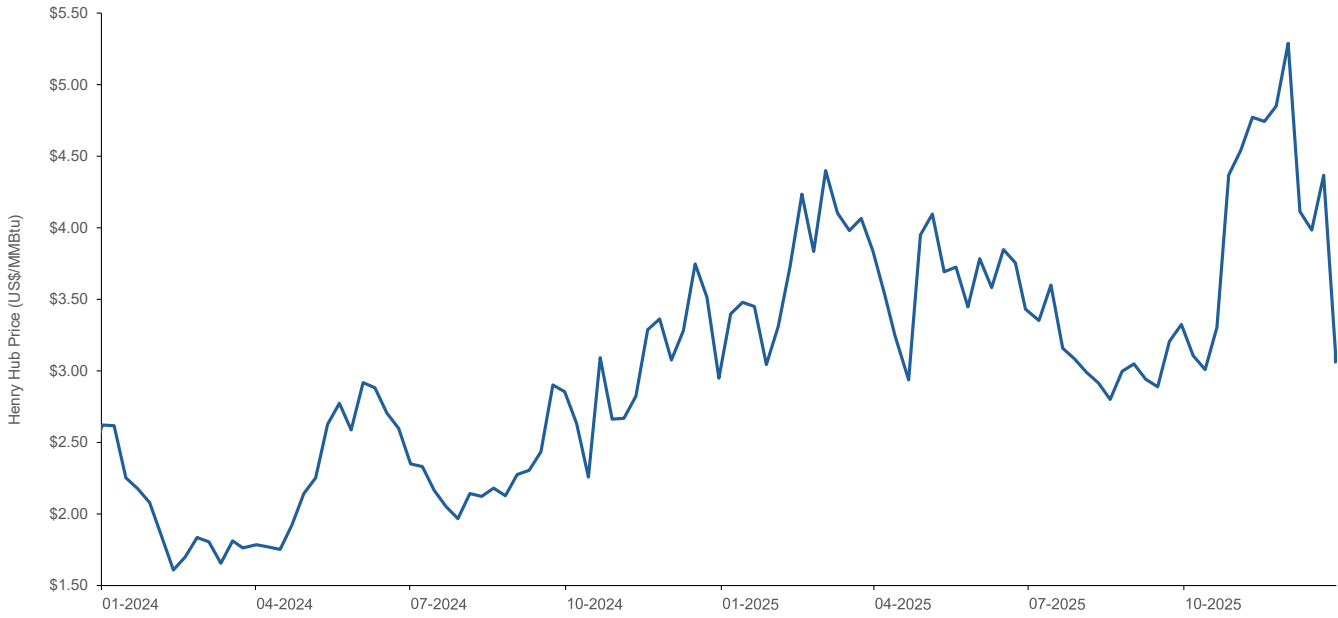
Exhibit 20: U.S. Distillate Inventories



Source: FactSet, Granite Point Research

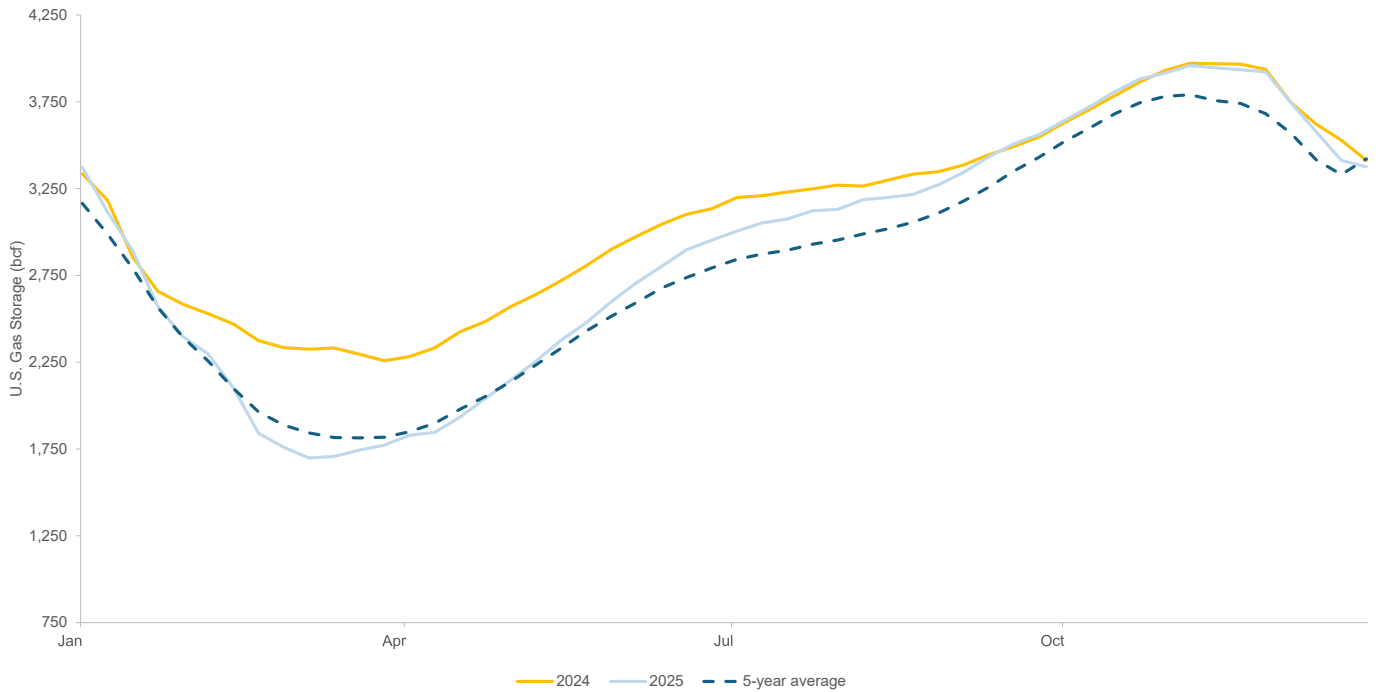
Natural Gas Market

Exhibit 21: Henry Hub Price (US\$/MMBtu)



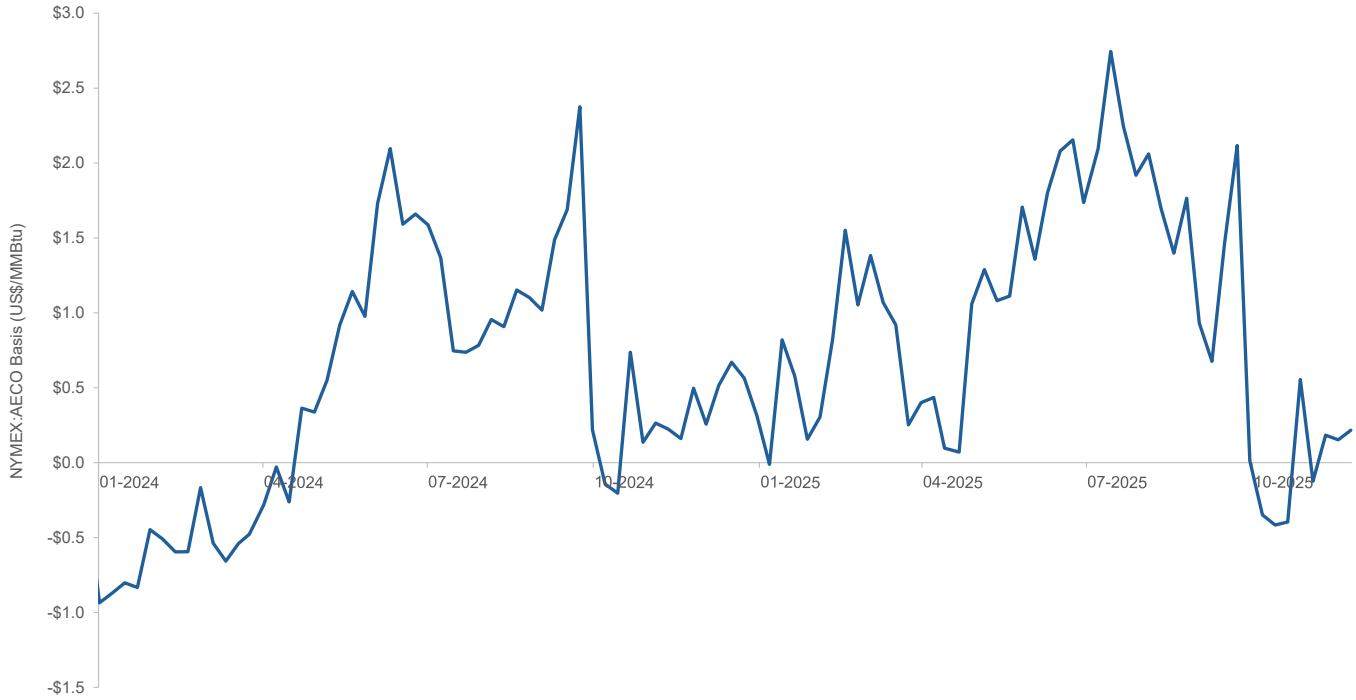
Source: FactSet, Granite Point Research

Exhibit 22: U.S. Natural Gas in Storage (bcf)



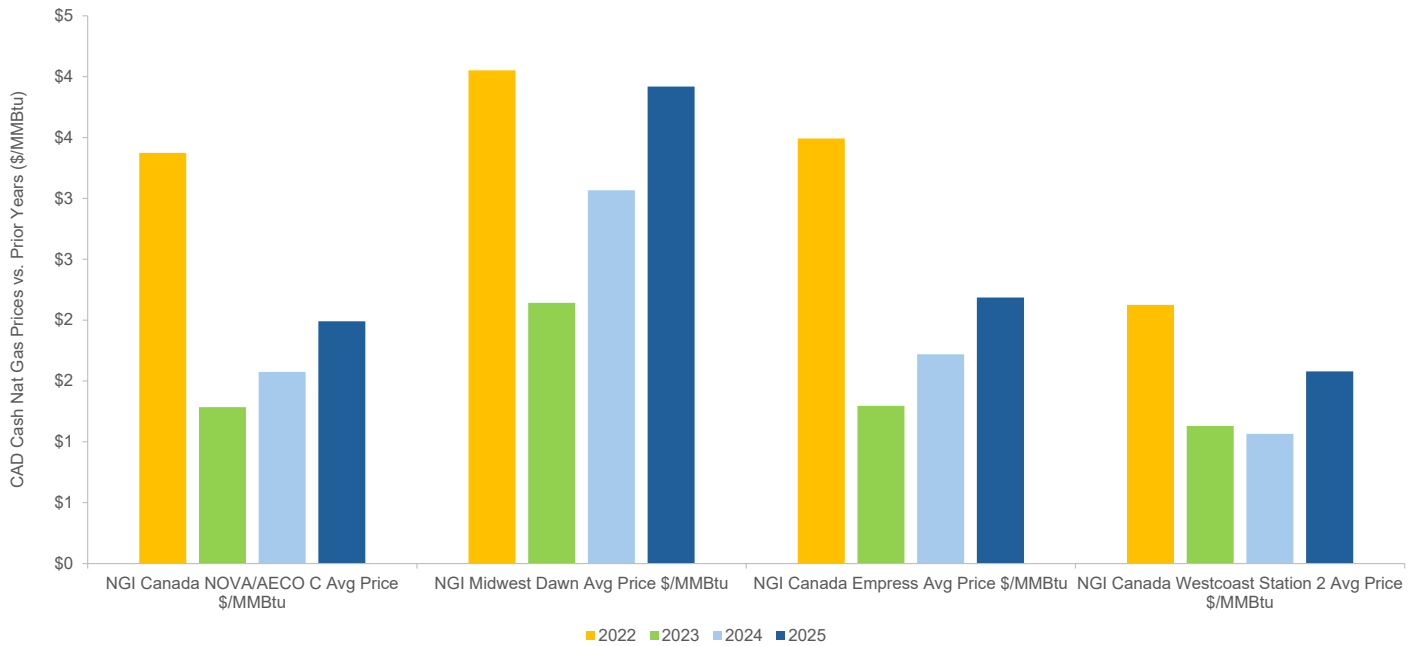
Source: FactSet, Granite Point Research

Exhibit 23: NYMEX:AECO Basis (US\$/MMBtu)



Source: FactSet, Granite Point Research

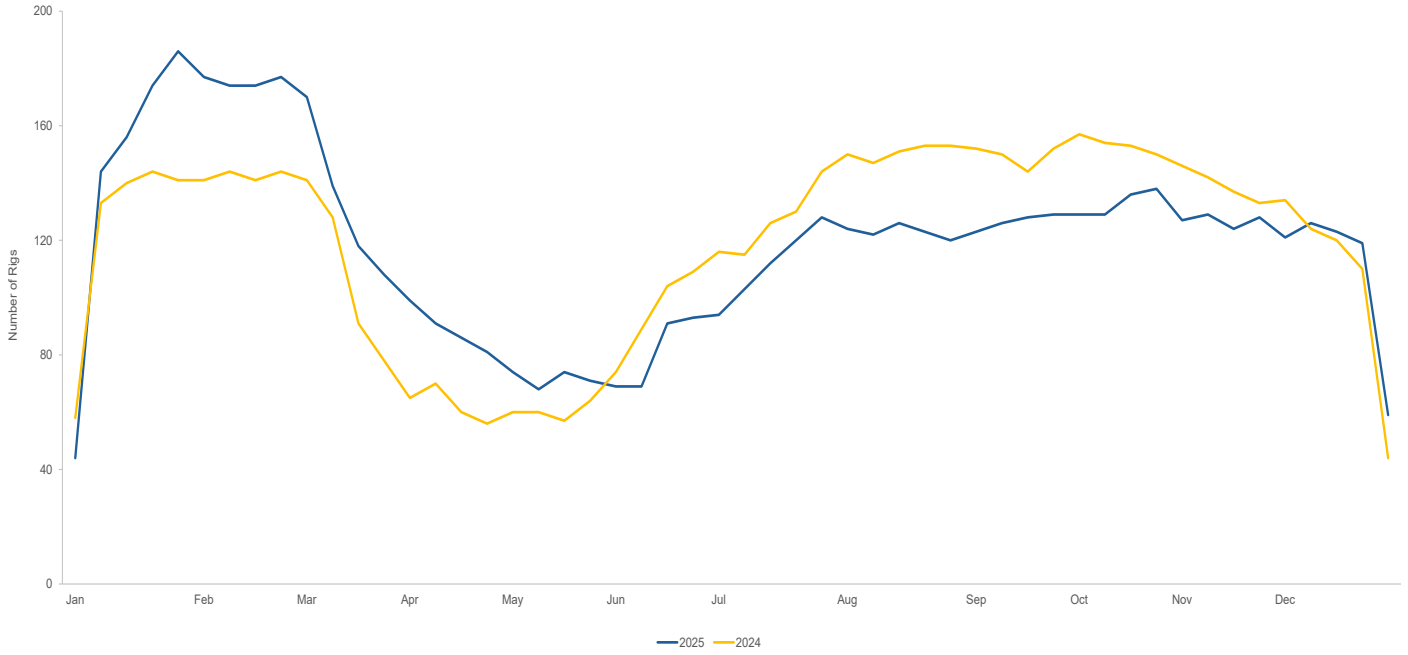
Exhibit 24: Canadian Cash Natural Gas Prices Versus Prior Years



Source: FactSet, Granite Point Research

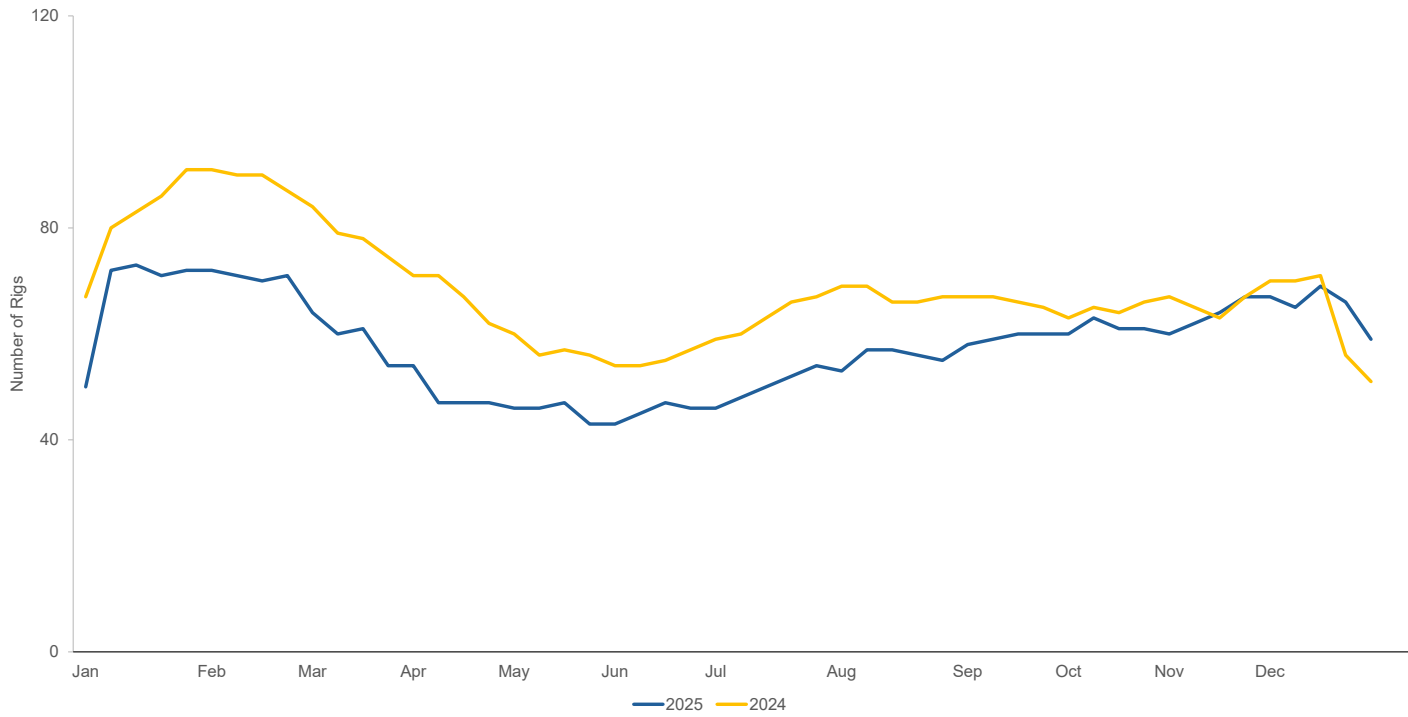
Rig Counts – Canada

Exhibit 25: Oil Rig Count – Canada



Source: FactSet, Granite Point Research

Exhibit 26: Natural Gas Rig Count - Canada



Source: FactSet, Granite Point Research

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RATING	COVERED COMPANIES
BUY	1
HOLD	
SELL	

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