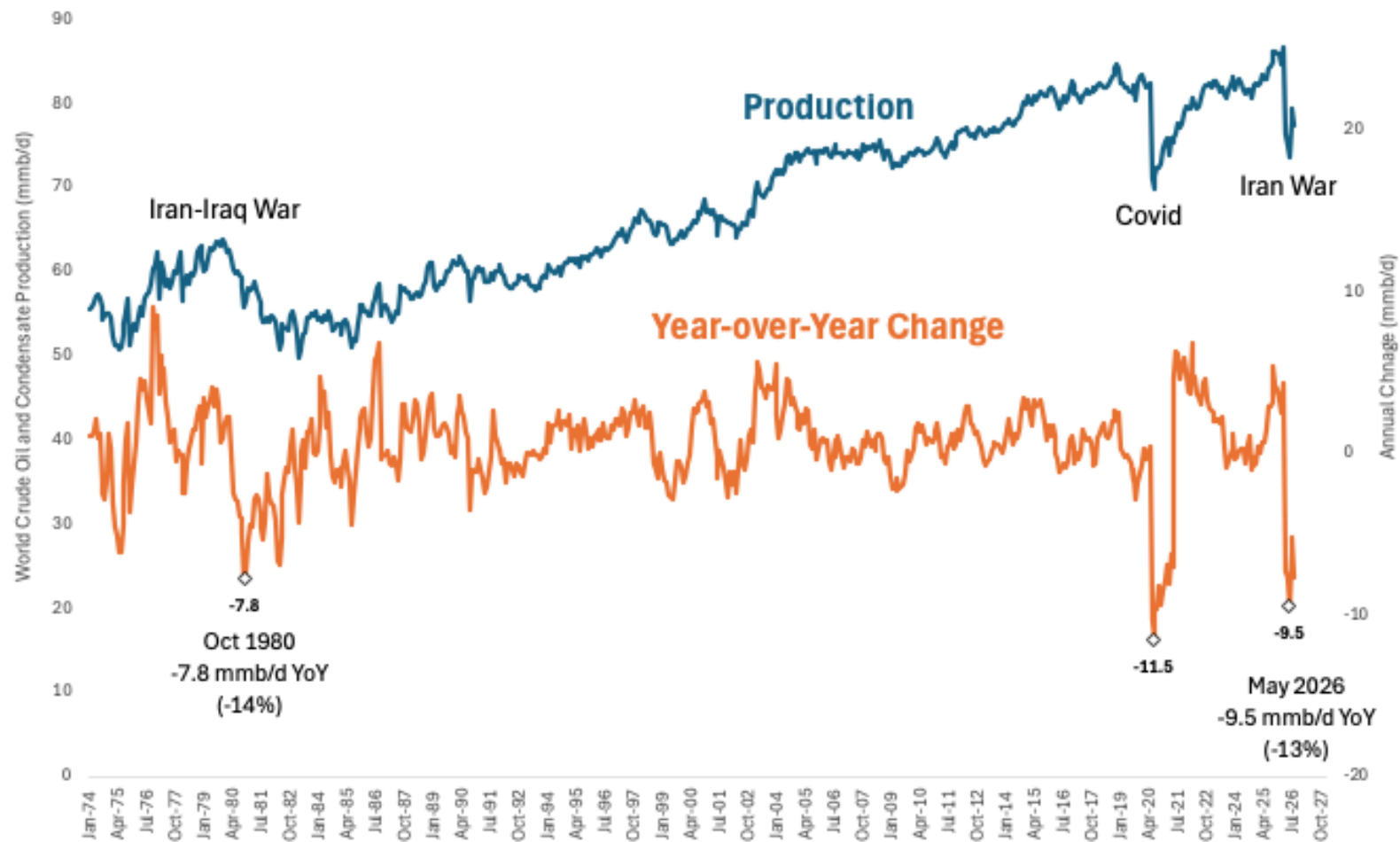


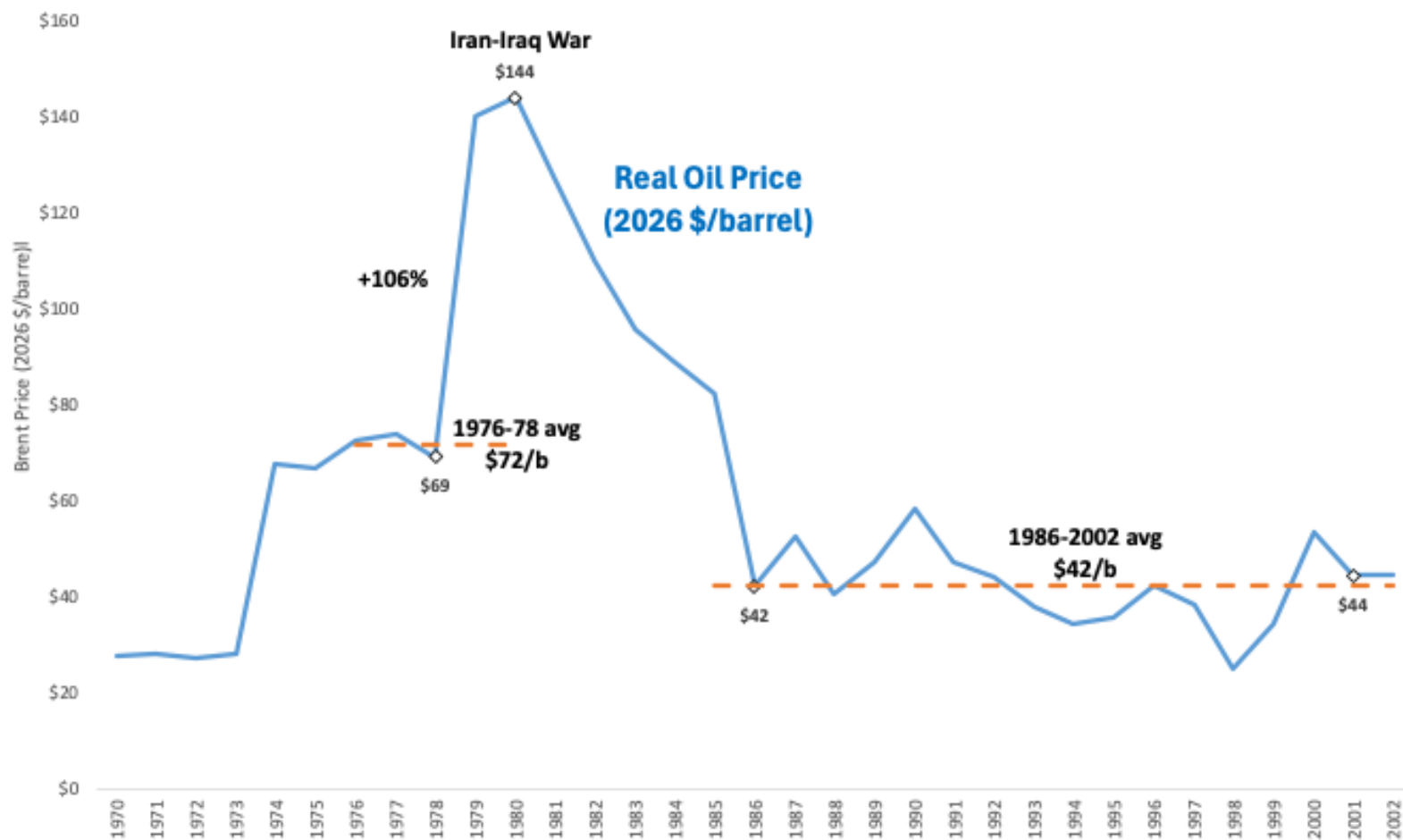
World oil production fell 9.5 mmb/d in May 2026
The proportional loss was nearly as large as during the Iran-Iraq War in 1980



Source: EIA

EIA International/CRUDE + CONDENSATE PROD 1973-25

The 1980 oil shock doubled prices—and was followed by a long price collapse
Real oil prices averaged about 60% of the 1976-78 pre-shock level from 1986–2002



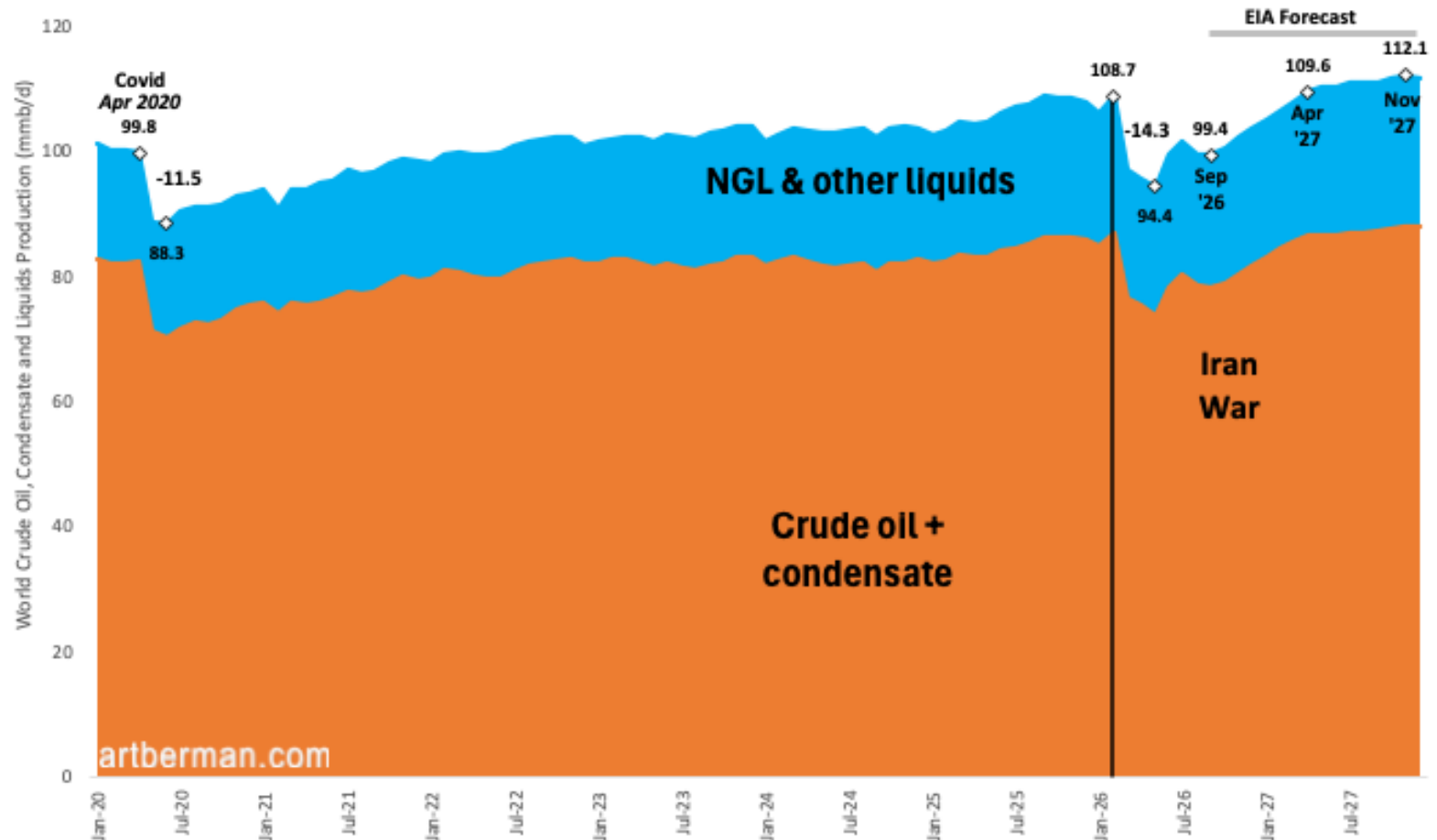
Source: EIA and Bureau of Labor Statistics

Oil and Gas General/CPI MASTER

Global Oil Supply Remains 9.3 mmb/d Below Pre-War Peak

EIA Assumes Full Recovery by April 2027

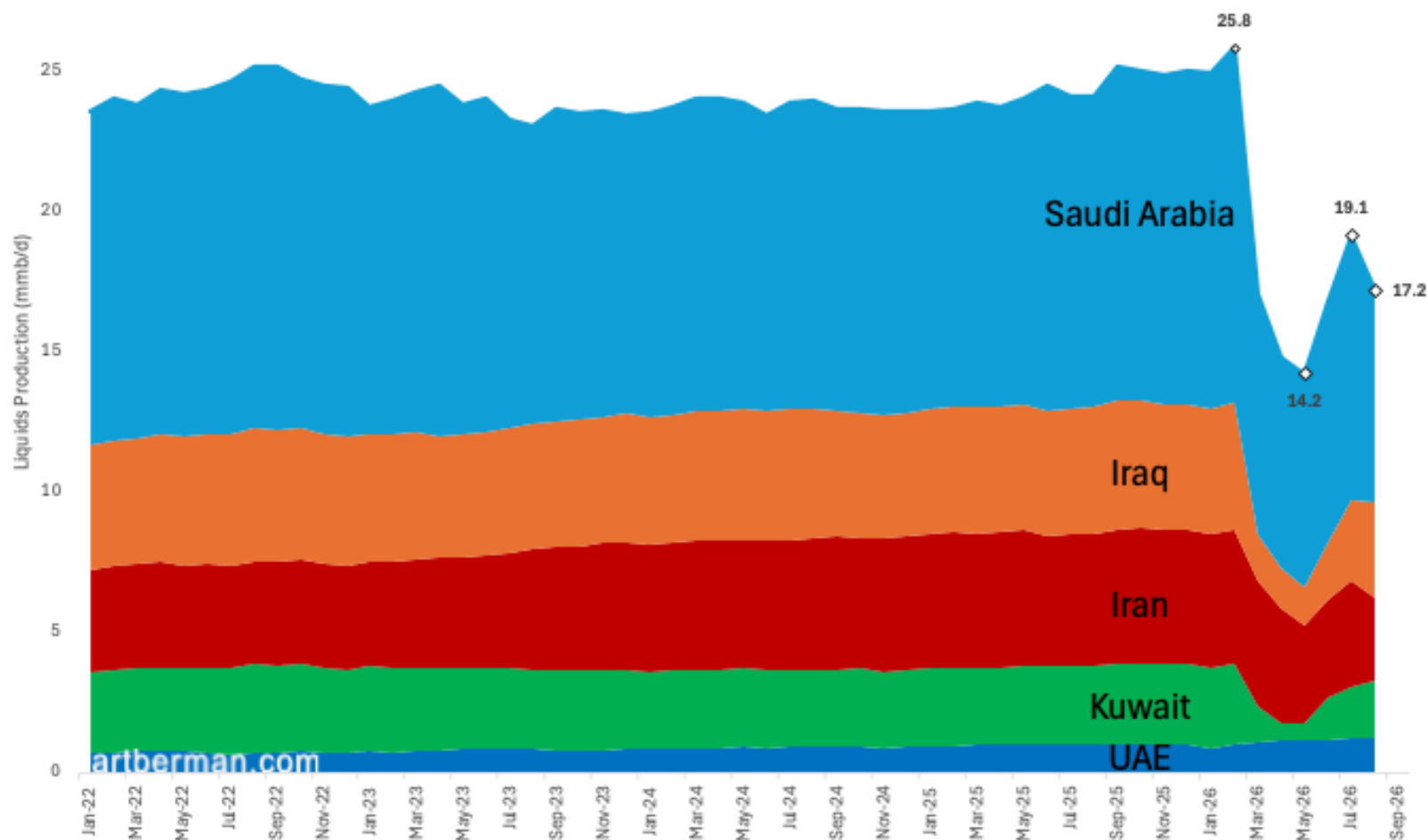
I assign a 25% probability to that scenario



Source: EIA & Labyrinth Consulting Services, Inc

EIA/EIA International/International_data MASTER

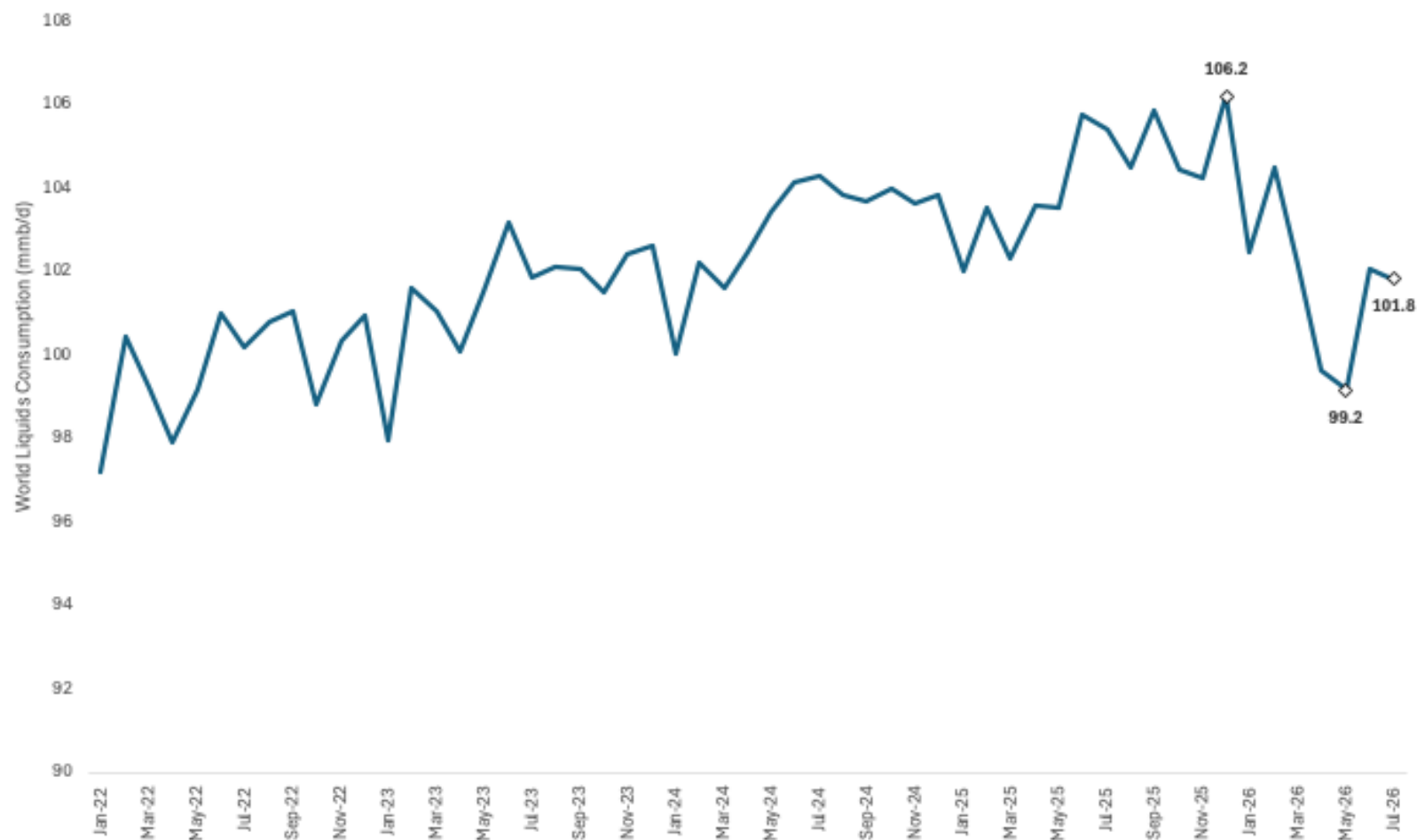
Persian Gulf Oil Recovery Is Stalling—Output Still 9 mmb/d Below Pre-War Levels **Production Has Fallen 2 mmb/d Since July and Is Sliding Back Toward May's Wartime Low**



Source: EIA STEO & Labyrinth Consulting Services, Inc

STEO/STEO MASTER 2026

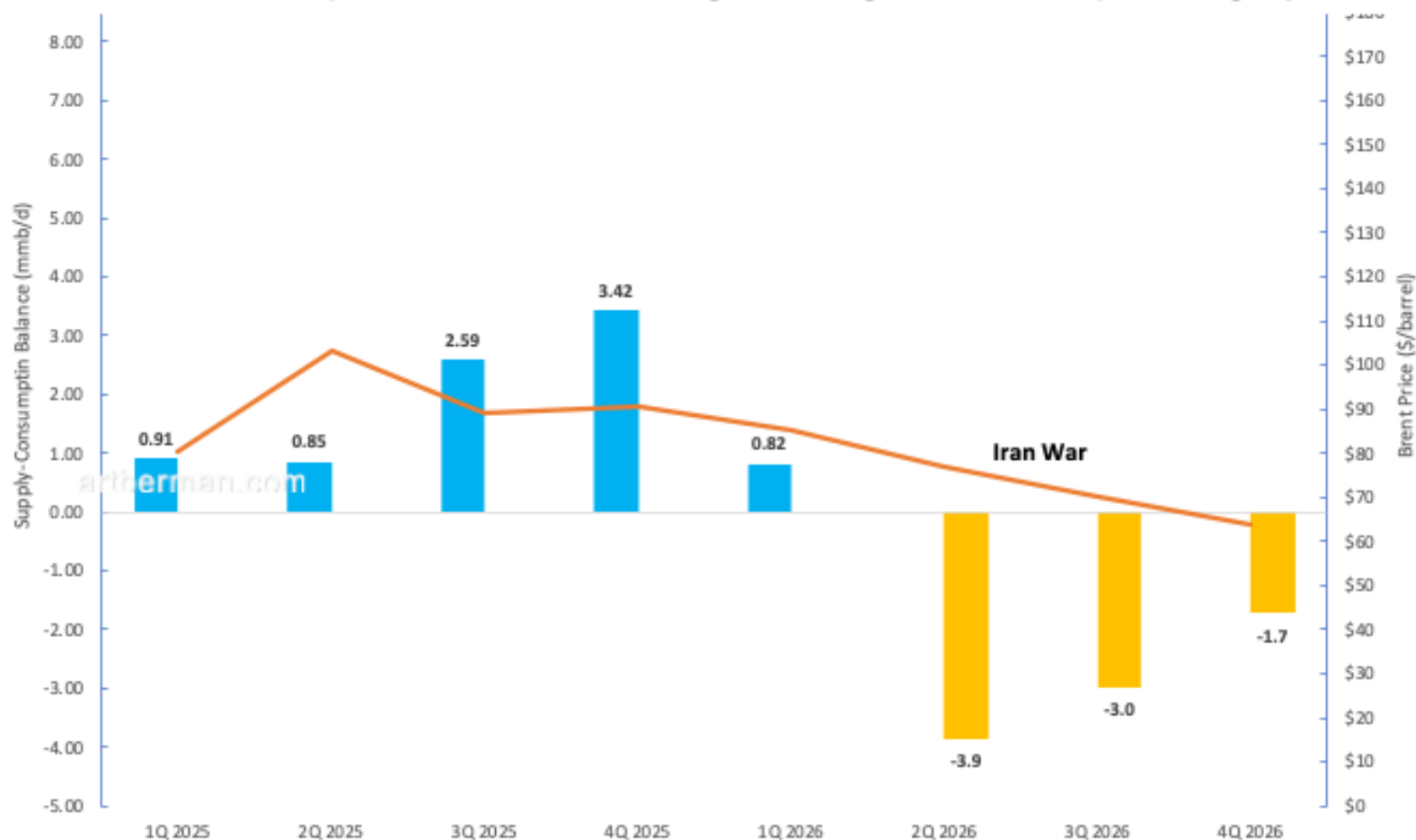
Oil Demand Has Rebounded From the May Collapse *But July remains 4.4 mb/d below pre-war levels*



Source: EIA STEO & Labyrinth Consulting Services, Inc

STEO/STEO MASTER 2026

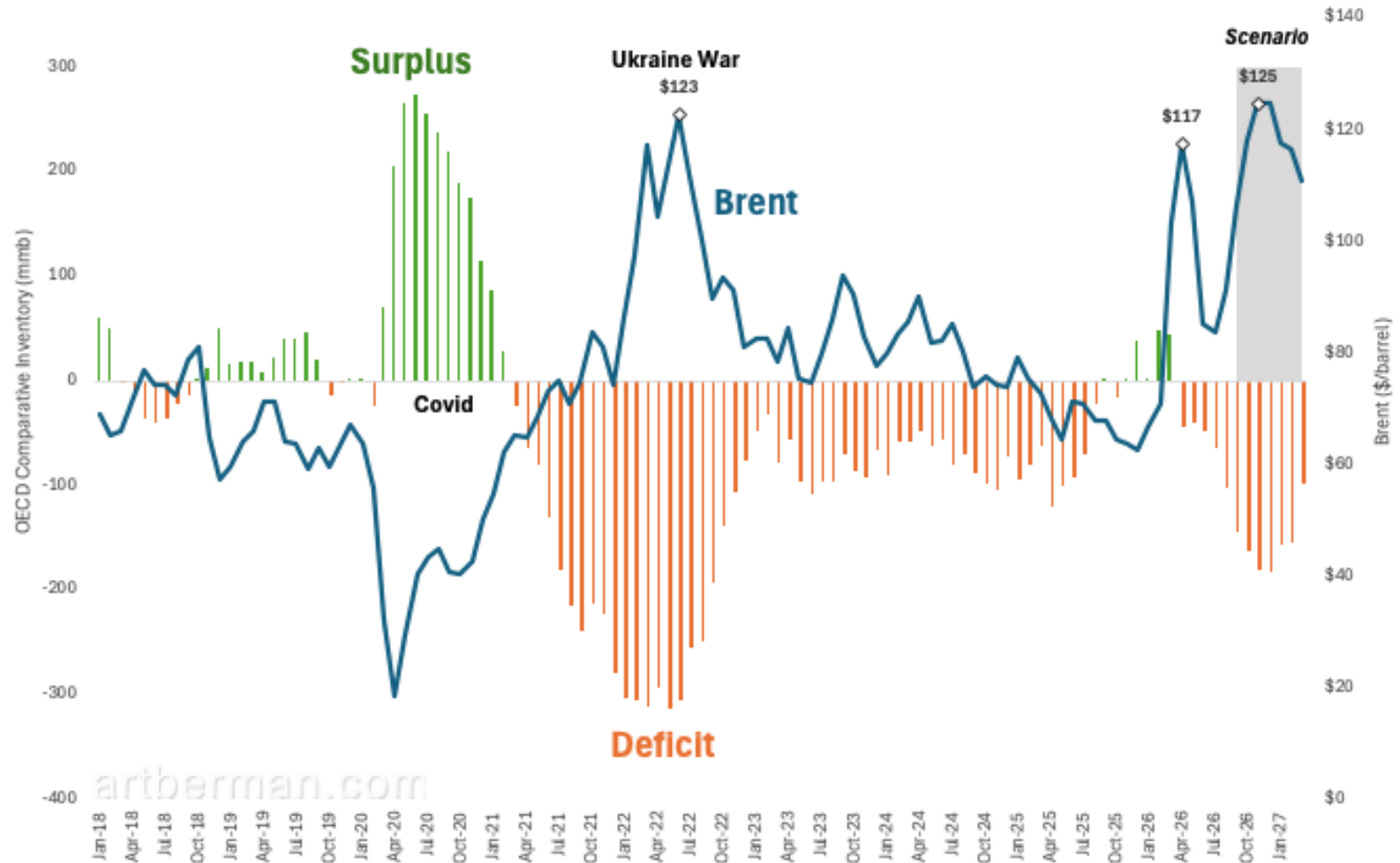
World supply-demand balance is not an important factor for oil price in 2025
Oil price is relatively insensitive to global supply-demand balance
Price is more closely correlated to the strength of the global economy and to geopolitics



Source: OPEC, EIA & Labyrinth Consulting Services, Inc.

OPEC/Market Indicators/ EIA-OPEC QUARTERLY CONVERSION

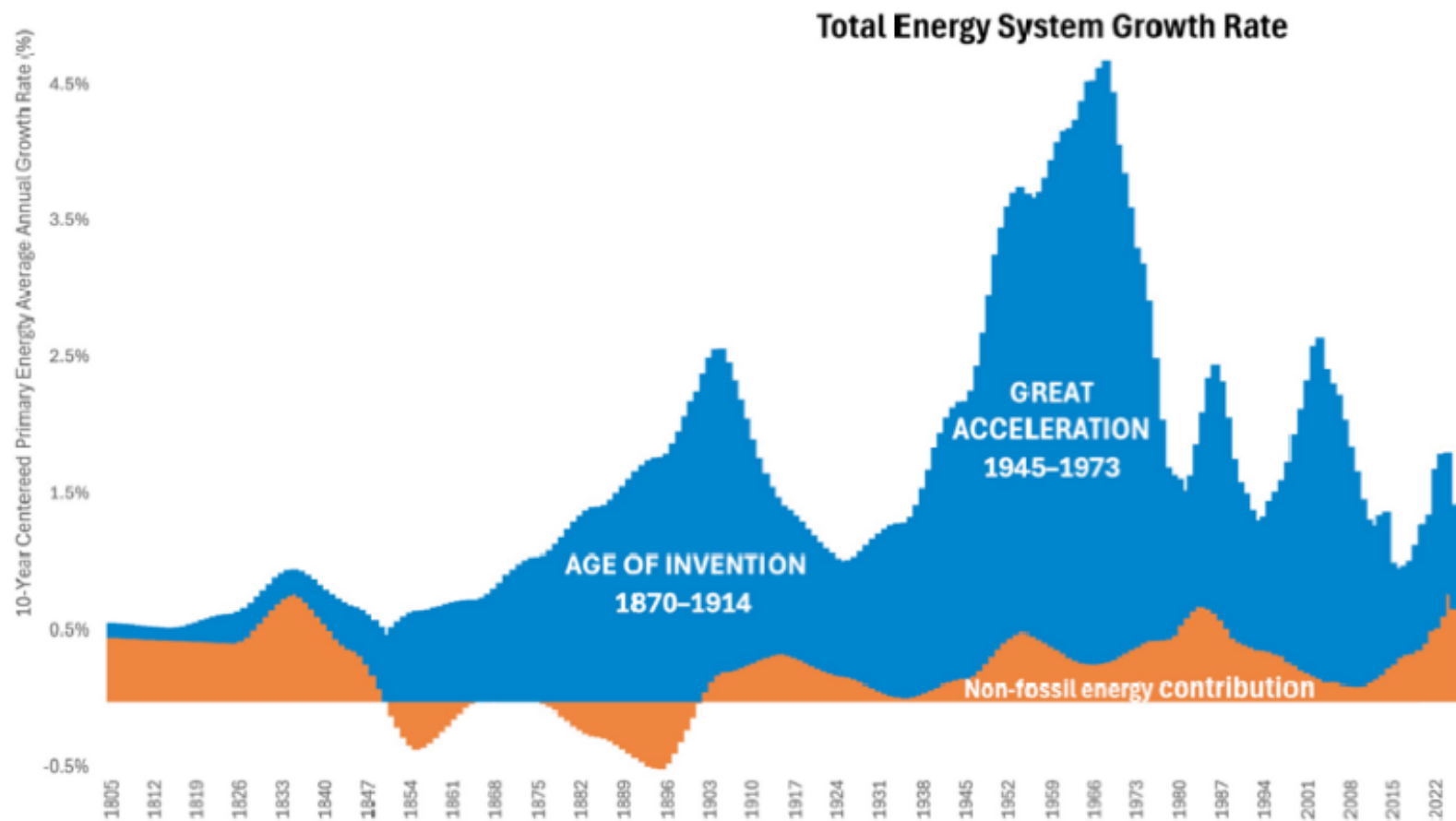
Continued Hormuz & pipeline disruption could push Brent to \$125 by November Scenario based on EIA comparative inventory projections—not a price forecast



Source: EIA STEO & Labyrinth Consulting Services, Inc

STEO/STEO MASTER 2026

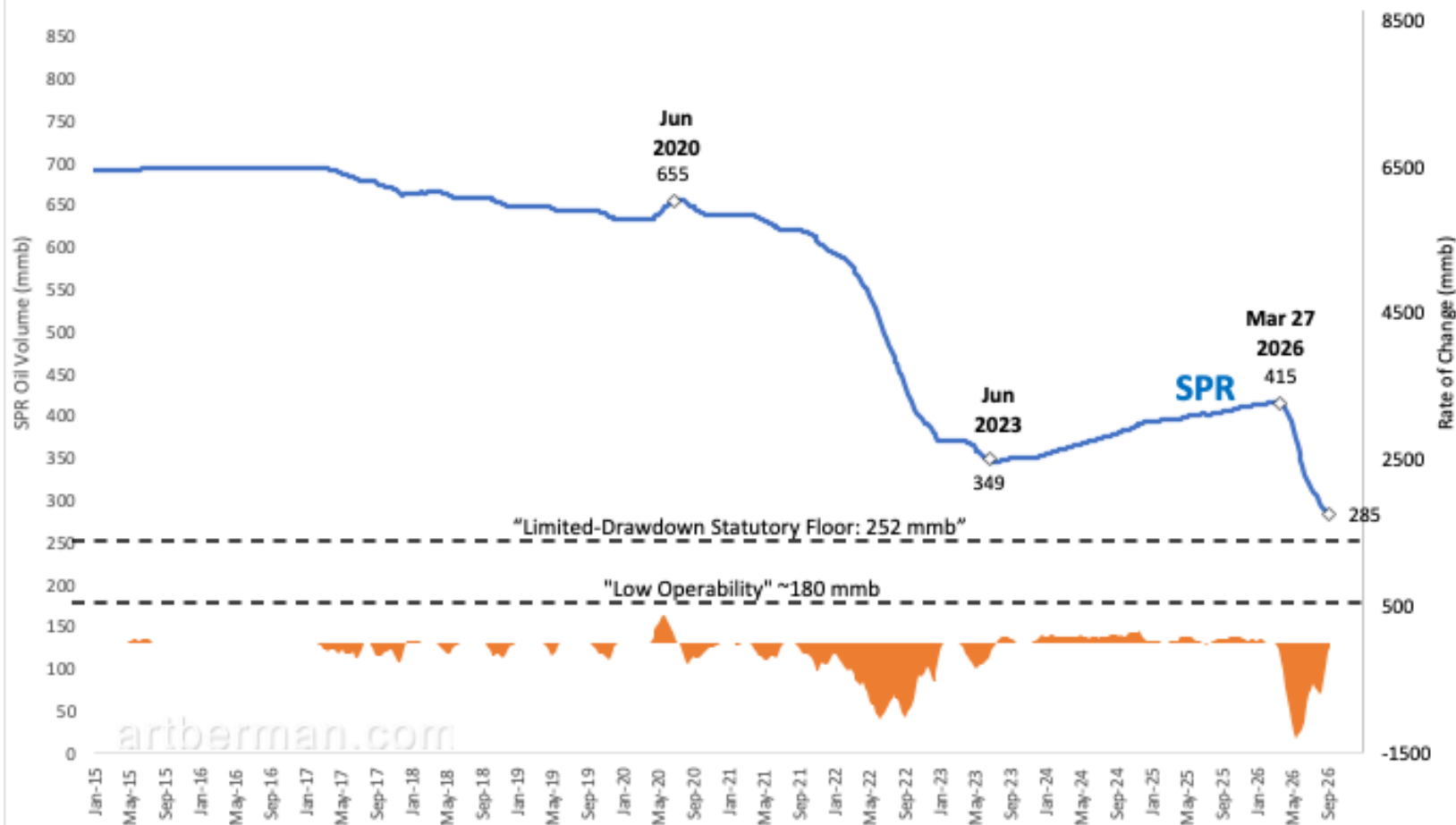
Modern technological growth was accompanied by two great fossil-energy pulses



Source: Our World in Data

Climate Change/OWID/OWID Primary Energy 2026

The rate of U.S. SPR drawdowns has reversed since June
 The Strategic Petroleum Reserve is now ~43 mmb above the 252-million-barrel statutory floor for limited drawdowns



Source: EIA & Labyrinth Consulting Services, Inc.

EIA Current/Weekly Updates/PSW