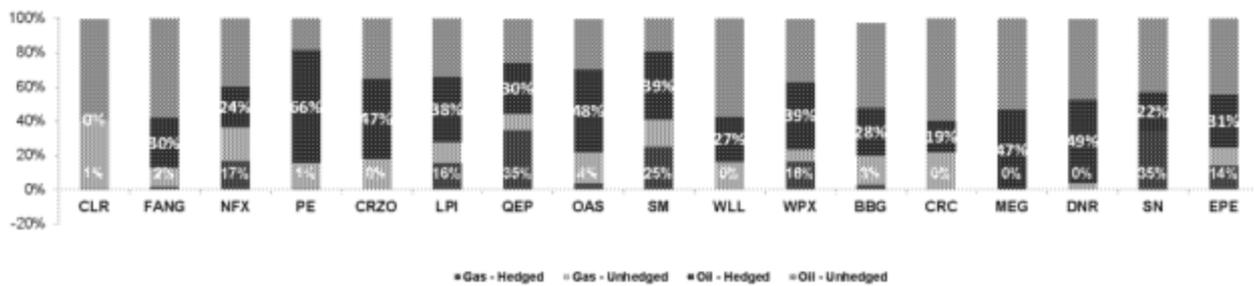




programs implying meaningful cash burn. The hedge strategy is widely dispersed among Higher Quality credits – we have CLR which is completely unhedged at one end and PE with a peer-leading 78% oil hedge ratio at the other end. The Lower Quality oily names, which need downside protection the most, have an average liquids hedge ratio of just 39% - except DNR (51% hedged), the rest of the names are hedged <50% of their liquids production.

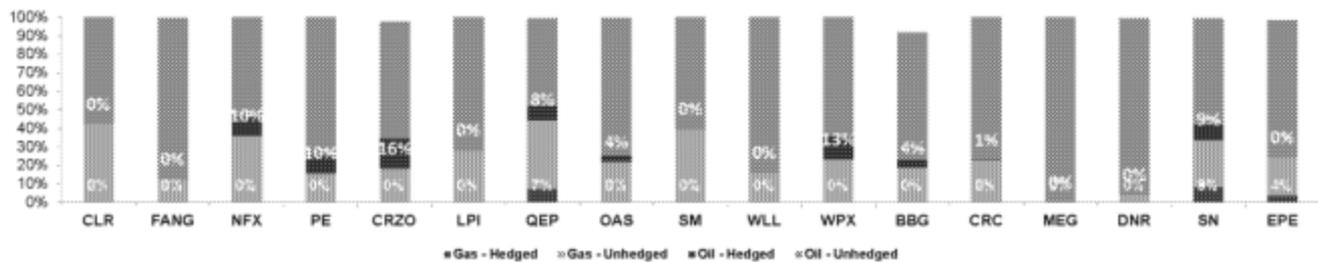
The gassy peers have more solid hedging programs with an average hedge ratio of 54% in FY 18E. This is comparable to a 56% hedge ratio for FY 17 at the same time last year. Specifically looking at gas hedges given heightened downside risks to price for FY 18E, average hedge ratio is strong at 65% with floor prices close to \$3/mcf. Excluding AR which has traditionally had an impressive medium term hedging program (almost 100% hedged for FY 18E), the average gas hedge ratio would still be a robust 59% with all names hedged 50% or higher. The FY 19 peer group hedges except for AR (71%) are minimal.

Figure 22: Hedge profile of oily credits for FY 18



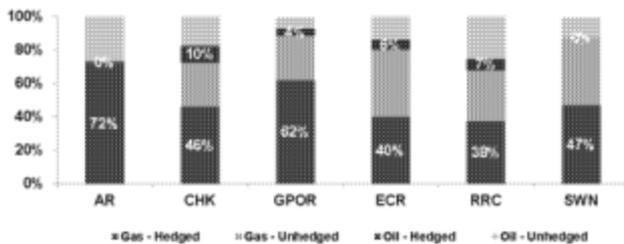
Source: Company data, Bloomberg Finance LP, Deutsche Bank

Figure 23: Hedge profile of oily credits for FY 19



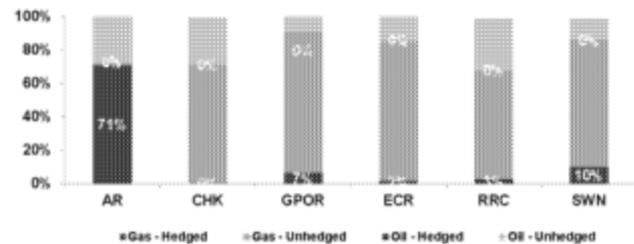
Source: Company data, Bloomberg Finance LP, Deutsche Bank

Figure 24: Hedge profile of gassy credits for FY 18



Source: Company data, Bloomberg Finance LP, Deutsche Bank

Figure 25: Hedge profile of gassy credits for FY 19



Source: Company data, Bloomberg Finance LP, Deutsche Bank