

# AI's Power Hunger Collides with America's Oil Patch in a High-Stakes Energy Rush

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USA News Group News Commentary

Issued on behalf of Prairie Operating Co.

VANCOUVER, July 15, 2025 - Thanks to the rise of more and more AI data centers, the USA is faced with a very real threat in terms of surging demand for electricity, causing a renewed fascination with utilities. A new DOE reliability study warns that, if firm capacity keeps retiring while AI-driven load soars, the annual risk of power outages could jump by "a factor of one-hundred" as soon as 2030. And while there's talk about nuclear power emerging as a clean AI data center energy source, oil and gas is being touted as a medium-term interim solution. Citing "very strong" oil demand in Q3, OPEC announced its plan to ramp up oil output, amid expectations of a near-term tight supply-demand balance. Meanwhile, the US Energy Information Administration's (EIA's) Annual Energy Outlook 2025 projects US crude oil and natural gas production growth to remain relatively high through 2030. This has all culminated in increased market attention to oil and gas stocks that are thriving and adding countless barrels of production, including updates from Prairie Operating Co. (NASDAQ: PROP), [Permian Resources Corp.](#) (NYSE: PR), Matador Resources Company (NYSE: MTDR), Chord Energy Corporation (NASDAQ: CHRD), and [Northern Oil and Gas Inc.](#) (NYSE: NOG).

After the US Energy Secretary Chris Wright estimated it would take \$20 billion and years to accomplish President Trump's goal of refilling the country's Strategic Petroleum Reserve to its maximum capacity. As power utilities providers seek higher prices for their products based on rising AI demands, the need for domestically sourced energy also grows.

Prairie Operating Co. (NASDAQ: PROP) may not yet be a household name, but the Houston-based driller has spent the past four months methodically expanding its Denver-Julesburg (DJ) Basin platform while locking in the kind of capital discipline retail investors usually want to see.

In its most recent move, Prairie paid \$12.5 million for a bolt-on slice of Edge Energy acreage. The deal added roughly 11,000 net acres, 190 Boe/d of existing output, and forty drill-ready locations.

"This strategic and highly accretive bolt-on acquisition enhances our existing footprint in the DJ Basin," said Edward Kovalik, Chairman and CEO of Prairie. "With a high working interest, established cash flow, and development-ready drilling locations, this transaction aligns with our capital allocation strategy and adds near-term value and long-term inventory."

Management financed the purchase with its credit facility, so no new shares were issued. That flexibility exists because back in June, Prairie reaffirmed it had secured a \$1 billion reserve-based lending facility led by Citibank. On 9 June the bank group, which now includes Bank of America and West Texas National, reaffirmed the \$475 million borrowing base after reviewing the company's enlarged reserves.

Operations are moving just as quickly. In late April, Prairie began completing nine drilled-but-uncompleted Opal Coalbank wells that are expected to reach first oil this summer. Those wells line up behind the 11-well Rusch Pad, spud on 1 April, which alternates two-mile laterals in the Niobrara and Codell zones. Initial production from Rusch is scheduled for early August, giving investors two near-term volume catalysts.

To protect cash flow while new pads ramp, the company hedged about 85% of 2025 production at \$68.27 WTI and \$4.28 Henry Hub and extended smaller strips through the first quarter of 2028. When Prairie last

updated the market, that hedge book was roughly \$70 million in the money, creating a visible floor under future earnings.

"Our hedging strategy is a powerful example of how we're executing our broader growth plan with discipline and foresight," said Kovalik. "We've protected cash flows, reduced risk, and positioned the Company to accelerate growth while delivering long-term shareholder value."

The current build-out rests on a \$602.8 million acquisition from Bayswater Exploration that closed in late March. That transaction lifted Prairie's daily output by roughly 25 700 Boe, added 77.9 MMBoe of proved reserves, and delivered more than six-hundred future drilling locations across twenty-four-thousand acres. The price equaled less than 0.7 times proved PV-10, leaving tangible asset support under the stock.

"The addition of the Bayswater Assets further establishes Prairie as a leading operator in the DJ Basin," said Gary Hanna, President of Prairie. "These assets are a strong complement to our existing portfolio, and we remain focused on maximizing operational efficiencies, optimizing production, and delivering sustainable growth for shareholders."

Today Prairie controls about 60,000 net DJ acres, more than 550 economic locations, and a leverage ratio near one-times EBITDA. Liquids should represent roughly seventy percent of production, a favorable mix at a time when AI-driven electricity demand is pushing both crude and associated-gas requirements higher. With the first Opal Coalbank and Rusch barrels expected in the near term, investors will soon see whether the model delivers on schedule.

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In other recent industry developments and happenings in the market include:

Permian Resources Corporation (NYSE: PR) recently closed a \$608 million bolt-on in Eddy and Lea Counties, New Mexico, adding 13,320 net acres, 12,000 Boe/d of low-decline output and more than 100 two-mile locations that breakeven near \$30 WTI. That deal follows a record first-quarter showing of 373 Boe/d production and \$460 million free cash flow, which let management cut 2025 cap-ex guidance by \$50 million while holding volumes flat.

"As a result of the current environment, we are lowering the mid-point of our capital expenditure budget by \$50 million while maintaining our full year production guidance, demonstrating the high-quality nature of our asset base," said James Walter, Co-CEO of Permian Resources. "Underpinned by high-return inventory and improved business fundamentals, we expect to deliver similar free cash flow at \$60 per barrel WTI for the remainder of 2025 as we did in 2024 at \$75 per barrel."

With liquidity above \$3 billion and leverage at 0.8x EBITDAX, PR is deploying its fortress balance sheet to scoop acreage at cycle-low pricing.

[Baytex Energy Corp.](#) (NYSE: BTE) (NYSE: BTE) just secured a one-year extension of its US \$1.1 billion revolving credit facilities to June 2029, preserving liquidity with no borrowing-base redeterminations. The move follows a solid first-quarter report that showed 144,194 boe/d of production (84% oil & NGL) and C\$53 million of free cash flow, even after winter weather disruptions.

"Baytex efficiently executed its exploration and development program and delivered first quarter results consistent with our full-year plan," said Eric T. Greager, President and CEO of Baytex. "In a challenging operating environment marked by macroeconomic uncertainty and a volatile commodity price, we are pleased to have delivered free cash flow and returns to shareholders."

Management used that cash to repurchase 3.7 million shares, pay a quarterly dividend, and trim net debt to CA \$2.39 billion, signalling disciplined balance-sheet focus in a choppy price tape.

Chord Energy Corporation (NASDAQ: CHRD) delivered 153.7 Mbopd and 271 Mboe/d in Q1 2025, topping

guidance and generating \$290 million of free cash flow even after winter weather slowed fieldwork. Management returned 100% of that free cash flow to shareholders through a \$1.30 base dividend and \$216.5 million of buybacks at an average \$108.54 per share.

"Our compelling asset base and proficient execution continue to support high levels of shareholder distributions, with 100% of free cash flow returned to shareholders for the second consecutive quarter," said Danny Brown, President and CEO of Chord Energy. "Our premier Williston Basin position, built with a focus on disciplined capital allocation, early adoption of new technologies, and strategic M&A, puts Chord in a strong position to weather commodity down cycles."

The company also issued \$750 million of 6.75% 2033 notes, pushing liquidity to \$1.9 billion while keeping leverage at just 0.3x EBITDAX.

In June, Northern Oil & Gas, Inc. (NYSE: NOG) raised about \$211 million by reopening its 3.625% convertible notes due 2029, then used part of the proceeds for a \$35 million accelerated share repurchase and to fund capped-call transactions that lift the effective conversion price above \$50 per share.

"NOG is pleased to have successfully completed the issuance of an additional \$200 million of our 2029 Convertible Notes, which further bolsters our liquidity, enhances our debt maturity schedule and reduces our cost of capital, all while executing an accelerated share repurchase," said Nick O'Grady, CEO of Northern Oil & Gas. "This enhances the Company's competitive position in a volatile market backdrop and should allow us to pursue accretive countercyclical investments."

After fees and capped-call costs, management expects a \$152 million boost to liquidity and roughly \$5 million in annual interest and dividend savings, improving its debt-maturity profile without equity dilution.

Six weeks earlier, NOG's semi-annual redetermination expanded committed capacity on its revolver to \$1.6 billion while the \$1.8 billion borrowing base remained intact, adding CIBC as the twentieth bank in the syndicate.

#### CONTACT:

USA NEWS GROUP  
info@usanewsgroup.com  
(604) 265-2873

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