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The Price Forecast in Energy Had a Three-Week Shelf Life, New Research Says Operators Should Seek Flexible Capital Plans

New First National Capital research identifies the borrowing base as a structural constraint on equipment capital requirements of oil and gas operators

First National Capital Logo

IRVINE , CA, UNITED STATES, August 12, 2026 /EINPresswire.com/ -- First National Capital Corporation, a leading independent provider of capital equipment and project financing, today released The Three-Week Window, a midyear research report examining how U.S. oil and gas operators deployed capital during a first half in which crude prices moved more than $45 in four months.

The report opens with the Energy Information Administration's July Short-Term Energy Outlook, published on July 7, which cut the 2026 Brent projection to $82 per barrel from $95 and the 2027 projection to $65 from $79. The reasoning was explicit: the June 18 memorandum of understanding between the United States and Iran had reopened the Strait of Hormuz, and shut-in production was expected to return. Within three weeks, the memorandum had collapsed, strikes had resumed, and Brent had moved back above $100.

The report presents this as evidence rather than an error. If the most rigorous forecasting apparatus in the industry produced a number with a three-week shelf life, it argues, no operator's capital plan should require a price view to hold long enough to finance against.

Activity built through the volatility regardless. The U.S. rotary rig count stood at 587 in late July against 539 a year earlier, its highest level since May 2025 following eight consecutive weekly increases across North America.

The central argument is that when price signals reverse within weeks, the binding constraint on capturing value shifts from analytical accuracy to execution speed. The report contrasts a conventional 73-day financing cycle with a 21-day close using a capital provider that evaluates oilfield assets internally — noting that 50 days is not a delay when windows open and close in three to five weeks. It is the difference between participating and not.

The analysis also examines a structural feature of reserve-based lending that it argues operators consistently underweight. Because borrowing bases redetermine against price decks, availability expands after strength has already been realized and contracts after weakness has already been priced. An operator sourcing equipment and infrastructure capital from the revolver is therefore structurally guaranteed the least availability when opportunity is greatest.

"Reserve-based lending does exactly what it was designed to do. This is not a criticism of it," said Philip Gronnerud, SVP and co-founder, First National Capital Corporation. "The mismatch is what operators are asking it to fund. An electric submersible pump lifts the same barrels at $65 as at $110; its value doesn't swing $45. But when that equipment is funded from a facility that redetermines against a price deck, a stable asset inherits the cyclicality of an instrument designed for something else, and the lift program gets deferred for reasons that have nothing to do with lift economics."

The report identifies gathering systems and produced water infrastructure as the most consistently underfinanced categories in the upstream capital stack, noting that multi-lease assets with varying working interests fall outside the templates most credit desks use. It also finds that natural gas fundamentals — LNG export capacity scaling toward 18.6 Bcf/d by 2027 and record projected power sector consumption — are the most durable planning assumption currently available in energy and largely uncorrelated with Persian Gulf developments.

The Three-Week Window is the oil and gas installment of a four-part mid-year series, with companion reports covering manufacturing, private equity, and business aviation. It draws on EIA data, Baker Hughes rig counts, benchmark pricing through late July, Equipment Leasing and Finance Association indices, and First National's origination data.
The full report is available at firstncc.com. Members of the media may request a copy using the contact information below.

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