

ISSUE #2 | MARCH 5, 2025

The Massive Energy Opportunity Wall Street Is Missing

- A Tiny, Unknown Country Could Create **The Next Oil Fortune**
- The Market Is Ignoring **Potential 5x Gains**



A PARTNER PASS EXCLUSIVE REPORT

The Massive Energy Opportunity Wall Street Is Missing

A Tiny, Unknown Country Could Create The Next Oil Fortune
The Market Is Ignoring Potential 5x Gains

Ingrid Bouterse wasn't expecting a corpse for Christmas.

She never found out who dropped off the man-sized box on the back porch of her estate in Suriname, a small country on the northeast coast of South America. It was Christmas Eve 2024, and inside was the body of her missing husband – the country's former dictator, controversial populist Dési Bouterse.

Dési had been in the wind for a year – ever since he'd been ordered by authorities to turn himself in for his role in a 1982 bloodbath known as the December Murders. Forty-odd years later, the aging former strongman wasn't about to comply with requests from his country's now-democratic government.

In January 2023, facing a 20-year jail sentence for murder, he vanished – and, as Ingrid told authorities at the time, "He's not going to turn himself in."

One year later, Dési returned – this time, though, beyond the reach of the law.

Wherever he'd been, he'd been enjoying himself – a little too much. The autopsy showed his cause of death as liver poisoning from excessive alcohol consumption.

Soaked in rum, packed in cardboard, it was an on-brand ending for a man who'd upended his country's government (twice), masterminded a swathe of mass executions, dabbled in international drug trafficking – and turned Suriname into an unexpected oil industry powerhouse.



Suriname – at 63,000 square miles, about the size of Missouri – had been a Dutch colony until the Netherlands granted it independence in 1975. “Freedom,” though, came with heavy ties to the Netherlands, with Dutch politicians appointed to top government positions, as well as a tiered army structure that gave better pay to Dutch-born soldiers than to native Surinamese. (The higher-ranking Dutch officers dismissively referred to their Surinamese subordinates as “lame-brained Boy Scouts.”)

That lasted until the June 1980 “Sergeants’ Coup.”

Suriname-born Bouterse, a sergeant major fed up with being treated like a second-class citizen, gathered 15 similarly ticked-off native officers, and burned down the police station in the capital city, Paramaribo. The police surrendered, the prime minister was thrown in jail, the president fled the country, and Dési and friends set up a ruthless military dictatorship.

Over the next few months, Bouterse (pictured right) moved swiftly: he enforced an evening curfew, allowed only one newspaper that was state-run, and cracked down on freedom of assembly. He also abolished political parties and elections – to the growing dismay of his countrymen, who’d initially supported his revolution. “We are not talking about any foreign model of democracy. We are talking about our own kind of democracy, which we will establish in our own good time and in our own way,” Bouterse explained five years after the coup.



That brand of “democracy” apparently included mass murder. In 1982, Bouterse’s regime kidnapped, tortured, and killed 15 political dissidents, including lawyers, journalists, and teachers... the December Murders that would ultimately lead to his own exile and boxed-up return.

In Boy Scout fashion, though, Dési Bouterse did perform just one “good deed for the day”

Chaos Energy

It all started about 15 years before the Sergeants' Coup, in a sandy schoolyard in northern Suriname...

Back in 1965, well diggers – searching for water on school property in the district of Saramacca – turned up a trickle of oil instead. The black gold dribbled out of the sand largely unnoticed for over a decade... until Bouterse seized power.

To cement his populist image, he decided he'd develop oil as a national resource. As one of his first official acts in 1980, he created Staatsolie, a state-run oil company with the can-do slogan "Confidence in our own abilities." Official drilling began in 1982. In 1988, Suriname exported its first barrels of oil to the nearby double-island nation of Trinidad and Tobago... and, by 1997, Staatsolie boasted a fully operational refinery churning out about 8,000 barrels a day.

As Bouterse's chaotic political saga careened onwards – including getting kicked out of government in 1987, beating a cocaine smuggling rap in 1999, and regaining power as an elected president in 2010 – Staatsolie steadily produced more and more oil, with production increasing to 16,500 barrels a day (and accounting for 10% of the country's GDP each year).

In 2020, Bouterse's star fell, when he was ousted from office for good amid the gathering clouds of the "December Murders" trial. At the same time, Staatsolie's profile rose dramatically when it discovered Suriname's first deposit of offshore oil, and global oil majors suddenly sat up and took notice of this tiny and embattled former Dutch outpost.

In 2023, the year Bouterse dodged his 20-year jail sentence, four international oil companies signed product-sharing deals with Staatsolie to develop the offshore oil patch. Between 2028 and 2033 – as the new offshore facility comes fully online – pint-sized Suriname, with a gross domestic product of just \$3.5 billion, is on track to bring in an estimated \$16 billion to \$26 billion over the 25-year life of the project, slated to begin in 2028.

Perhaps that's the *real* Christmas miracle.

The Suriname oil boom is also the catalyst for one of our very first *Asymmetry* opportunities, offering the potential for 250% to 400% returns over the next several years...

An Overlooked Energy Transformation

The company we're recommending in this issue is **APA Corporation (Nasdaq: APA)**, the parent company of Apache Corporation, one of America's largest oil and gas exploration and production companies

With a \$7 billion market cap, APA generated \$9.7 billion in annual revenue in 2024, with operating income of \$1.5 billion.

While APA operates in the United States, Egypt, and the United Kingdom's North Sea, our report centers on the company's potentially transformative joint venture in Suriname – which is the aspect of the business that offers so much upside potential.

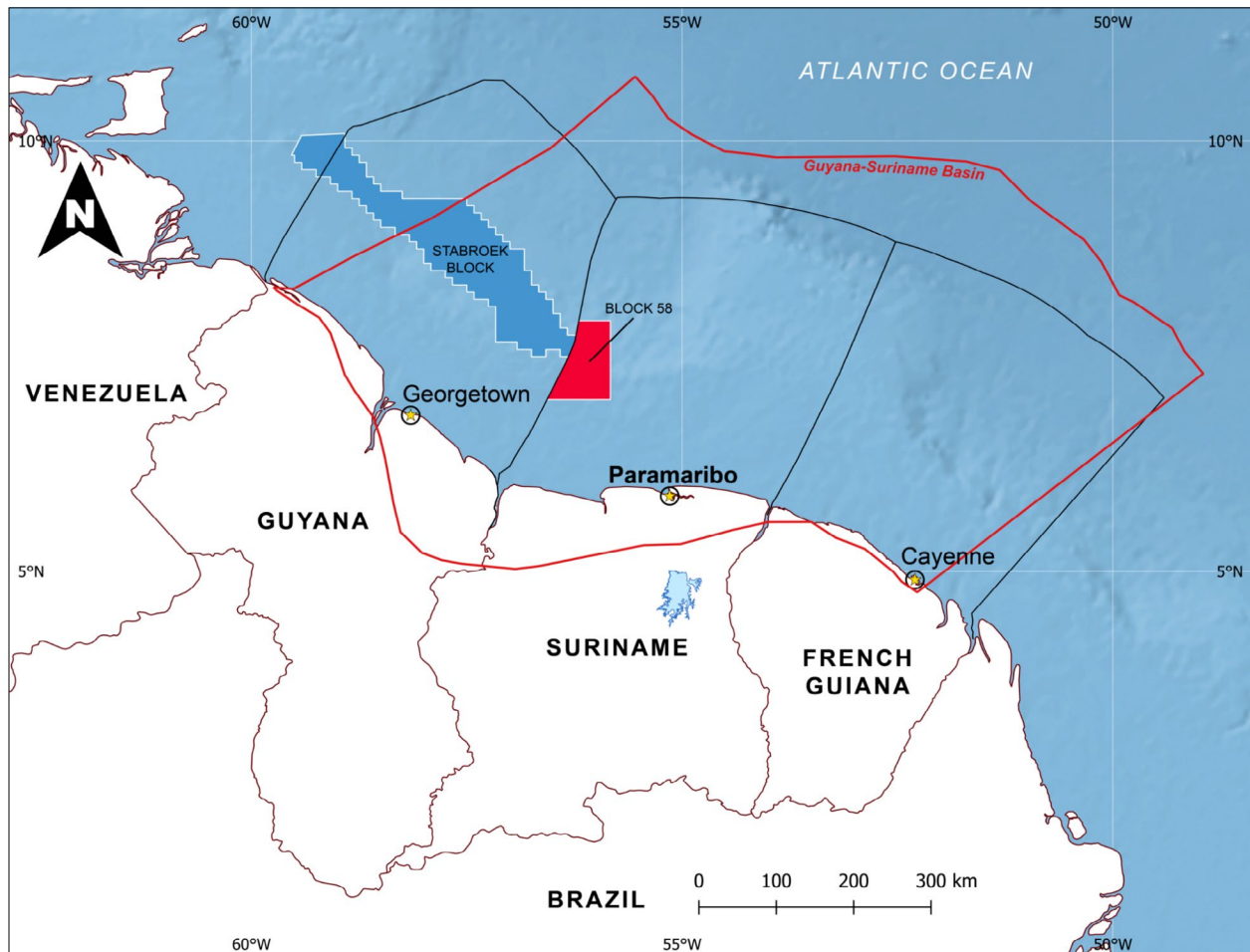
In 2015, oil giant ExxonMobil (XOM) made what would eventually be one of the most significant oil discoveries in decades off the coast of Guyana, one of Suriname's South American neighbors.

This deposit, known as the Stabroek Block, holds an estimated 11 billion barrels of recoverable oil – representing only the fourth oil discovery of more than 10 billion barrels in the last 50 years – and has transformed Guyana from a forgotten former British colony into one of the fastest-growing economies on the planet.

However, while the world was watching Exxon's Guyana success story unfold, Apache was quietly securing its own bonanza next door.

That same year, newly appointed Apache CEO John Christmann IV secured exploration rights to Block 58, a 1.4-million-acre tract in Surinamese waters that shared a maritime border with the Stabroek Block.

Though it drew little attention at the time, this decision represented a bold gamble: that the same energy-rich formations yielding billions of barrels of oil in Guyana extended eastward into Suriname's waters.



Many in the industry were skeptical. Earlier exploration attempts in Suriname had yielded disappointing results, and the nation's offshore geology – while similar to Guyana's – had subtle differences that made exploration a challenge. However, Christmann and his team believed that with modern technology and equipment, the company could unlock a vast new energy deposit.

By 2019, as Exxon's successive discoveries in Guyana continued to astound the industry, Christmann recognized that Apache needed a partner to share the costs and the risks of deep-water exploration. In December of that year, Apache announced a joint venture with French energy giant Total (now TotalEnergies (TTE)) to explore Block 58. Apache maintained a 50% interest, with Total providing significant financial resources and technical expertise.

Just weeks after announcing this partnership, in January 2020, Apache and Total made their first significant oil discovery in Block 58, at the Maka Central-1 well. However, Wall

Street barely noticed – the discovery came just before the COVID-19 pandemic swept across the globe, sending oil into a historic collapse, when the price dropped from around \$70 per barrel in January to \$15 in April.

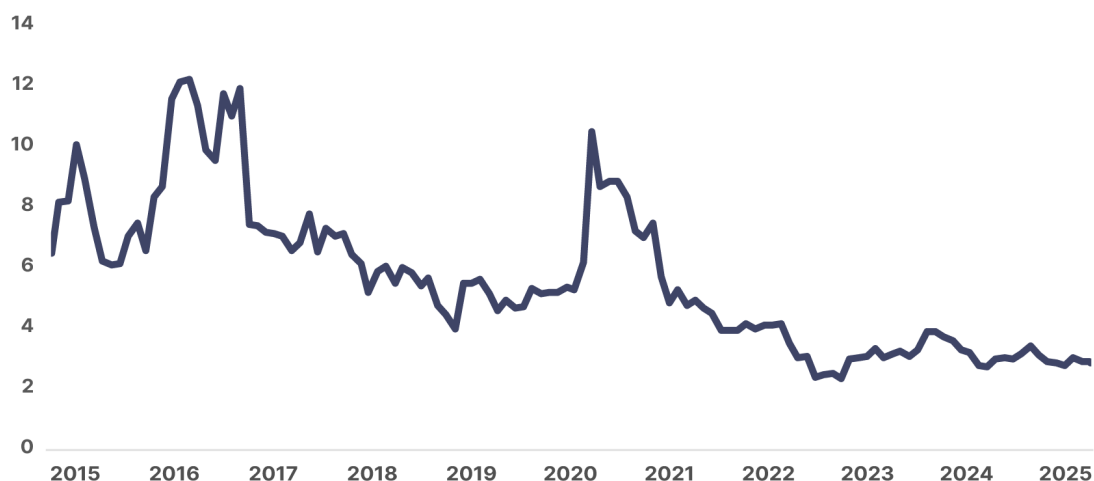
Despite the pandemic’s operational challenges and oil price volatility, Apache and Total continued their exploration efforts through 2020. Three additional discoveries in Block 58 – Sapakara West, Kwaskwasi, and Keskesi – followed. And each new well discovery confirmed Christmann’s original thesis: the Stabroek Block’s energy-rich formations did, in fact, extend into Suriname’s offshore waters.

By early 2021, as global oil markets began recovering, Apache had completed a corporate restructuring, forming a new parent company – APA Corporation – while maintaining Apache as an operating subsidiary. This reorganization, while largely administrative, symbolized the company’s efforts to transform itself and prepare for a new chapter centered around its Suriname discoveries.

APA and TotalEnergies have made a string of discoveries in the years since, further solidifying the enormous potential of Block 58. Yet despite these successes, the market remains unimpressed. APA trades near a multi-decade low enterprise value to earnings before interest, taxes, depreciation, and amortization (EV/EBITDA) multiple of just 2.8x, versus the industry median EV/EBITDA of around 5x.

APA Trades Near All-Time Lows

■ APA Enterprise Value to EBITDA



Source: Bloomberg

And at a price of around \$19, shares are currently trading more than 35% below where they were when the company announced its first big Suriname discovery in early 2020.

APA Shares Have Been Falling



Source: Bloomberg

This discount creates what we believe is a rare asymmetric opportunity – one where downside is limited by the company’s existing cash-flowing assets, while the upside potential from Suriname could deliver returns of 250% to 400% or more over the next several years.

The Evolution Of A Wildcatter

Before diving deeper into the Suriname opportunity, it’s worth reviewing how APA got to where it is today.

Apache Corporation began operations in 1954 as a small company founded in Minneapolis, Minnesota, by three oil industry veterans. The company initially focused on acquiring and developing oil properties in the Midwest before expanding into Texas and other parts of the U.S. Throughout its early history, Apache operated as a conservative, domestically-focused exploration and production company.

A turning point came in the 1990s when Apache diversified its asset base by acquiring properties in Egypt, Australia, and the North Sea. During this period, Apache developed a reputation for acquiring mature assets from major oil companies and extending their productive lives through operational improvements and enhanced recovery techniques.

It had grown from a company generating \$273 million in annual revenue in 1990 to \$6.4 billion when Christmann took over as CEO in 2015. A 20-year veteran in the company, he inherited a challenging situation. Oil prices had crashed from over \$100 per barrel to less than \$50, creating tighter operating margins and thus putting severe financial pressure on exploration and production companies with high debt loads like Apache. Christmann implemented a strategic shift, focusing on debt reduction and more disciplined capital allocation.

As part of this shift, Christmann sold significant parts of Apache's portfolio, divesting non-core assets to focus on higher-return opportunities. It consolidated its North American operations around key positions in the Permian Basin of West Texas and New Mexico, while maintaining its presence in Egypt and the North Sea. These established assets provided the cash flow necessary to fund new exploration initiatives.

It was against this backdrop that in 2015 Christmann made the pivotal decision to enter Suriname, securing exploration rights to Block 58. This move, though initially overshadowed by the company's broader restructuring efforts, would prove to be one of the most important decisions in Apache's history.

What Wall Street Is Missing About APA

APA operates within the broader upstream segment of the oil and gas industry, focusing on the exploration and production of hydrocarbons rather than midstream transportation or downstream refining. And it currently generates reliable cash flow from three core assets.

1. Following the \$4.5 billion acquisition of Callon Petroleum in early 2024, APA's position in the Permian Basin has been completely transformed by the addition of around 100,000 barrels of oil equivalent per day (boe/d) of production – an increase of nearly 45%. As a result, the company reported a 34% year-over-year production increase in the Permian in Q4 2024 to 307,000 boe/d, or roughly 75% of APA's total production.
2. APA's operations in Egypt account for around 95,000 boe/d, or 17% of total production. As the largest oil producer in Egypt's Western Desert, APA has leveraged its long operating history to implement enhanced recovery techniques that have grown production from mature fields.
3. APA's North Sea properties currently contribute 45,000 boe/d, or around 8% of APA's total production. However, the company is planning to exit these operations by 2029 because of burdensome new emissions regulations and a windfall energy tax imposed by the UK government.

Investors appear to be valuing APA based solely on these existing operations, and this has caused shares in the company to trade at a significant discount to many of its peers. That's in part because, in recent years, the industry has experienced a significant shift in investor preferences.

Following years of poor capital discipline that prioritized production growth over returns, energy investors are increasingly rewarding financial prudence, strong free cash flow generation, and direct shareholder returns through dividends and share repurchases.

APA is now focusing on improving its capital discipline. For example, the company is aiming to double free cash flow per share by 2029 (a ~25% compound annual growth rate) through a combination of \$350 million in cost reductions, improving the economics in its Permian Basin properties following its recent acquisition of Callon Petroleum, and ongoing share repurchases.

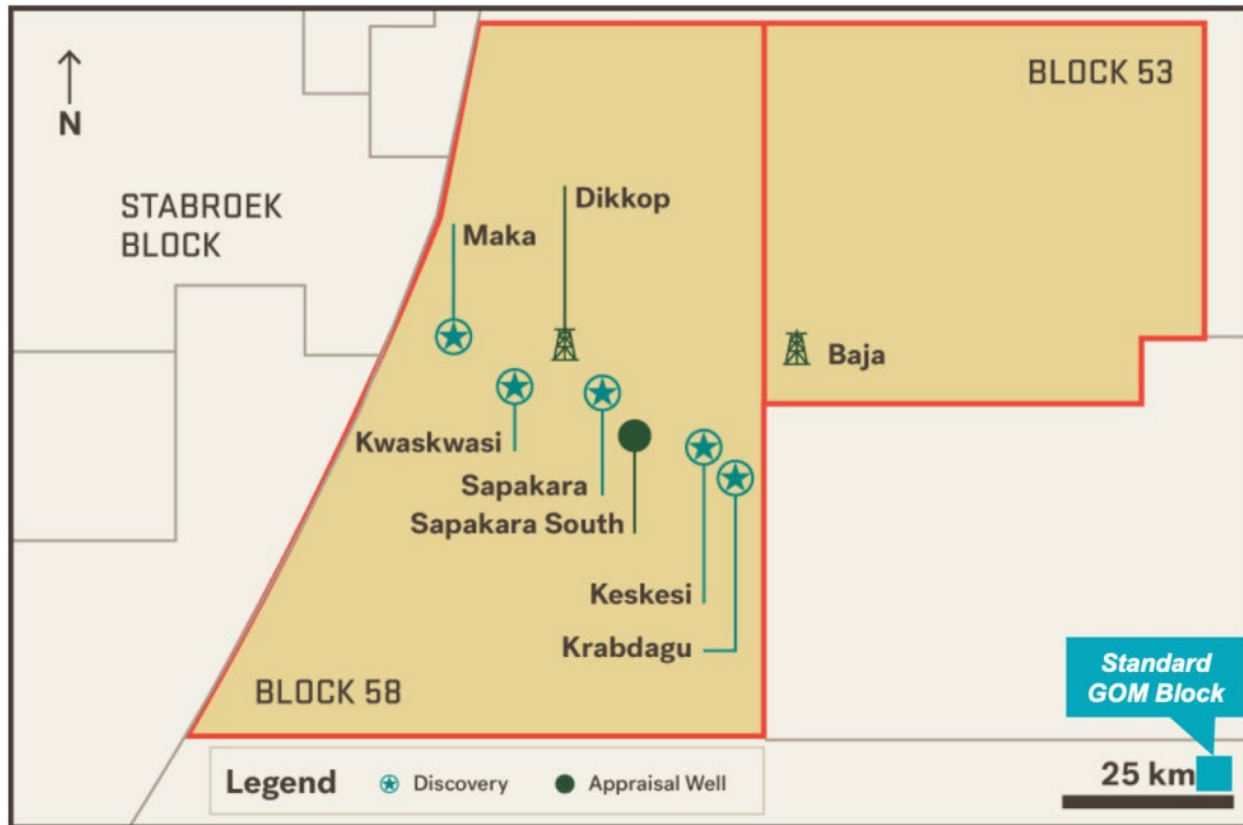
However, the company still lags behind its top-performing peers in these metrics. And while APA's Suriname properties represent enormous long-term value, developing those offshore fields will require substantial capital over the next few years. Phase 1 development alone is expected to cost APA at least \$1.1 billion – nearly 40% more than the company earned in net income last year – and will not begin producing for another three years.

These factors likely explain why APA currently trades at such a depressed valuation. But we believe investors are being foolishly short-sighted.

The 750 Million Barrel Opportunity

Again, while APA has made some significant improvements to its operations, we're not recommending APA shares for the company's existing production. Rather, the key to APA's asymmetric upside potential lies in the Block 58 offshore Suriname project that Wall Street is currently ignoring. And that project recently took a significant step forward.

In a major milestone announced last October, APA and TotalEnergies reached a final investment decision ("FID") for the GranMorgu Phase 1 project – which includes the Sepakara South and Krabdagou discoveries – representing just a fraction of the full potential of Block 58.



According to the company's latest reports, the GranMorgu project is expected to unlock approximately 750 million boe in recoverable resources, with competitive breakeven costs of \$35 to \$45 per barrel. This positions the project favorably against other global deepwater developments, in both size and development costs. The development plan calls for a 220,000 barrels per day (b/d) oil project – with APA controlling at 40%, or 88,000 b/d – with first oil expected in 2028, providing APA with visible production growth extending into the 2030s.

The partnership structure with TotalEnergies provides APA with several advantages. TotalEnergies assumed operational control of Block 58 after the exploration phase and is contributing its extensive deepwater development expertise, having successfully brought online major projects in regions like West Africa and Brazil. This partnership reduces APA's development risk while still providing significant exposure to the upside potential. APA maintains a 50% working interest in the block, meaning it will receive half of the money generated from production after government royalties and cost recovery.

The production sharing contract for Block 58 provides a government take of up to 20% – through a \$1.8 billion investment by Staatsolie, Suriname's state-owned oil company – that is competitive with other major offshore developments globally.

What's more, APA benefits from Block 58's proximity to Guyana, where infrastructure is already being established to support ExxonMobil's Stabroek Block production. This creates potential synergies that could reduce development costs and accelerate production timelines for the Block 58 discoveries. And the lessons learned from Exxon's Guyana development will directly benefit the Suriname projects, potentially lowering costs and improving execution.

These first development efforts are just a start. APA believes Block 58 offers substantial potential for additional discoveries. Industry analysts estimate that full development of Block 58 could ultimately achieve peak production of 500,000 b/d to 600,000 b/d, similar to the production profile projected for Exxon's Stabroek Block in nearby Guyana. At this scale, APA's share of production would exceed 250,000 b/d, representing a 50%-plus increase over the company's current global production base.

APA also holds a 100% working interest in Block 53, adjacent to Block 58, where it has already made one discovery at the Baja well site. While exploration in this block is less advanced than in Block 58, successful appraisal of Baja or additional discoveries in Block 53 would represent incremental upside beyond the company's Block 58 position.

Huge Upside Potential With Limited Downside Risk

As we noted earlier, APA currently trades at an EV of around 2.8x its 2024 full-year EBITDA of \$5.0 billion.

Based on APA's minimum projection of 88,000 b/d from GranMorgu Phase 1 – and assuming a long-term oil price of \$75 per barrel – we can estimate an incremental annual EBITDA of around \$800 million from the project at completion.

Applying an industry median multiple of 5x EV/EBITDA gives us an implied share price of \$64, or nearly 250% above the current level.

Applying a slightly higher, yet still reasonable multiple of 7x EV/EBITDA – still well below those of the top operators in the industry – implies a price of \$95, or more than 400% above the current level. And obviously, higher oil prices – or a more premium valuation – would only increase the upside potential.

On the other hand, APA's current historically depressed multiple provides significant downside protection if things go poorly. For example, if the Suriname project is delayed (or canceled outright) and the long-term price of oil falls to \$60 per barrel, that equates to a share price of around \$15, or less than 20% below the current price – relatively limited downside compared to the potential upside.

In other words, we believe APA represents one of the most compelling asymmetric opportunities in the energy market today. The company combines stable cash flows from existing assets with tremendous optionality from its Suriname offshore discoveries – yet trades at a valuation that reflects none of that upside potential.

Action to Take: Buy APA Corporation (Nasdaq: APA) up to \$25 per share



Porter & Co.
Stevenson, MD

P.S. If you'd like to learn more about the Porter & Co. team, you can get acquainted with us [here](#). You can follow me (Porter) on **X** here: [@porterstansb](#)