



A&D Transactions

Serving the marketplace with research, insight and transaction opportunities

The Mississippian in Play

Eagle Energy of Oklahoma, a private Tulsa independent backed by **Riverstone Holdings**, is selling 3,660 boe/d of production in northern and central Oklahoma. Output is projected to reach 5,000 boe/d by the end of Q1. The 100% operated package includes 105,000 net acres, of which 60,000 are in the emerging Mississippian horizontal play. Total 3P reserves are 73 MMboe, 47% oil, with an unrisksed PV-10 of \$1.4 billion. The reserve report was by



Ramsey Property Management.

The properties are split between the Northwest Oklahoma (Mississippian) and Central Oklahoma (Hunton Lime/Woodford) packages. The best part is the Mississippian acreage, with 350 horizontal

A horizontal play 'de-risked' with 17,000 vertical wells.

locations projected to recover 300 to 650 Mboe each. The Eagle Energy Sharpe well, completed in October 2010, peaked at 2,600 boe/d, showing the play's potential.

QuickLook

1. Eagle selling 5,000 boe/d, 73 MMboe
2. Includes 60,000 net acres in the Mississippian
3. Netherland Sewell says 409 Mboe/well
4. SandRidge and Chesapeake big acreage holders
5. SandRidge to IPO Mississippian trust

By one estimate, the horizontal Mississippian oil play extends over 6 million acres. The carbonate formation is at 4,000' to 7,000' and reaches 1,000' in gross thickness with a targeted porosity zone of 50' to 100'. It lies between the Pennsylvanian-aged Morrow sand and the Devonian Woodford shale. Thousands of vertical wells dating back to the 1940s provide control for the geologic model.

Eagle would be the first big deal announced in the play and could be another big payday for founder and CEO Steve Antry, whose former startup **Beta Oil & Gas** was merged in 2004 to give what is now **Petrohawk** its public listing.

A key valuation point to watch on Eagle will be the coming **SandRidge Royalty Trust I** IPO, expected to price soon. Proposed symbol for the trust is SDT. **Scotia Waterous** is advising Eagle. A virtual data room is open and the bid date is April 7. **PLS**

Great minds think alike

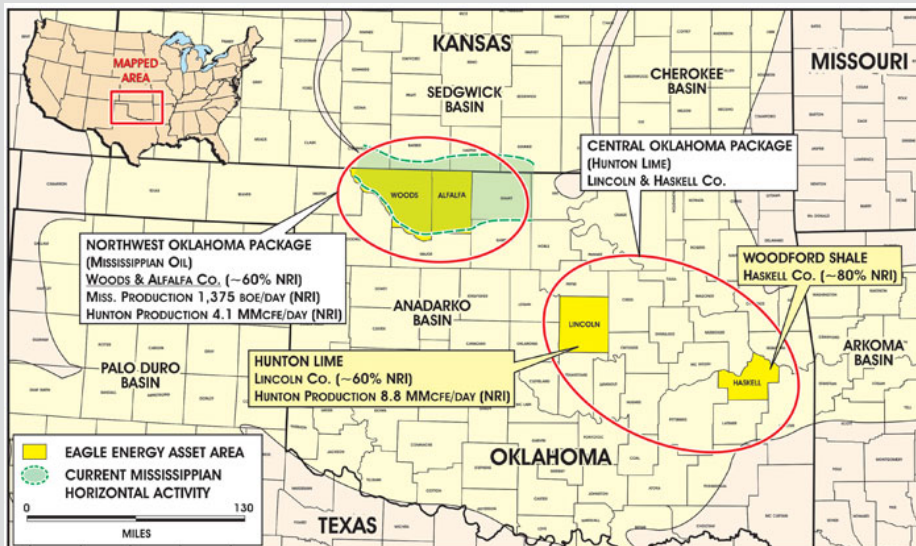
Big acreage holders in the Mississippian include Oklahoma City independents **Chesapeake Energy** and **SandRidge Energy**. Chesapeake CEO Aubrey McClendon and former partner Tom Ward, who left to form SandRidge, must be drinking the same frac water.

Ward is eagerly touting the Mississippian, putting it front and center at SandRidge's investor conference in early March. If his numbers hold up, the economics rival the red hot Eagle Ford. How so?

Shallower, easier-to-frac wells than Eagle Ford mean lower cost per barrel.

The Mississippian delivers Eagle Ford reserves at a fraction of the cost. The costs to drill and complete a well in this much shallower play come in at \$2.7 million versus \$5 to \$6.5 million in the Eagle Ford. With plenty of shallow rigs available and less horsepower needed for pressure pumping to frac carbonate rock, Ward sees plenty of equipment available and little upward pressure on costs. The **Netherland, Sewell Associates** type curve at year-end 2010 gave SandRidge 409 Mboe/well for the play and 470 Mboe/well for year-end PDPs. **Continues On Pg 2**

Eagle's Sale Package: First Big Mississippian Deal



Source: Scotia Waterous

FEATURED LISTING

LARGE OKLAHOMA PACKAGE

2-Packages. ~125,000-Gross Acres.
MISSISSIPPIAN & HUNTON PLAYS
 NORTHWEST OK & CENTRAL OK
 Hunton Limestone Formation.
 Mississippian Horizontal Development.
 Significant UpSide Opportunity.
 Multiple Development Drilling Locations.
 OPERATIONS NEGOTIABLE
 Net Production: 3,600 BOED
 1st Qtr 2011 Est Prod: 7,000 BOED
 Stable Cash Flow.
 Significant Project Reserve Potential.
 AGENTS WANTS OFFERS APRIL 7
PP 4400PKG

**3,600
BOED**

www.plsx.com

Search PLS' listings database:

Eagle Ford

GO

Great minds think alike ➔ **Continued From Pg 1**

By SandRidge's own count, it has brought on line 39 of the more than 140 horizontal wells drilled in the play since 2009 and has 13 more awaiting completion. Of the 20 horizontal rigs running there in early March, it has eight. Ward estimates a 12-rig 2011 drilling program can hold 500,000 acres. SandRidge has already acquired 780,000 acres and has offers out to boost that to 900,000 to 1 million net acres, at what would be an average cost of \$200/acre.

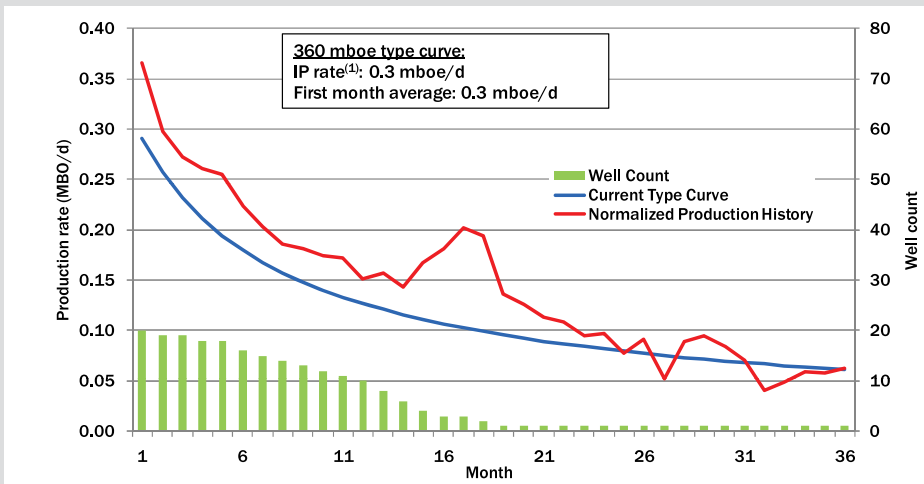
SandRidge is considering "all options" to monetize the rest of its Mississippian play and Ward is "wide open to other ideas." Its first money-raising effort, **SandRidge Royalty Trust I**, is expected to fetch more than \$250 million for a 49.4% interest in 43,000 net acres, or about 3% of SandRidge's year-end Mississippian acreage. That price would recover ALL of SandRidge's acreage acquisition costs there of less than \$200 million, and then some. Asked about de-risking the play in a recent earnings call, Ward asserted it was already effectively proved up. "The whole key to the play was it was de-risked because of all the vertical wells.... There have been 17,000 wells drilled that are all vertically producing from the same zone. And all you're doing is drilling a horizontal well connecting up the same rock that we already have the type curve on and know that there's oil in place."

Chesapeake highlighted its own 230,000 net acres in the western part of the play in its October 2010 analyst spiel. The Mississippian Serenity 1-3H in Woods County, which flowed 1,609 boe/d (1,427 b/d, 1.1 MMcf/d), was lauded as one of the 1,000 boe/d producers from Chesapeake's unconventional oil portfolio.

Chesapeake's type curve of 360 Mboe EUR/well and an average IP rate of 300 boe/d is less than the more recent Netherland Sewell estimate for SandRidge, but still delivers attractive returns and a finding and development cost of less than \$10/boe. ➔ **Continues On Pg 3**

PUD lands going for ~\$5,000/acre in SandRidge trust IPO.

Mississippian Type Curve and Normalized Production History



Source: Chesapeake

Eagle Energy's Sale Package: PV-10 of \$1.4B

Source: Scotia Waterous

Region	Play	Gross Acres	Net Acres	3P Reserves			Production		Counties
				(MMboe)	Oil %	PV-10 (\$MM)	Jan. 2011 (boe/d)	Q1 Exit (boe/d)	
Northwest	Mississippian/HL	80,000	68,000	66	52	\$1,293	2,192	3,567	Alfalfa, Woods
Northwest	Hunton Lime/Woodford	40,400	36,400	6	0	\$86	1,468	1,428	Lincoln, Haskell
Total		124,400	104,400	73	47	\$1,379	3,660	4,995	

OKLAHOMA

GARVIN CO., OK PROSPECT

2-Potential Wells. 240+ Acres.
CENTRAL OKLAHOMA
 Hunton, Voila, & Bromide Objectives.
 Subsurface Geology.
 Moving UpDip To Producing Well.
 85% NonOperated WI; 79% NRI
 Est Well Reserves: 100+ MBO
 Est Project Reserves: ~200 MBO
 DHC: \$500,000; Compl: \$500,000
 CALL GENERATOR TO LEARN MORE
[DV 4451](#)

MULTIPAY

KINGFISHER CO., OK PROSPECT

2,600-Net Acres. 17-Sections.
WOODFORD SHALE OIL PLAY
ANADARKO BASIN
 Horizontal Misener Sand/Woodford Shale.
 CALL GENERATOR TO LEARN MORE
[DV 6364HZ](#)

WOODFORD

LINCOLN CO., OK SUBPACKAGE

~26-Active Wells. ~34,000-Gross Acres.
HUNTON PLAY
 Hunton Lime Trend Formation.
 Opportunity To Acquire Material Reserves w/Existing Production & Cash Flow.
 Additional Woodford Shale Potential.
 ~75% OPERATED WI; 60% NRI
 Net Production: ~11.5 MMCFED
 Net Cash Flow: >\$1,000,000/Mn
 Prolific Hydrocarbon Reservoir.
 Play Area Covers ~16 Million Acres --
 -- & Is Currently Only ~10% Developed.
 AGENTS WANTS OFFERS APRIL 7
[PP 4402DV](#)

~11.5 MMCFED

MCCLAIN CO., OK NONOPERATED

1-Active Well. 160-Acre Lease.
GOLDEN TREND FIELD
 Bromides & Sycamore. 9,456-11,379 Ft.
 Behind Pipe UpSide: Hunton & Viola
 10.5% NonOperated WI; ~7.98% NRI
 Production: 35 BOPD & 250 MCFD
 Cash Flow Average: \$11,975/Mn
 Negotiated Sale.
 CONTACT BROKER
[PP 7199DV](#)

NONOPERATED

OKLAHOMA

MCCLAIN CO., OK PROSPECT

2-Potential Wells. ±200 Acres.

CENTRAL OKLAHOMA

Hunton, Viola, & Bromide Objectives.

Moving UpDip To Producing Well.

85% NonOperated WI; 79% NRI

DHC: \$500,000; Compl: \$500,000

CALL GENERATOR TO LEARN MORE

[DV 4461](#)

MULTIPAY

NW OKLAHOMA SUBPACKAGE

Multiple Active Wells. ~80,000-Acres.

MISSISSIPPIAN OIL PLAYWOODS & ALFALFA CO., OK

>350 Horizontal Locations Possible.

Significant Upside Opportunity.

Additional 8,000-Ac w/Hunton Lime Rights.

~75% OPERATED WI; 60% NRI

Net Production: 1,500 BOED

Anticipated Q1 2011 Prod: 4,000 BOED

Est Proj Recovery: 300-650 MBOE/Well

Drill & Completion: \$2,500,000/Well

AGENTS WANTS OFFERS APRIL 7

[PP 4401DV](#)

1,500
BOED

OKLAHOMA PROPERTIES

Active Wells. ~55,000-UnDeveloped Ac.

HARTSHORNE COAL

Conventional, CBM, Shallow Woodford --

-- And Caney UpSide Potential.

OPERATED, NONOP & ORRI WI

Net Production: 10 MMCFD

AGENT PREPARING DATA PACKAGE

[PP 1729RR](#)

10
MMCFD

OKLAHOMA SHALE ACREAGE

8,400-Net Acres.

WOODFORD SHALE.

MultiPay Prospects. 1,500-10,000 Ft.

Goddard, Sycamore, Hunton, Caney Shale

---Viola, Stanley, Jackfork.

Polk Creek & Womble Shales.

Proprietary 3-D Shoot In Progress.

30% NonOperated WI Under Large Co

Adjacent To Major Drilling Activity.

>1,400 Drilling Locations. 80-Ac Spacing.

Seller Will Deliver 73% NRI.

HOUSTON SELLER HAS ACREAGE

[DV 5468](#)

WOODFORD

SEMINOLE CO., OK PROSPECT

40-Potential Wells. 1,500-Acres.

Obj 1: Senora. 1,900 Ft.

Obj 2: Earlsboro. 3,300 Ft.

Obj 3: Hunton Lime. 5,000 Ft.

Defined w/ Subsurface Technology.

100% OPERATED WI; 80% NRI

Est Horizontal Well IP: 100 BOPD

Est Vertical Well IP: 50 BOPD

Est Rsrvs/Well: 2.0 MMBO

Completed Well Cost: \$210,000

GENERATOR HAS MORE DETAILS

[DV 3724](#)

MULTIPAY

TEXAS

ARCHER CO., TX MINERALS

~3,285-Gross Acres.

BARNETT SHALE & MISSISSIPPIAN

ALL DEPTHS & RIGHTS

Highest Bidder Has Exclusive Right to --

-- Negotiate With Seller.

NonProducing Mineral Lease.

CONTACT MIDLAND BROKER

[L 4679](#)

BOONE
RANCH

CLAY CO., TX PROSPECTS

12-Potential Wells. 1,380-Acres.

FORT WORTH BASIN

Obj 1: Mississippian Chappel. 6,000 Ft.

Obj 2: Ellenburger Formation. 7,300 Ft.

Barnett/Bryson/Strawn/Atoka Potential.

3-D Seismic Available.

50-100%OPERATED WI; 75% NRI

Operations Available If Qualified.

Est Well Reserves: 300-500 MBO

DHC: ~\$350,000; Compl: ~\$250,000

CALL GENERATOR FOR INFO

[DV 3701](#)

MULTIPAY

FANNIN CO., TX PROSPECT

1,470-Net Acres.

OUACHITA OVERTHRUSTMULTIPAY

Lower Cretaceous Sand, Jackfork Sand,

Stanley Shale, Penn Sands, Woodford.

2-24 Fold seismic Lines.

Strong Gravity & Offset Well Shows.

SEEKING INDUSTRY PARTICIPANTS

Est (Lower Cret) Well Rsrvs: 25-50 MBO

Remaining 4 Horizons: 100 BCF

CONTACT GENERATOR FOR INFO

[DV 3733](#)

MULTIPAY

HARDEMAN CO., TX PROSPECT

1-Potential Well. 40-Acres.

HARDEMAN BASIN

Obj 1: Mississippian Chappel. 8,500 Ft.

Obj 2: Atoka Formation. 7,700 Ft.

3-D Seismic Available.

100% OPERATED WI; 75% NRI

Operations Available If Qualified.

Est Well Reserves: 500 MBO - 1.0 MMBO

DHC: ~\$450,000; Compl: ~\$300,000

CALL GENERATOR FOR INFO

[DV 3702](#)

HARDEMAN

WHEELER CO., TX PROSPECT

112-Potential Wells. 6,700-Acres.

Targeting Granite Wash, Misener, Hunton.

Depths Range: 4,700 - 12,600 Ft.

Various Trap Types.

3-D Seismic & Well Data.

83.3% OPERATED WI; 78.5% Lease

READY TO NEGOTIATE

Est Reserves: 145-245 BCFE

Completed Well Cost: \$2,200,000

CONTACT GENERATOR FOR INFO

[DV 5331](#)

GRANITE
WASH

Trust us!

The **SandRidge Mississippian Trust**

properties include 63,500 gross acres (42,600 net) in Alfalfa, Garfield, Grant, Major and Woods counties, OK. The acreage holds 37.4 MMboe of reserves, 23% PDP and 49% oil. The trust will get 90% of net proceeds from PDP reserves and 50% from PUDs. SandRidge is obligated to drill another 123 development wells. The trust's production is expected to rise from about 1.15 MMboe this year to more than 1.5 MMboe in 2014 before gradually declining to 400,000 boe in 2030.

Using \$75.96/bbl for oil and \$4.38/Mcf for natural gas, future net revenue from the trust's 19.3 MMboe of reserves is estimated by Netherland Sewell at \$891 million. PV-10 for the trust's share of reserves is \$431 million, giving the 49.4% offering a reserve value of \$213 million. SandRidge hopes to raise \$250 million in the trust IPO, which would be an unadjusted \$11,900/acre. Assigning \$160 million to proved reserves (\$17.80/boe or \$101,000/boe/d of estimated 2011 production) implies the undeveloped acreage is priced ~ \$5,000/acre. **PLS**

Great minds ➔ Continued From Pg 2

Range Resources, with two wells drilled and 22,000 net acres in the eastern part of the play, also sees potential. They project EUR of 300 Mboe for \$2.1 million (shorter lateral), also yielding sub-\$10/boe F&D costs.

Other Mississippian players **Calyx Energy, Ceja Corp, Chaparral Energy, EOG, Pablo Energy II, Ram Energy** and **Red Fork Energy** have not publicized drilling results. **PLS**

MARKETALERT

One Riverway, Suite 2200
Houston, TX 77056

(713) 650-1212 (Main)
(713) 658-1922 (Facsimile)

To obtain additional listing details, call us at
(713) 600-0154.

© Copyright 2011 by PLS, Inc.

Federal copyright law prohibits unauthorized reproduction by any means and imposes fines up to \$100,000 for violations.

www.plsx.com/dealmakers

PLS

The Dealmakers Expo

Market Your Prospects Properties & Plays!

Buyers, Sellers & Capital Providers
convene in Houston in May,
Dallas in July and then back to
Houston in October



Over 135 Booths Last Year!!!
800+ Attendees for Dealmakers 2010

Booths* start at \$395 to \$795 & Viewer Passes for \$75

**Booths Include 4 Expo Passes*

Sponsors:

PLS' Expos are known
for their deals, quality of
buyers and intimate settings...



www.plsx.com/dealmakers

**SELL
YOUR
DEAL**

**GET IT
SHOWN.
GET IT
SOLD!**

Monday
MAY 2
HOUSTON

Hilton Americas Downtown

Tuesday
JUL 19
DALLAS

InterContinental Hotel

Thursday
OCT 13
HOUSTON

Hilton Americas Downtown