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PLS OILFIELD SERVICES
Serving the marketplace with news, analysis and business opportunities

SERVICE SECTOR

GE to merge O&G unit with Baker Hughes in $25B combo

Months after the collapse of its proposed $38 billion acquisition by rival **Halliburton, Baker Hughes** has agreed to merge with **General Electric's** oil and gas division in a complex transaction valued at $25 billion. Baker shareholders will receive a one-time cash dividend of $17.50/share and a 37.5% stake in the combined company, which will be 62.5% owned by GE and trade on the New York Stock Exchange.

Baker shareholders will receive a one -time cash dividend of $17.50/share.

GE entered the industry in 1994 with the purchase from **Eni** of Italian equipment maker **Nuovo Pignone,** whose Florence offices served as the headquarters of **GE Oil & Gas** until 2013 when it moved to London. Over the past decade GE Oil & Gas has been one of the most acquisitive players in the service sector with purchases exceeding $16 billion.

Notable acquisitions have included UK-based onshore and subsea drilling equipment maker **Vetco Gray** for $1.9 billion in 2007 and US energy infrastructure firm **Dresser Inc.** for $3 billion in 2010.

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Halliburton reports a surprise profit for Q3

Halliburton recorded a profit for Q3, surprising analysts. The company attributed the profit to effectively managing costs and the steady increase of rig counts. Halliburton made net income of $6 million compared to a loss of $54 million a year earlier. Revenue, however plunged 31% to $3.83 billion. "I never thought I would be so satisfied by barely making a profit," CEO Dave Lesar said.

Halliburton disclosed a net income of $6 million.

Halliburton credited its rebound to US energy companies returning to drilling activities as crude prices continued their ascent into the $50/bbl range. During the three months ended September, US onshore rig count rose by nearly a quarter, according to **Baker Hughes.**

In addition to increased drilling, lean times required the services giant to get smart about spending, which it acknowledged had unfurled when business was booming. It was commonplace at the time of $100 oil, for instance, for the company's truck drivers hauling oilfield equipment to make $100,000 or more.

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Tide may be turning for frac sand producers

When the price of oil crashed US rig counts began to drop, and, subsequently, the need for sand decreased right along with it. The outlook for sand providers was dismal at the beginning of the year, but the situation quickly turned around. By mid year, demand began to rise, and many of the analysts who previously shorted stocks began changing their tune.

Sand consumption may rise to 139 to 200 billion pounds in 2018.

It has been widely speculated that as the industry rebounds, the price of sand is likely to follow suit. In fact, according to estimates by **Citibank** and **Tudor, Pickering, Holt & Co.**, sand consumption may boost from about 60 million pounds this year to as much as 139 to 200 billion pounds in 2018, causing prices to rise about 30%, which average roughly $30 a ton currently.

Perhaps the pendulum is swinging back as evidenced by recent news from **Halliburton** which made headlines by taking a shipment from **US Silica Holdings** of 19,000 tons of white sand, making it the largest rail shipment to date in North America via unit delivery, hailed as being the most efficient and cost effective way of moving large volumes of sand.

In another massive delivery, BNSF transported 150 cars of sand to **Rangeland Energy**'s Integrated Oil facility located near Loving, New Mexico.

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Key & Basic enter Chapter 11 Bankruptcy

UPDATE

While some industry players have been financially insulated enough to be able to bide their time awaiting improved conditions, for other participants, a rebound in commodity prices has simply arrived too late. Recent casualties of the oil crash include **Key Energy Services** and **Basic Energy Services,** both of which have filed for bankruptcy.

A rebound in commodity prices has simply arrived too late.

Key filed for chapter 11 protection on Oct. 24 after arranging a prepackaged debt restructuring plan with its term loan lenders and nearly all of its senior bondholders, effectively relinquishing control of the company. Key said in the filing it has $1.1 billion in assets and $1.2 billion in debt. The plan will reduce liabilities to about $250 million, enabling it to emerge from the process with a "manageable debt load," the company said.

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Developments & Trends

Baker Hughes reports smaller-than-expected loss

Baker Hughes reported a smaller-than-expected loss in Q3 attributed to strict cost control. The company saw revenue fall 37.8% to $2.35 billion, beating analyst projections of $2.41 billion. Total cost and expenses fell 31.2%, helping Baker Hughes report an adjusted loss of 15 cents per share, vastly lower than the 44 cents analysts were expecting to see. Shares in Baker Hughes rose as much as 10% recently to $57.36, reaching what is, at the time of reporting, a high for the year.

Shares rose nearly 10% to $57.36, a high for the year.

While the company saw a large decline in earnings YOY, $321 million in impairments and writedowns led to the loss. Much of the company's improvement is attributed to attenuating losses in North America, and as business picks up in that segment, those losses are beginning to shrink. In order to see a "sustainable recovery," however, oil would have to trade above the mid-$50s, the company stated, whereas **Halliburton** posited that it is possible as long as oil is above $50. Both companies have stated that they are seeing increased activity, albeit modest.

Improvement is attributed to reducing losses in North America.

"Looking ahead, in the Q4 of 2016 we expect activity in North America to modestly increase, as our customer community slowly begins to ramp up activity in what remains a tough pricing environment," the company said. "Internationally, we are forecasting activity declines and pricing pressure to continue, with minimal year-end, seasonal product sales unlikely to offset those declines."

Expenses were also slashed by cutting 1,400 employees in Q3, according to a company filing, which brings the total number of employees let go to 6,400 for the year, adding to 18,000 others in the previous year.

North American Rotary Rig Count as of Nov. 4

Source: Baker Hughes

Location	Current 11/4/16	Week Ago 10/28/16	Month Ago 10/7/16	Year Ago 11/6/15	% Chg. YOY
US	569	557	524	771	-26%
Canada	154	153	165	185	-17%
US Breakout Info					
Oil	450	441	428	572	-21%
Gas	117	114	94	199	-41%
Miscellaneous	2	2	2	0	-
Major Basins					
Barnett	3	3	3	5	-40%
DJ (Niobrara)	16	15	16	28	-43%
Eagle Ford	35	33	35	72	-51%
Fayetteville	1	1	1	4	-75%
Granite Wash	10	10	10	14	-29%
Haynesville	21	20	14	25	-16%
Marcellus	36	36	32	43	-16%
Mississippian	2	2	3	13	-85%
Permian	218	212	203	232	-6%
Utica	15	15	15	21	-29%
Williston	37	35	30	64	-42%
Woodford	46	45	39	44	5%
Major Basins	**440**	**427**	**401**	**565**	**-22%**

Superior ready to ramp up when the market recovers

Superior Energy Services had a net loss from continuing operations in Q3 of $113.9 million on revenue of $326.2 million. This compares to a net loss from continuing operations for the second quarter of $468.6 million on revenue of $601.4 million.

"The third quarter was clearly one of transition in US land markets," said President and CEO David Dunlap. "The US land rig count increased throughout the quarter and crude oil and natural gas prices stabilized. Despite these key early indicators that a cyclical recovery may be approaching, customer urgency around increased activity levels remained lethargic."

The company has positioned itself to be able to ramp up activity when the market recovers due to is liquidity. It says the US is already in recovery, but the Gulf of Mexico and certain international markets continued to lag and decline throughout the third quarter. As a result, the company scaled it business in these geographies appropriately.

- **Maersk Drilling** will cut as many as 70 employees, citing reduced industry activity and lowered dayrates. The company further stated that nine of its 23 rigs have fallen to disuse, as exploration and development continued to be curtailed. Of the jobs to be cut, approximately 20 will remain unfilled indefinitely. Although the layoff will primarily affect the company's Copenhagen headquarters, the furlow may also extend to the Aberdeen campus as well. Maersk has dispensed with more than 600 employees in the last 12 months, reducing costs by approximately 15%.
- **Industri Energi** union members, who declared a strike on September 21, have reached a peaceable agreement with the **Norwegian Oil Industry Association** for increased wages. The settlement reached will provide a general increase of ~$460, aiding in the equalization of wage differences among employees.

With recovery near, service companies get price-tough

What's on the horizon for the industry is still unknown, as oil's brief stay in the $50/bbl region has concluded, at least for now. Market observers believe that a $50 price tag must be sustained before a whisper of the word "recovery" can be mentioned with a modicum of confidence. **Halliburton** (page 1) and **Core Laboratories** (page 3) have both discussed the prospect of a V-shaped recovery but differ as to whether such a thing is possible at the current time. For the former, it is looking "unlikely given the fragile state of the industry," whereas the latter posited that the "worldwide commodity recovery has begun." Only one can be right, but time will tell.

IN THIS ISSUE

Halliburton & Schlumberger agree: season of deep discounts is over.

While consensus has not been reached on this topic, Halliburton (page 1) was in agreement with its rival **Schlumberger** (page 3), both of which acknowledged in their third quarter earnings calls that the prices they charge must increase. For some time now service companies have been taking losses by discounting their products and services in the name of doing business, but both declared that the season of deep price cuts is over. However, customers have grown accustomed to wielding the negotiating power and will be resistant to acquiesce. Price conversations have been characterized by Halliburton as resembling a "barroom brawl."

Until a recovery is officially upon us, each of the "big three" has taken a different approach to weather the storm. **Baker Hughes** has been looking for partnerships, and it may have found one with **GE** (page 1), which recently announced its plan to combine its oil and gas assets with that of Baker Hughes, a move that will leave GE with a 62.5% stake in the company.

Developments & Trends

Schlumberger sees business stabilize in Q3

Schlumberger's Q3 earnings fell 82% on lower revenue and expenses, which the company attributed to the lingering financial effects of the acquisition of rival **Cameron International** earlier in the year. Total revenue was $7.0 billion, down 2% sequentially. Its business in North America fell 25% to $1.7 billion, whereas elsewhere its revenue declined 13% to $5.25 billion. Overall, Schlumberger reported a profit of $176 million, or 13 cents a share, down from $989 million, or 78 cents a share, from the previous year. Schlumberger expressed that the third quarter results indicate that the company's business is stabilizing; however, it acknowledged that "a broad-based V-shaped recovery is unlikely given the fragile financial state of the industry, although we do see activity upside in 2017 in North America and the Middle East and Russia markets," said CEO Paal Kibsgaard.

'Broad-based V-shaped recovery unlikely given the fragile state of the industry.'

In fact, the company projects increased activity nearly everywhere except Asia, particularly in China, Indonesia and the rest of Southeast Asia, where it saw virtually no signs of imminent recovery. With crude oil prices on the rise, up nearly 38% globally this year, drilling activity is ramping up. Although, three quarters of Schlumberger's business is from international operations, as companies look to drill longer laterals, the company anticipates continued demand of its high-end drilling technologies, particularly in North America. Echoing Halliburton, Schlumberger recognized that it must now change its pricing structure to "recover the large price concessions we have made over the past two years."

Core Labs believes V-shaped commodity recovery has begun

Core Laboratories stated in its third quarter earning statement that it believes the anticipated V-shaped worldwide commodity recovery has begun, as evidenced by US-based operators continuing to announce rig additions. Further, global demand for hydrocarbon-based energy continues to increase.

Recovery has begun, as evidenced by US operators announcing rig additions.

At current activity levels, Core predicts 2016 US onshore oil production will fall more than 1.1 MMbo/d, offset somewhat by deepwater Gulf of Mexico gains of approximately 100,000 bo/d (significantly lower than previously projected), yielding a US net decline of approximately 1.0 MMbo/d and an updated net decline curve rate of approximately 11%. Additionally, Core estimates that the net worldwide annual crude oil production decline rate is 3.3%, supported by recent IEA reports that worldwide crude oil production continued to fall through the third quarter of 2016 and by bullish US inventory trends.

Tighter crude oil supply market should result in higher crude prices.

The net worldwide decline rate is predicated on sharper decline curve rates for tight-oil reservoirs and a significant reduction of maintenance capital expenditures for the existing crude oil production base. A tighter crude oil supply market is expected to result in higher crude prices and industry activity levels worldwide.

Core reported third quarter 2016 revenue of $143.5 million, down 3% sequentially from the second quarter, with earnings per diluted share (EPS) of $0.38. Net income was $16.7 million, operating income was $21.5 million and operating margins were 15%, all of which were up from the second quarter, as Core's cost reduction, multi-skilling, and lab automation programs continue to produce positive financial results.

Q3 EPS and net income increased more significantly, 9% and 10%, respectively, when compared to the second quarter of 2016 non-GAAP results, which included removing the benefits of a lower-than-expected tax rate. During the quarter, Core generated $32.4 million of free cash flow, defined as cash from operations less capex.

Developments & Trends

Nabors sees increased utilization in the Lower 48

Nabors reported Q3 operating revenue of $519.7 million, down sequentially from $571 million in Q2, and a loss of $99 million. The company says utilization in the Lower 48 increased significantly, jumping 13% at 50 rigs and increasing to 61 currently. The increases were across AC rig classes, particularly its pad-optimal PACE-X and M800 rigs.

Nabors averaged 163.5 rig years operating at $14,029 per day.

While Nabors' international segments saw a four rig decline in activity and a 1% drop in EBITDA at $148.8 million, the company forecasts a near-term increase in activity in the segment by early 2017.

"Third-quarter performance by our company has confirmed the trends we had foreseen after the second quarter ... our International business has remained healthy ... our rig count in the Lower 48 market has rebounded," said CFO William Restrepo. "Our working rigs have increased by 66% since our trough in early April, and we have gained market share, mainly on strong demand for our PACE-X rigs."

Halliburton ready to forgo market share Continued From Pg 1

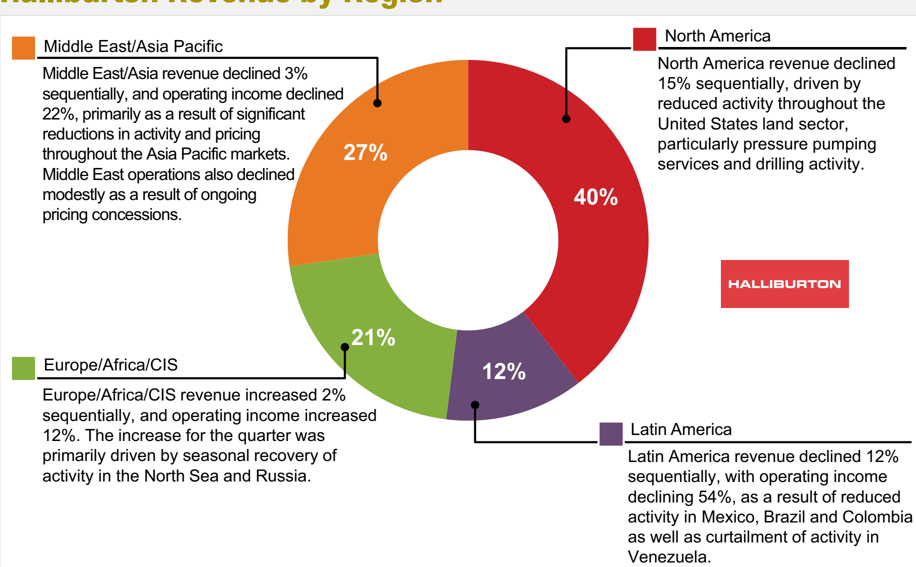
However, after two years of falling oil prices and, subsequently, cutting the prices of its goods and services, Halliburton is ready to increase profitability, even if that means forgoing its position as the oilfield services company with the largest US market share.

Lesar remarked that "In the US we believe we have the highest market share we've ever had. At this point, if we have to give some of its back to move margins up, we might take that approach." Raising prices could certainly result in increased profit, but such increases are not as easy as they sound. Lesar characterized price negotiations with customers as being analogous to a "barroom brawl," remarking that they have become accustomed to having the pricing power and are resistant to relinquish it.

Profit due to US energy companies returning to drilling activities.

The company says that significant activity has not occurred among clients because oil has not sustained itself over $50. Customers are reluctant to boost activity until they are sure prices will not fall again.

Halliburton Revenue by Region



Source: Halliburton August 25 Presentation via **PLS docFinder www.plsx.com/finder**

Capital

Stallion swaps debt for equity, recapitalization

Having completed a recapitalization, **Stallion Oilfield Holdings**, in cooperation with its secured lenders and key equity holders, eliminated virtually all of its debt and restructured the company's balance sheet.

In addition to a clean balance sheet, the comprehensive restructuring has left Stallion with healthy liquidity and the financial flexibility to continue to invest in the company.

67 service companies face a titanic $110 billion debt.

"We have reduced our cost structure in response to this unprecedented decline in commodity prices and the prolonged period of time that it has taken for recovery to begin," said Stallion's President and CEO David Mannon. "Our new, stronger capital structure is consistent with the actions we have already taken to strengthen our operations."

It appears Stallion's recapitalization is a timely one, as **Moody's Investors Service** published a report in August that named 67 service companies facing a titanic $110 billion debt, accrued from 2011 to 2015 when technological advances and energy prices were driving US drilling to all-time highs. Stallion was named among 22 at risk of seeing debt levels climb to 10 times their raw earnings in 2016. Other Houston-based companies on the credit ratings agency's list included **Atwood Oceanics** and **GulfMark Offshore**. Stallion maintains that it continues to "perform well across all primary service lines despite the overall volatility in the oil and gas market," as expressed in a prepared statement.

Capital

Service company stocks lagging price of crude

Most service company stocks are trailing behind the price of crude oil, but there is one notable exception: **McDermott International**. The company has been able to not only survive but thrive, according to thestreet.com, with a year-to-date gain of 56.4% versus a 37.2% gain for crude. The financial news site expressed that

McDermott International is surviving and thriving.

"Since setting its 2016 low of $2.20 on Jan. 20, this option on survival has done just that with a gain of 138.2% from the low versus a gain of 95% for crude oil from its Feb. 11 low of $26.05." Others, conversely, are not faring as well, as shares of **Diamond Offshore Drilling**, **Noble Corp.**, **Transocean Ltd.** and **Tidewater** are "mired in bear market territory, down between 24.1% and 72.9% from 2016 highs set between March 4 and June 8."

- The US Securities and Exchange Commission (SEC) found **FMC Technologies** in violation of its Recordkeeping and Internal Controls Provisions, fining the company $2.5 million for overstating its profits. According to the SEC, FMC "willfully manipulated" the value of its liability for employee paid time off, which overstated the department's pre-tax operating profits by nearly $1 million. The company is merging with **Technip** to form TechnipFMC.
- Pipeline technology provider **Rheidiant** plans to issue debt, options, warrants or other rights under an offering covered by SEC Regulation D to raise $300,000 with a minimum per outside investor of $50,000. The company has received $50,000 from one investor as of Oct. 18. The Houston-based company, founded in 2014, provides wireless process control sensors and related cloud-based solutions.

Developments & Trends

Precision posts loss, finds reasons to be cautiously optimistic

Revenue declined in all of **Precision Drilling's** operations, with the total falling to $202 million from $364 million in 3Q15. The company's adjusted earnings were down 63% from last year, dropping to $41 million from $111 million. Revenue per operating hour dropped to $599 from $786, a decline of nearly 24%. Despite Q3 results, Precision's President and CEO Kevin Neveu says rising commodity prices have spurred demand for its services, customer sentiment has improved, and 1,000 employees have been added to the payroll, giving the company much to be happy about.

Rising commodity prices have spurred demand for services.

Although Neveu acknowledged that Precision's 3Q results indicate how "brutal and unforgiving" the downturn has been, he was quick to mention that the company remains "encouraged by the significant improvement in sentiment of our customers and the resulting increase in activity and market share we've achieved."

Precision has 37 rigs operating in the US, a 70% increase.

Precision currently has 37 rigs operating in the US, a 70% increase in activity from the second quarter, outpacing an industry-wide increase of only 35%. In the early stages of the rebound, the company reactivated 37 rigs in Canada, 16 in the US and deployed two new rigs internationally. Additionally, demand for Precision's XY walking, long-reach capable is strong, and the company is beginning to implement price increases on its super triple rigs. In turn, nearly 1,000 field employees have been added to its labor force, about 70% of which were recalled from furlough.

CEO: While outlook is improving, the industry isn't out of the woods yet.

Neveu expressed that, while the outlook is improving overall as the pricing environment improves, he is aware that industry is not out of the woods yet. "We continue to remain cautious, as we believe this optimism may be fragile and sensitive to commodity price volatility," he said. No matter what the future holds, Neveu is confident that the lessons learned during the downturn, namely cost savings and efficiencies, will help carry them through.

Patterson-UTI activity up in pressure pumping & rigs

Patterson-UTI reported a net a loss of $84.1 million for Q3 compared to a loss of $266 million a year ago. Revenue was $206 million, up from $194 million in the previous quarter but down from $455 million YOY.

Averaged 60 rigs contracted in the US during Q3, up five sequentially.

The company continues to see its rig count increase. It's average rig count for the quarter was 60 in the US and two in Canada, up five since Q2 in the US but down one in Canada. The company expects further improvements in October at 63 rigs. Excluding early termination revenue, total average rig revenue per pay was $21,670, compared to $41,980 in Q2.

Pressure pumping segments saw revenues increase 5.7% to $78.2 million.

In its pressure pumping segment, revenues increased 5.7% sequentially to $78.2 million on higher activity and increased sales. Pressure pumping gross margin as a percentage of revenues decreased to 1.2% in Q3 from 6.0% in the second quarter due primarily to higher-than-expected costs associated with equipment.

"We believe our industry has begun the initial stages of the recovery process, which began with smaller operators picking up rigs to drill less service intensive wells," said chairman Mark Siegel. "We believe the market has transitioned in favor of higher-spec rigs, and we are encouraged by the recent increase in demand. Overall, we believe the market for higher-spec rigs has appreciably tightened."

Capital

Nuverra utilizes interest grace period, considers options

Scottsdale, Arizona-based **Nuverra Environmental Solutions**, which partners with E&P and industrial companies to increase environmental compliance and sustainability, will utilize its grace period and defer making $2 million in interest payments due Oct. 17 on its outstanding $40 million principal amount of 9.87% senior notes due 2018.

Under the terms of the indenture governing the 2018 notes, the company has a 30-day grace period after the interest payment due date before default occurs. Nuverra believes it is in the company's best interest, and that of its stakeholders, to use the grace period to continue discussions with its debtholders regarding strategic alternatives to improve Nuverra's long-term capital structure. During this period, the company anticipates meeting all of its obligations to customers, employees and suppliers and continuing to provide safe, reliable, high-quality services to its customers.

Developments & Trends

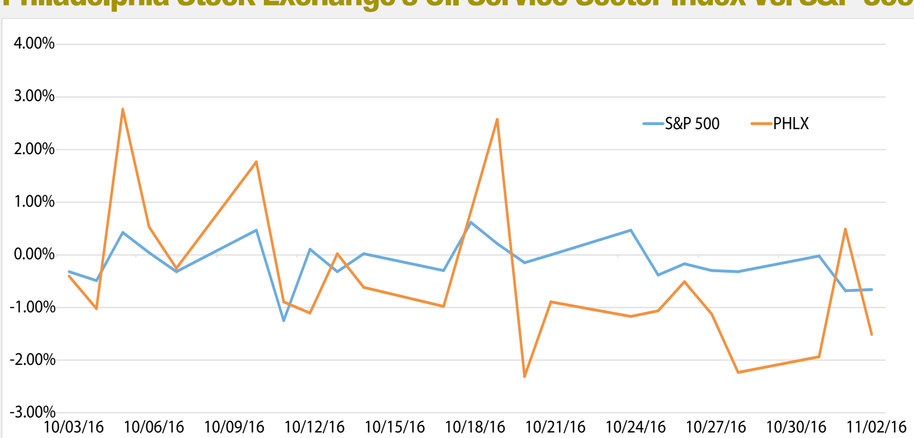
Tide may be turning for sand producers Continued From Pg 1

The 16,500-ton shipment was the company's single-largest delivery to date and will be used to supply an undisclosed operator in the Delaware Basin, where demand for sand remains high, according to Rangeland CEO Steve Broker. "Despite the current pricing environment, the Delaware Basin remains an economic play, and producers operating in the region continue to require increasingly large volumes of frac sand to drill and complete their wells," Broker said.

Delaware Basin continues to require increasingly large volumes of sand.

US Silica's Director of Investor Relations & Corporate Communications Michael Lawson weighed in on these developments, telling PLS that "We believe that sand sales are on the rise, as rig count has rebounded since May lows and operators continue realize the benefits of pumping more sand per well. Sand supply will most likely get tight before rigs [increase substantially]. Many industry analysts believe sand will be one of the first industries to feel the effect of a recovering energy market." One such analyst at **William Blair** expressed that sand usage should rise even if oil prices stay within the range of $40 to $60 per barrel given that drillers are now using two to three times more sand per well than they were three years ago, recognizing that getting one's money's worth out of a well means improving efficiency, which translates into pumping them full of as much sand as possible. **Chesapeake Energy,** which recently pumped more than 25,000 tons of sand down a single well in Louisiana, said that "propageddon" is upon us.

Philadelphia Stock Exchange's Oil Service Sector Index Vs. S&P 500



Source: PLS Research Using Bloomberg

■ **Essential Energy Services** completed its previously announced bought deal financing with a consortium of underwriters led by **Raymond James** and **Peters & Co**. A total of 16,019,883 common shares were issued at a price of $0.65/share for gross proceeds of approximately $10.4 million. Net proceeds from the offering will be used to partially repay outstanding debt which may be redrawn and used to fund capital expenditures, acquisitions, organic growth initiatives, working capital and general corporate purposes.

■ **Polarcus** signed an MOU with geophysical company **TGS** to jointly develop 3D multi-client projects. Under the terms of the proposed agreement, TGS will extend its vessel agreement with Polarcus, originally signed in June of 2015, for the charter of 3D vessel capacity through the end of 2017 for over 6,000 sq mi. The collaboration should launch vessel utilization and allow Polarcus to expand its multi-client business with limited investment of capital.

■ **Ringo Holding**, an Ontario limited partnership of which **Southern Cross Latin America Private Equity Fund** is the sole limited partner, announced that it acquired 10,933,333 common shares of **Estrella International Energy Services** upon the conversion of 10,933,333 preferred shares held by the partnership. The preferred shares were issued to the partnership on Nov. 1, 2013 at a price of $3.74 per share. Following conversion of the 10,933,333 preferred shares, the partnership continues to hold 13,731,181 shares which have not been converted to common Shares.

Capital

Select Sands increases size of placement to $10MM

Select Sands increased the size of its previously announced non-brokered private placement financing of common shares from $7.5 million to $10 million. The offering price remains unchanged at C$0.77. Proceeds will be used to fund the purchase of US assets from **Ozark Premium Sand,** capital expenditures and general corporate purposes. Select Sands can increase the offering up to 25% prior to closing, bringing the total to $12.5 million if fully exercised.

A cash finder's fee equal to 6% of the gross proceeds will be paid in respect of certain of the subscriptions. Also, a number of finder warrants equal to 6% of the number of issued shares will be issued to finders in respect of certain of the subscriptions, entitling the holder to purchase one share at C$0.77 for two years from the issuance date.

Tervita progresses toward recapitalization

Tervita extended from Oct. 21 to Nov. 4 the deadline by which holders of its 9.75% senior unsecured notes due 2019 and its 10.875% senior unsecured notes due 2018 must execute support agreements for the company's recapitalization plan. If the noteholders execute the agreements, they will receive their pro rata share of additional new common shares that will represent 0.5% of pro forma equity in the environmental services provider.

Holders of approximately 94% of the unsecured notes have now executed support agreements. As part of its restructuring, Tervita has entered into a recapitalization arrangement that is expected to cut the company's outstanding debt by $2.0 billion and annual interest costs by as much as 80%, or $200 million. Tervita would recapitalize through the Canada Business Corporations Act, allowing it to maintain control of its operations rather than hand them over to a court-appointed receiver. The company will hold meetings Nov. 30 to allow the parties to vote on the deal.

A&D

Circor International buys Critical Flow for $210 million

Circor International completed the purchase of **Critical Flow Solutions** (CFS) for $210 million. Valve provider Circor said CFS will open niche markets. "This acquisition diversifies Circor's revenue base as we further penetrate the stable downstream refining market," said CEO Scott Buckhout. "CFS brings an impressive portfolio of high-technology valves and automation equipment for severe-service applications. CFS generates strong margins due to its unique technology, large installed base and high proportion of aftermarket sales."

Circor says CFS brings it exposure to niche markets such as refining.

Critical Flow formed from 3 companies in 2015, has more than doubled EBITDA.

Critical Flow was formed in 2015 when backer **Sun Capital Partners** acquired three companies from **Curtiss-Wright Corp.**: **DeltaValve**, which offered solutions for the delayed coking process; **TapcoEnpro International**, a provider of solutions for the fluid catalytic cracking process; and **Groquip**, a regional pressure valve distribution business. Critical Flow more than doubled EBITDA from pre-acquisition levels and achieved margins of more than 20%.

Circor expects the deal to close shortly and become accretive within the first 12 months of operations.

Dril-Quip to acquire TIW Corp for $143 million

Dril-Quip, which manufactures highly engineered offshore drilling and production equipment, will acquire Houston-based **TIW Corp.** for $143 million, pending closing adjustments. TIW significantly expands Dril-Quip's product offerings. Founded in 1917, TIW offers tools for setting and cementing liners over a range of depths, weights and sizes that include liner packers, setting collars, liner hangers, setting tools and accessories, surface equipment and tieback equipment. TIW will be acquired on a debt-free, cash-free basis, and Dril-Quip intends to fund the acquisition with cash on hand.

TIW saw peak revenue in 2014 at about $140 million.

The transaction is Dril-Quip's first buyout of another company.

TIW saw peak revenue in 2014 of $140 million, whereas 2016 revenue is expected to be $60-70 million. However, Dril-Quip expects to increase revenue to $80-100 million by 2018. When the companies are fully integrated, the company anticipates TIW will realize similar EBITDA margins to Dril-Quip's margins. The transaction, subject to regulatory approvals and other customary closing conditions, is anticipated to close during 4Q16 and marks Dril-Quip's first buyout of another company. TIW also has offices in South America, Africa, Europe, Asia and the Middle East.

A&D

Aker Solutions to buy majority stake in Brazil's CSE

In effort to increase its global footprint, **Aker Solutions** has agreed to purchase 70% of Brazil's **CSE Mecanica e Instrumentação**, a provider of maintenance, assembly, commissioning and crane operation services for on and offshore customers. The purchase price was not disclosed. CSE's 2015 revenue was BRL 322 million.

Aker retains the option to purchase the remaining 30% of CSE.

Expanding its services in key foreign markets like Brazil "fits well with the internationalization of our service business, allowing us to bring our competence, knowledge and experience within this field to this important and growing region," said Aker CEO Luis Araujo, who joined the company 2011 as president for the company's Brazilian operations.

Deal expected to be finalized by the end of the first quarter 2017.

Aker retains the option to purchase the remaining 30% of the company within three years of the close of the current contract, which is expected by the end of 1Q17, pending approval by Brazilian regulators.

Capital

Key & Basic enter Chapter 11 Bankruptcy Continued From Pg 1

Houston-based Key launched a solicitation to approve its prepackaged plan and rights offering giving subscription rights to acquire shares of reorganized Key common stock to certain qualifying debt and equity holders.

In August, Key said it reached an agreement with 89% of the holders of its 6.75% senior notes due 2021 and 87% of its loan backers for the restructuring plan. Platinum Equity holds the majority of the 2021s and will become Key's largest shareholder with 95% of the new stock per terms of the agreement. The company will also replace a $100 million ABR with a new facility.

Key has $1.1 billion in assets and $1.2 billion in debt.

Meanwhile, just a day later, Basic followed suit by filing for bankruptcy as well, the details of which are more or less the same. Like Key, Basic had been working with creditors to align its debt burden, warning in a July SEC filing that "If the company is unable to finance its operations on acceptable terms or at all, the company's business, financial condition and results of operations may be materially and adversely affected."

Basic's stock plummeted 51% after its bankruptcy announcement.

Creditors including secured term lenders and senior unsecured bondholders have agreed to a prepackaged reorganization plan that will reduce debt and provide $125 million of liquidity. Holders of the $775 million of unsecured notes due 2019 and 2022 will receive 99.5% of the reorganized company's equity, while existing shareholders initially get 0.5% Those stakes are expected to be diluted further based on other terms of the plan, the company said.

Basic, whose stock plummeted 51% after its bankruptcy announcement, expects for proceedings to be complete before the end of the year, subject to the approval of the US Bankruptcy Court.

■ **Rubicon Oilfield International** has completed the acquisition of **Logan International Inc.**, purchasing all of the company's outstanding common shares at $1.19 per unit. Rubicon will leverage its existing market position through Logan's portfolio of downhole well intervention and production products. The addition of Logan marks a string of mergers for Rubicon. In May, Rubicon acquired **Tercel Oilfield Products**, an oilfield products company recognized for delivering high-value drilling and completion technologies and **Cauldron Oil Tools** and **WaalKing Ltd.**, two boutique companies providing proprietary downhole drilling technologies. The Logan purchase was backed by a significant capital commitment from **Warburg Pincus**.

■ **Ranger Energy Services** acquired Houston-based **Bayou Workover Services**, a provider of workover, P&A and fluid management services in the Rockies and Williston Basin. Founded in 2009, Bayou attracted Ranger because of its quick growth as a leading independent service provider. Ranger will now be able to support its customers across the US with 70 high-spec workover rigs. The deal follows Ranger's recent purchase of **Magna Energy Services** through financial sponsor **CSL Capital Management**. Both significantly expand the company's geographic coverage and diversify its service line offerings.

Contracts

■ **Diamond Offshore Drilling** was notified by **BP** that the supermajor will no longer pursue its drilling campaign in the Great Australian Bight. However, BP confirmed that its decision will not affect Diamond's rig contract. The company's harsh-environment ultra-deepwater semi, the Ocean GreatWhite, went under contract in 2013 for BP's Great Australian Bight campaign. BP and Diamond are exploring alternative locations for the auxiliary vessel.

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Contracts

Technip, FMC chosen by Hurricane for Lancaster project

Technip and **FMC Technologies** were chosen by UK-based **Hurricane Energy**, a specialist in extracting oil from naturally fractured basement reservoir, as the exclusive provider of subsea solutions for the Lancaster early production system and the subsequent development of Lancaster field in the North Sea on the UK Continental Shelf.

Hurricane recently found a "very significant hydrocarbon column" during initial testing of its 205/21a-7 well. Technip and FMC have collaborated with Hurricane to enhance the proposed project's economics, namely through focusing on system design optimization and risk reduction. "It is clear that such collaboration will be pivotal in developing the remaining recoverable reserves not just at Lancaster but on the UK Continental Shelf as a whole," Hurricane CEO Robert Trice said. Technip and FMC's FEED studies are already underway. Hurricane expects to sanction the Lancaster project by the end of 2H17.

A&D

Oceaneering completes acquisition of Blue Ocean Tech

Oceaneering International completed its acquisition of Conroe, Texas-based **Blue Ocean Technologies** for $30 million in cash. Established in 2008, Blue Ocean aimed to maximize production and increase recovery rates from offshore oil and gas reservoirs and established itself an early player in riserless subsea intervention services, for which the company holds the current depth record at 8,200 ft.

Blue Ocean's assets, Oceaneering said, will help the company further penetrate the subsea well intervention market, as the acquisition fits its strategy of increasing services and product offerings related to the production phase of offshore projects. Through the transaction, Oceaneering will obtain three riserless light well intervention systems, two of which are currently under construction, capable of performing a variety of cost-saving services including well diagnostics, damage remediation and workovers and P&A activities.

Oceaneering will invest $10 million into Blue Ocean Technologies.

Oceaneering will invest $10 million of its own capital to complete the remaining two systems by the middle of next year. Future financial results for Blue Ocean will be reported through Oceaneering's Subsea Products segment under its Services and Rentals business unit. For more on Oceaneering see page 10.

Oilfield Services Stock Movers—Last 30 Days

Source: Bloomberg

	Company	Ticker	$/Share 11/4/16	$/Share 10/7/16	% Change	% Change YOY
Top 5	Seventy Seven Energy	SVNT	$24.05	$19.00	27%	-
	Baker Hughes	BHI	$58.11	$49.96	16%	13%
	FMC Technologies	FTI	$32.24	$29.95	8%	-9%
	Halliburton	HAL	$46.38	$44.59	4%	18%
	Helix Energy Solutions	HLX	$8.44	$8.28	2%	35%
Bottom 5	Superior Energy	SPN	$14.43	$17.69	-18%	-7%
	Newpark Resources	NR	$6.15	$7.36	-16%	0%
	Atwood Oceanics	ATW	$7.14	$8.48	-16%	-60%
	Forum Energy Technologies	FET	$17.10	$20.05	-15%	18%
	Archrock	AROC	$10.95	$12.70	-14%	-13%

Note: Data includes public, US & Canadian-listed companies operating in the oilfield service space, limited to companies >$1.00/share and market cap >$100 million.

■ **Wood Group** was granted a five-year contract by **Hibernia Management and Development Co.** to provide EPC and maintenance services for the Hibernia platform, located off the coast of Newfoundland. The contract, which can be extended an additional five or 10 years, will be executed by Wood Group's Eastern Canada operations in St. John's, Newfoundland and Labrador. Wood Group has been involved in projects on the Hibernia platform since it was towed to Hibernia field and positioned in June 1997.

■ Japanese firm **JGC Corp.** has been awarded a $1.4 billion contract by Algerian state energy company **Sonatrach** to boost production at its largest gas field, Hassi R'Mel, according to an internal Sonatrach document seen by Reuters. This is the second contract for JGC in 2016. The first one, awarded in March for $339 million, included boosting output at Algeria's biggest oil field, Hassi Messaoud.

■ Leveraging its unique subsea vertical integration, **Technip** has been awarded a subsea contract by **Petronas Carigali** for Phase II of its Samarang field redevelopment project in the South China Sea. Under the agreement, Technip will manage engineering, supply, construction, installation and commissioning of flexible 4-6-in. pipelines. The pipelines will be manufactured at **Asiaflex Products**, Technip's manufacturing facility in Kuala Lumpur, Malaysia. The work is scheduled for completion in 3Q17.

■ Houston-based **Paragon Offshore** was selected by British multinational utility company **Centrica** for the use of the company's Paragon B391 jackup drilling rig, according to its latest fleet status report. The rig will be used at a well in the North Sea for light well intervention services from late October through late November. Centrica will pay a dayrate of $53,000. The rig's previous contract with Centrica lasted from March until May at which time the company paid a dayrate of $85,000. The rig is a Baker Marine Europe Class MOD.

Contracts

Oceaneering extends Angola contract with BP

Oceaneering International and **BP** agreed to a two-year extension of their existing field support vessel services contract through January 2019, originally entered into for work offshore Angola at Greater Plutonio field in Block 18 and a collection of fields known together as PSVM (Pluto, Saturn, Venus and Mercury) in Block 31. The Ocean Intervention III will remain chartered through April 2017.

The Ocean Intervention III is an offshore support vessel built in 2005 by Severnav Shipyard. In addition to intervention projects, it is contracted for flowline jumper installation, subsea tree installation, well abandonment, wireline services and subsea module installation. The contract contains five one-month extension options. If additional service vessels are required during the contract, they will be provided on an as-needed basis. Oceaneering CEO M. Kevin McEvoy said "In support of this contract, we are also providing a wide range of vessel-related subsea services, including remotely operated vehicles, tooling, asset integrity, and diving services," adding that Angola is a vital deepwater market for Oceaneering. For more on Oceaneering see page 9.

The Ocean Intervention III vessel will remain chartered through April 2017.

CEO: Angola is a critical market for Oceaneering's products & services.

A&D

GE to merge O&G unit with Baker Hughes

Continued From Pg 1

UK-based flexible riser and pipeline supplier **Wellstream Holdings** was acquired for $1.2 billion the same year. Later, GE purchased French power conversion and automation firm **Converteam** for $3.2 billion in 2011 and US artificial lift specialist **Lufkin Industries** for $3.3 billion in 2013, quietly growing into a leading equipment supplier to the entire oil and gas value chain from drilling to refining.

By combining this broad technology portfolio with Baker's full range of oilfield service capabilities, the two companies plan to create the first "fullstream" service company. They hope this distinction will give them an advantage in bidding for large, complex deepwater and international projects.

"For example, Africa subcontinental onshore is a prolific but remote and landlocked project. The development of the resource would require not only E&P, but also significant development of midstream and inland refinery," GE Oil & Gas CEO Lorenzo Simonelli said on a conference call.

"Additionally, there will be difficulty in concentrating thousands of workers for construction of facilities in remote areas. Our combined platform has the complementary portfolio to address a greater scope for the project and provide solutions throughout the value chain, enabling a seamless integration and understanding between the project phases."

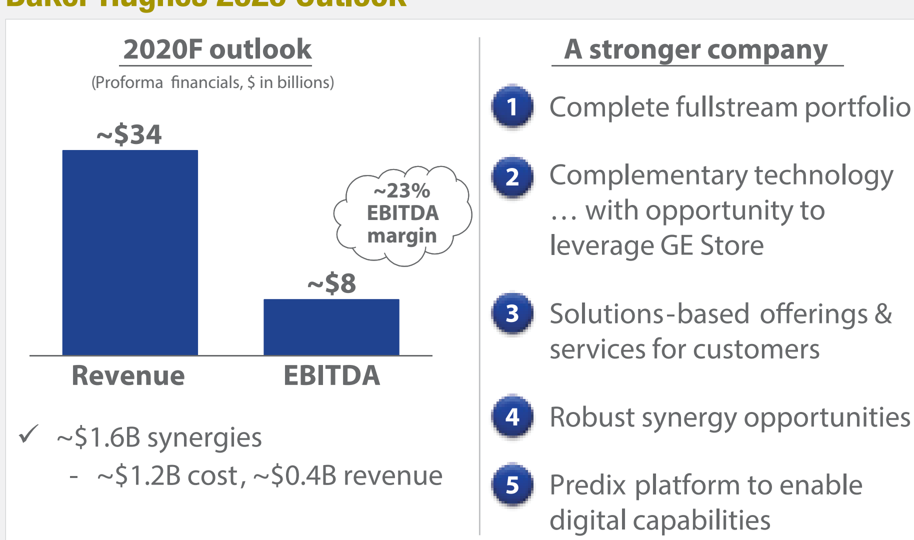
The "new" Baker Hughes will also be able to tap other GE businesses for technologies that can be applied in the oilpatch such as imaging, sensors, batteries, materials science and big data. In fact, the talks that led to the merger were initially about Baker integrating GE's Predix big data into field operations.

Post-merger, the company will have operations in more than 120 countries with projected pro forma 2016 revenue of $24 billion, second only to Schlumberger. Because there is little overlap between their portfolios, GE and Baker do not expect their merger to face the same antitrust challenges that sank the Halliburton/Baker deal, although they say they are willing to sell assets in order to satisfy regulators and smooth the way for an anticipated closing by mid-2017. As pointed out by multiple analysts, the business segment likely to face the toughest scrutiny is artificial lift, where Baker is the industry's second-largest player after Schlumberger and GE is the fourth-largest.

GE and Baker Hughes have $32 in combined revenue.

Companies don't expect the push-back Halliburton/Baker deal met.

Baker Hughes 2020 Outlook



Source: Baker Hughes October 31 Presentation via **PLS docFinder www.plsx.com/finder**

Contracts

CGG to acquire seismic for INP multi-client program

CGG has been contracted by the **Institute of National Petroleum** (INP) to acquire offshore seismic data in the Mozambique Channel as part of a multi-survey program aimed at improving industry insight into the region's geology for better understanding of the country's drilling prospects.

Study aimed at understanding drilling prospects in Mozambique.

The program includes a 2D survey that will cover more than 4,000 miles in the offshore Rovuma Basin, including blocks R5-A, R5-B and R5-C. A large 3D survey in the Zambezi Delta also will be conducted over the Beira High, an unusual geologic feature that is structurally higher than the surrounding sea floor. Believed to be a promising prospect for hydrocarbons, the 3D survey of this deltaic area is expected to be up to 24 sq mi, subject to pre-commitment, covering blocks Z5-C, Z5-D and the surrounding open acreage.

CGG will also conduct onshore airborne gravity and magnetic surveys.

Additionally, CGG will also conduct onshore airborne gravity and magnetic surveys in the Southern Mozambique Basin. Data interpretation provided by CGG will utilize the company's full range of geoscience expertise from its geology, geophysics and reservoir businesses, combined with geological and remote sensing expertise from Robertson and NPA Satellite Mapping.

CGG, Eidesvik terminate contract for Viking Vision

French-based geophysical services company **CGG** and **Eidesvik** have terminated their contract, originally due to expire July 2017, for the Viking Vision effective immediately.

Payment of the charter rate will continue though July 2017.

CGG originally began renting the ship, which was converted to a seismic research vessel in 2007 by **Westcon,** under an eight-year contract that was extended by two years after CGG and Eidesvik established a ship management JV that included Viking Vision and nine other 3D vessels.

The shipping company said charter rate payment will continue until July 2017 as in the current contract. In March 2015, the Viking Vision started the CGG Davros 3D BroadSeis and BroadSource multi-client survey in the Northern Carnarvon Basin on the North West Shelf of Western Australia. However, the Viking Vision has been laid up since July.

Aker to bring Johan Sverdrup oil to Mongstad terminal

Aker Solutions won an EPC contract with **Statoil** to build the pipeline facilities, modifications and tie-ins requisite for the Mongstad terminal to receive oil from Johan Sverdrup field in the North Sea.

Aker will build receiving facilities at Statoil's Mongstad complex that will connect to existing oil caverns through a new manifold system, allowing the distribution of crude from Johan Sverdrup, one of the five biggest oil fields on the Norwegian Continental Shelf. With expected resources of between 1.7 and 3.0 Bboe, the monetization of the field is expected to be one of Norway's most important industrial projects over the next 50 years, according to Statoil.

Johan Sverdrup among Norway's most important industrial projects.

Engineering work for the roughly $42 million project will be performed at Aker Solutions' office in Bergen, Norway, with prefabrication of pipes and steel structures to be carried out at the company's yard in Egersund. The bulk of the construction will take place on site at the Mongstad facility.

Work is expected to commence early next year and to conclude in 2019.

Rowan notes terminations in its fleet status report

In its latest fleet status report, **Rowan Companies** revealed that **Cobalt International Energy** will pay approximately $96 million in exchange for the right to terminate the contract for the Rowan Reliance as early as March 31, 2017. If operations continue after that date, the dayrate will be reduced to approximately $262,000.

Meanwhile, **ConocoPhilips** gave notice of its intent to terminate its contract for the Rowan Gorilla VI at the end of 2016. Upon termination, the company will pay $250,000 per day for the remaining contract term through March 2018. Should the company source alternative work for the rig, the $250,000 dayrate will be offset by any contract revenue in excess of $100,000 per day.

Noble to negotiate dayrate with Saudi Aramco

In **Noble Corp.**'s October fleet status report, the company noted that its Noble Tom Prosser has concluded its contract with **Quadrant Energy,** and its status has been updated to available. The jackup rig will be relocated from Australia to the Middle East.

Noble will also renegotiate its contracts with **Saudi Aramco** for the use of its Noble Roger Lewis, Noble Joe Beall, Noble Scott Marks and Noble Gene House jackup rigs, all of which are being operated in the waters of Saudi Arabia. The contracts for *Noble Roger Lewis* and Noble Scott Marks will terminate in early March and early July 2017, respectively, whereas the other two will expire mid November 2018.

Negotiations for jackup rigs to take place before the end of the year.

Noble anticipates further discussions with Saudi Aramco regarding dayrate for the remaining contract terms and anticipates that negotiations will take place by the end of the year.

Contracts

ProSep, Puffer-Sweiven sign distribution agreement

ProSep signed a distribution agreement with **Puffer-Sweiven**, a supplier of products and services for process control and flow. Drawing on Puffer-Sweiven's distribution strengths, ProSep looks to leverage its mixer and produced-water technologies, which have helped oil and gas operators achieve production efficiencies by reducing expenses 20-60%.

Ultimately, ProSep expects to expand its current product offerings to include markets beyond that of upstream alone. The initial terms of the agreement will cover the Gulf Coast region, but the companies see expansion on the Horizon in Latin America, where Puffer-Sweiven has offices in Chile, Colombia, Ecuador and Venezuela. ProSep regards the agreement as both fruitful and timely, as many industrial producers and utilities are looking for means to optimize their processes and reduce costs.

Technology

PGS improves imaging capabilities, adds supercomputer

Petroleum Geo-Services (PGS) further strengthened one of the most powerful computer platforms in the service industry by adding a supercomputer to its Houston Mega Center. PGS is a marine seismic company that acquires high-resolution seismic data to generate subsea images and 3D models. The company's vast library of seismic and electromagnetic data was made all the more robust through the addition of the PGS Galois, named after the French mathematician Évariste Galois, which supplements the PGS Abel delivered last year. Both computers have been provided by Seattle-based supercomputer company **Cray**.

Supercomputers allows larger jobs and imaging of more complex data.

"The Cray supercomputers allow PGS to quickly process data into an accurate, clear image of what's lying underneath the seafloor through kilometers of varied geology. This is an extraordinarily complex computational challenge and is where PGS excels," said Cray CEO Barry Bolding. "Today's most advanced seismic survey datasets encompass many hundreds of terabytes, and gaining insight from this data lies squarely at the convergence of supercomputing and big data."

Expanding its supercomputing platform allows PGS to run larger jobs and image more complex data while reducing lead time and producing higher-quality results. In turn, customers will be able to take advantage of cutting-edge imaging algorithms such as PGS' reverse time migration, separated wavefield imaging and wave equation reflectivity inversion.

SKF & GE to increase active magnetic bearing applications

Svenska Kullagerfabriken (**SKF**) and **GE Oil & Gas** penned an agreement to jointly advance the use of active magnetic bearing technology by the oil and gas industry. Under the arrangement, GE will use SKF technical know-how from front-end engineering to installation, testing and service to customers.

Magnetic bearings are suitable for a much wider operating range.

A key benefit of magnetic bearings is that they operate with no surface contact, eliminating bearing friction and wear. Electromagnets generate forces in radial and axial directions to levitate the shaft, allowing it to rotate contact-free while a control system monitors and continuously adjusts the current in the electromagnets to maintain shaft position. Known for their stability and precision, they are suitable for a much wider operating range compared to conventional bearings. Additionally, they are virtually maintenance free.

Despite advantages, active magnetic bearings are not overly commonplace in the oil and gas sector, a fact that the partnership plans to change through SKF's core expertise and GE's scale in terms of process and service capabilities.

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People & Companies

GC Reiber, Rasmussengruppen form new seismic company

Norwegian **GC Rieber Shipping** is joining forces with **Rasmussengruppen**, an owner and operator of tankers and provider of marine transportation services, for the development of a new marine geophysical company: **Shearwater GeoServices**. The partners will inject $60 million in equity in the form of cash into Shearwater, the deal for which is expected to close this quarter.

GC Reiber & Rasmussengruppen have agreed to a 50:50 JV.

Under the deal, Shearwater will purchase seismic equipment and the operative entity **Dolphin Energy Geophysics UK**.

The new venture will be a 50:50 JV and will see Shearwater assume ownership of four high-capacity seismic vessels previously held by GC Rieber: Polar Empress, Polar Duke, Polar Duchess and Polar Marquis, which have a total value of $228.5 million. Outstanding debt ($198.5 million) associated with these ships has been renegotiated with their respective lenders, and the new terms include a 75% reduction in installments effective until June 2019 compared to the original repayment profile and a loan extension through 2022.

Partners will inject $60 million in equity into Shearwater.

The sale of the vessels to Shearwater implies an impairment charge that will be booked in 3Q16 and will have significant impact on GC Rieber's balance sheet, whereby total assets, equity and liabilities will be reduced.

Technology

CGG and Wood Mac release dynamic modeling tool

Geophysical services company **CGG** and consultancy **Wood Mackenzie** have officially launched their "decision support platform" EV2, a tool designed to aid clients in determining the value of undrilled exploration acreage across the globe.

By combining their individual strengths—CGG's geological expertise and Wood Mac's commercial insight—the companies created a product that combines a flexible valuation tool with meticulously detailed geologic knowledge presented in a user-friendly, intuitive environment. An improvement upon existing offerings that simply provide modeling software, EV2 is prepopulated with detailed basin, play and block data.

Tool determines value of exploration acreage across the globe.

EV2 differentiates volume and value potential and combines this analysis with unique functionality, such as the ability to change underlying subsurface modeling assumptions. Users can incorporate proprietary knowledge from seismic, geologic data and in-house expertise to calibrate reserve assumptions, subsurface risk maps and oil-price assumptions. Custom scenarios allow quick comparison of farm-ins, license rounds and new deal opportunities for new-ventures teams, petroleum economists and financial analysts.

Platform covers 100 priority basins with 80 more to be added by March.

The release of EV2 follows a successful 10-basin sample product that was test marketed in 2014. Although the platform now covers 100 priority basins, a further 80 basins will be added between now and March 2017 to create a truly comprehensive data set. Both companies feel that, given low oil prices and reduced exploration spending, EV2 provides critical information that will aid explorers reduce risks while increasing the value of their decisions.

ARK-LA-TEX

CHEROKEE CO., TX PROJECT PLS
7-Active Wells. 77-Vertical Wellbores.
REKLAW GAS FIELD
RECOMPLETION POTENTIAL
Immediate 5-Well Program
Pettit, Woodbine, & Rodessa.
100% OPERATED WI; 76%-78% NRI
Current Production: ~325 MCFED
After 5-Well Recomplete: 600-1,000 MCFD
Est Proved Reserves: ~23 BCFE
Includes Field Office & Equip Storage.
PP 8277RE

PP *RECOMPLETE*

GULF COAST

TEXAS & LOUISIANA SALE PACKAGE
24-Producing Wells. ~4,231-Net Acres.
PROLIFIC NORTH MILTON FIELD
STACKED PAY OPPORTUNITY
Wilcox Sands. 9,800-15,000 Ft.
Numerous Recompletion Candidates
-- in Wilcox L-2, L-4, L-5, L-7 & L-8 Sands
Upside in Opossum & Pinehurst Fields
100% OPERATED WI; 81.2% NRI
May 2016 Net Production: 3.3 MMCFED
Significant Reserve Potential in Untested
-- Fault Blocks and Deeper Horizons
Total Proved Reserves: 20,625 MMCFE
Net Proved PV10 Value: $18,122,000
AGENT WANTS OFFERS NOV 11, 2016
PP 1891DV

PP *3.3 MMCFED* CALL PLS FOR INFO

CALCASIEU PH., LA PROPERTY
14-Wells. 735-Gross/Net Acres.
GILLIS-ENGLISH BAYOU UNIT
OLIGEOCENE FRIO PLAY
Hackberry Frio 1-4 Sands At 9,800'-10,000'
3D Seismic & Subsurface Geology Data
100% OPERATED WI; 81.35% NRI
Net Production: 45 BOPD & 450 MCFD
Gross Production: 60 BOPD & 600 MCFD
Monthly Cash Flow: ~$100,000+/Month
Net Well Rsrvs: 178 MMBO & 1,753 MMCF
Project Rsrvs: 1,396 MBO & 12,511 MMCF
Total Net PV10: $32,395,3850
CONTACT SELLER FOR MORE INFO
PP 2716DV

PP *~120 BOED* DEALS FOR SALE

ST. HELENA PH., LA PROPERTY
9-Wells. 2-SWD. 11-Total Wells.
BEAVER DAM CREEK FIELD
3-Producing Wells. 6-ShutIn Wells.
1-SWD. 1-Temporarily Abandoned SWD.
Potential Upside.
~89-100% OPERATED WI; -
--~67-75% NRI
6-Mn Avg Gross Production: 134 BOPD
Production Excludes Periods Of Downtime.
12-Mn Avg Net Cash Flow: $53,516/Month
AGENT WANTS OFFERS NOV 10, 2016
PP 1398DV

PP *GULF COAST*

MIDCONTINENT

TEXAS CO., OK PROPERTY

159-Producing Wells. 129,000-Net Acres.
ANADARKO BASIN
Acreage 100% Held By Production.
Council Grove, Morrow & Cherokee
Lansing, Marmaton, Keyes, Topeka & Toronto
Target Depth <7,000 Ft.
~95% Of Acreage Is Fee Acreage.
Net Production: 58 BOPD, 2,380 MCFD
-- & 57 BNGLPD
Projected Nov Cash Flow: $140,000
PDP Reserves: 382 MBO & 6 BCF
196 Behind Pipe Opportunities.
AGENT WANTS OFFERS NOV 10, 2016
PP 2126DV

PP
ANADARKO
CALL PLS FOR INFO

ROCKIES

DJ BASIN ASSETS FOR SALE

428-Total Wells. 67,496-Net Acres.
LARAMIE & WELD CO., CO
Niobrara, Codell, D & J Sands Production
96% Of Leases Are Held By Production.
>2,000 Gross Undeveloped Locations.
Avg 74% Working Interest; Avg 80% NRI
Current Net Prod: 1,200 BOED (48% Oil)
PDP PV10: ~$42,000,0000
AGENT WANTS OFFERS NOV 16, 2016
PP 2702DV

PP
1,200 BOED

MULTISTATE & CROSS REGION

LOUISIANA OPERATIONS FOR SALE

6,120-Gross Acres. 4,932-Net Acres.
SHALLOW WILCOX & COTTON VALLEY
LARGE INVENTORY OF LOCATIONS
Considerable Running Room
Avg 97.6% OPERATED WI; 86.4% NRI
Avg Net Production: 1.3 MMCFED
Proj Oct 2016 Net Cash Flow: $109,000/Mn
Total Proved Reserves: 5.9 BCFE
Total Proved PV10: $9,936,000
CONTACT AGENT FOR UPDATE
PP 2852DV

PP
~1 MMCFED
NO COMMISSIONS

TEXAS & LOUISIANA NONOP ASSETS

8,448-Gross Acres. 6,623-Net Acres.
HAYNESVILLE & BOSSIER PLAYS
Large Inventory of Locations
Avg 10.2% NonOperated WI; 7.9% NRI
Proj Oct 2016 Net Prod: ~2.0 MMCFED
Proj Oct 2016 Net Cash Flow: $180,000/Mn
Total Proved Reserves: 11.6 BCFE
Total Proved PV10 Value: $10,863,000
CONTACT AGENT FOR UPDATE
PP 2853DV

PP
~2 MMCFED

What the Analysts are Saying About Oilfield Services

Canyon Services Group (FRC; CA$5.71-Oct. 12; Buy)

Upgrading Canyon Services Group to Buy from Hold – pure-play Canadian pressure pumper with sparkling clean balance sheet….own some. We have long been fans of Canadian pressure pumping industry structure (top 7 players control ~95+% of industry frac capacity), but we downgraded Canyon stock last September on concerns over increasingly stiff competitive headwinds from several of Canyon's larger peers against backdrop of severe decline in well completions activity across Western Canada. Sitting here at cyclical trough, those concerns have largely abated and we actually think the Canadian pressure pumping market could tighten much quicker than many investors appreciate. **—Tudor Pickering, Holt & Co.**

Dril-Quip (DRQ;$54.45-Oct. 17; Equal Weight/Neutral; PT-$61.00)

Dril-Quip announced the first company acquisition in its history, agreeing to acquire TIW Corp., a Houston, TX-based, family-owned manufacturer of liner hangervsystems and related equipment and services. TIW, which was founded in 1917, is the fourth largest liner hanger supplier behind Halliburton, Baker Hughes, and Weatherford, according to DRQ. We peg the ~$143mm all-cash acquisition at ~8x 2018 EBITDA with DRQ guiding the deal to be neutral to EPS and CFPS in 2017 and accretive in 2018. TIW is more levered to the int'l onshore cycle and gives DRQ a channel to sell its wellhead and related products onshore and TIW's liner hanger products offshore. DRQ started talking about M&A in 2015 to invest "counter-cyclically" and will continue to pursue complementary M&A, tapping into its nearly $500mm net cash war chest (~$13/sh) at the end of 2Q16, which should help fill the earnings gap presented by plagued offshore activity. **—Barclays**

Halliburton (HAL; $47.07-Oct. 19; Buy; PT-$60.00)

Solid EBITDA beat should be headline despite NAM revenues coming in a bit light ($47.07; Buy; $60 PT): HAL reported a little light on NAM revenues but came in line our better than expected on most other metrics, and we think this is a solid EBITDA beat. Near-term guidance was cautious for Q4:16 with a highlighting the typical seasonal holiday downtime in NAM while downplaying the typical uplift in international product sales. Still, this seems more managing expectations than a change in long-term outlook and HAL's positioning to be a beneficiary which remains firmly intact. While some will focus on the 9% NAM revenue growth light compared to the market's 15% U.S. land rig count growth, this should be attributed to the checkbook operators with limited service intensity as opposed to any shortcoming with respect to HAL. We see this as modestly positive print and like the solid EBITDA and EPS beat helped by efficient cost reduction underway and no change in long-term outlook. **—Seaport Global**

Rowan Companies (RDC; $14.47-Oct.19; Equal Weight/Neutral; PT-$12.00)

Rowan released its Oct fleet status Oct. 19 (first since July 1st) which was a bit of a mixed bag with 2 new jackup contracts in the UK North Sea (both at "undisclosed day rates below $100k/d") offset by yet another Rowan early termination, this time by ConocoPhillips to release jackup Rowan Gorilla VI 15mo early (though RDC will be compensated at ~70% of the contracted day rate, see below). Rowan Relentless remains idle/available in the US GoM after being terminated by Freeport-McMoran in May and 5 high-spec jackups (Stavanger, J.P. Bussell, EXL I, EXL III, EXL IV) remain idle since at least December 2015, while cold-stacked Rowan Gorilla II is expected to be sold in 4Q16. While this fleet status has a neutral impact to Rowan based on our rig-by-rig DCF valuation (we maintain our $12 PT), we view it as a sign of continued challenges in the offshore drilling market. **—Barclays**

GULF COAST

BEE CO., TX SALE PACKAGE
37-Total Wells. 4,230-Gross Acres.
HEARD RANCH FIELD
25-Active Wells. 1-SWD.
Producing From Multiple Stacked Frio Sands
14 Behind Pipe Opportunities.
~76-89% OPERATED WI; ~56-66% NRI
Dec 2016 Proj'd Net Prod: 2 BOPD & 1,500 MCFD
July 2016 Net Cash Flow: $102,548
Net Reserves: 3.1 BCFE
Behind Pipe Net Reserves: 2.1 BCFE
AGENT WANTS OFFERS NOV 16, 2016
PP 1443DV

PP FRIO

TEXAS GULF COAST ASSET SALE
62-Producing Wells. 4,393-Net Acres.
HARRIS, LIBERTY & HARDIN COUNTIES
Goose Creek, Cleveland & Saratoga
Miocene & Frio Sands Production
Limited Vicksburg Penetrations.
100% OPERATED WI; 81% NRI
Avg Net Sales Production: 310 BOED
Avg Net Cash Flow: $242,601/Month
Net 1P Reserves: 3.2 MMBOE
14 PUD Cases.
AGENT WANTS OFFERS NOV 9, 2016
PP 2312DV

PP 310 BOED

CALL PLS FOR INFO

PERMIAN

MIDLAND BASIN PROPERTIES
33-Vertical Wells. 2,520-Net Acres (HBP)
REAGAN & MIDLAND CO., TEXAS
Lower Spraberry, Wolfcamp A & B
Upside in Upper & Lower Spraberry,
-- and Wolfcamp A, B, C & D
Infield Development 80-100 Locations
OPERATED WI AVAILABLE
Net Production: 175 BOED
40-50% IRR Across Leasehold
PDP Reserves: 419 MBOE
Total Resource Potential: 23.4 MMBOE
PDP PV10: $2,700,000
AGENT WANTS OFFERS NOV 8, 2016
PP 2091DV

PP 175 BOED

PERMIAN

WEST TEXAS ASSETS FOR SALE
55-Total Wells. 6,665-Net Acres.
ANDREWS & GAINES COUNTIES
NORTHWESTERN MIDLAND BASIN
Targets: Queen, Grayburg, Clearfork, Spraberry, Wolfcamp, Strawn & Atoka
Acreage Is 100% Held By Production.
85% OPERATED WI; 66% NRI
Est Oct 2016 Net Prod: ~288 BOED
Est Sept 2016 Cash Flow: ~$159,000/Mn
PDP PV10: ~$9,400,000
Vertical Drill & Compl: $1,400,000
CONTACT SELLER FOR UPDATE
PP 2013DV

PP ~290 BOED

TOM GREEN & IRION CO., TX ASSETS
22,624-Net Acres.
PERMIAN BASIN EASTERN SHELF
Canyon, Cisco, San Andres & Ellenberger
Clear Fork, Wolfcamp, Strawn & Cline
>500 Vertical PUD Development Plan.
Proj. Oct 16' Net Cash Flow: $666,000/Mn
362 PUD Locations.
AGENT WANTS OFFERS NOV 11, 2016
PP 2068DV

PP ~860 BOED

HOWARD CO., TX ASSETS FOR SALE
6-Producing Wells. ~1,774-Net Acres.
PERMIAN BASIN
Wolfcamp & Fusselman Production
Spraberry & Wolfcamp HZ Potential
100% OPERATED WI; 75% NRI
Net Production: ~13 BOPD & 52 MCFD
Gross Production: ~16 BOPD & ~62 MCFD
CONTACT AGENT FOR UPDATE
PP 2502DV

PP WOLFCAMP

NO COMMISSIONS

MIDLAND BASIN
11-Producing Wells. ~9,250-Net Acres.
MIDLAND, MARTIN, HOWARD & GLASSCOCK CO., TX
Middle & Lower Spraberry & Wolfcamp A, B, C & D Intervals
~50% Of Acreage Is Held By Production
Current Net Prod: ~1,700 BOED (71% Oil)
Offset IP30 Rates: >1,000 BOED
Proj'd 2017 Net Cash Flow: $1,208,333/Mn
CONTACT AGENT FOR MORE INFO
PP 2380DV

PP ~1,700 BOED

MIDLAND BASIN SALE PACKAGE
90-Producing Wells. 10,487-Net Acres.
DAWSON, MARTIN & ANDREWS CO., TX
Middle & Lower Spraberry, Wolfcamp
-- A & B Shale Targets
745 Drilling Locations Identified.
1-Operated Rigs Running.
Avg 75% OPERATED WI; 75% NRI
October 2016 Net Production: 1,239 BOED
Total EUR: 2,755 MBOE
AGENT WANTS OFFERS DEC 8, 2016
PP 1782DV

PP ~1,240 BOED

PERMIAN

PERMIAN BASIN ASSET SALE
~120-Producing Wells. ~25,000-Net Acres.
LOVING, PECOS & REEVES CO., TX
Vermejo, Dimmit & Brooklaw Fields
Atoka, Fusselman, Morrow & Ellenburger
Lower Wolfcamp & Wolfcamp B Prospects
Dimmit & Brooklaw Fields Ready For
-- Waterflood Development
Avg 85% OPERATED WI; 68% NRI
Net Production: 11.2 MMCFED (84% Gas)
AGENT WANTS OFFERS EARLY NOV 2016
PP 2401DV

PP >10 MMCFED

REEVES & PECOS CO., TX ASSETS
10-Producing Horizontal Wells.
PERMIAN BASIN
HORIZONTAL WOLFCAMP SHALE
6-Operated Wells. 4-NonOperated Wells.
OPERATED & NonOperated WI
75% Working Interest; 58.5% NRI
Gross Prod: 371 BOPD & 2,152 MCFD
12-Mn Avg Net Income: $128,253/Month
AGENT WANTS OFFERS NOV 9, 2016
PP 2265

PP WOLFCAMP

DEALS FOR SALE

REEVES CO., TX SALE PACKAGE
2-Producers. 9,050-Net Acres on Trend.
PERMIAN - DELAWARE BASIN
Mostly Undeveloped Acreage.
Multiple Proven Wolfcamp Benches.
Additional Upside in Bone Spring.
Potential 350+ Horizontal Wolfcamp Wells
100% OPERATED WI; 75% NRI
OFFERS DUE BY NOVEMBER 21, 2016
PP 2112L

PP 150 BOED

MIDCONTINENT

OKLAHOMA SALE PACKAGE
PLS
15-Active Wells. 2-DUCs. 2-Inactive.
JOHNSTON, MARSHALL, LOVE, BLAINE & HARPER CO.
Producing From: Sycamore, Morrow, Chester, Woodford, Viola, Hunton & Miss
OPERATIONS MAY BE AVAILABLE
Varying Working Interest & NRI.
Gross Production: 1,431 MCFED
Net Production: 313 MCFED
Net Cash Flow: ~$27,500/Mn (3-Mn Avg)
AUCTION FINALIZED - CLOSE PENDING
PP 5875

PP >300 MCFED