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PLS CAPITALMARKETS

Serving the marketplace with news, analysis and business opportunities

ENERGY FINANCE

Ray Irani out of Occidental after 30 years in leadership

After 30 years with the company, **Occidental Petroleum** chairman Ray Irani was removed from his position at the company's general meeting. Irani failed to obtain the voting majority needed to keep his seat, with 76% of voting shares opposing his chairmanship. CEO Steve Chazen said Irani had made invaluable contributions to the company, including increasing total shareholder return by over 2,000% during his time as CEO. Director Aziz Syriani also withdrew his nomination prior to the election.

Irani increased total shareholder return over 2,000% while CEO.

Irani is replaced by former Ambassador Edward Djerejian while former Secretary of Energy and board member Spencer Abraham will become vice chairman. Other directors obtaining shareholder approval were president and CEO Chazen, Howard Atkins, John Feick, Margaret Foran, Carlos Gutierrez and Avedick Poladian. Recently enacted policies mandated Irani's successor be an independent director. Additional new governance policies include barring CEOs from serving as chairman, mandatory CEO retirement at 68, board and executive pay cuts and the addition of two directors. Continues On Pg 4

EOG beats estimates on production, pricing & costs

EOG Resources reported a big Eagle Ford and Permian-led 32% YOY jump in net operating cash to \$1.42 billion in Q1, alongside \$490 million in adjusted earnings which came in 54% above consensus estimates, up 53% YOY and 12% sequentially. The beat was driven on multiple fronts, with production and price realizations rising and unit costs falling.

Adjusted earnings of \$490 million beat consensus by whopping 54%.

EOG chief Mark Papa noted, "Our first quarter results clearly demonstrate EOG's ability to consistently execute a highly efficient crude oil drilling program while simultaneously trimming costs and continually making better wells." Production of 476,000 boepd was up 6% YOY and 4% sequentially, driven by US oil production which grew 36% YOY and 16% vs. Q4. At a total 187,300 bopd (up 33% YOY) oil now accounts for 39% of total production up from 36% in Q4.

Crude realizations were up 4% YOY to \$105.61/bbl, while gas realizations rose 27% YOY to \$3.32/Mcf. EOG's activity is becoming more profitable as it shifts heavily into oil, generating \$39.08/boe in Q1 vs. 2012's average \$34.11. Continues On Pg 10

McClendon back in the saddle with American Energy launch

Additional details have surfaced regarding former **Chesapeake** chief Aubrey McClendon's plans for an encore after parting ways with the company he built into the nation's No. 2 gas producer after **ExxonMobil.** Not missing a beat, McClendon jumped right back into US E&P with the launch of **American Energy Partners LP,** an "opportunistic and bold" start-up he plans to grow into an industry leader in coming years.

Seeking fairly undeveloped assets and 'not scared of natural gas.'

McClendon e-mailed industry contacts including **PLS** last month announcing he is "interested in being contacted regarding onshore US assets," seeking to grow through both the drillbit and acquisition of producing properties. McClendon said in the mailer that he was particularly focused on deals "with a lot of drilling left on them," but would also consider undeveloped acreage. And with characteristic tongue-in-cheek flair, McClendon also noted he is "not scared of natural gas."

It appears McClendon will be able to get up and running quickly. T. Boone Pickens said he would be comfortable investing with McClendon, and Forbes suggests "deep pockets all around the world are lining up" to back him. ContinuesOnPg16

Pennsylvania high court rules gas not a mineral

A collective sigh of relief can be heard in Pennsylvania as the state Supreme Court opted for the more commonsense of two possible interpretations of a longstanding state rule on interpretation of mineral rights contracts (the 1882 "Dunham Rule"). In Butler v. Powers, the Supreme Court unanimously upheld Dunham, affirming that gas rights are not transferred in a private contract by use of the word "mineral" unless it explicitly conveys gas rights or the intent to convey such rights can be established through clear and convincing outside evidence.

In PA, Supreme Court affirms gas rights don't transfer with 'mineral' rights.

The underlying case questioned whether shale gas ownership rights should be categorized as oil and gas rights, or whether they should be categorized as mineral rights due to the origins of the gas in shale rock. Continues On Pg 11

Private Equity & Debt

Trilantic & Riverstone funding Trail Ridge start-up

Trilantic Capital Partners and **Riverstone Holdings** announced a joint investment in Permian start-up **Trail Ridge Energy Partners II.** Trail Ridge is led by petroleum engineer and 30-year industry vet Ron Wade as CEO. Terms were not disclosed. **Stifel Nicolaus** advised Trail Ridge on the financing.

Wade previously founded **Trail Ridge Energy Partners LLC** in 2008, along with Chuck Cederberg. The first Trail Ridge focused on Mid-Con opportunities, and was launched with $40 million in backing from **Kayne Anderson.** Prior to Trail Ridge he was VP of Engineering at **Redman Energy.**

Undisclosed support will back Permian efforts by CEO Ron Wade.

Riverstone has raised ~$23 billion across seven funds, with investments in upstream, midstream and oilfield services, among other sectors. Trilantic's four PE funds have $5.3 billion in aggregate capital commitments; investment segments also include upstream, midstream and oilfield services. Noteworthy Trilantic investments include **Antero Resources, Enduring Resources, Pacific Energy Partners, TLP Energy** and **Velvet Energy.**

Antero finally going public, say sources

Warburg Pincus-backed **Antero Resources** is expected to finally IPO in an offer which could value the company as highly as $10.0 billion, according to anonymous Reuters sources. Antero hired **Barclays, JP Morgan** and **Citigroup** to underwrite. An offering could come as soon as some time this year.

The company has publicly traded debt, and reported adjusted EBITDA of $434.3 million last year, up 28% YOY. Antero is heavily focused on Appalachian activity, with ~311,000 net acres in the Marcellus and 92,000 acres in the Utica.

Warburg and others including **Yorktown Energy Partners** and **Lehman Brothers** initially backed Antero with $260 million in 2003, later leading a $1.0 billion private equity investment in the company in 2007.

IPO may value company in the $10.0 billion range, sources said.

The company's borrowing base was recently increased by $530 million to $1.75 billion, with lender commitments under the facility increasing by $500 million to $1.2 billion. At Q1's end, Antero had $404 million drawn under the facility and $32 million in letters of credit outstanding, with unused borrowing capacity of over $1.3 billion. Antero said it had $25 million in debt outstanding that will mature prior to the May 2016 maturation of the credit facility.

Antero's Low-Cost, Liquids-Rich Reserve Base

Appalachia	Utica	Marcellus	Devonian	Total
SEC Proved Reserves (Bcfe) [1]	123	4,796	10	**4,929**
% Liquids	50%	24%	26%	**25%**
% Proved Developed	22%	21%	100%	**21%**
Net April 2013 Production (MMcfe/d)	1	430	4	**435**
Net Acreage [3]	92,000	311,000	194,000	**403,000**
Gross Drilling Locations [4]	627	3,046	1,250	**—**
Proved Developed PV-10 ($billion) [2]	—	—	—	**$2.3**
Proved PV-10 ($billion) [2]	—	—	—	**$3.2**

1. 12/31/2012 SEC reserves using a price deck of $2.78/MMBtu for Appalachia. WTI SEC price averaged $95.05Bbl. Reserves audited by independent third-party engineers using SEC reserve methodology and pricing. Assumes processing in the Marcellus and full ethane recovery beginning in 1Q 2014. 2. Includes hedge PV-10 value of $1.3 billion. 3. All net acres allocated to the Upper Devonian Shale are included among the net acres allocated to the Marcellus Shale as formations attributable to the same leases. 4. Represents total potential drilling locations reflecting current acreage position. Source: Antero Resources May 6 Presentation via **PLS docFinder**

Magnum Hunter borrowing base falls on Eagle Ford sale

Magnum Hunter reported that its revolving credit facility with a syndicate administered by the **Bank of Montreal** was reduced to $265 million from $360 million in conjunction with the sale of its Eagle Ford Hunter sub to **Penn Virginia Oil & Gas** and subsequent loss of the 3,200 boepd in production it provided. The company sold 19,000 net acres (40,600 gross) and interests in 46 producing wells for $401 million—$361 in cash and $40 million in cash or Penn Virginia stock.

$95 million reduction due to Eagle Ford Hunter sale.

The facility, good until April 2016, is reviewed semi-annually and derived from the company's proved crude oil and natural gas reserves. The base can be increased or decreased up to a maximum commitment level of $750 million. The company said it will spend $300 million this year, evenly divided between the Williston and Appalachian Basin operations. A large portion of the expenditures which will be funded from existing cash flow.

ABOUT PLS

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Private Equity & Debt Briefs

• **Gastar Exploration** announced plans for a private placement of $200 million in senior secured notes due 2018, subject to market and other conditions. Proceeds will finance the company's Mid-Con acquisition from **Chesapeake,** repurchase 6.8 million shares of Gastar stock held by Chesapeake to settle current litigation and repay outstanding revolver debt in full, among other general uses. As of Q1, Gastar had a revolver balance of $115 million, accounting for the entirety of company long-term debt. Its borrowing base is $160 million.

• **Petron Energy II** announced the closing of a $5.0 million line of credit with **TCA Global Credit Master Fund LP.** Petron chief Floyd Smith said the new credit facility represented a path for the company to see more consistent workovers for its shallow Oklahoma and Texas wells, and that Petron expects to significantly increase production and revenues as a result. Smith said the company had already received the first equity tranche and had identified four Oklahoma wells for workover and completion, expected to be completed by May 15.

• Per a May 2 SEC filing, **Red Mountain Resources** and fellow borrowers **RMR Operating** and **Cross Border Resources** along with **Black Rock Capital** and **Independent Bank** amended a senior first lien secured credit agreement from February. The amendment pertains to a waiver of any default, event of default or right to exercise any remedy if the borrowers fall out of compliance with the agreement's financial and trade payable covenants, and changing the effective date of the financial covenants to May 31.

• **W&T Offshore** said its revolving credit facility rose another $75 million to $800 million. The company said in a filing that availability is determined semi-annually, based on oil, NGLs and natural gas prices and on proved reserves. Chairman and CEO Tracy Krohn said the increase "reflects some value derived from our 2012 development drilling program."

Private Equity & Debt

TPH Partners launches multiple upstream start-ups

Tudor, Pickering, Holt & Co. private equity unit **TPH Partners** has been quite active in start-up investment lately, making its third investment (and its second in just over a month) through **TPH Partners II LP** in late April with an undisclosed financing of Denver-based **Channel Energy LLC.** Channel will focus on US onshore acquisition and development in several basins, with particular emphasis on liquids-focused assets in historically prolific basins. It plans to engage in both acquisitions and farm-in deals. Kevin Corbett is Channel's president and CEO. He has over 30 years of experience in domestic and international exploration and development, including founding and leading both **Wrangler Resources** and **Sequoia Production.** CFO and EVP Doug Izmirian was co-founder of **Citadel Oil and Gas** and e-payment firm **TransZap.**

Channel management helped found Wrangler, Sequoia & Citadel.

TPH Partners managing director George McCormick called Corbett a "proven oil finder" with a value creation track record and Izmirian a successful oil patch entrepreneur. Corbett said Channel has already identified an extensive list of potentially overlooked opportunities.

Neither Channel nor Principle financing amounts were disclosed.

This is the second start-up move for TPH in recent weeks, having also made an undisclosed commitment with Wyoming Big Horn Basin-focused **Principle Petroleum Partners** early last month. Principle is run by former **Nimin** COO Scott Dobson and former **Merit** director of land development and GC Scott Gladden. Dobson led Nimin's development and sale of its Big Horn assets last year. TPH credited management's play-specific expertise in the move. Principle's first well is slated to spud this summer.

TPH Partners is focused on middle market investments in the upstream, oilfield services and midstream segments. TPH Partners II's first move was the launch of oilfield water solutions provider **Big Horn Energy Services** last September.

Apollo backs Double Eagle in Oklahoma partnership

Affiliates of **Apollo Global Management** teamed up with **Double Eagle Energy Holdings** in a strategic partnership largely focused on the Anadarko and Ardmore Basins in Oklahoma. Double Eagle is led by co-CEOs John Sellers and Cody Campbell, who also manage the Texas- and Mid-Con-focused **Double Eagle Development.** Apollo will back the new venture financially, although it did not disclose a specific investment amount.

Campbell called the new venture "a great opportunity to expand and continue our land-centered approach to oil and gas asset acquisition, which has proven successful over the last several years." Apollo's Geoffrey Strong alluded to the Double Eagle team's differentiated strategy of identifying Anadarko and Ardmore development opportunities, taking core positions and growing assets in those plays as one which will create significant value while another Apollo officer praised Sellers' and Campbell's capabilities and historical accomplishments.

Specific financing not disclosed, but will target Anadarko & Ardmore Basins.

Predecessor entity has over 500,000 Texas & Mid-Con acres.

Double Eagle Development has an E&P arm active in South Texas, the Permian Wolfberry, Marble Falls in the Fort Worth Basin, New Mexico and Oklahoma. It also has an investment arm with a very active leasing, lease bank and mineral-buying program. Investment activities generally consist of acquisition or lease of over 100,000 mineral acres per year, and the company currently has over 500,000 acres in Texas and the Mid-Con.

Apollo had roughly $113 billion in AUM as of YE12, and ~$39 billion in private equity AUM as of Q1.

Capital Market News

Ray Irani out of Occidental after 30 years
Continued From Pg 1

Irani was already slated to retire at the end of 2014 on shareholder criticism of his flagship industry compensation—he averaged nearly $80 million per year in compensation since 2001 according to Bloomberg, and from 2004-2012 was paid over $1.1 billion. He was paid $45.6 million last year after giving up his CEO position.

Perhaps ironically given lifetime shareholder returns during Irani's tenure, compensation might not have been as much of a concern if not combined with a more than 20% share price decline since mid-2011 highs, lagging competitors. Challenges have related to California operations, cost overruns and gas prices. Irani will receive another $38 million in lump severance plus $2.2 million annual payments. The circumstances of his departure may make him eligible for another $21.6 million in retirement compensation and, if the move is deemed a "termination," another $16.8 million.

Ambassador (& board member) Edward Djerejian to replace Irani.

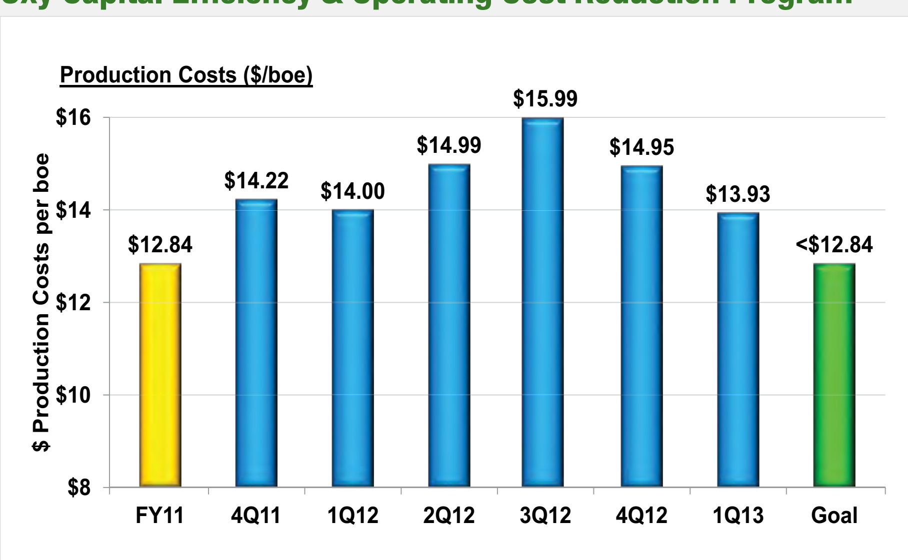
Irani's CEO successor Chazen is also not overly long for the company. Oxy's board announced a few months back it was seeking his replacement, also due to stock performance and "execution inefficiencies" increasing operating and capital costs. Chazen was working to guide the company more in a North American direction, while Irani wished to retain the company's global focus. Some investors including **First Pacific Advisors, Cambiar Investors** and **Livermore Partners** suggested Irani was behind the decision to find a replacement. Oxy recently clarifyied to shareholders that Chazen would remain on board through next year. A long time company man, Chazen said he respected the board's interest in "a new generation of leadership." In the interim, Chazen indicated plans to stay in communication with Irani going forward for counsel in advancing the company's goals.

Shares down over 20% since 2011, hurt by California ops, costs & gas prices.

Irani joined Occidental in 1983 as CEO of the company's chemical business, working his way to overall CEO in 1990. Syriani described Irani as "an outstanding CEO who has brought great vision to the company." Djerejian has been an Oxy independent director since 1996, and previously served as the US ambassador to both Syria and then Israel. Chazen joined Oxy in 1994 as EVP of corporate development, became CFO in 1999 and then COO in 2010, also joining the board at that time.

Continues On Pg 5

Oxy Capital Efficiency & Operating Cost Reduction Program



Source: Occidental Petroleum April 25 Presentation via **PLS docFinder www.plsx.com/finder**

Public Equity & Debt

Resolute & friends offer common in secondary

Resolute Energy Corporation launched a secondary offering of 13.25 million of its common shares, with certain selling shareholders offering 3.00 million additional Resolute common shares all at $8.00 a share. As of November 27, 2012, a date specified in the company's registration statement covering this offering, it had 61.95 million shares of common stock issued and outstanding.

Share offering will generate over $100 million in proceeds for Resolute.

The company will use proceeds of $101 million to repay debt outstanding under its revolving credit facility. **Barclays, BMO Capital Markets, Citigroup, Raymond James** and **Wells Fargo Securities** led the syndicate which also included **Johnson Rice & Company, Capital One Southcoast, Global Hunter Securities, Scotiabank/Howard Weil, Ladenburg Thalmann & Co. Inc.** and **SunTrust Robins.**

Public Equity & Debt Briefs

• **Miller Energy Resources** may realize net proceeds of up to $10.35 million from a public offering of 500,000 of its 10.75% Series C cumulative redeemable preferreds at $22.25 each launched on May 7 through bookrunner **MLV & Co.** The best efforts offering was made under an existing shelf registration. In February, the company sold 625,000 Series C shares for $22.90/share. On May 1, Miller had 1,454,901 Series C preferred shares outstanding.

• **Energy XXI** said that its Board authorized the repurchase of up to $250 million of its common stock from time to time in open-market transactions to be funded from cash on hand or borrowings. In connection with the repurchase program, the company approved a trading plan to comply with SEC Rule 10b5-1.

• **Scorpio Tankers** said it is placing 36,144,578 shares of its NYSE-traded common at $8.30 each through a syndicate led by placement agent RS Platou Markets. The company expects to raise net proceeds of $289 million via the placements which will be used for vessel acquisitions, working capital and other general corporate purposes. Once complete on May 13, Scorpio's common shares outstanding will number 162,427,424. Full subscription of the placement shares will result in an immediate dilution in net tangible book value of $1.16 per share to new investors, the company said.

Capital Market Briefs

• **Northern Tier Energy LP** announced and priced a 12 million-unit public offering priced at $26.28/unit. All units are being sold by **Northern Tier Holdings LLC,** and the LP will receive no proceeds. The LP IPO'd last year, during which Holdings retained an 80.0% equity interest. Assuming no exercise of a 1.8 million-unit option, Holdings will reduce its stake to 66.6% and gross $315.4 million. Lead underwriters are **Barclays, BofA Merrill Lynch, Goldman Sachs, Citigroup, Credit Suisse, UBS, Deutsche Bank** and **JP Morgan.** Co-managers are **Macquarie** and **TPG Capital.**

Earnings & Capex

Chesapeake keeps pushing into oil as it sheds assets

Chesapeake grew operating cash 4% sequentially and 29% YOY as it continued to ramp crude production, which hit 101,731 bopd in Q1. Crude production increased 4% sequentially and 55% YOY, increasing to 16% of total production compared to Q4's 15% and 1Q12's 11%. Overall production was down marginally (vs. Q4) however to 4.0 Bcfed, as gas production fell 2.5% to 2.99 Bcfed. Gas was still up marginally on a YOY basis while total production was up 9%. The company sees full-year production costs going in the right direction, projecting $0.85-$0.90/mcfe, down ~5% from prior guidance.

Crude production grew 4% vs. Q4, matching operating cash increase.

The company announced having closed or signed ~$2.0 billion in divestitures toward its $7.0 billion target. Everyone knows the both self- and market-imposed pressure the company is under to meet its goals, and some have expressed concerns that buyers have used that pressure to garner better pricing than might otherwise be considered reasonable. Chesapeake plans to close its previously announced Mississippi Lime JV with **Sinopec** before the end of the quarter, in addition to selling certain north Eagle Ford assets. On its conference call, Chesapeake said its 2013 funding gap now stood at $3.5 billion.

Chesapeake has met $2.0 billion of its $7.0 billion divestiture target YTD.

Chesapeake subsequently announced the resignation of director Louis Simpson, to be replaced by **Service Corp. International** chief Thomas Ryan. Ryan has also been appointed to the company's audit committee. Simpson was elected to Chesapeake's board in June 2011. Chair Archie Dunham said he was leaving to pursue other business interests.

Next A&D Transactions
Chesapeake divests Marcellus assets to EQT for $113 million.

Capital Market News

Ray Irani out of Occidental after 30 years Continued From Pg 4

Improvement plans include possible spin-offs & cost cuts—

Chazen announced during the company's Q1 earnings call that Oxy might consider spinning off operations or forming an MLP to improve share performance and increase return to shareholders. In response to analyst questions, it sounded as if a US asset spin-off might be easier than doing something similar with international assets due to comparative ease of valuation. Chazen also said the company's current lower stock price might make certain deals make more sense than they would have previously. The MLP idea might be less likely, as Chazen called such a move more of a "fine-tuning" than something that would really "move the needle." "If we can find actions that are meaningful and are accretive to value, we'll do those things," said Chazen.

Ouster may have been partial response to perceived power play vs. Chazen.

The company is focused on efficiency, hoping to cut domestic well and operating costs 15% this year. Surpassing expectations, those costs were lowered 19% in Q1, with Chazen thinking additional cuts are possible in future years. E&P Americas president Bill Albright cited the example of reducing Williston well costs from $10.0 million four months ago to $8.2 million, with the ultimate goal of getting them to $7.5 million. Domestic Q1 production was a record 478,000 boepd (72% liquids), but total production was down 2% at 763,000 boepd. Operating cash was $2.9 billion before changes in working capital. Net income was $1.4 billion, down 7% from Q4's adjusted net income.

Williston well costs down 18%, targeting 25% total cuts.

Capital Market

ATP assets sell to creditors for 19% of book value

Credit Suisse and other lenders acquired substantially all of the assets of bankrupt **ATP Oil & Gas** at auction for $690.8 million, just 19% of the $3.6 billion at which they were valued in court filings. The company was driven to file due to its heavy US Gulf of Mexico presence (90% of its wells were in the GOM), where it experienced execution challenges exacerbated by the regulatory aftermath of the Macondo spill. It was also debt-heavy, with $2 billion in long-term debt as of 1Q12 and $3.5 billion in total liabilities by the time it filed for Chapter 11 bankruptcy protection. ATP was finally pushed over the edge last August by a pending $89 million interest payment which it could not meet.

Credit Suisse led $618 million in emergency financing last year.

Credit Suisse and lenders **Fortress Credit Opportunities I LP** and **MSD Credit Opportunity Master Fund LP** successfully backed ATP with $617.6 million in emergency financing last year, including $250 million in new funding and refinancing of $367.6 million in existing debt. The creditor buyout was also comparable to revenues of its last full year of self-sustaining operations, with $687 million in sales in 2011, up a whopping 57% from 2010 levels.

Oil & gas financing the safest investment, says SocGen

After a comprehensive analysis by sector, **Societe Generale** reports that the global oil and gas industry offers the highest project finance loan recovery rate at 90%, despite construction-related and operational risks. Those risks are countered by inflation resilience keyed to oil and gas cash flows. Moreover, North American activity is generally conducted under reserve-based financing, secured by developed producing reserves via revolver. Average loan duration on energy projects is about seven years.

Recovery rate ~90%, generally secured by reserves.

The oil and gas finance market is also mature, with over 30 entities capable of mobilizing as much as $5 billion per transaction. SocGen noted the market has seen an average $120 billion in annual activity over the past five years. Oil and gas lending peaked in 2011 at $570 billion. SocGen said South and Southeast Asia is the most active market, comprising 24% of total loan volumes, with Europe second at 20% and North America clocking in at 18%.

US Upstream Stock Movers—Last 30 Days

Source: **Capital IQ**

	Company	Ticker	$/Share 5/13/13	$/Share 4/13/13	% Change
Top 5	Pioneer Southwest Energy Partners	PSE	$31.65	$25.45	24%
	Pioneer Natural Resources	PXD	$137.13	$118.61	16%
	Chesapeake Granite Wash Trust	CHKR	$17.03	$14.75	15%
	Penn Virginia	PVA	$4.61	$4.14	11%
	Stone Energy	SGY	$22.17	$19.94	11%
Bottom 5	Halcón Resources	HK	$6.10	$7.63	-20%
	Resolute Energy	REN	$8.56	$10.37	-17%
	EV Energy Partners	EVEP	$42.59	$50.54	-16%
	Midstates Petroleum	MPO	$5.75	$6.80	-15%
	Quicksilver Resources	KWK	$2.38	$2.80	-15%

Note: Data includes public, US-based companies operating in the upstream oil and gas space, limited to companies >$100 million market cap & >$1.00/share.

Earnings & Capex Briefs

• **Approach Resources** reported Q1 production of 8,400 boepd, up from Q4's 7,900 boepd. EBITDAX for Q1 was $24.4 million, up from Q4's $20.6 million. The company continues to drive down well costs and averaged $6.1 million per well in Q1 compared with $6.4 million for the second half of 2012. Approach said it was encouraged by the initial results from its stacked wellbore pilot program and from ongoing development in the horizontal Wolfcamp shale play. The company plans to continue testing multi-bench development in Project Pangea.

• **Carrizo Oil & Gas** beat estimates with record production of 159.6 MMcfed -- above guidance range of 145 to 151 MMcfed, attributed to Eagle Ford and Niobrara oil as well as changes in Marcellus completion schedules. The company also set production records in Q4 with 155 MMcfed. Adjusted net income for Q1 was $21.6 million essentially flat with Q4's $21.7 million. Carrizo's banking syndicate agreed to increase the commitments under its senior credit facility to $530 million from $365 million, as part of its regular borrowing base review.

• **Cimarex Energy** reported Q1 cash flow from operations of $292.4 million compared with $300.1 million in Q4. Volumes in Q1 were 661.1 MMcfed, compared with Q4 production of 676.7 MMcfed. Current oil output grew 12% (20% when adjusted for asset sales) and averaged 33,154 bopd (50% gas, 30% oil and 20% NGLs). Production guidance for 2013 remains unchanged at 675 to 705 MMcfed, or an increase of 8% to 13% over 2012. Mid-Continent and Permian volumes are projected to grow 11% to 15% over 2012, averaging between 652 and 673 MMcfed.

• **Forest Oil** reported discretionary cash flow in Q1 of $56 million, down from $93 million in Q4. Net sales volumes for Q1 were 243 MMcfed, down from Q4's 309 MMcfed, as a result of two property sales -- South Louisiana last November and South Texas in February – as well as a decline in natural gas volumes on deferred investment. Volumes were also negatively impacted by downtime associated with severe winter weather in the Texas Panhandle and East Texas.

Earnings & Capex Briefs

• **Halcon Resources** reported cash flow from operations (before changes in working capital) of $106.4 million for Q1, compared with $55.5 million in Q4. Current quarter output was 26,022 boepd, compared with 18,348 boepd in Q4. In December 2012, Halcon closed its $1.45 billion acquisition of Bakken assets from **Petro-Hunt,** adding 10,500 boepd. As of March 31, Halcon had liquidity of $716.5 million, which consisted of $0.8 million in cash and $715.7 million of borrowing capacity available on its revolver. During Q1, the company incurred capital costs of $398 million.

• **Linn Energy** reported production of 769 MMcfed, but still fell below guidance of 810-845 MMcfed. Q1 was negatively affected by weather, infrastructure curtailments and ethane-rejection. In Q4, the company produced 800 MMcfed. Adjusted EBITDA was $356 million, compared to Q4's $379 million. Linn, which is in the process of a landmark $4.3 billion merger with **Berry Petroleum,** plans to recommend a 6.2% increase to distribution/dividends ($3.08 per unit/share on an annualized basis) in the quarter immediately following closure of the transaction.

• **PDC Energy's** transition to liquids-rich assets drove liquids percentage to 54% in Q1. Production of 18,500 boepd reached company records with liquids volumes of 10,073 bpd. Net cash flows from operating activities in Q1 were $44 million, compared with $48 million in Q4, which was driven by output of 24,000 boepd. In February, the company sold Colorado gas assets for $200 million. While close is pending, those assets produce ~42 MMcfed.

• **Quicksilver Resources** had a difficult quarter, citing weak prices for NGLs, coupled with a sale of a 25% stake in its Barnett assets. The company withdrew a $250 million IPO of its MLP which holds 430.4 Bcfe of proved reserves in the play. For Q1, Quicksilver recorded operating cash flow of $22 million before changes in working capital which accounted for $36 million of outflows. In Q4, the company recorded operating cash flow of $81 million. Volumes in Q1 were 358 MMcfed compared with 342 MMcfed in Q4.

Earnings & Capex

Solid Anadarko quarter on Wattenberg, Marcellus, Texas

Anadarko Petroleum delivered strong results in Q1 with cash flow from operating activities of $2.50 billion and discretionary cash flow of $2.06 billion. In the previous quarter, Anadarko's cash flow from operating was $2.22 billion and discretionary cash flow totaled $1.61 billion.

Capex came in light at $1.4 billion vs. guidance of $1.7-1.9 billion.

The company reached record sales volumes of 793,000 boepd (43% liquids) in Q1, up from Q4's 741,000 boepd. Based on this performance, Anadarko increased its full-year 2013 guidance to a range of 279-287 MMboe from a previous range of 279-285 MMboe. Record volumes were achieved at Wattenberg (113,000 boepd), Eagle Ford (28,000 bopd) as well as in the Marcellus, East Texas horizontal play and in the Permian Basin.

Anadarko ended the quarter with $3.7 billion in cash and a 32% net debt ratio. In addition to $1.2 billion of monetizations including the $860 million agreement at Heidelberg, Anadarko completed the sale of its Liberty and Rome gathering systems in the Marcellus Shale to its **Western Gas Partners** sub for $490 million.

Record output drives Rosetta's adjusted income

Rosetta Resources kicked off the year with record levels of production which generated adjusted net income of $62.5 million compared with $42 million in 4Q12. The company achieved record production of 47,000 boepd (62% liquids) compared with Q4's output of 44,339 boepd. Rosetta plans to acquire Permian Basin assets from **Comstock Resources** for $768 million and integrated the purchase into 2013 capex of $840-900 million. Production guidance is 51,000-55,000 boepd with an exit rate of 56,000-60,000 boepd (63% liquids).

Rosetta made capital investments of $161 million in Q1.

Subsequent to the end of Q1, Rosetta announced debt and equity offerings to secure $1.0 billion to fund the transaction and for other corporate purposes. In April, Rosetta completed its public offering of 8.0 million common shares for net proceeds of $329 million. On May 2, the company completed a $700 million principal amount offering of 5.625% senior notes due 2021. The compamy also has $800 million of undrawn credit facility available to accelerate its Permian Basin drilling program.

Goodrich looks to higher gas prices to boost bottom line

Goodrich Petroleum's discretionary cash flow in Q1 fell to $16.3 million compared to $39.9 million in the prior quarter. Production was soft at 66.6 MMcfed (31% oil) and did not reach Street expectations of 76 MMcfed. Capex was $48.3 million, with Goodrich allocating 54% to the Eagle Ford, 19% to the Tuscaloosa and 27% to Haynesville completions.

Pro forma liquidity at end of Q1 was $190 million.

The company exited the quarter with $4.0 million in cash and $145 million drawn on its senior bank revolving credit facility. Subsequent to quarter-end, Goodrich issued $110 million of non-convertible, perpetual preferred stock, receiving net proceeds of $106.2 million. Pro forma for the preferred offering, net debt was $35 million at the end of the quarter. The company has recently received an increase in its borrowing base to $225 million, providing pro forma liquidity at quarter-end of $190 million.

CEO Walter G. Goodrich said the company's recently initiated plan of completing previously drilled Haynesville wells will result in a turnaround in natural gas production and generate growth in H2. With natural gas prices now over $4.00/Mcf, that initiative should have a meaningful impact on operational performance.

Select Q1 Company Earnings

Source: **Capital IQ**

Company Name	Ticker	EBITDA (US$MM) 1Q13	EBITDA (US$MM) 1Q12	Change	Revenue (US$MM) 1Q13	Revenue (US$MM) 1Q12	Change	Stock Price (US$) 3/31/13	Stock Price (US$) 3/31/12	Change
Exxon Mobil	XOM	$15,754.0	$17,321.0	-9%	$96,897.0	$111,417.0	-13%	$90.14	$90.58	0%
Chevron	CVX	$11,242.0	$13,465.0	-17%	$52,263.0	$57,109.0	-8%	$123.23	$123.25	0%
Conoco Phillips	COP	$5,664.0	$5,817.0	-3%	$14,593.0	$15,143.0	-4%	$62.23	$62.22	0%
Occidental	OXY	$3,365.0	$3,697.0	-9%	$5,872.0	$6,268.0	-6%	$89.17	$89.36	0%
Marathon Oil	MRO	$2,060.0	$1,986.0	4%	$3,879.0	$3,796.0	2%	$34.35	$33.58	2%
Anadarko	APC	$1,966.0	$2,009.0	-2%	$3,718.0	$3,412.0	9%	$86.45	$87.62	-1%
Hess	HES	$1,787.0	$1,618.0	10%	$3,466.0	$9,682.0	-64%	$69.30	$72.46	-4%
EOG	EOG	$1,542.2	$1,335.0	16%	$3,297.2	$2,605.0	27%	$133.58	$126.04	6%
Chesapeake	CHK	$921.0	$594.0	55%	$3,424.0	$2,419.0	42%	$20.15	$19.44	4%
Murphy Oil	MUR	$846.4	$838.5	1%	$6,647.9	$6,953.9	-4%	$62.75	$62.60	0%
Devon	DVN	$825.0	$1,394.0	-41%	$2,292.0	$2,352.0	-3%	$59.18	$58.40	1%
Plains E&P	PXP	$737.0	$243.7	202%	$1,232.1	$524.3	135%	$45.04	$46.07	-2%
Noble Energy	NBL	$644.0	$609.0	6%	$1,083.0	$1,037.0	4%	$114.78	$114.08	1%
Pioneer Natural	PXD	$424.8	$513.6	-17%	$780.6	$725.5	8%	$137.13	$133.54	3%
Southwestern	SWN	$402.6	$380.4	6%	$733.6	$654.8	12%	$36.80	$37.06	-1%
Whiting	WLL	$374.7	$346.9	8%	$605.1	$558.7	8%	$46.66	$46.54	0%
EQT	EQT	$350.7	$260.4	35%	$558.7	$450.0	24%	$75.81	$75.65	0%
Denbury	DNR	$348.3	$359.7	-3%	$580.2	$640.3	-9%	$17.93	$17.93	0%
Cimarex	XEC	$286.5	$284.7	1%	$426.4	$423.0	1%	$70.53	$75.00	-6%
QEP	QEP	$285.2	$472.8	-40%	$696.5	$603.2	15%	$29.88	$27.74	8%
Newfield	NFX	$283.0	$447.0	-37%	$651.0	$678.0	-4%	$23.65	$22.91	3%
SM Energy	SM	$265.1	$228.4	16%	$484.7	$374.3	29%	$61.56	$62.01	-1%
Concho	CXO	$255.0	$200.3	27%	$472.1	$473.8	0%	$81.48	$82.57	-1%
Cabot O&G	COG	$235.8	$157.6	50%	$373.3	$272.1	37%	$66.84	$68.07	-2%
SandRidge	SD	$234.3	-$41.9	NM	$511.7	$381.6	34%	$5.09	$5.30	-4%
Linn Energy	LINE	$213.5	$202.3	6%	$477.4	$352.1	36%	$35.07	$35.75	-2%
Energen	EGN	$212.1	$222.1	-5%	$492.7	$418.4	18%	$50.33	$48.81	3%
Oasis	OAS	$170.8	$79.5	115%	$248.3	$138.6	79%	$37.05	$34.51	7%

Select Q1 Company Earnings Continued

Source: **Capital IQ**

Company Name	Ticker	EBITDA (US$MM)		Change	Revenue (US$MM)		Change	Stock Price (US$)		Change
		1Q13	1Q12		1Q13	1Q12		3/31/13	3/31/12	
W&T Offshore	WTI	$168.3	$112.7	49%	$259.2	$235.9	10%	$13.97	$12.20	15%
Stone Energy	SGY	$167.3	$178.8	-6%	$232.9	$244.1	-5%	$22.17	$20.35	9%
Berry Petroleum	BRY	$148.3	$135.2	10%	$276.4	$241.5	14%	$44.77	$46.41	-4%
Rosetta Resources	ROSE	$130.9	$73.4	78%	$190.1	$130.4	46%	$46.86	$43.35	8%
EPL Oil & Gas	EPL	$111.3	$36.6	204%	$182.3	$98.8	85%	$33.68	$34.05	-1%
Kodiak Oil & Gas	KOG	$103.0	$31.4	228%	$165.1	$79.9	107%	$8.29	$8.14	2%
Ultra Petroleum	UPL	$102.4	$265.6	-61%	$225.6	$226.1	0%	$21.10	$20.16	5%
Halcón Resources	HK	$96.1	-$8.6	NM	$190.7	$26.9	609%	$6.10	$6.02	1%
Swift Energy	SFY	$90.3	$81.8	10%	$146.5	$136.1	8%	$13.23	$13.04	1%
Range Resources	RRC	$87.0	$100.3	-13%	$419.3	$322.2	30%	$76.18	$74.16	3%
WPX Energy	WPX	$86.0	$242.0	-64%	$725.0	$896.0	-19%	$17.12	$16.39	4%
Carrizo Oil & Gas	CRZO	$60.4	$57.1	6%	$111.9	$80.7	39%	$27.17	$25.96	5%
Comstock	CRK	$60.1	$59.0	2%	$95.0	$103.8	-8%	$17.01	$16.00	6%
Bonanza Creek	BCEI	$53.6	$26.2	105%	$78.3	$47.8	64%	$36.04	$37.82	-5%
Clayton Williams	CWEI	$52.7	$54.2	-3%	$106.4	$108.9	-2%	$42.18	$40.38	4%
Legacy Reserves	LGCY	$51.5	$33.0	56%	$108.9	$92.6	18%	$27.01	$26.07	4%
Forest Oil	FST	$50.5	$126.1	-60%	$118.0	$158.9	-26%	$4.94	$4.43	12%
Bill Barrett	BBG	$44.3	$153.8	-71%	$134.8	$177.8	-24%	$20.60	$20.82	-1%
Gulfport Energy	GPOR	$38.2	$48.8	-22%	$55.0	$65.5	-16%	$49.87	$52.86	-6%
EXCO Resources	XCO	$31.2	$110.8	-72%	$138.2	$134.8	3%	$7.78	$7.27	7%
Resolute Energy	REN	$28.1	$17.1	64%	$78.9	$63.5	24%	$8.56	$9.42	-9%
Vanguard Natural	VNR	$27.3	$26.4	3%	$96.7	$82.7	17%	$29.66	$29.14	2%
PDC Energy	PDCE	$25.5	$50.5	-50%	$94.2	$79.5	18%	$48.10	$48.76	-1%
McMoRan	MMR	$25.2	$49.0	-49%	$81.4	$110.6	-26%	$16.51	$16.68	-1%
Approach	AREX	$17.9	$14.6	23%	$36.3	$30.6	19%	$26.99	$26.51	2%
Rex Energy	REXX	$16.8	$20.7	-19%	$47.5	$33.8	41%	$16.46	$16.61	-1%
Memorial Production Partners	MEMP	$9.2	$30.1	-70%	$44.3	$18.9	134%	$19.60	$19.16	2%
Sanchez Energy	SN	$5.6	-$0.8	NM	$30.8	$7.7	303%	$19.77	$18.50	7%
Contango O&G	MCF	-$17.7	$36.0	NM	$29.8	$44.2	-33%	$38.15	$38.41	-1%

Earnings & Capex

Apache doubles non-core asset sales plan to $4.0 billion

Apache Corp. said it plans to divest $4.0 billion in assets this year, with $2.0 billion in proceeds from the selloff going to reduce debt and "enhance financial flexibility" and the other $2.0 billion to buy back its common shares outstanding under a 30 million share repurchase program authorized by its board.

Lower commodity prices dragged the company's Q1 adjusted earnings to $806 million, down 32% YOY on revenues of $4.07 billion. During Q1, Apache's worldwide production increased to 781,819 boepd driven by a 45% increase in North American onshore liquid hydrocarbons output compared with the year-earlier period. Cash from operations before changes in operating assets and liabilities totaled $2.4 billion compared with $1.6 billion on a sequential basis.

EOG beats on production, pricing & costs

Continued From Pg 1

Percentage of revenues deriving from crude grew to 75% from 2012's 71%. Operating costs also saw a large 26% sequential decline to $2.52 billion. With $6.31 billion in outstanding debt and $1.11 billion in cash as of the end of the quarter, EOG had $5.20 billion in net debt for a 27% net debt-to-total capitalization ratio, a sub-30% ratio the company has every intention of maintaining.

US crude volumes up 36% YOY, 16% vs. Q4 due to Eagle Ford & Permian.

EOG's projected 4% production growth rate incorporates a 28% crude and condensate rise, a 10% NGL increase and a 15% decline in gas production. "To further fuel EOG's momentum, we are channeling as much capital as possible into our high rate-of-return oil plays this year," Papa said. EOG is "particularly enthused about the Delaware Basin Wolfcamp and Leonard plays. With the addition of these assets, EOG's portfolio is grounded by three dynamic crude oil production growth drivers [Eagle Ford, Permian and Bakken/Three Forks] that should continue to generate best-in-class growth for many years," The company estimates a negligible 2013 funding gap at current oil prices.

While production & prices rose, operating costs fell 26% vs. Q4.

EOG improving Margins on Greater Oil Production

	2012	2013E*	2014E - 2017E
Crude Oil and Condensate	39%	28%	Continued Best-in-Large-Cap Class Double-Digit Growth
NGLs	32%	10%	
Total Company Liquids	37%	23%	
North American Gas**	-9%	-15%	Growth
Other Gas (Trinidad, UK and China)***	9%	-4%	Flat
Total Company	10.3%	4%	
Total North America	11%	5%	

Highest Annual Organic Crude Oil Growth of Large Cap E&P Peer Group Over Last Four Years

** Based on the mid-point of full-year 2013 production estimates as of May 6, 2013. Liquids converted at 6:1 ratio. Net of planned dispositions/sales.*
*** 2013 North American gas estimates net of planned dispositions/sales.*
**** Contingent on Trinidad market conditions.*

Source: EOG May 6 Presentation via **PLS docFinder www.plsx.com/finder**

Earnings & Capex Briefs

• Eagle Ford player **Sanchez Energy** has been gaining momentum and Q1 was outstanding. Adjusted EBITDA was $17.5 million, more than double the $8.2 million reported in Q4. In Q1, volumes were driven by a ramp up in output of more than 199%. Volumes were 3,944 boepd, compared with Q4's 1,915 boepd. The company attributed the increase to well completions, continued strong prices and the start of natural gas processing at Marquis and Palmetto. Current output is 7,500 boepd.

• In reviewing its Q1 results, **SandRidge Energy** discussed a shift in capital spending. While maintaining a robust E&P program but reducing costs for infrastructure, land and midstream, the company will slash overall capex by one-third versus 2012 and 17% versus prior guidance to $1.45 billion. The lower capex will shrink the company's funding gap and extend liquidity. In Q1, SandRidge recorded operating cash flow of $182 million and 100,000 boepd, compared with $259 million and 106,800 boepd in Q4.

• **Stone Energy** generated significant discretionary cash flow of $159 million in Q1, above Q4's total of $153.9 million. Production in Q1 averaged 40,100 boepd (48% gas, 46% oil and 6% NGLs), exceeding the high end of guidance but negatively impacted by third-party pipeline interruptions in Appalachia. In Q4, Stone reported production of 45,000 boepd. The balance sheet remains strong as Stone ended the quarter with more than $261 million in cash and an undrawn bank revolver of $400 million with no debt obligations due until 2017.

Legal & Regulatory

BP approves 28 restitution projects worth $600 million

Louisiana governor Bobby Jindal said **BP** approved the funding of $340 million in restoration projects in his hardest-hit state via a $600 million drawdown from the $1.0 billion down payment made to the Deepwater Horizon Oil Spill Natural Resource Damage Assessment Trust, intended to cover damages caused by the 2010 Gulf of Mexico incident. At this juncture, BP will pay for more than 28 projects in Texas, Louisiana, Mississippi, Alabama, and Florida to restore marshes, barrier islands, dunes and near-shore marine environments. This funding is part of a previous agreement with BP to provide $1.0 billion for restoration prior to completion of the damage assessment process.

At $340 million, Louisiana gets biggest share of $600 million.

Governor Jindal said that most of his state's $340 million share of the $600 million would restore four barrier islands from Terrebonne Parish to the east bank of Plaquemines Parish. More than $20 million will be used for two new fish hatcheries and research centers: one in Lake Charles that will monitor and study redfish, speckled trout and flounder, and one in Pointe à la Hache, Plaquemines Parish, that will focus on baitfish like shrimp, croaker and cocahoe minnows.

Funding will repair islands, help to replenish species endangered by spill.

In July 2011, Jindal announced the "Louisiana Plan," an initial list of projects the state would be seeking under the $1.0 billion down payment. Prior to this recent announcement, though, BP had only approved 10 projects representing $70 million of the $1.0 billion down payment.

Final damage assessment is being determined in court, through fines under the Clean Water Act. The first phase of trial ended in April and the second phase is scheduled to begin in September.

State high court rules gas not a mineral

Continued From Pg 1

The Butlers owned land, the deed to which reserved "one half the minerals and Petroleum Oils" for the previous owner, Charles Powers, and his heirs. Leasing the land to **Talisman,** the Butlers sued to eliminate title against Powers' heirs, who argued the deed's exception reserving mineral rights included Marcellus shale gas. The trial court sided with the Butlers, and Powers' heirs appealed. They argued shale gas should fall under mineral rights, defining a mineral as "any inorganic object that can be removed from soil and used for commercial purposes." They also tried to differentiate conventional gas from unconventional because it does not flow freely and requires specialized techniques to recover. The appeals court apparently sympathized, comparing shale gas to CBM, which under state law belongs to the coal's owner. The Court punted back to the lower court for expert testimony on questions such as whether Marcellus shale constituted a mineral and whether Marcellus gas was the same as conventionally derived gas. Before the hearing, Butler appealed the appellate court decision to the state supreme court.

Losing side said shale gas was part of the shale, tried to compare to CBM.

Operators worried that if Pennsylvania ultimately deemed Marcellus shale gas a mineral, it could disrupt the standing of many gas leases, causing chaos and significant litigation risk. But apparently they needn't have worried, as the Supreme Court reversed the lower court concluding "simply put, natural gas is presumptively not a mineral for purposes of private deeds." The court delved into the meaning of "mineral" under an even older decision than Dunham (1836's Gibson v. Tyson), with the court relying on Gibson's definition that minerals are inherently metallic in nature. It then cited numerous subsequent cases supporting the idea that oil and gas were not minerals under deeds in the state. The court also considered the appellee's coalbed methane analogy, but concluded the relied-upon decision was a distinguishable one-off and decided not to expand its scope. Finally, the court shot down any attempt to distinguish Marcellus gas from other natural gas because of its unconventional extraction mechanisms, as well as any idea that its gas is part of the shale by virtue of being contained within it. A concurring opinion noted that "too many settled expectations" rest on Dunham for the courts to retroactively upset it.

Overturn could have caused massive litigation over existing contracts.

Dunham does not apply to non-private conveyances including municipal ordinances. Pennsylvania's rule is an exception; most states do include oil and gas rights in a "mineral" conveyance according to **Thompson & Knight.**

Where Pennsylvania simplifies, New York complicates—

Meanwhile, the New York Supreme Court Appellate Division (Third Judicial Department) unanimously ruled that local governments can enact and enforce zoning ordinances prohibiting oil and gas E&P activities. In rulings on In re: **Norse Energy Corp.** and **Coopertown Holstein Corp.** v. Middlefield, the court rejected arguments that restrictive zoning ordinances were preempted by the state's Oil, Gas and Solution Mining law. Although acknowledging such zoning would have an "incidental effect" on the industry, the court relied on legislative intent and lack of specific language to the contrary in concluding zoning ordinances were not intended to be preempted by the law.

In NY, appeals court said municipalities could continue to ban drilling.

The law in question says state regulation of the industry rests solely with the Department of Environmental Conservation. Over 50 New York municipalities have banned gas drilling over the past few years and over 100 have moratoriums on drilling, according to The Wall Street Journal. Attorneys for the losing parties in both New York cases indicated plans to appeal and **Burleson LLP** said an appeal to New York's highest court, the Court of Appeals, is inevitable.

New York case will "inevitably" end up in front of state's highest court.

Midstream Capital

Valero's next mission: MLP some midstream assets

Valero Energy's retail operations spinoff into **CST Brands** was completed May 1, but not before CEO Bill Kleese said the company may get leaner still. "After we complete the spinoff of our retail business," he said "we will evaluate a master limited partnership for our growing portfolio of logistics assets."

CEO says dropdown would include up to $600 million in logistics assets.

If Valero decides to follow in the footsteps of **ConocoPhillips, Marathon Oil** and others, CFO Mike Ciskowski told analysts that a Valero midstream MLP may include as much as $600 million in assets. At YE12, Valero carried $1.47 billion in pipeline and terminal facilities on its books. A **Wells Fargo** analyst indicates that the MLP may generate up to $150 million a year in EBITDA.

Tallgrass Energy Partners Will IPO at $23-$25

Tallgrass Energy Partners LP registered to launch an IPO of 13.05 million common units at an anticipated price of $23-25 each through a syndicate led by **Barclays, Citigroup, BofA Merrill Lynch** and **Deutsche Bank Securities**.

The Delaware limited partnership was formed by privately held general partner **Tallgrass Development LP** to own, operate, acquire and develop midstream energy assets in North America. In November 2012, Tallgrass Development bought $3.3 billion in midstream assets from **Kinder Morgan Energy Partners,** a portion of which it's dropping down into the public vehicle

Tallgrass can raise up to $326 million gross proceeds through IPO.

Consequently, the newly public LP's asset base will consist of Tallgrass Interstate Gas Transmission (TIGT), the 35.1 Bcf Huntsman gas storage facility, two gas processing plants in Casper and Douglas, Wyoming; and a facility in West Frenchie Draw, Wyoming.

At YE12, EBITDA attributable to dropped-down assets was $76.4 million.

At YE12, 72% of TIGT's pipeline capacity and 74% of its working gas storage capacity was committed under firm fixed-fee contracts, with a weighted average remaining life span of four years and two months for all contracts at YE12. The company said that its adjusted EBITDA for YE12 was $76.4 million. Tallgrass Development is owned by its management team, private equity investor **Kelso & Co.** and a group of investors led by **The Energy and Minerals Group**.

QEP Midstream Partners files for IPO

QEP Midstream Partners LP filed a Form S-1 with the SEC in support of a proposed initial public offering of common units. The S-1 contemplates raising proceeds of up to $400 million. **Wells Fargo** is sole bookrunner and structuring agent for QEP, which anticipates trading on the NYSE under the symbol QEPM.

QEP Resources forms midstream MLP to IPO on NYSE.

QEP Midstream was formed April 19 in Delaware by QEP Resources to drop down and spin off assets consisting of ownership interests in four gathering systems and two FERC-regulated pipelines to transport gas and crude. The assets are located in, or are within close proximity to, the Green River Basin in Wyoming and Colorado, the Uinta Basin located in eastern Utah, and the portion of the Williston Basin located in North Dakota. Customers served include **Anadarko Petroleum, EOG Resources, Questar** and **Ultra Resources.**

As of YE12, the gathering systems had 1,475 miles of pipeline and an average gross throughput of 1.8 MMcfd of gas and 18,224 bopd of crude. The assets generated $55.8 million of net income and $86.0 million of adjusted EBITDA on $126.7 million in revenues during 2012.

Midstream Capital Briefs

• **US Capital Advisors** has made a $24.1 million preferred equity investment in newly formed and privately held **Badger Midstream Energy LP.** Funding stemmed from USCA clients, Badger's GP and an additional outside investor. Proceeds allowed Badger to acquire Tulsa's **Midstream Energy Services.** Badger CEO Alex Bucher said the partnership now plans to increase asset utilization, optimization and performance.

Legal & Regulatory Briefs

• **Chesapeake** won an expedited trial against **Bank of New York Mellon** regarding whether it gave sufficient notice for an early call of $1.3 billion 6.775% in notes. Chesapeake sought to refinance the notes, saving itself roughly $100 million in interest due to lower rates. US District Judge Paul Engelmayer ruled Chesapeake's March 15 redemption notice was timely and effective, rejecting BofNY's claim the company had missed an earlier deadline. Note value fell 6.75 cents to 100.75 cents on the news according to Trace, with effective yield rising to 6.62%.

• North Dakota governor Jack Dalrymple signed into law House Bill 1134 that will offer tax breaks to oil and gas operators as an incentive to cut flaring of associated gas at the wellhead on oil wells. The new law forgives a 6.5% extraction tax for producers who capture 75% of the gas they produce and forgives the extraction tax for operators who find a value-added new use and capture 60% of the gas. Nearly 30%, or 258,000 Mcfd, of the state's total gas production was flared in February, the state's Mineral Resources department said. The law becomes effective July 1.

Midstream Capital

Atlas places $400 million in senior notes privately

Atlas Pipeline placed $400 million principal amount of 4.75% senior notes due 2021 privately at par. The placement was upsized from an original $325 million.

Net proceeds of $392 million will repay outstanding amounts under its revolving credit facility, including amounts drawn to partially fund the TEAK acquisition, completed May 7.

Atlas funded TEAK buy through equity & debt offerings as well as revolving credit.

The company said it also used proceeds from a recent 11.8 million common unit offering as well as the issuance of $400 million in Class D convertible preferred units to help pay for TEAK.

Atlas said its Q1 adjusted EBITDA was $67.7 million, a 32% increase YOY, on revenues of $408 million, up 39% YOY. It processed average gas volumes of over 1.0 Bcfd during the quarter, enabling it to up DCF in the quarter to $43.5 million, 23% higher than a year ago.

PVR offers senior debt after reporting 43% Q1 growth

On May 9, **PVR Partners LP** closed the sale of $400 million principal amount of 6.5% senior notes due 2021 at par. The offering was upsized from $300 million. PVR will use net proceeds to repay a portion of the borrowings outstanding under its revolving credit facility, which stood at $700 million out of an available $1.0 billion as of March 31.

400 million in notes will pay down $700 million in revolver debt.

In Q1, PVR reported adjusted EBITDA of $76.0 million, up 43% YOY on revenues of $263.4 million, up 7% YOY. Distributable cash flow to partners was $49.9 million, rising 39% YOY.

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Pembina raises $345 million in equity, $200 million in debt

Pembina Pipeline said its bought-deal offering of 11.2 million common shares at $30.80 each raised gross proceeds of $345 million. It also sold $200 million principal amount in 4.75% senior unsecured notes due 2043 at the end of April. Proceeds from both raises will be used to pay down debt and for general corporate purposes. The securities in both offerings were covered by existing shelf registrations.

Adjusted capex now at over $1.0 billion to build Saturn and Resthaven plants.

Pembina increased its 2013 capex to over $1.0 billion from $965 million to work on the construction of the Saturn I, Saturn II and Resthaven enhanced liquids extraction facilities and associated pipelines, the expansion of its crude oil, condensate and NGL pipelines and the twinning of its ethane-plus fractionator at its Redwater site, near Fort Saskatchewan, Alberta.

Oilfield Service Capital

Teekay Offshore issues public preferreds to fund growth

Teekay Offshore Partners announced and priced a 6 million-unit public offering of 7.25% Series A cumulative redeemable preferreds at $25.00/unit, for projected gross proceeds of $150.0 million. Net proceeds will be used to fund newbuild installment payments, capital conversion projects and potential future drop-downs from **Teekay Corp.** Pending such use, Offshore plans to repay a portion of outstanding debt under its two revolvers, on which it had a combined $812.5 million balance on potential total borrowings of $1.03 billion as of YE12.

$150 million gross to fund newbuild payments & asset drop-downs.

Offshore plans to list the units on the NYSE. Joint book-running managers are **Merrill Lynch, Morgan Stanley** and **UBS.**

What The Analysts Are Saying About Energy Finance

EOG Resources (EOG; $135.69–May 7; Accumulate; PT: $125)

EOG Q1 quick look–Solid. We were expecting a beat and EOG still blew past our numbers. **Fine-tuned Eagle Ford machine drives sick Q1 EPS beat (+66c vs. TPH/Street) on 9% higher oil volumes, 6% better expenses and 10% lower taxes.** FY'13 guidance unchanged as crude volumes shifting from international to Eagle Ford bucket following schedule delays in East Irish Sea (full benefit Q1'14). Stock +8% yesterday on implied 2014+ cash flow acceleration following Big Papa's comments on delivering large cap oil growth with FCF generation above $85/bbl. On our estimates, 2014 cash flows +14% to $7.5B. Best incremental ops update in the Bakken with successful TFS second bench test (3150bopd) in the Antelope area…good for all Williston operators with QEP/HK best direct laterals. —Jeff Tillery, **Tudor, Pickering, Holt & Co.**

Devon Energy (DVN; $56.64–May 2; Outperform; PT: $77)

DVN had a late start transitioning to a more oily portfolio. The transition is progressing well enough to deserve better capitalization multiples. In addition, **the company is well positioned to go from only one core area as it entered 2013 to five already and possibly as many as six within the next 12 months.** For Devon, we qualify as a core area one that has either sustainable reinvestment capacity in the $500 million–$1 billion a year or current production substantially in the money. The company has gone from only the Permian as a core area to the Mississippian, Barnett, Cana, and Canadian thermal assets either newly entering or regaining their place as core areas. With our $4.50/Mcf long-term expectation, we redesignate the Barnett and Cana as core. Canadian heavy oil in April improved from almost a sub-economic 50% of WTI during 1Q13 to about 80% of WTI. We expect the basis differentials to sustainably improve; this improvement could be structural. Meanwhile, Cline has potential to become the sixth core area. We expect 2013 production growth to be anemic (+4%) but expect 2014 to post +11% growth. —Rehan Rashid, **FBR Capital Markets**

GULF COAST

GULF COAST SALE PACKAGE

PP — *GULF COAST*

Multiple Active Wells.
TERREBONNE PH., LOUISIANA
JASPER CO., MISSISSIPPI
OPERATED & NONOP WI FOR SALE
MORE HIGHLIGHTS COMING SOON
CONTACT AGENT FOR MORE INFO
PP 1570DV

SOUTH TEXAS OPERATED WELLS

PLS

PP — *~350 MCFED*

3-Active Wells. 4-Inactive Wells.
KLEBERG & DUVAL CO.
JESUIT & SEVEN SISTERS FIELDS
Loyola Beach, U. Del Grullo & Reagan.
Reagan, L. Morgan, & 10,700-10,900' Sd.
~27%-93% OPERATED WI; >84% NRI
Net Production: 8.0 BOPD & 305 MCFD
Total Net Proved Reserves: >7.0 BCFE
Total Proved PV10: $5,560,800
CALL PLS AGENT FOR MORE INFO
PP 2120DV

PERMIAN BASIN

WEST TEXAS ROYALTY INTEREST

PLS

RR — *NPRI*

4-Tracts. 461.78-Net Royalty Acres.
STERLING & COKE CO.
WOLFCAMP, CLINE, STRAWN
Non-Participating Royalty Interest
Currently Non-Producing Acreage.
Devon Well Recently Frac'd Jan 2013.
0.39% - 1.17% NPRI For Sale
Analog Wolfcamp Well: Avg 200 BOPD
WILL ENTERTAIN INDIVIDUAL TRACTS
CONTACT PLS AGENT FOR INFO
RR 4005DV

MIDCONTINENT

BARBER CO., KANSAS PROJECT

PP — *500 BOED*

18,770-Gross Acres. (75% HBP)
WOODFORD AND MISSISSIPPIAN
145-Total Identified Drilling Locations.
Additional Upside in Horizontal Development
100% OPERATED WI; 84% NRI
Net Production: 500 BOED (52% Liquids)
-- from 6-Horizontal & 19-Vertical Wells.
Net Cash Flow: $500,000/Month
Total Proved Reserves: 11 MMBOE
Net Proved PV10 Rsrvs: $128,000,000
AGENT WANTS OFFERS JUNE 13, 2013
PP 2172DV

KANSAS ACREAGE FOR LEASE

L — *MISSISSIPPIAN*

~15,775-Contiguous Net Acres.
CLARK COUNTY, KANSAS
MISSISSIPPIAN LIME TREND
Upside in Morrow & Viola Zones.
OPERATED WI AVAILABLE FOR LEASE
WILL ENTERTAIN ALL OFFERS
CONTACT AGENT FOR MORE INFO
L 2107DV

Service Capital Briefs

• **ION Geophysical** said it will offer up to $175 million in senior secured second lien notes due 2018. The Company will use net proceeds to repay existing debt and for general corporate purposes, including potential additional capital contributions to its **GeoRXT** seabed seismic joint venture. The company said the notes will be guaranteed by certain of its domestic subsidiaries. At YE12, the company had $105 million in notes payable and long-term debt outstanding.

• **Omni Water Solutions** announced a $4 million equity commitment from existing investors including **Austin Ventures.** The company said the new funding enabled it to fund growth and meet customer demand for its HIPPO mobile water treatment units for strategic Permian and Eagle Ford customers.

• **TRC Companies** announced a new $75 million, five-year revolver with **RBS Citizens** and **JP Morgan Chase,** replacing its existing $65 million revolver which was slated to expire in July 2014. The facility will support general working capital and growth initiatives. TRC chief Chris Vincze said the deal increased TRC's borrowing capacity and financial flexibility, supporting its long-term growth strategy. RBS said it was able to move quickly on the revolver due to TRC's great management and strong growth plans.

• **Northern Oil and Gas Inc.** launched a public offering of $200 million principal amount of 8.0% senior notes due 2020 at 105.25 through a syndicate led by **RBC Capital Markets, BMO Capital Markets** and **SunTrust Robinson Humphrey.** The company will use net proceeds to fund capex, pay down debt and for general corporate purposes.

Who's Hot, Who's Not—As of May 9, 2013

Analysts' view on select stocks

Key: Ticker/Current Price/52-Week Low/52-Week High/Market Cap

Upgrades:

- **Basic Energy Services Inc.** (BAS/$14.30/$8.52/$16.60/$571.49M) from Accumulate to Buy by Global Hunter Securities.
- **CGG Veritas** (CGG/$24.76/$20/$34.84/$4.37B) from Hold to Buy by Standpoint Research.
- **CONSOL Energy Inc.** (CNX/#35.11/$26.41/$37.39/$8.03B) from Equal-weight to Overweight by Morgan Stanley.
- **EOG Resources Inc.** (EOG/$136.08/$82.48/$139/$36.98B) from Hold to Buy by Stifel Nicolaus.
- **Marathon Oil Corp.** (MRO/$34.78/$23.17/$35.86/$24.61B) from Equal Weight to Overweight by Barclays.
- **MDU Resources Group Inc.** (MDU/$26.41/$19.59/$27/$4.99B) from Neutral to Buy by DA Davidson.
- **Nabors Industries Ltd.** (NBR/$16.22/$12.40/$18.24/$4.78B) from Underperform to Hold by Jefferies.
- **Occidental Petroleum Corp.** (OXY/$88.20/$72.43/$93.60/$71.06B) from Hold to Buy by Deutsche Bank.
- **Rosetta Resources Inc.** (ROSE/$46.64/$32.37/$54.61/$2.45B) from Sell to Hold by Miller Tabak.
- **Rowan Companies PLC** (RDC/$34.62/$28.62/$39.40/$4.3B) from Hold to Buy by Jefferies.
- **Superior Energy Services Inc.** (SPN/$28.65/$17.54/$28.84/$4.55B) from Hold to Buy by Jefferies.
- **Superior Energy Services Inc.** (SPN/$28.65/$17.54/$28.84/$4.55B) from Neutral to Buy by Sterne Agee.

New Coverage:

- **Bellatrix Exploration Ltd.** (BXE/$5.93/$2.39/$6.85/$639.73M) at Outperform by Northland Capital.
- **Bonanza Creek Energy Inc.** (BCEI/$37.10/$14.52/$42.36/$1.49B) at Buy by Canaccord Genuity.
- **Bonanza Creek Energy Inc.** (BCEI/$37.10/$14.52/$42.36/$1.49B) at Outperform by Northland Capital.
- **Gulfport Energy** (GPOR/$51.16/$15.79/$54.07/$3.96B) at Buy by Canaccord Genuity.
- **Clayton Williams Energy Inc.** (CWEI/$41.59/$35.30/$69.49/505.9M) at Hold by Canaccord Genuity.
- **ConocoPhillips** (COP/$62.58/$50.62/62.99/$76.51B) at Hold by Cowen.
- **ConocoPhillips** (COP/$62.58/$50.62/62.99/$76.51B) at Sector Outperform by Howard Weil.
- **Diamondback Energy Inc.** (FANG/$28.68/$15.65/$29.75/$1.06B) at Buy by Canaccord Genuity.
- **Emerald Oil Inc.** (EOX/$7.06/$3.90/$15.54/$182.85M) at Sector Outperform by Howard Weil.
- **KNOT Offshore Partners LP** (KNOP/$23.41/$21.35/$24/$409.3M) at Overweight by Barclays.
- **Matador Resources** (MTDR/$9.57/$7.58/$11.53/$529.32) at Buy by Canaccord Genuity.
- **McDermott International** (MDR/$9.59/$9.04/$13.56/$2.26B) at Hold by Deutsche Bank.
- **Midstates Petroleum Company Inc.** (MPO/$5.70/$4.71/$16.13/$374.11M) at Buy by Canaccord Genuity.
- **Murphy Oil Corp.** (MUR/$63.91/$43.29/$64.91/$12.19B) at Hold by Cowen.
- **Seadrill Partners LLC** (SDLP/$27.65/$22.90/$29.98/$1.14B) at Buy by Global Hunter Securities.

Continues **On Pg 16**

Who's Hot, Who's Not Continued From Pg 16

Downgrades:

- **Atlas Resource Partners LP** (ARP/$23.72/$21.23/$28.23/$1.13B) from Outperform to Neutral by Robert W. Baird.
- **Bill Barett Corp.** (BBG/$20.60/$15.42/$27.01/$975.47M) from Buy to Hold by Stifel Nicolaus.
- **Breitburn Energy Partners LP** (BBEP/$19.07/$16.06/$21.75/$1.9B) from Outperform to Neutral by Robert W. Baird.
- **CARBO Ceramics Inc.** (CRR/$71.29/$60.33/$97.86/$1.65B) from Buy to Accumulate by Global Hunter Securities.
- **Comstock Resources Inc.** (CRK/$16.71/$12.56/$21.16/$780.84M) from Buy to Hold by Stifel Nicolaus.
- **Crestwood Midstream Partners LP** (CMLP/$24.70/$19.90/$29.12/$1.2B) from Buy to Neutral by UBS.
- **Crimson Exploration Inc.** (CXPO/$3.14/$2.45/$5.29/$139.04M) from Buy to Hold by MLV & Co.
- **Integrys Energy Group Inc.** (TEG/$59.82/$51.14/$62.75/$4.69B) from buy to Neutral by DA Davidson.
- **Legacy Reserves LP** (LGCY/$26.70/$22.33/$29.93/$1.53B) from Outperform to Neutral by Robert W. Baird.
- **Linn Co. LLC** (LNCO/$37.58/$35.15/$44.20/$1.31B) from Outperform to Neutral by Robert W. Baird.
- **Linn Energy LLC** (LINE/$34.50/$34.26/$42.57/$8.11B) from Neutral to Reduce by Global Hunter Securities.
- **LRR Energy LP** (LRE/$15.30/$12.25/$20.08/$400.37M) from Outperform to Neutral by Robert W. Baird.
- **NGL Energy Partners LP** (NGL/$29.92/$19.75/$30/$1.65B) from Outperform to Neutral by Robert W. Baird.
- **Occidental Petroleum Corp.** (OXY/$88.20/$72.43/$93.60/$71.06B) from Buy to Hold by Standpoint Research.
- **Oil States International Inc.** (OIS/$99.96/$60.03/$100.72/$5.49B) from Market Perform to Underperform by BMO Capital.
- **Oil States International Inc.** (OIS/$99.96/$60.03/$100.72/$5.49B) from Buy to Hold by Standpoint Research.
- **ONEOK Inc.** (OKE/$47.96/$39.32/$52.46/$9.88B) from Overweight to Equalweight by Morgan Stanley.
- **ONEOK Partners LP** (OKS/$51.93/$49.59/$61.34/$11.43B) from Accumulate to Neutral by Global Hunter Securities.
- **Plains All American Pipeline LP** (PAA/$58.55/$37.59/$59.17/$19.68B) from Buy to Neutral by Ladenburg Thalman.
- **Regency Energy Partners LP** (RGP/$26.48/$20.58.$26.88/$4.53B) from Outperform to Neutral by Robert W. Baird.
- **SandRidge Mississippian Trust I** (SDT/$14.63/$12.14/$31.79/$409.64M) from Perform to Underperform by Oppenheimer.
- **Summit Midstream Partners LP** (SMLP/$27.95/$18.26/$28.50/$1.36B) from Outperform to Neutral by Robert W. Baird.
- **Targa Resources Partners LP** (NGLS/$48.17/$32.68/$49.24/$4.90B) from Outperform to Neutral by Robert W. Baird.
- **TC Pipelines LP** (TCP/$46.05/$38.20/$50.27/$2.46B) from Equal Weight to Underweight by Barclays.
- **Vanguard Natural Resources LLC** (VNR/$29.52/$22.81/$30.22/$14.41B) from Outperform to Neutral by Robert W. Baird.

Key: Ticker/Current Price/52-Week Low/52-Week High/Market Cap
Source: **Yahoo! Finance**

McClendon back in the saddle Continued From Pg 1

Robert W. Baird suggested he might be the "consolidator the oversaturated E&P A&D market needs" and that American could grow into a best-in-class E&P.

Baird said new venture could be the consolidator the E&P market needs.

American is currently hiring up, having posted at least three billboards in Oklahoma City seeking talent. McClendon's separation deal generally prevents him from hiring Chesapeake employees until January of next year, but he is able to bring on former assistants, terminated Chesapeake employees, participants in a severance or company retirement program, or others with special permission. Former Chesapeake SVP of corporate development and government relations Tom Price is joining McClendon in some as-yet-unannounced capacity, so it appears likely that McClendon obtained permission to bring him on board.

American hiring up; no Chesapeake employees, with some exceptions.

As for McClendon and Chesapeake, he will be paid $11.1 million in cash by the company through July 2014 and an additional bonus tied to company shares, as well as maintaining access to its Citation X aircraft through 2017. He will also retain his 2.5% "Founders' Well Participation" stake in all existing Chesapeake wells and new wells through June 2014. The company has valued these holdings at $335 million—half of McClendon's $770 million outlay in the program over the past three years. A proposed noncompete clause was loosened somewhat and McClendon is now permitted to operate in space adjacent to Chesapeake holdings, but with Chesapeake holding a superceding option to such adjacent areas of interest. If more than 40% of areas of interest to McClendon in a given transaction lie in the same spacing unit as existing Chesapeake acreage, he must receive Chesapeake approval before completing the deal.

MIDCONTINENT

WEST KANSAS ACREAGE FOR SALE
PLS
~215,000-Acres On Trend. 13-Counties.
MISSISSIPPIAN LIME PLAY
LARGE ACREAGE POSITION
Average (Miss Lime) Well Depth: 8,000 Ft.
100% OPERATED WI; ~81% NRI
Offset Operators:
Sandridge, Tug Hill, Apache & Others
Well Reserves: 125-180 MBOE/Well
Estimated EUR's of 320 MBO/Well
Prefer to Sell Entirely but will Entertain Offers
Average AFE Cost: ~$3,000,000
CALL PLS FOR MORE INFORMATION
L 2104DV

L
MISS LIME

NORTH OKLAHOMA PROJECT
~77,000-Gross Acres. Primarily HBP.
OSAGE COUNTY
MULTI-STACKED SHALLOW OIL
Pennsylvanian & Mississippian Pays.
Immediate Infill Drilling Locations.
Behind-Pipe Opportunities.
100% OPERATED WI; >80% NRI
March 2013 Gross Prod: 1,500 BOED
Low Cost Operations.
Batteries, Gathering System & SWD Wells.
AGENT WANTS OFFERS MID JUNE 2013
PP 2357DV

PP
1,500 BOED

EASTERN & APPALACHIA

EAST OHIO PROJECT
3-Wells. (2-Operated) 94,205-Net Acres.
PORTAGE & STARK CO.
UTICA SHALE / POINT PLEASANT
Queenston to Top of Black River.
Favorable Drill Depths. 5,500-6,800 Ft.
HORIZONTAL PLAY OPPORTUNITY
OPERATED & NONOP WI; 84.5% NRI
Marginal Production.
AGENTS WANTS OFFERS MAY 16, 2013
L 1710PP

L
UTICA SHALE

EASTERN & APPALACHIA

EASTERN OHIO ACREAGE
9,289-Acres. Largely Contiguous.
NORTH WASHINGTON COUNTY
UTICA SHALE
Wet Gas Fairway in the Utica Play.
Active Permitting & Drilling Horizontal
-- and Vertical Utica / Point Pleasant Wells.
MINERAL RIGHTS FOR LEASE
Gathering Projects Planned in the Area.
CONTACT AGENT FOR MORE INFO
L 2147M

L
CONTIGUOUS

ROCKIES

CENTRAL MONTANA TROUGH PKG
PLS
33,562-Net Acres. 5-Counties.
MUSSELSHELL, FERGUS, ROSEBUD,
PETROLEUM & GARFIELD COUNTIES
HEATH SHALE WITHIN OIL WINDOW
Organic Rich Black Shale.
Low Porosity, Low Permeability w/ High TOC
~52% OPERATED WI FOR SALE
NONOPERATED WI ALSO AVAILABLE
Estimated IP: 271 BOED
EUR/Well: 241 MBOE (97% Crude Oil)
Low Cost 5-Year Leases w/ 3-Year Ext.
D&C Cost (12-Stage Frac): $4,500,000
CALL PLS AGENT FOR MORE INFO
L 2412PP

L
HEALTH

NORTHWEST MONTANA PROSPECT
PLS
370,000-Gross & 310,000-Net Acres.
SWEETGRASS ARCH - SHALLOW
SOUTH ALBERTA BASIN
Bakken - Thermally Mature Source Rocks
Nisku, Madison & Cretaceous Valley
3-D Seismic, Extensive Rock & Log Data
Proprietary Aeromagnetic & Gravity Survey.
OPERATED WI AVAILABLE
SHALLOW DRILLING DEPTHS
Reserves (Nisku): 50-100 MBO/Well
Reserves (Madison): 50-200 MBO/Well
2 - 7 Year Remaining Terms
Low to Modest Completed Well Costs.
CONTACT PLS FOR MORE INFO
L 2338DV

L
BAKKEN

MULTISTATE ROCKIES PROJECT
PLS
4-Active. 4,155-Net Acres.
WELD CO., COLORADO
LARAMIE CO., WYOMING
Niobrara Shale. 6,000-8,000 Ft. (TVD)
~77% OPERATED WI FOR SALE
Net Production: 21 BOPD
EUR/Well: 312 MBOE (65% Crude Oil)
Estimated OIP: >16.0 MMBO/Section
D&C Cost (18-Stage Frac): $4,200,000
CALL PLS AGENT FOR MORE INFO
PP 2663DV

PP
21 BOPD

ROCKIES NONOPERATED PROJECT
23-Units. 33-Active. 2,145-Net Acres.
NORTH DAKOTA & MONTANA
BAKKEN / THREE FORKS
Multiple PUD Opportunities.
228 Undeveloped Leasehold Acres.
~8.27% NonOperated WI; ~6.6% NRI
Gross Prod: 2,642 BOPD & 2,173 MCFD
Net Production: 145 BOPD & 68 MCFD
Net Operating Income: $425,596/Month
Total Gross Rsrvs: 41.7 MMBO & 35 BCF
Net Proved PV10 Reserves: $25,503,115
CONTACT OKLAHOMA AGENT
PP 2085DV

PP
~156 BOED

ROCKIES

WYOMING SALE PACKAGE
8,560-Gross Acres On Trend.
PARK, HOT SPRINGS & WASHAKIE CO.
BIG HORN BASIN - FRONTIER
Silver Tip, Whistle Creek, Lake Creek,
-- and Murphy Dome Fields.
100% OPERATED WI; 82.5% NRI
January 2013 Average Net Sales:
270 BOPD, 200 BNGLPD & 2,150 MCFD
January 2013 Net Cash Flow: $715,000
FINAL OFFERS DUE LATE JUNE 2013
PP 1830DV

PP
2,150 MCFD

MULTISTATE & CROSS REGION

PERMIAN BASIN SALE PACKAGE
46-Producers. 6-Disposals.
TEXAS & NEW MEXICO
CONTIGUOUS LEASEHOLD
Devonian, Clearfork, Strawn, Queen,
-- Bend Conglomerate & McKee Sand.
Upside Potential in Queen Sand, --
Wolfberry, Wichita-Albany & Clearfork.
53.7% OPERATED WI; 41.3% NRI
Gross Production: 76 BOPD & 317 MCFD
Avg Net Income: $33,071/Month
Commercial SWD - Permitted 6,000
AGENT WANTS OFFERS JUNE 5, 2013
PP 2144DV

PP
~129 BOED

MULTISTATE NONOPERATED PKG
Spread Over 13-States.
PERMIAN, FAYETTEVILLE AND
-- DIVERSIFIED ASSETS
Active Wolfberry Drilling Program.
Top Operators in the Fayetteville Shale.
Low-Risk Profile w/ Exposure to Multiple --
Basins, Operators & Development Stages
NONOPERATED WI FOR SALE
Permian Net Production: 600 BOED
Fayetteville Net Production: 13.3 MMCFD
Diversified Net Production: 1.5 MMCFED
Est. March'13 Net Cash Flow: $2,100,000
AGENT WANTS OFFERS MID JUNE 2013
PP 2142DV

PP
NONOP

MULTISTATE DRILL OPPORTUNITY
PLS
100,000+ Net Acres. 3-Counties.
NEBRASKA & COLORADO
MULTIPLE OIL PAY
Admire (Lower Permian), Virgil & --
-- Cherokee (Pennsylvanian).
MODERATE DEPTH TARGETS
100% OPERATED WI FOR SALE
Devon & Nadel and Gussman in Area.
CALL PLS AGENT FOR MORE INFO
L 2145DV

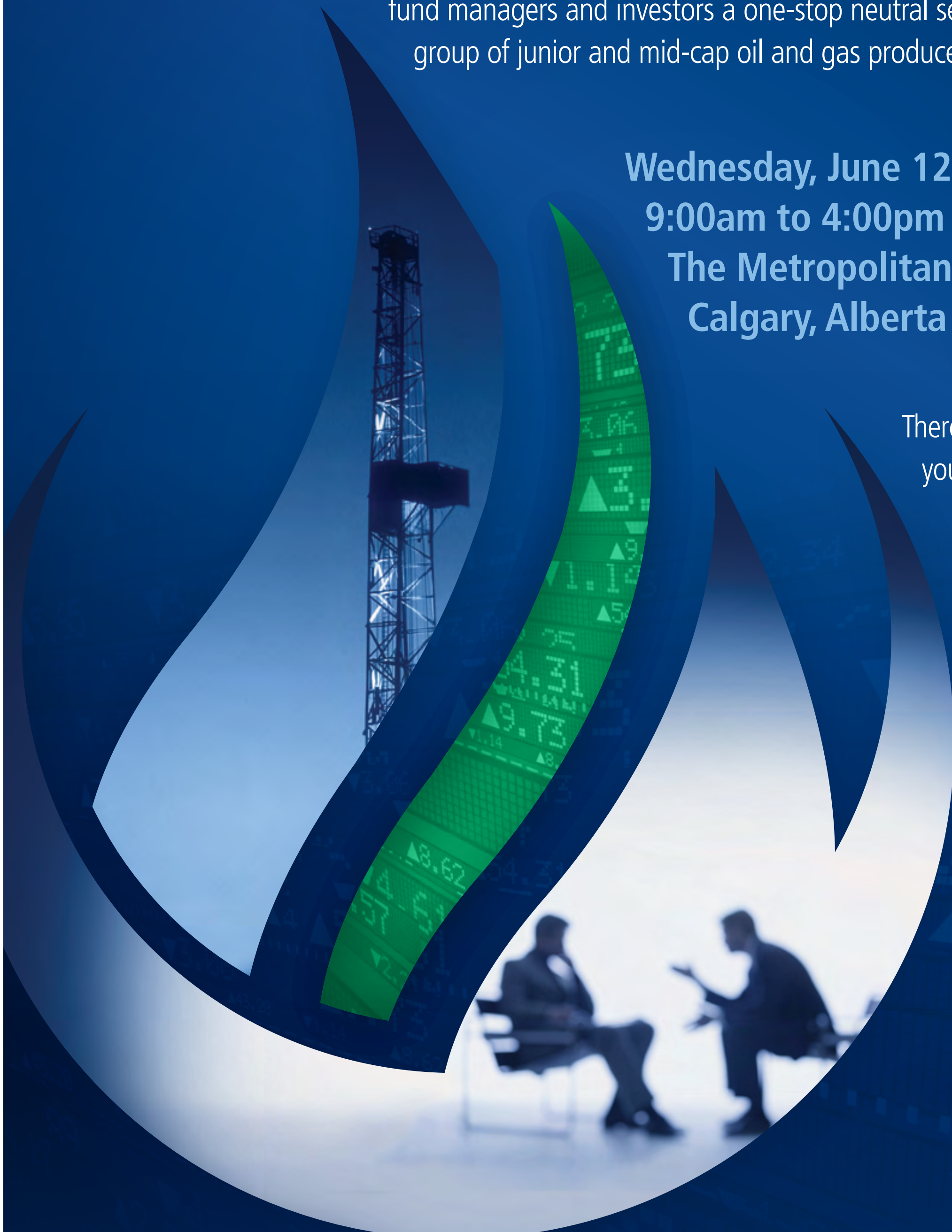
L
MULTIPAY

EPAC
CANADA'S OIL & GAS ENTREPRENEURS™

PRESENTED BY: KPMG
cutting through complexity

OIL & GAS INVESTOR SHOWCASE

The Explorers and Producers Association of Canada's Investor Showcase offers analysts, fund managers and investors a one-stop neutral setting to connect with a select group of junior and mid-cap oil and gas producers in Canada's energy capital.



Wednesday, June 12, 2013
9:00am to 4:00pm
The Metropolitan Conference Centre
Calgary, Alberta

There is no cost to attend. We invite you to use our online registration.

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