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TUDORPICKERING
HOLT & CO | ENERGY INVESTMENT &
MERCHANT BANKING

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I - TPH Introduction



















2009 Selected TPH Engagements

Top Energy Advisors⁽¹⁾

2008 - 2009 YTD

- 1 RBC Capital Markets
- 2 JPMorgan
- 3 Scotia Waterous
- 4 Tudor Pickering Holt
- 5 FirstEnergy Capital
- 6 Lehman / Barclays
- 7 Merrill Lynch
- 8 Goldman Sachs
- 9 Tristone Capital
- 10 CIBC

Notable Advisories

<p>Active</p>  <p>Strategic Advisor</p>	<p>October 2009 \$500 million investment into Valerus Compression Services</p>  <p>Buy-side Advisor</p>	<p>September 2009 \$120 million sale to FMC Technologies</p>  <p>Sell-side Advisor</p>	<p>September 2009 \$63 million acquisition from GE Energy Capital Financial Services</p>  <p>Special Committee Advisor/Fairness Opinion</p>	<p>August 2009 \$406 million acquisition of Marcellus Shale interests</p>  <p>Buy-side Advisor</p>	<p>July 2009 \$530 million acquisition from Targa Resources, Inc.</p>  <p>Special Committee Advisor/Fairness Opinion</p>
<p>July 2009 \$215 million acquisition from Colorado Interstate</p>  <p>Special Committee Advisor/Fairness Opinion</p>	<p>July 2009 \$1.2 billion Alberta Clipper Joint Venture</p>  <p>Special Committee Advisor/Opinion</p>	<p>July 2009 \$107 million acquisition from Anadarko</p>  <p>Special Committee Advisor/Fairness Opinion</p>	<p>July 2009 \$240 million sale of Australia position</p>  <p>Financial Advisor / Fairness Opinion</p>	<p>May 2009</p>  <p>Sell-side Advisor</p>	<p>April 2009</p>  <p>Special Committee Advisor</p>
<p>March 2009</p>  <p>Strategic Advisor</p>	<p>March 2009 Undisclosed Equity Investment</p>  <p>Opinion</p>	<p>March 2009 \$1.2 billion Merger with Magellan Midstream Holdings</p>  <p>Special Committee Advisor/Fairness Opinion</p>	<p>February 2009 \$1.1 billion Haynesville Joint Venture</p>  <p>Special Committee Advisor/Fairness Opinion</p>	<p>February 2009 \$45 million Bridge Loan</p>  <p>Special Committee Advisor/Opinion</p>	<p>January 2009 \$200 million Convertible Preferred Stock Issuance</p>  <p>Special Committee Advisor/Opinion</p>

Capital Markets Executions

<p>Active</p>  <p>Follow-On Public Offering</p>	<p>November 10, 2009 \$302 million</p>  <p>Follow-On Public Offering</p>	<p>October 28, 2009 \$73 million</p>  <p>Follow-On Public Offering</p>	<p>September 23, 2009 \$101 million</p>  <p>Follow-On Public Offering</p>	<p>September 22, 2009 \$219 million</p>  <p>Convertible Notes Offering</p>	<p>August 6, 2009 \$360 million</p>  <p>Follow-On Public Offering</p>	<p>August 5, 2009 \$572 million</p>  <p>Follow-On Public Offering</p>
<p>June 16, 2009 \$229 million</p>  <p>Follow-On Public Offering</p>	<p>June 10, 2009 \$56 million</p>  <p>Follow-On Public Offering</p>	<p>June 4, 2009 \$145 million</p>  <p>Follow-On Public Offering</p>	<p>May 11, 2009 \$300 million</p>  <p>Debt Offering</p>	<p>April 23, 2009 \$115 million</p>  <p>Follow-On Public Offering</p>	<p>January 7, 2009 \$1.125 billion</p>  <p>Debt Offering</p>	

Source: Dealogic.

(1) Ranked by number of North American transactions > \$50 million. As of October 1, 2009.

TPH: Significant Shale Experience 2008-09

Marcellus

- Buy-side: Enerplus JV with Chief for \$406MM
- Sell-side: 400,000 acre JV partner
- Sell-side for Quest Resources Corp
- Buy-side: Potential \$500MM Private Equity investment

Haynesville

- Sell-side: ZAP Minerals (Shelby County Haynesville)
- Potential IPO of company with significant position
- Sell-side: E. Texas (Bossier Shale/Haynesville Lime focus)
- Regency/GE/Alinda Haynesville Expansion Project (midstream)

Woodford

- Buy-side: Chesapeake assets ultimately purchased by BP
- Valuation for corporate parent
- Evaluation of midstream assets for Private Equity

Fayetteville

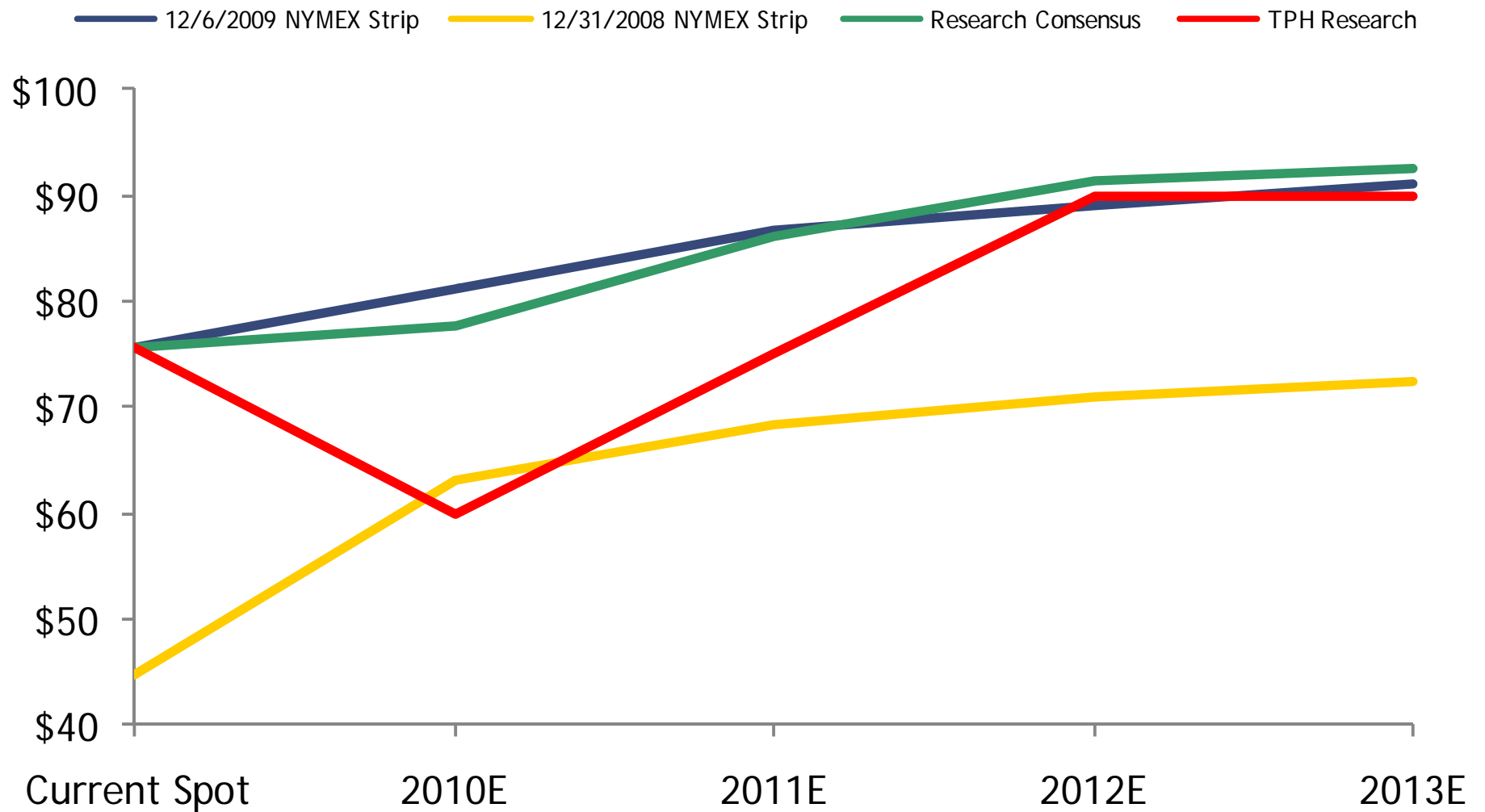
- Evaluation of midstream assets for Private Equity
- Valuation for corporate parent

Bakken

- Prior operational experience

II - Natural Gas Outlook

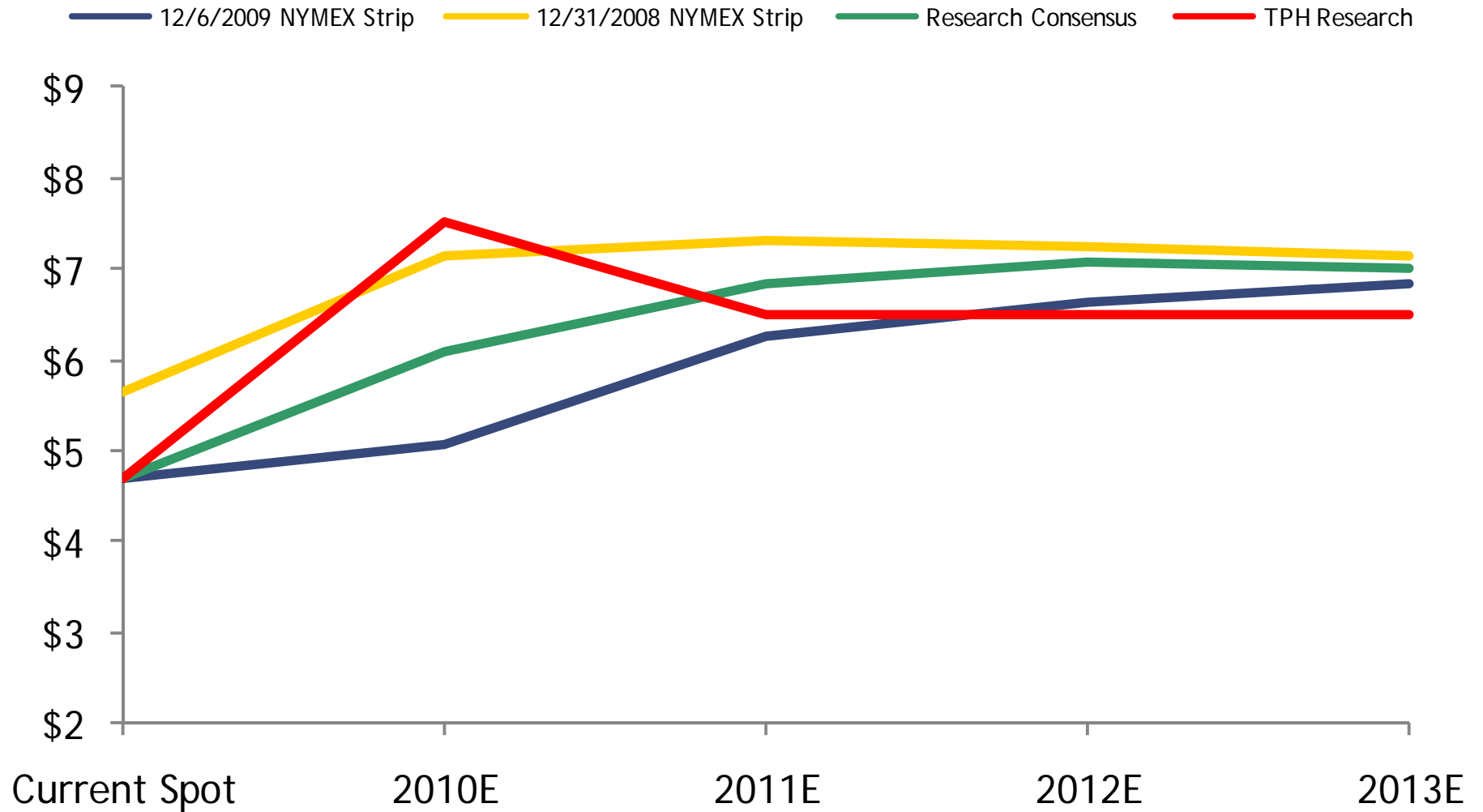
Oil Price Forecasts



Source: Bloomberg.

(1) Median of Wall Street analyst estimates, excluding estimates older than 3 months.

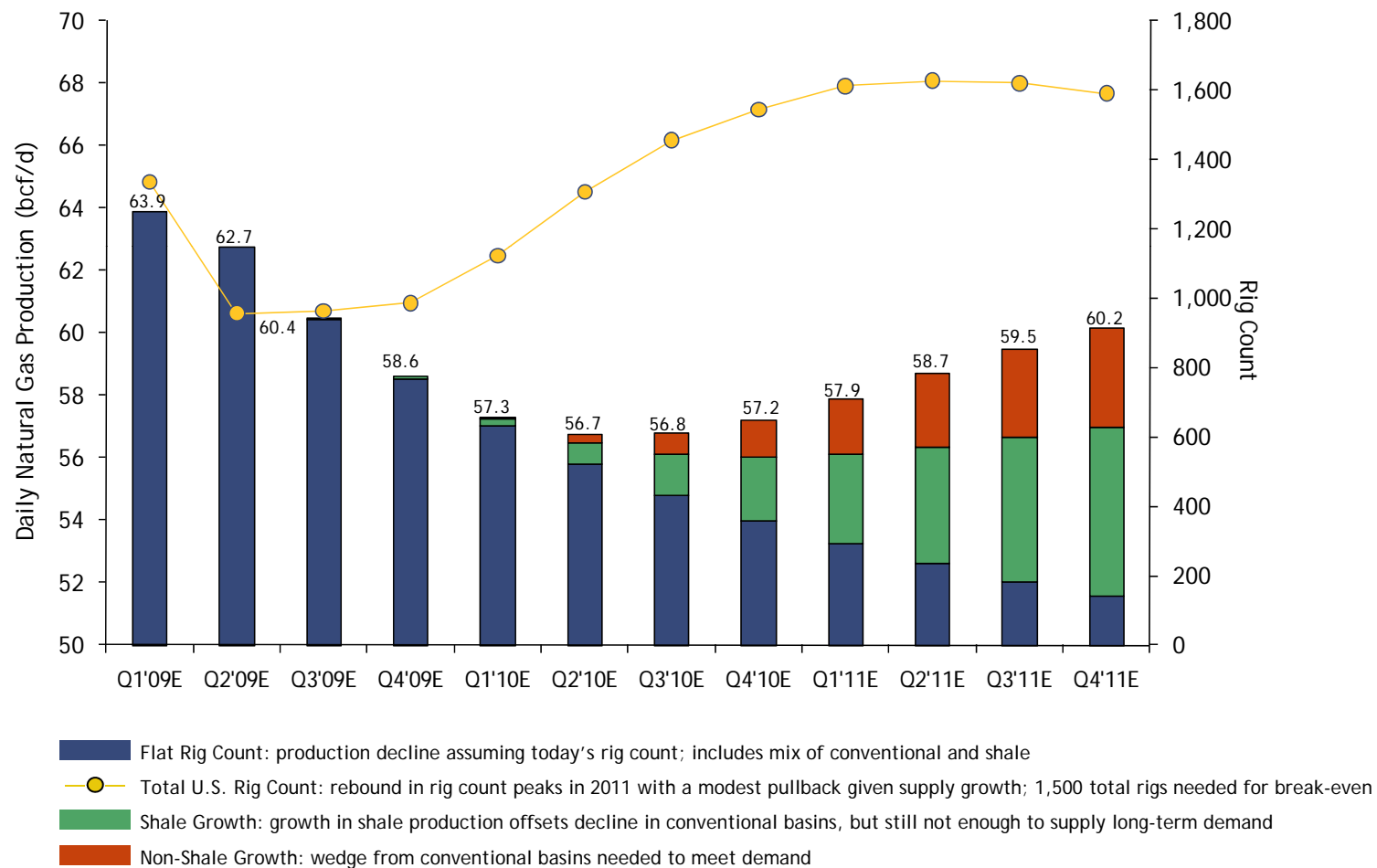
Gas Price Forecasts



Source: Bloomberg.

(1) Median of Wall Street analyst estimates, excluding estimates older than 3 months.

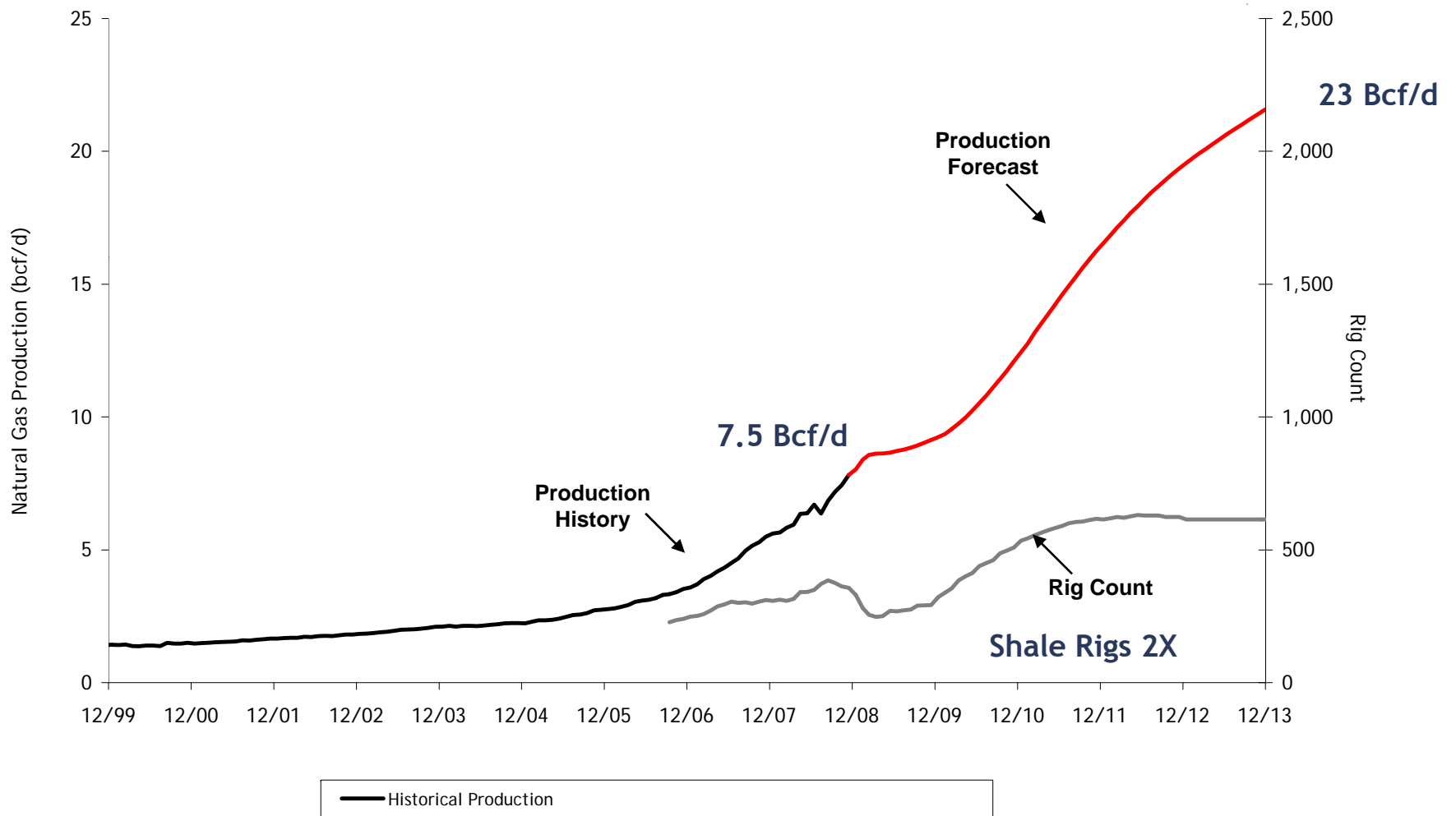
TPH Gas Supply Forecast



Source: Rig Count = Rig Data Onshore/Baker Hughes Offshore, Production History = HPDI and EIA, Forecast = TPH Estimates

Note: Wellhead production is wet gas, Rig count is total rig count gas/oil and onshore/offshore

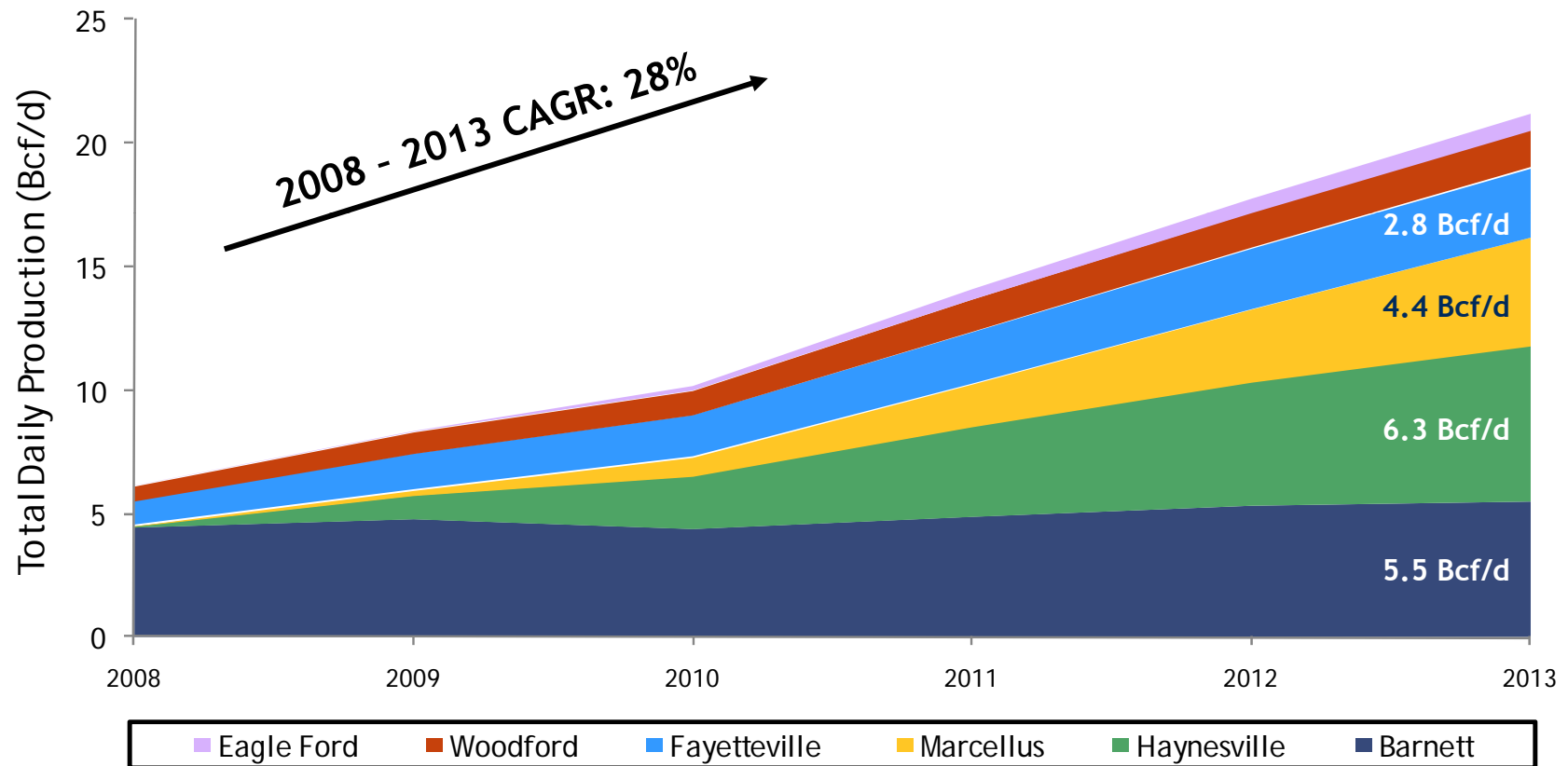
Shale Production Growth



Source: Rig Count = Rig Data Onshore/Baker Hughes Offshore, Production History = HPDI and EIA, Forecast = TPH Estimates

Note: Wellhead production is wet gas, Rig count is total rig count gas/oil and onshore/offshore

Shale Forecast by Basin



Source: Production Forecast = TPH Estimates

Basin Economics

Threshold Gas Price
(20% IRR)

<\$6/mcf



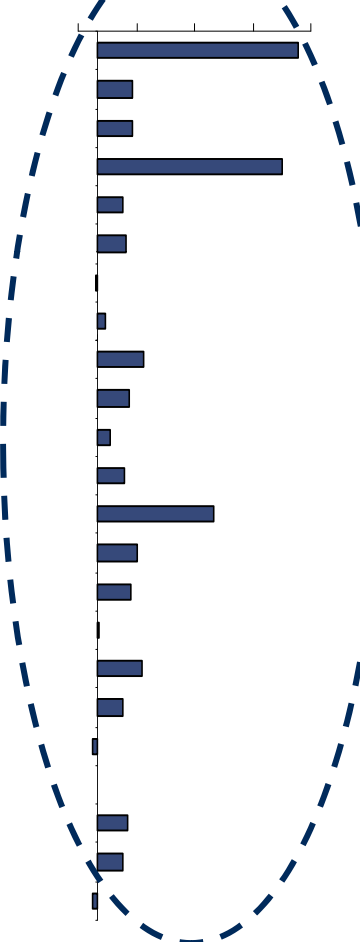
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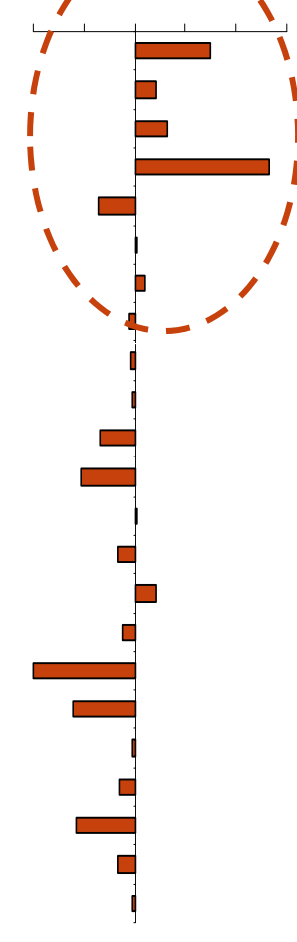
Basin	Inventory	
	Opportunity	Predictability
Marcellus	●	▲
Eagle Ford	▲	▲
Fayetteville	●	●
Haynesville	●	●
GOM Shelf	■	■
San Juan/Raton	■	▲
GOM Deepwater	■	■
Wind River	■	●
Arkoma	▲	●
Uinta	▲	●
Gulf Coast	■	■
Permian Gas	■	■
Barnett	●	●
Jonah-Pinedale	▲	●
Woodford	▲	●
Powder River	■	●
East TX & North LA	●	●
South Texas	▲	■
DJ Basin	■	▲
Appalachia	●	●
Anadarko	▲	▲
Piceance	●	▲
Antrim	▲	▲

● => High ▲ => Average ■ => Low

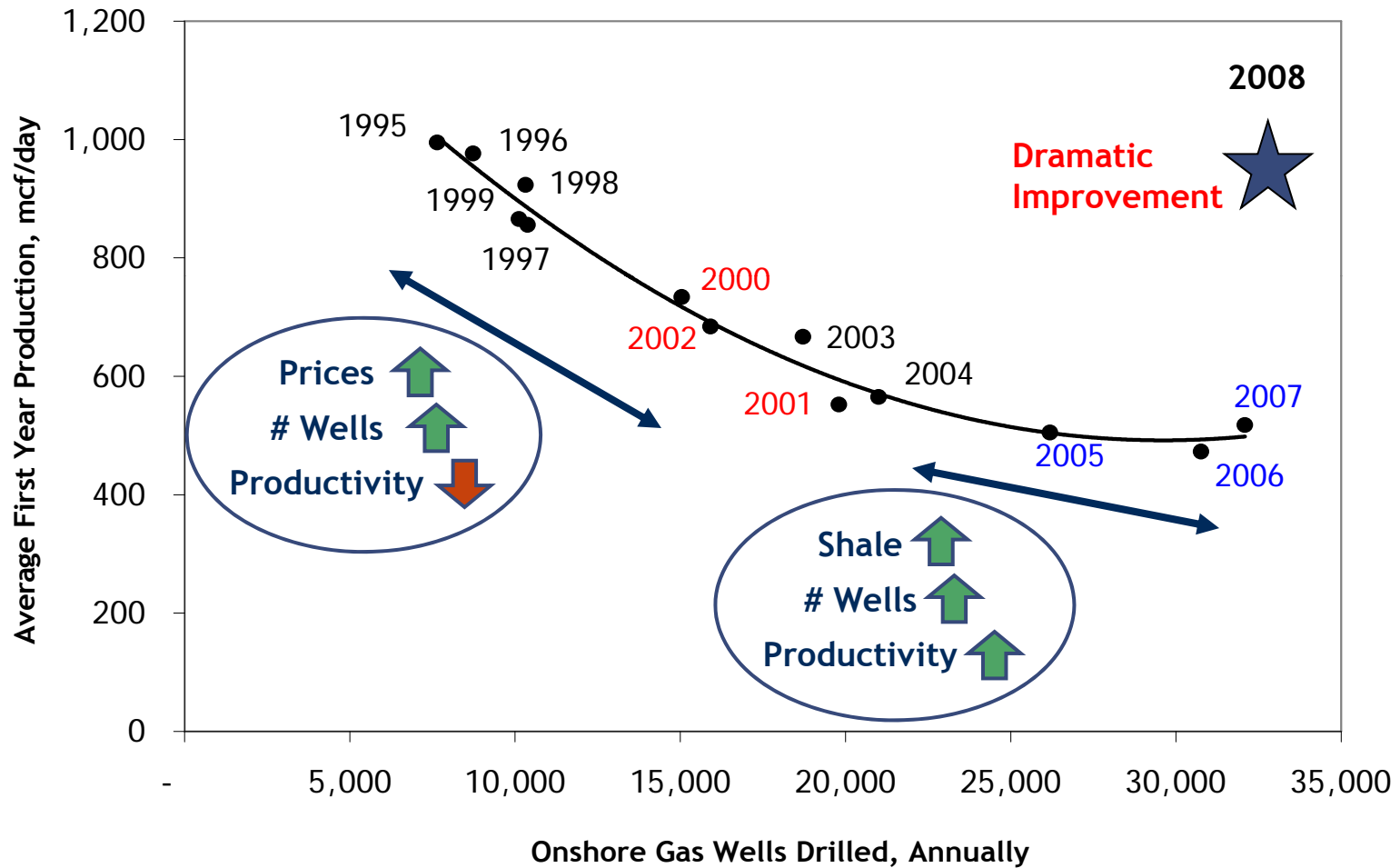
Δ Gas Rigs (#)
6/09 to 6/11



Δ Gas Production (bcf/d)
6/09 to 6/11



Shale Productivity Creating Oversupply



Sources: Baker Hughes and TPH.

TPH Gas Forecast Understanding



TPH Gas Forecast Understanding



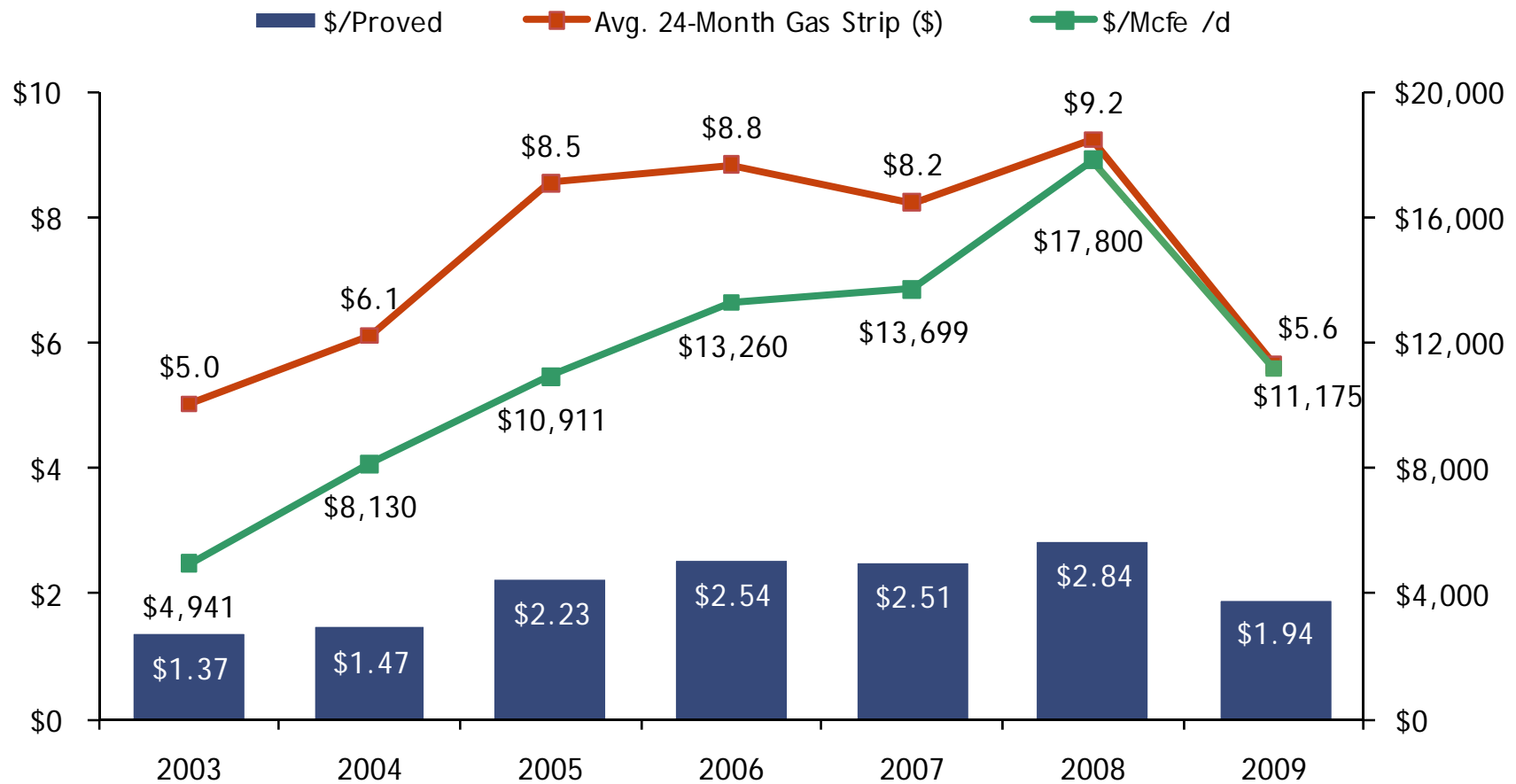
III - Energy Market Update

US Upstream Transaction Summary

Median Transaction Metrics

(\$/Mcfe)

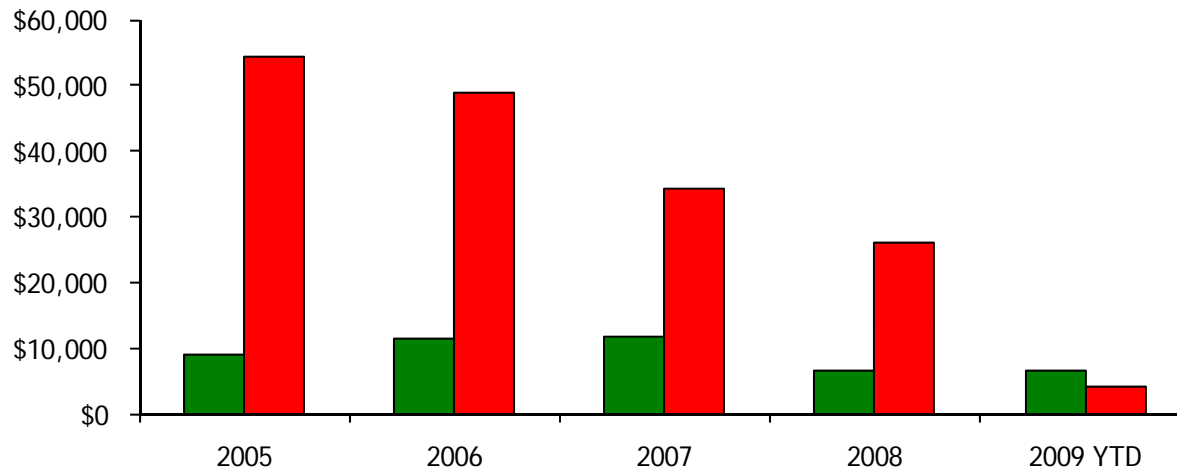
(\$/Mcfe/d)



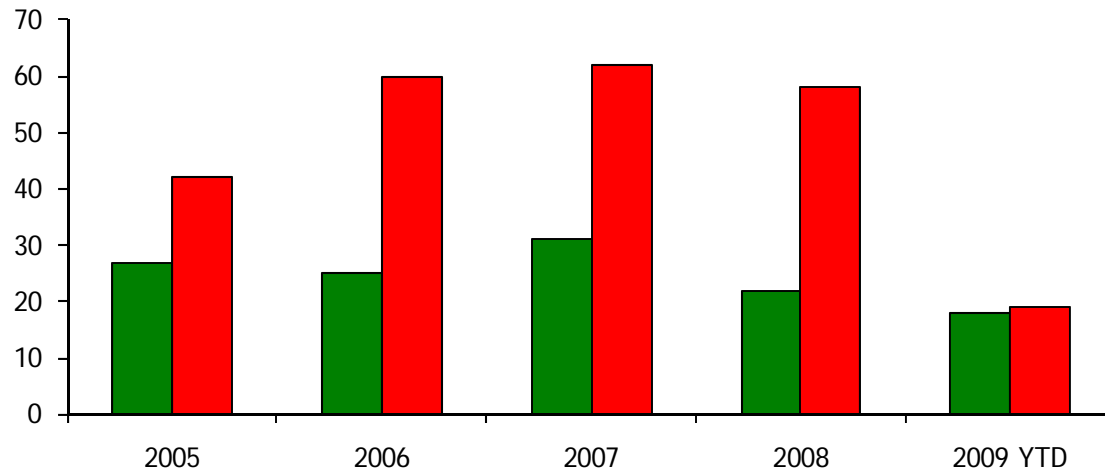
Source: Herold as of 12/4/2009.

Recent M&A Market: Oil vs. Gas

Transaction Volume (\$MM)



of Transactions



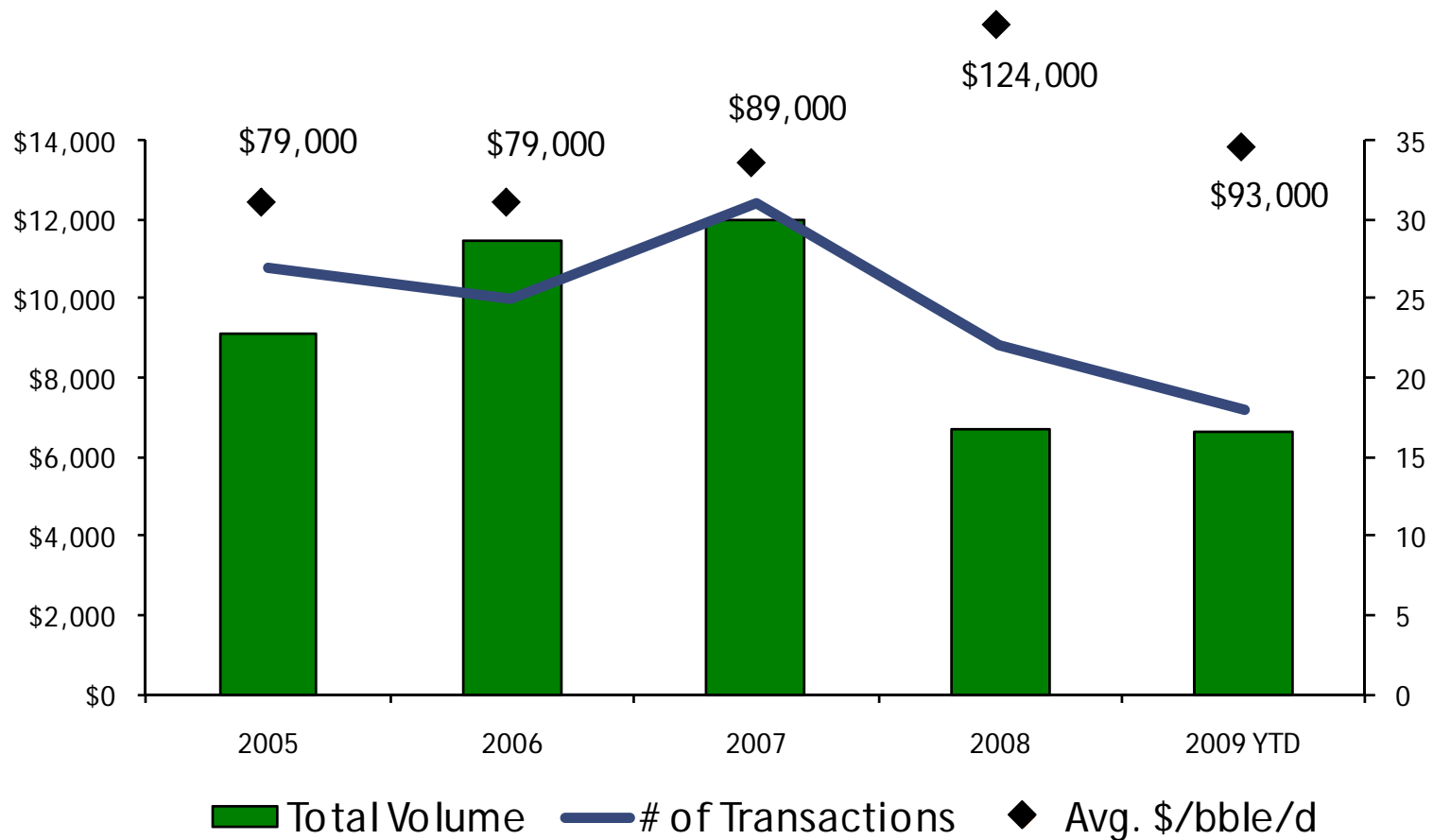
■ Oil ■ Gas

Recent M&A Market: Oil Metrics

Non-JV Transactions > \$50 MM - Oily

(Total Volume \$MM)

(# of Transactions)



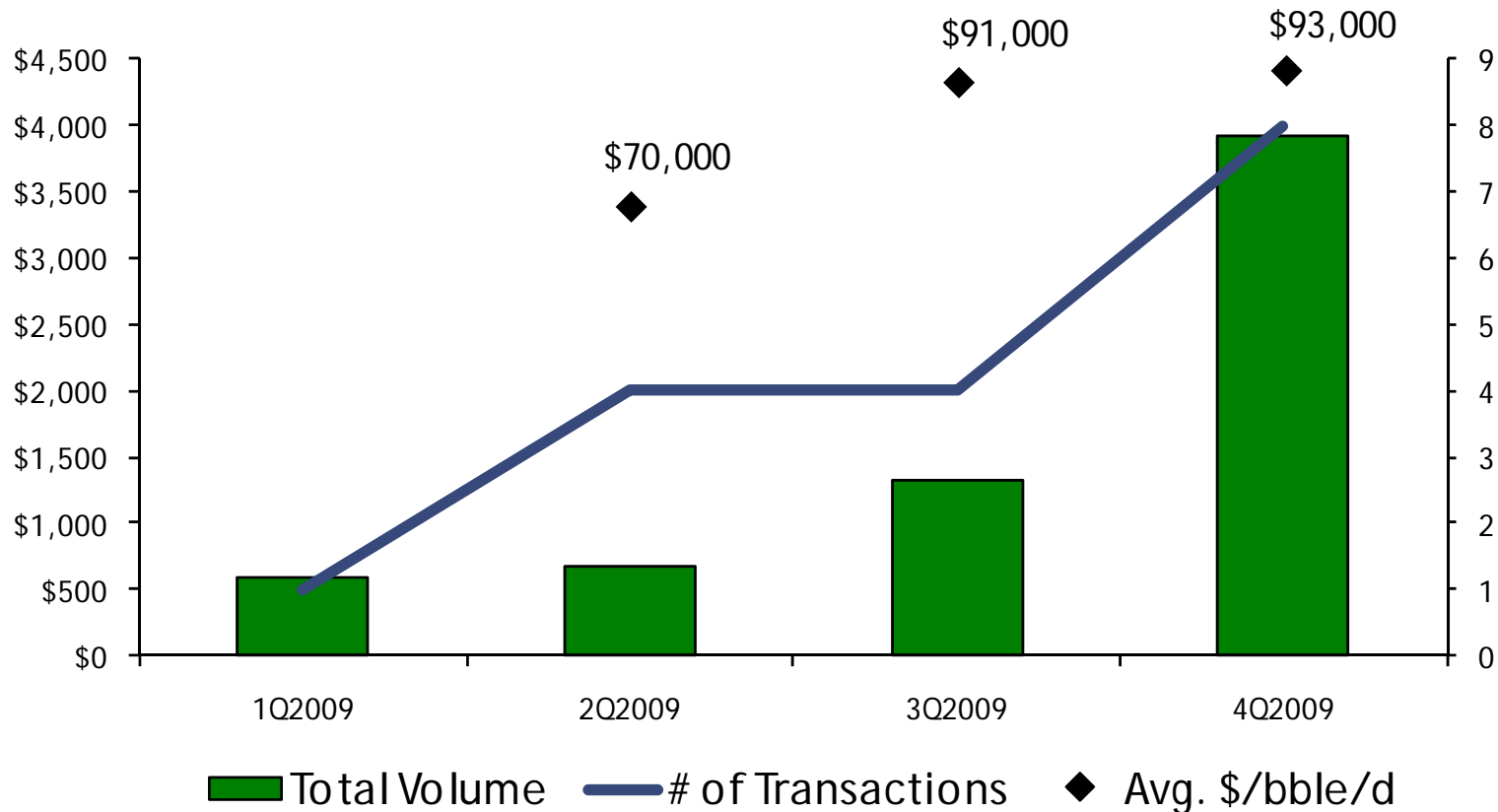
Source: J.S. Herold as of 12/6/2009. Reflects transactions where United States listed as primary country.

2009 Quarterly Oil Metrics

Non-JV Transactions > \$50 MM - Oily

(Total Volume \$MM)

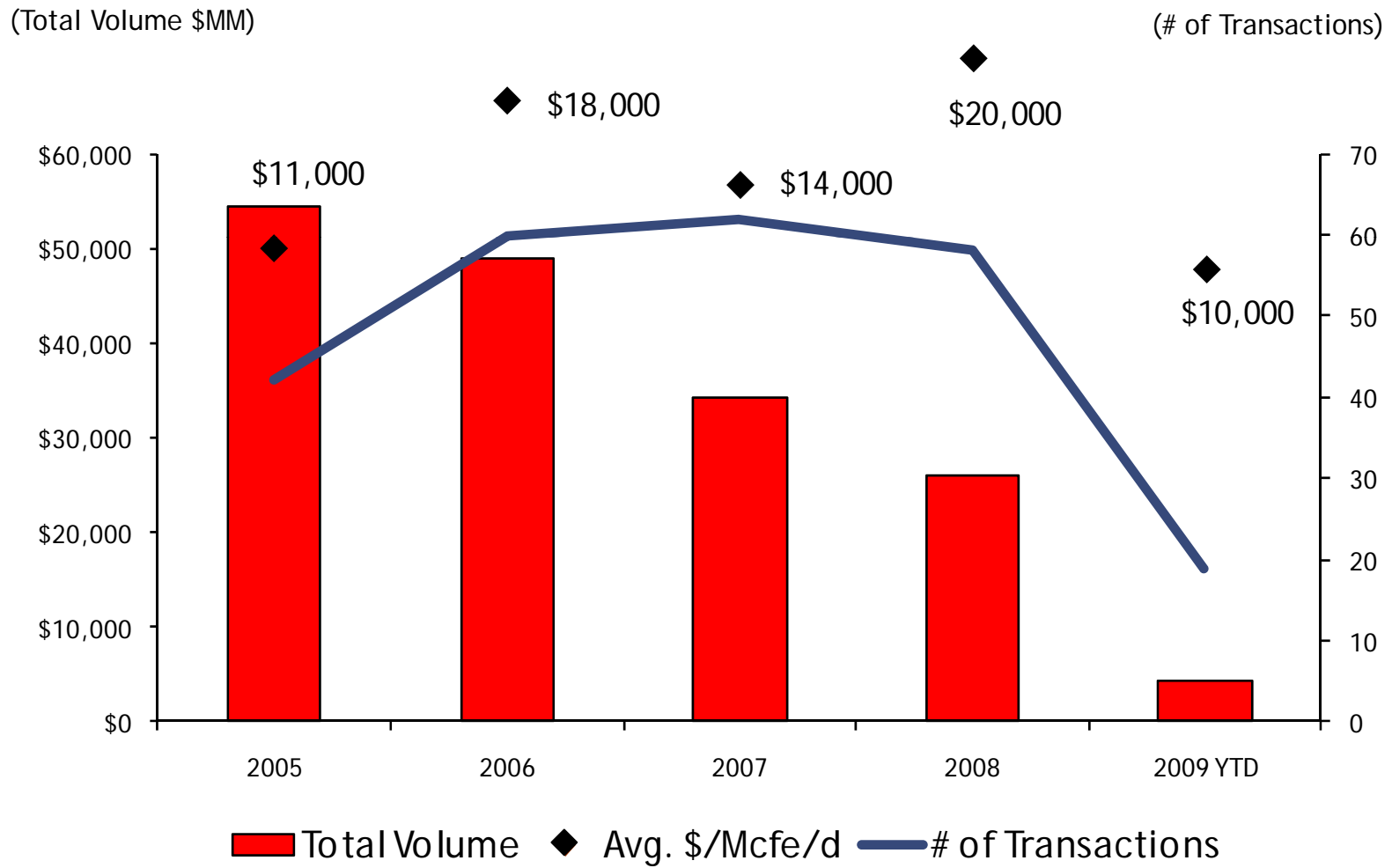
(# of Transactions)



Source: J.S. Herold as of 12/6/2009. Reflects transactions where United States listed as primary country.

Recent M&A Market: Gas Metrics

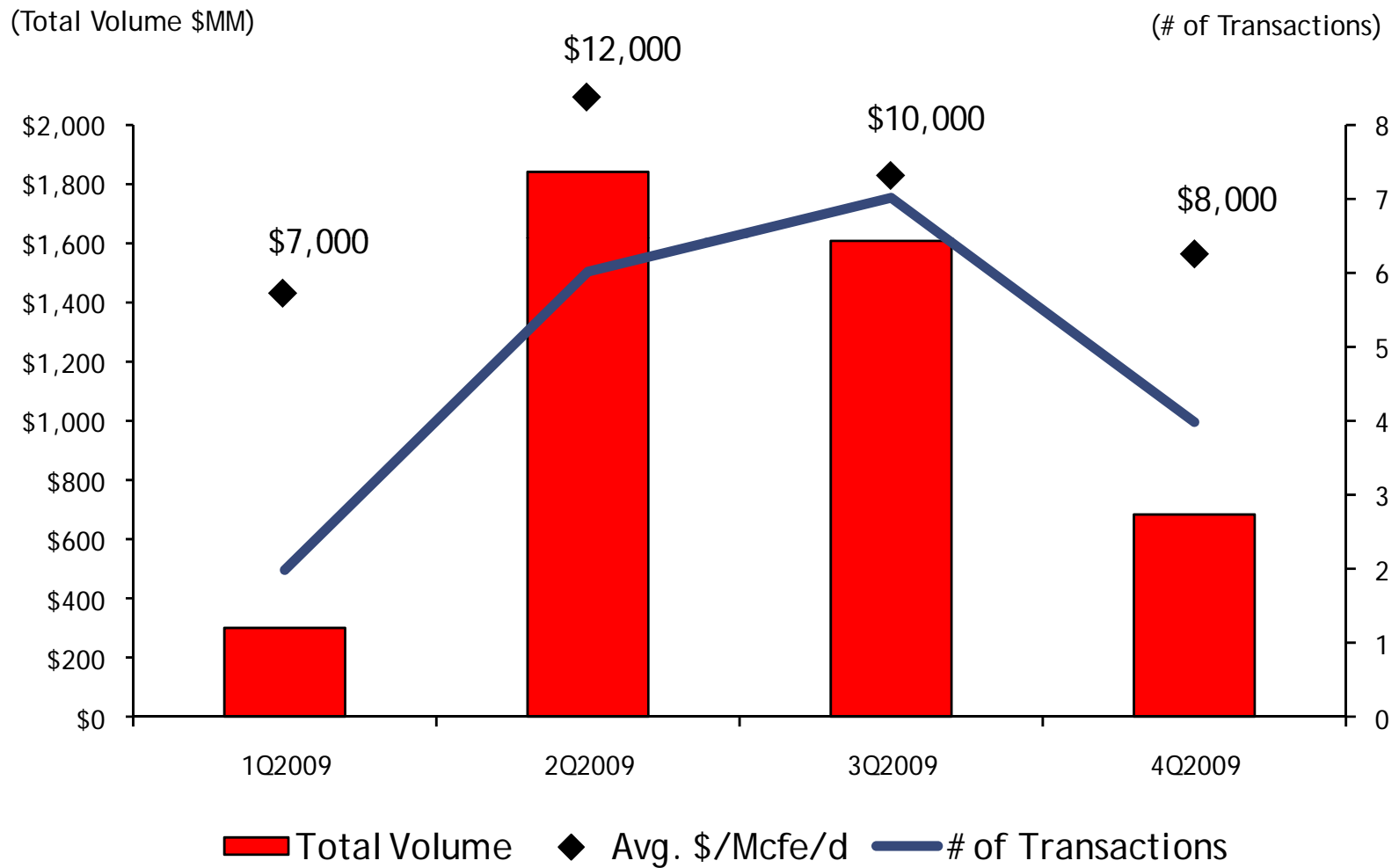
Non-JV Transactions > \$50 MM - Gassy



Source: J.S. Herold as of 12/6/2009. Reflects transactions where United States listed as primary country.

2009 Quarterly Gas Metrics

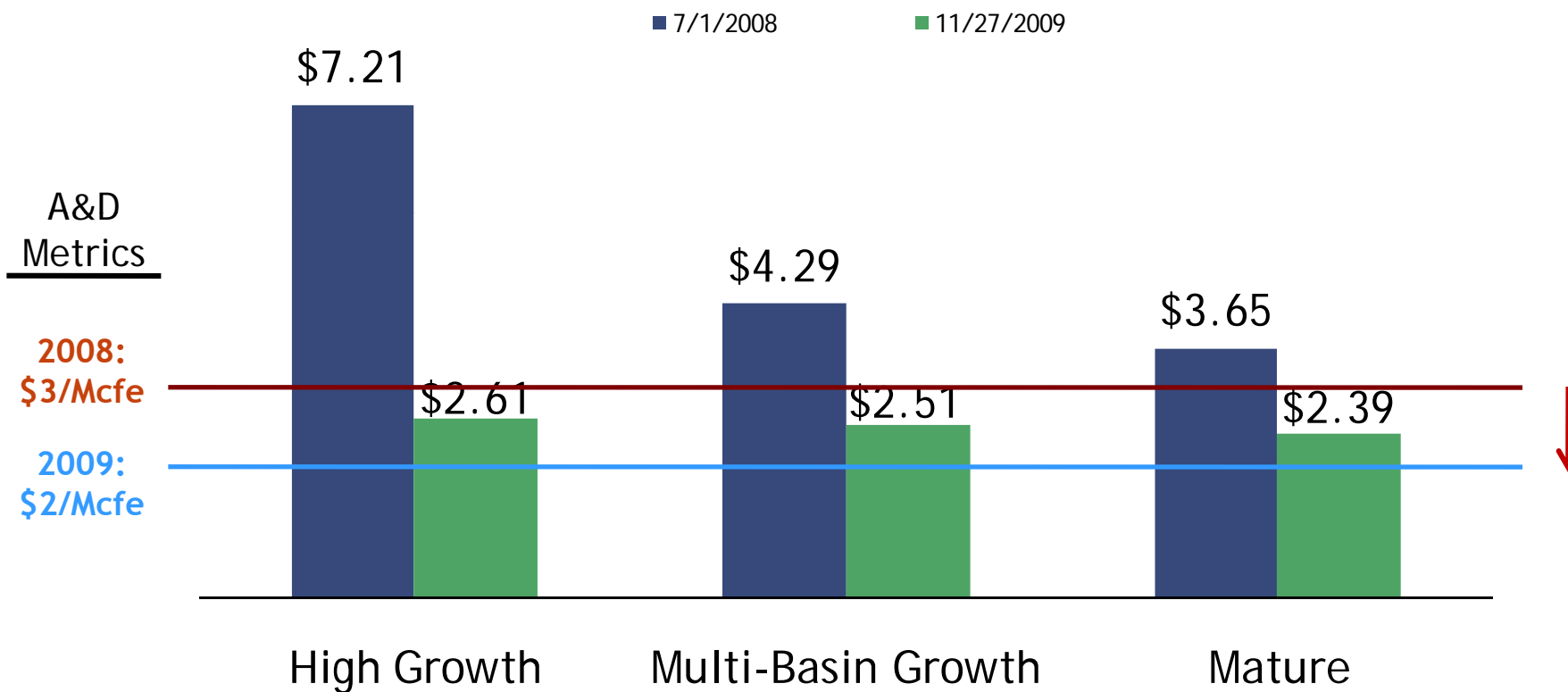
Non-JV Transactions > \$50 MM - Gassy



Source: J.S. Herold as of 12/6/2009. Reflects transactions where United States listed as primary country.

Public Trading Metrics Influence A&D⁽¹⁾

Enterprise Value / Proved Reserves



Sources: FactSet as of 11/27/2009.

(1) All values shown are medians.

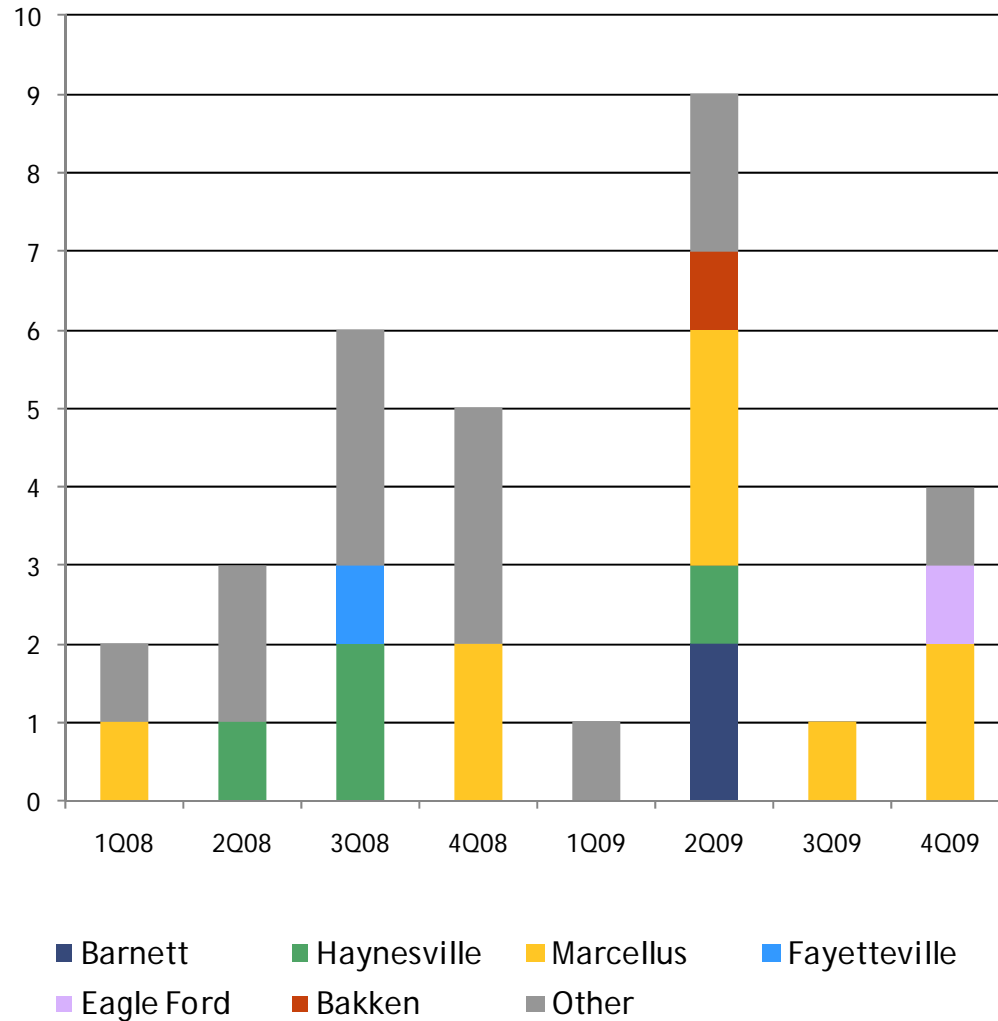
High Growth includes CLR, CRZO, DNR, GDP, GMXR, HK, KWK, SWN, UPL.

Multi-Basin Growth includes CHK, COG, RRC, XCO, XTO.

Mature includes BRY, EAC, FST, SFY, SM, XEC.

Joint Ventures Accelerate

JV Count



- Fits today's capital market reality - rationing capital
 - Seller desires partner
 - Buyers some upfront, some in the drill carry
- "Average" is 1/3 upfront, 2/3 drill carry
- Amount carried: 50 - 75%
- Amount purchased: 30 - 50%
- Similar to A&D, but different:
 - Objectives defined, Creativity, Patience

Source: J.S. Herold. U.S. joint venture transactions as of 11/6/2009.

Unconventional Resource Value Progression

Barnett / Woodford:

\$/Acre	Buyer	Seller
\$22,000	Chesapeake	Residents
\$16,600	Williams	Aspect
\$19,444	BP	Chesapeake

Fayetteville:

\$/Acre	Buyer	Seller
\$11,800	XTO	Contango
\$9,340	XTO	Southwestern
\$14,074	BP	Chesapeake

Marcellus:

\$/Acre	Buyer	Seller
\$1,285	Avista	Carrizo
\$1,500	Williams	Rex
\$3,500	Enerplus	Chief

Development
Model Verified

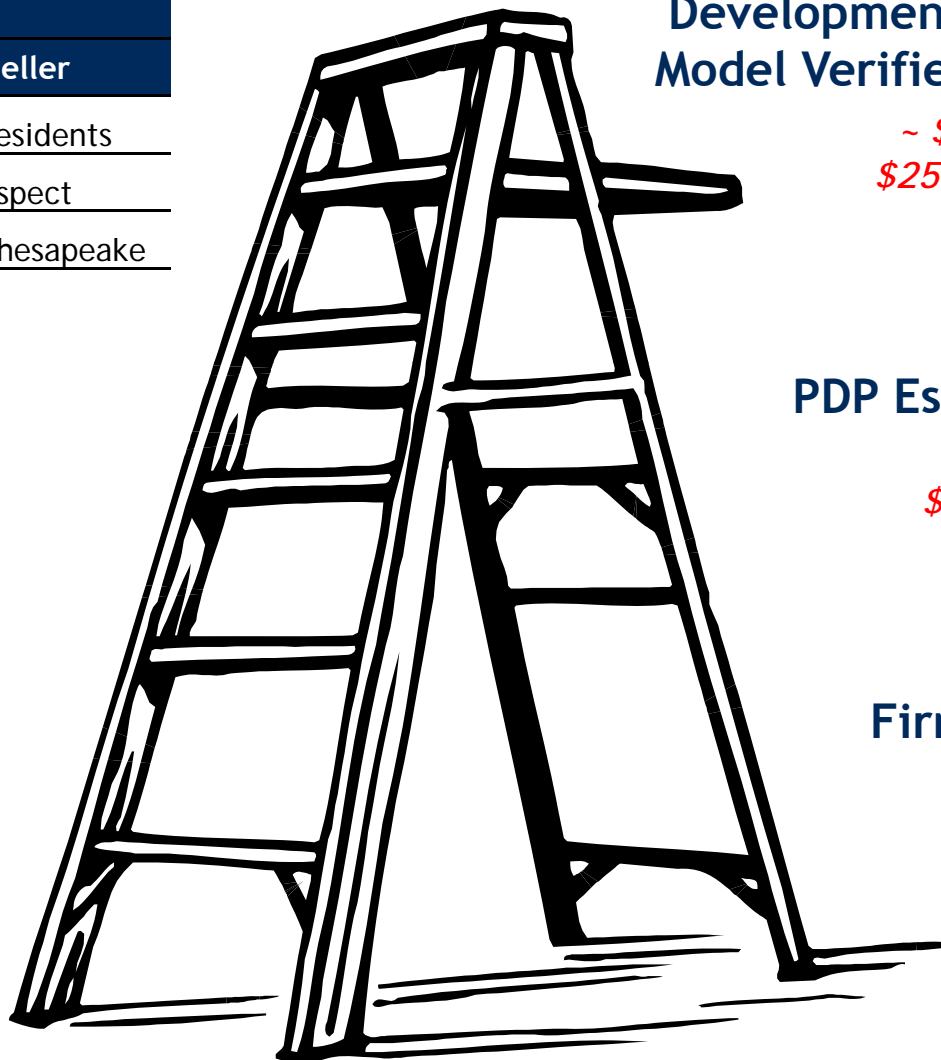
~ \$15,000-
\$25,000/acre

PDP Established

~ \$10,000-
\$15,000/acre

Firm Concept

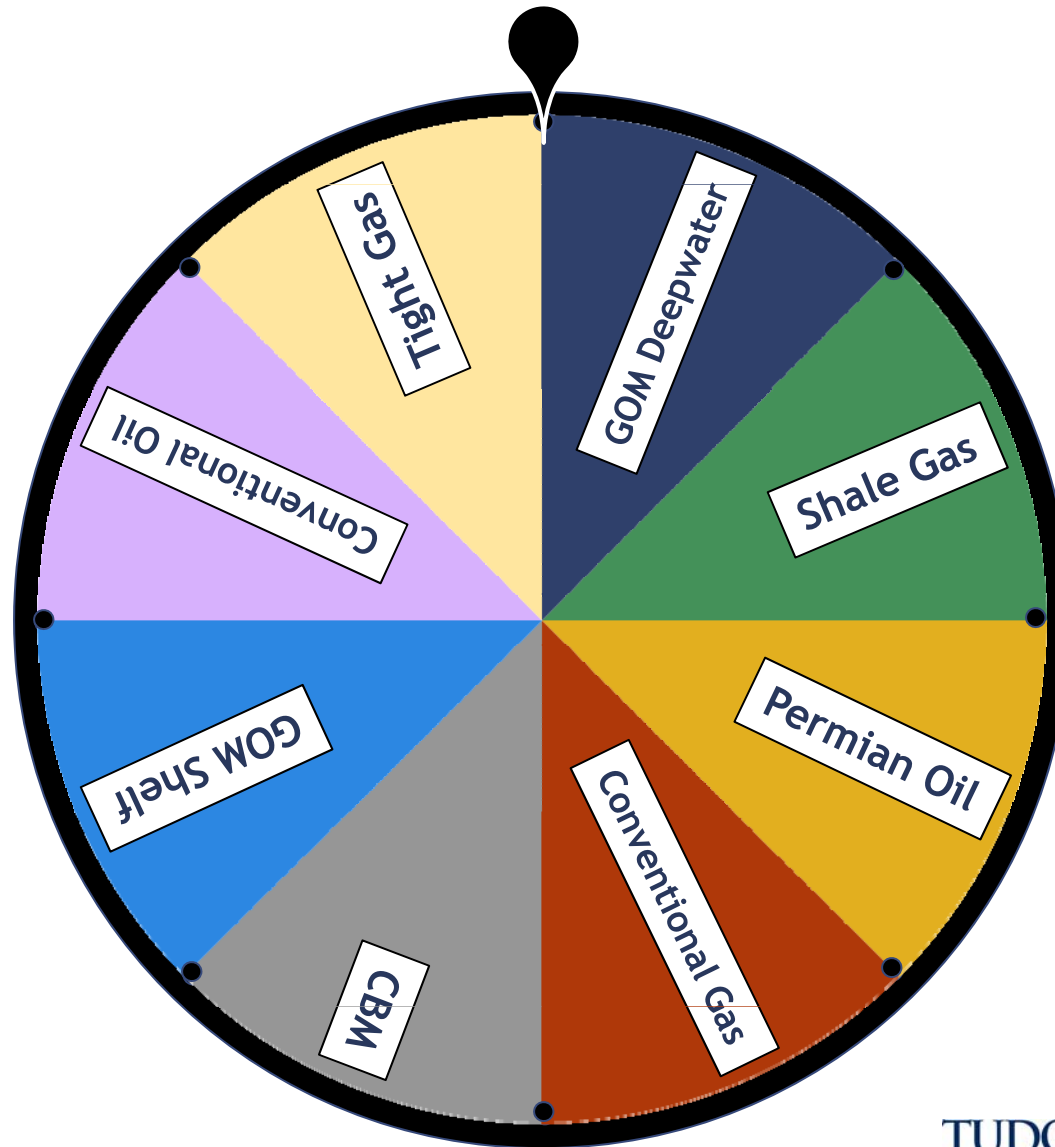
~ \$1,000-
\$5,000/acre



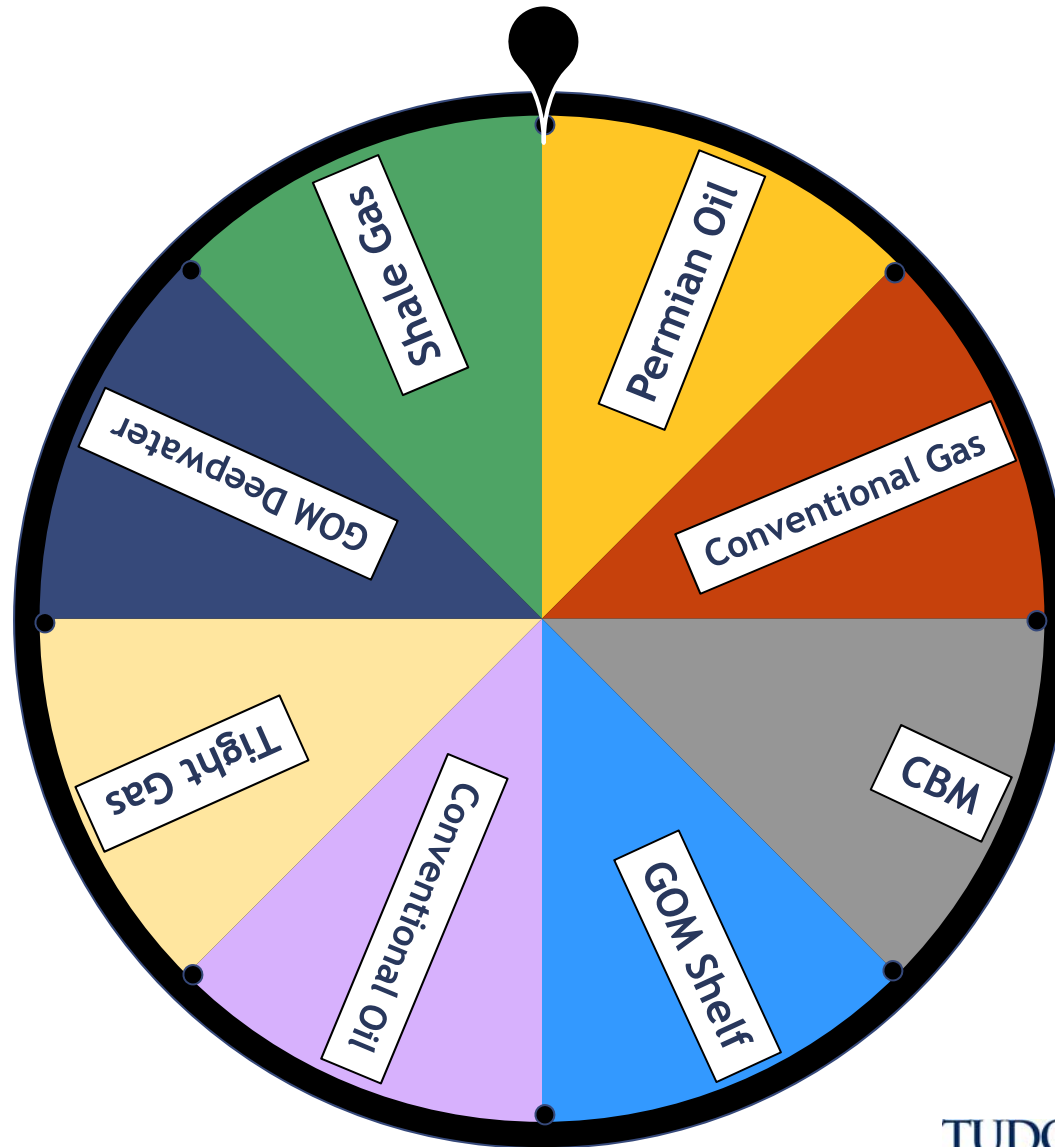
Value ↑

Asset Risk Decreases →

Wheel of Fortune



Wheel of Fortune



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The firm, headquartered in Houston, Texas, has approximately 75 employees and an office in Denver, Colorado.

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