

IPAA-TIPRO Luncheon

U.S. A&D Market Update

April 6, 2010



RBC Capital Markets®
RBC Richardson Barr

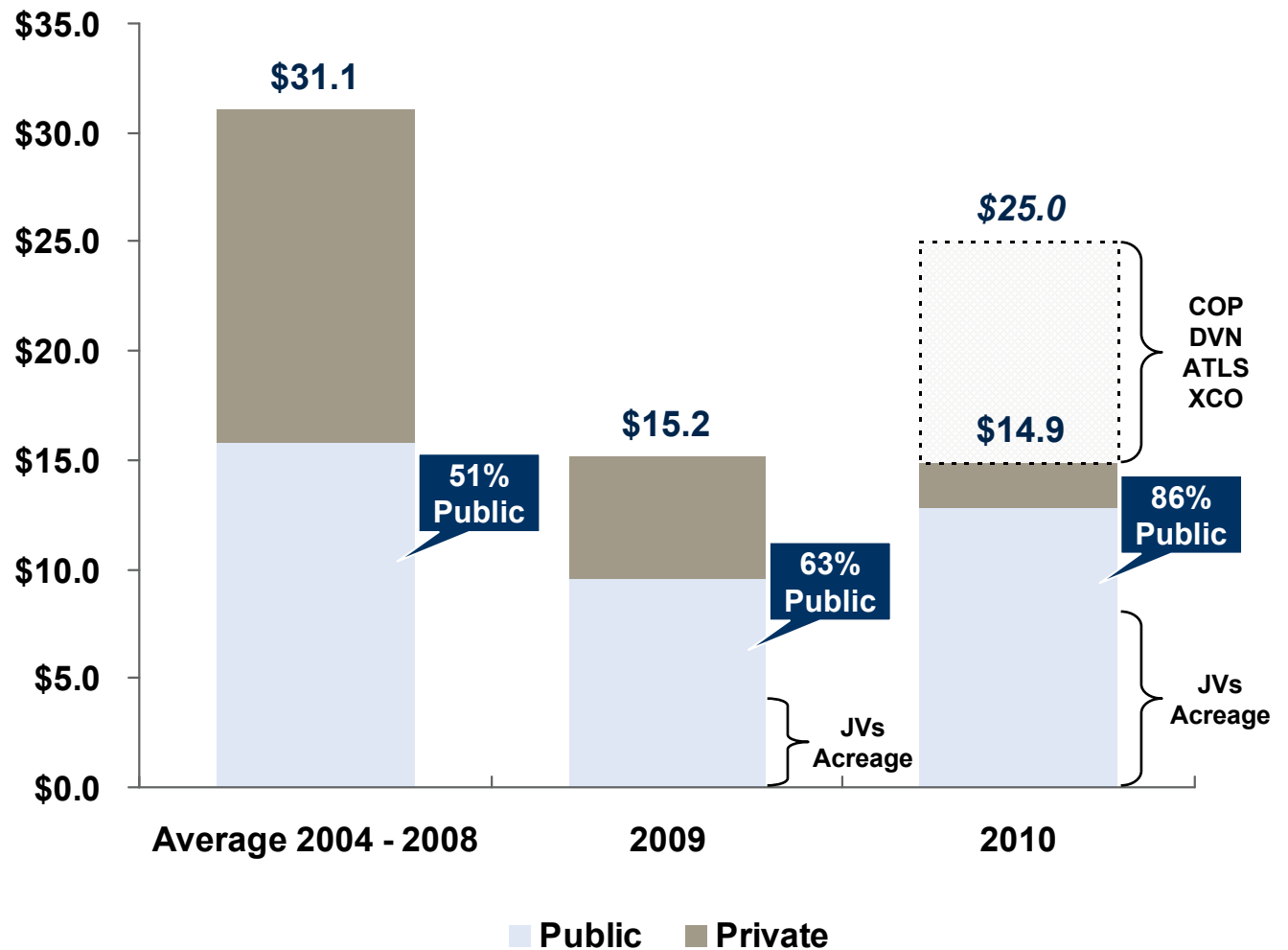
2010 A&D Themes

- Asset supply has been less than anticipated
- Natural gas asset valuations have been surprisingly resilient to lower gas prices
- Proved Undeveloped reserves are starting to garner value in the acquisition market
- The market is bullish on oil and oil-weighted companies
- The capital markets are open for all sectors
- Private equity companies are aggressively pursuing any and all conventional asset packages
- MLPs have come back to the market in a big way in 2010
- International companies are interested in North America's natural gas resource plays
- The most coveted resource plays are the Eagle Ford, Marcellus and Haynesville
- M&A has been relatively quiet with the few transactions being more commodity driven (EAC, ARD)

Asset Supply Has Been Less Than Anticipated

Themes of 2010

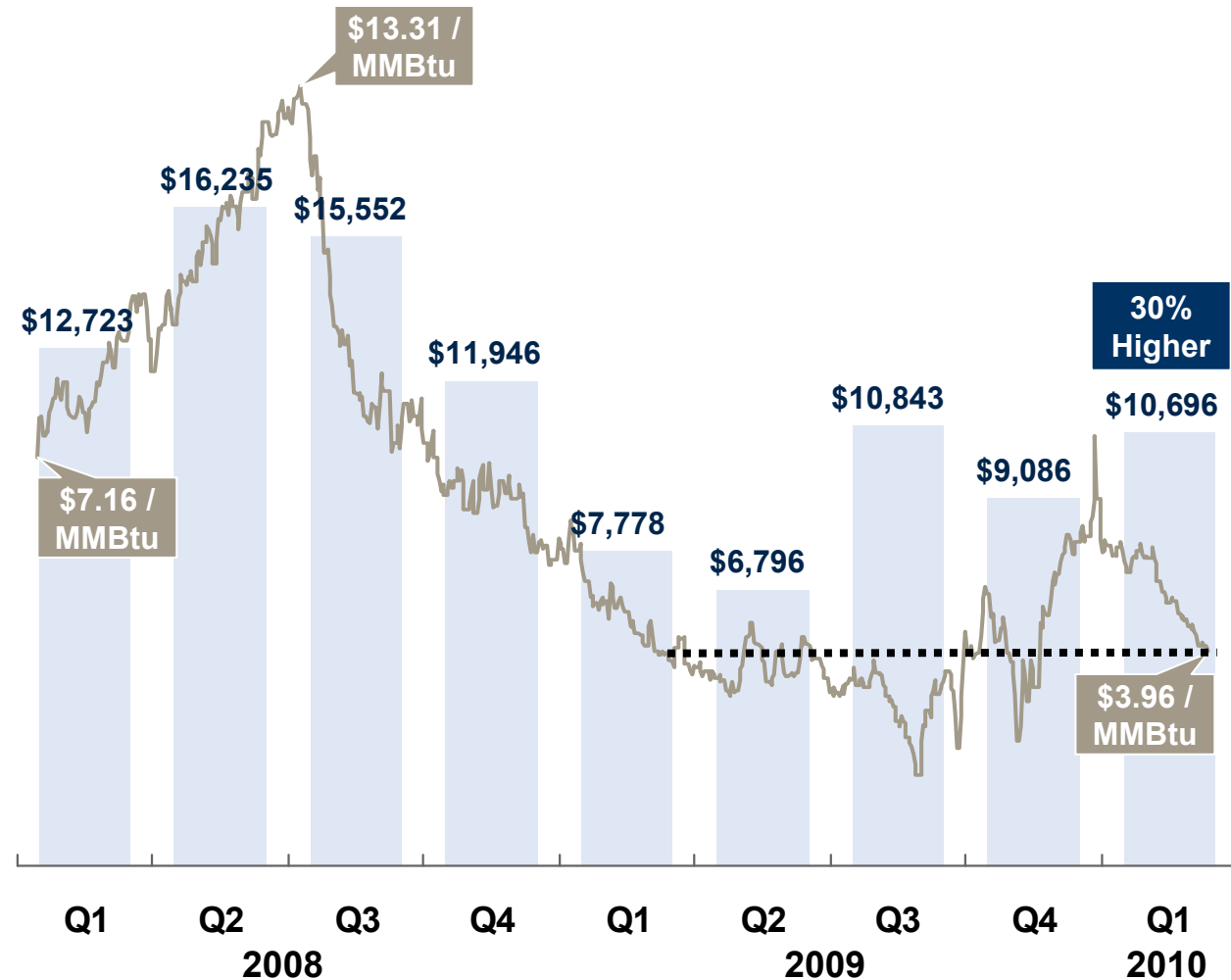
- Selling activity has been dominated by the Public sector
- Deals that are coming to market are being sold
- M&A activity has been relatively quiet due to an active joint venture market
- Private equity has been looking to monetize this year through the IPO market



Natural Gas Asset Valuations Are Going Up?

2010 Rationale

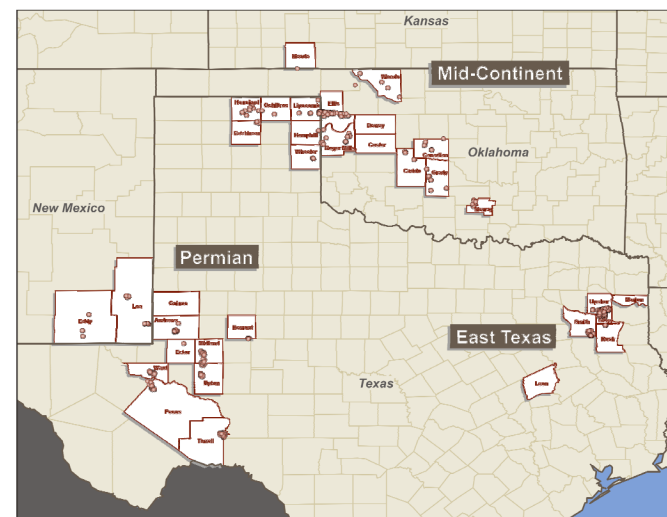
- Modest asset supply
- Capital markets are open
- Buyers are hedging out to 5 years
- Lack of oil assets



Recent Natural Gas Transactions

Denbury Sells \$900 million of E&P Assets to Quantum Resources

- Denbury Resources, Inc. has agreed to sell its interests in certain conventional upstream properties in the Permian Basin, the Mid-Continent, and East Texas to Quantum Resource Management, LLC for \$900 million
 - This sale is a continued effort by Denbury to quickly reduce leverage following its corporate acquisition of Encore
- The trading metrics for this transaction are the following:
 - Transaction Value per Net Production: \$11,538 per Mcfe/d
 - Transaction Value per FTM Cash Flow: 7.8x
 - Spot Gas Price: \$4.28 / MMBtu



HighMount Sells \$330 million of E&P Assets to Linn Energy

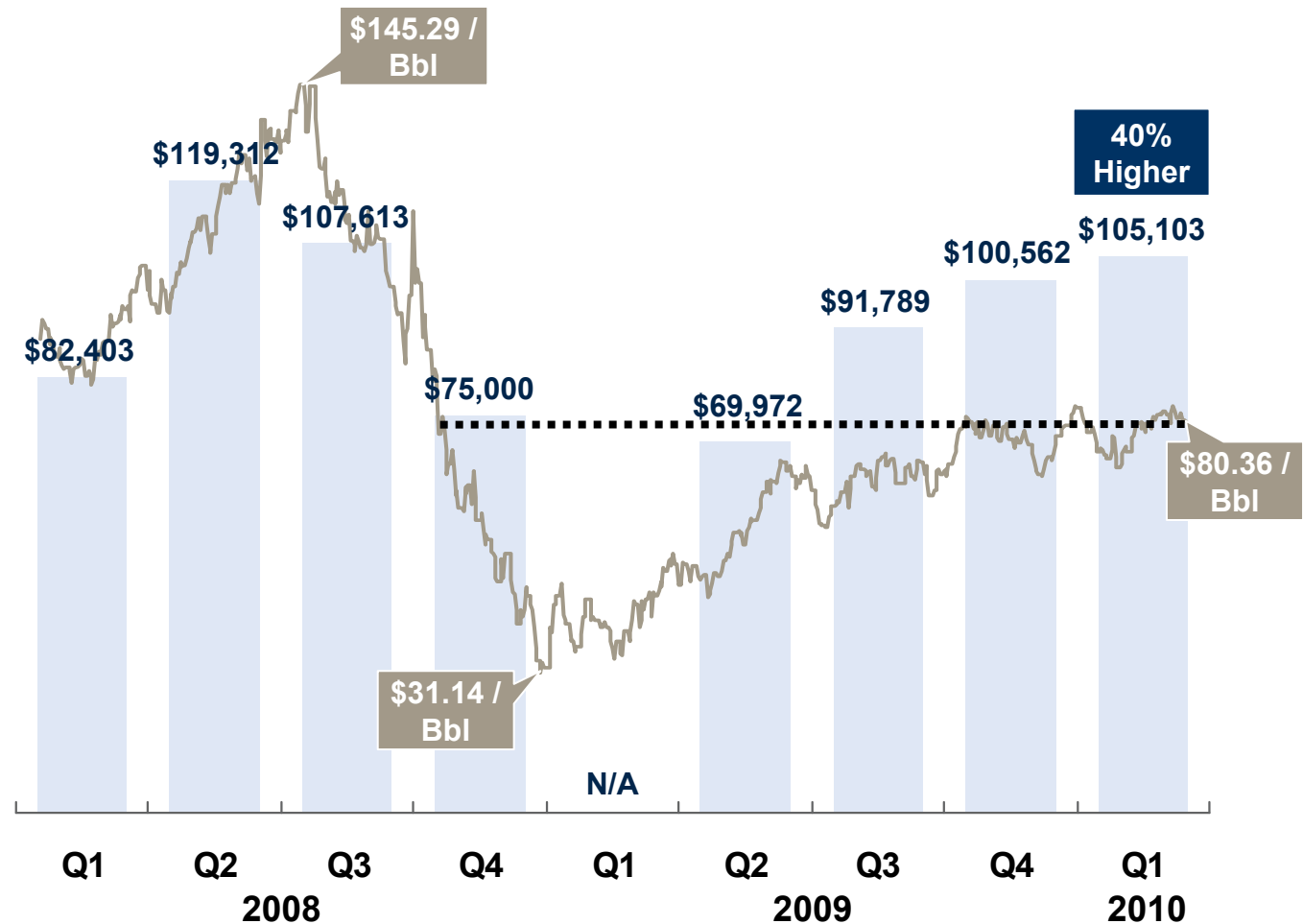
- HighMount Exploration & Production LLC, a wholly owned subsidiary of Loews Corporation, has agreed to sell its interests in certain conventional upstream properties in the Michigan Antrim Shale to Linn Energy, LLC for \$330 million
 - This sale is a continued effort by Loews to reduce leverage and a strategic operational focus toward its Permian assets
- The trading metrics for this transaction are the following:
 - Transaction Value per Net Production: \$10,645 per Mcfe/d
 - Transaction Value per FTM Cash Flow: 6.2x
 - Spot Gas Price: \$4.02 / MMBtu



The Market Is Bullish On Oil Assets

Themes of 2010

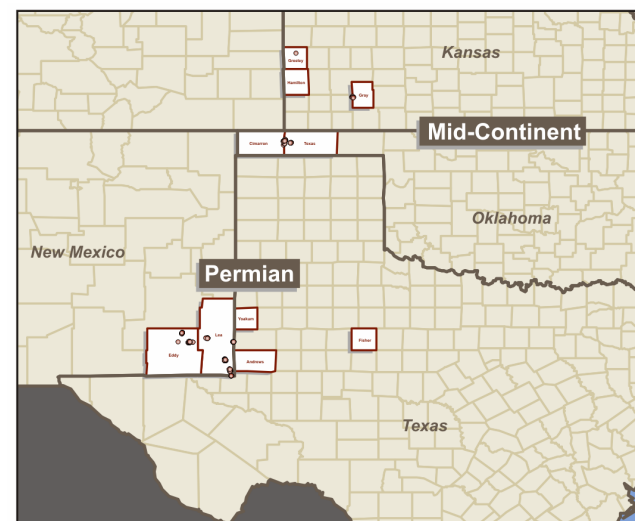
- 40% premium to natural gas
- MLPs are active buyers
- Permian oil deals are receiving attractive valuations
- Public markets are rewarding oil-weighted companies



Recent Oil Transactions

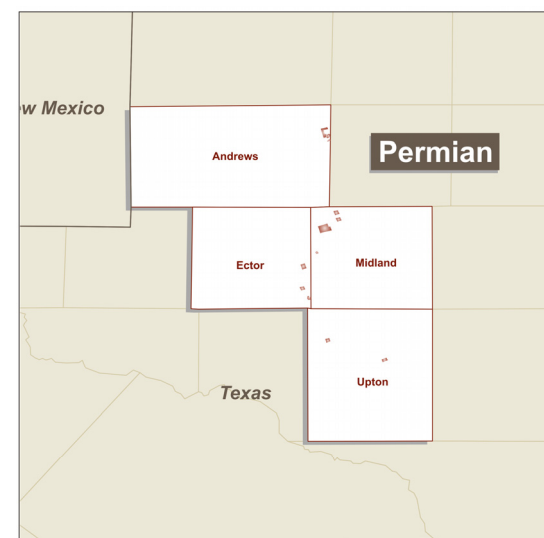
SandRidge Acquires Arena Resources for \$1.6 billion

- SandRidge Energy, Inc. has agreed to acquire Arena Resources Inc. and its conventional upstream properties located in the Permian Basin and Mid-Continent for \$1.6 billion
 - This acquisition is a continued effort by SandRidge to quickly reduce leverage and strengthens the company's oil-weighted transformation
- The trading metrics for this transaction are the following:
 - Transaction Value per Net Production: \$188,238 per Boepd
 - Transaction Value per FTM Cash Flow*: 8.3x
 - Spot Oil Price: \$84.87



Henry Resources Sells \$305 million of E&P Assets to Linn Energy

- Henry Resources has agreed to sell its interest in certain conventional upstream properties located in the Wolfberry play of the Permian Basin to Linn Energy, LLC for \$305 million
 - This is a strategic sale by Henry to take advantage of premium valuations in the Permian Basin, as well as a strategic acquisition by Linn to expand its focus in the region
- The trading metrics for this transaction are the following:
 - Transaction Value per Net Production: \$108,930 per Boepd
 - Transaction Value per FTM Cash Flow: 5.0x
 - Spot Oil Price: \$81.25



Corporate M&A Has Been More Oil Driven

Oil-Weighted M&A Activity

Date	Buyer	Seller	Region	Amount (\$MM)	Reserves (\$/Boe)	Production (\$/Boepd)	Cash Flow (x)	% Oil	Premium	Δ Stock Price*
Nov 2009	Denbury	Encore	Multi-Basin	\$4,500	\$21.12	\$104,088	6.7x	66%	35%	36.7%
Apr 2010	SandRidge	Arena	Permian, Mid-Con	\$1,600	\$23.10	\$188,238	8.3x*	86%	17%	(5.0%)

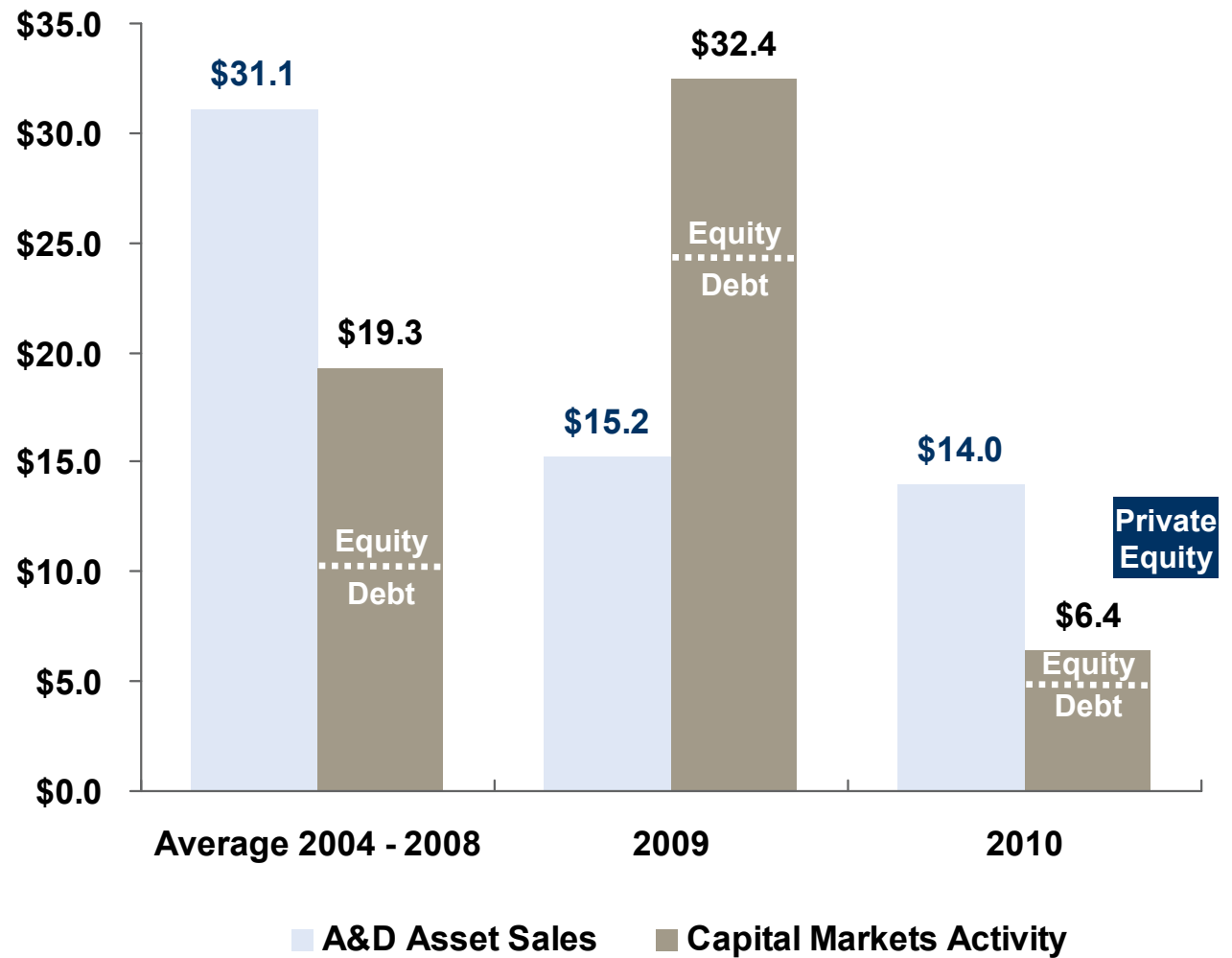
Natural Gas-Weighted M&A Activity

Date	Buyer	Seller	Region	Amount (\$MM)	Reserves (\$/Boe)	Production (\$/Boepd)	Cash Flow (x)	% Oil	Premium	Δ Stock Price*
Dec 2009	ExxonMobil	XTO	Multi-Basin	\$41,000	\$17.76	\$86,076	6.9x	15%	25%	(2.1%)

The Capital Markets Are Currently Very Liquid

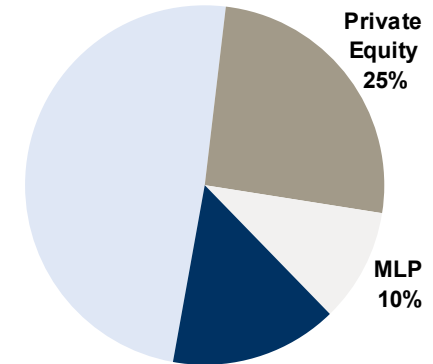
Capital Markets Overview

	2009	2010
Debt	Bank	✓
	High Yield	✓
	High Grade	✓
Equity	IPO	✓
	Secondary	✓
	Private Equity	✓
	MLP	✓

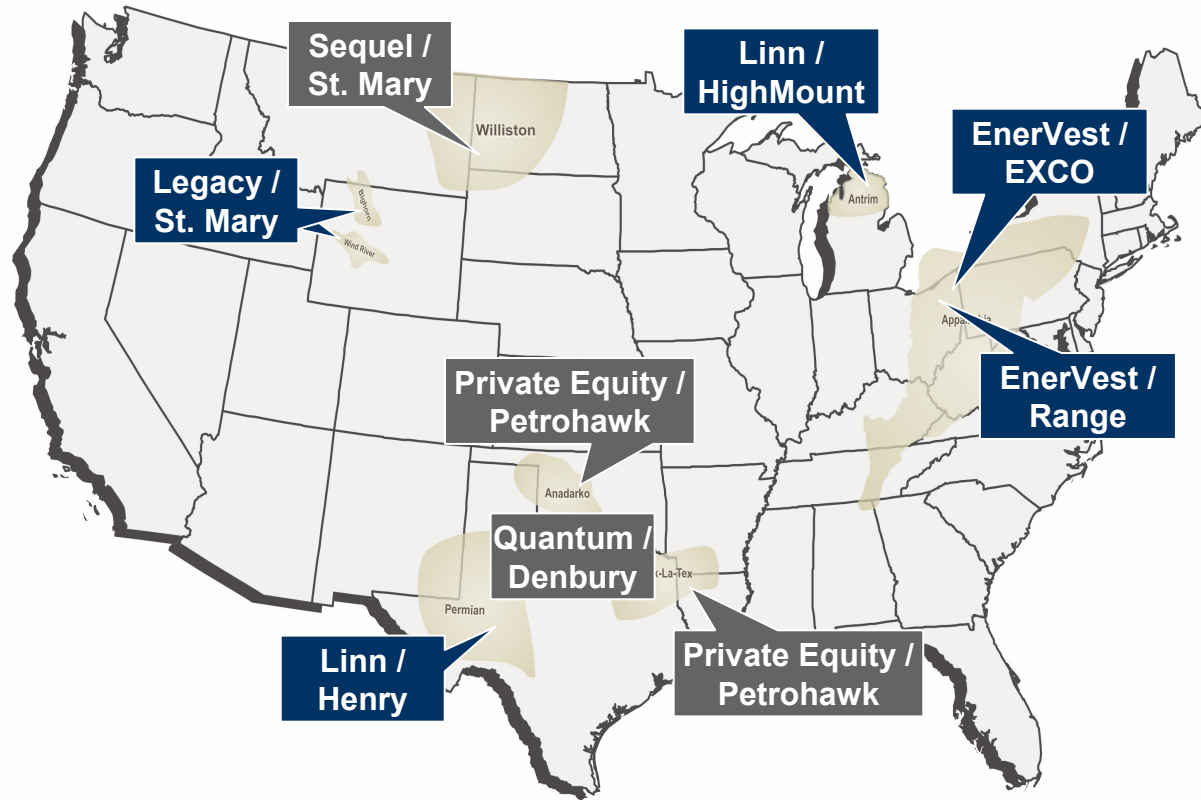
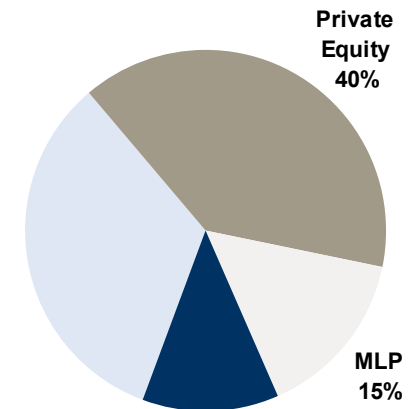


Private Equity And MLPs Are Aggressively Buying

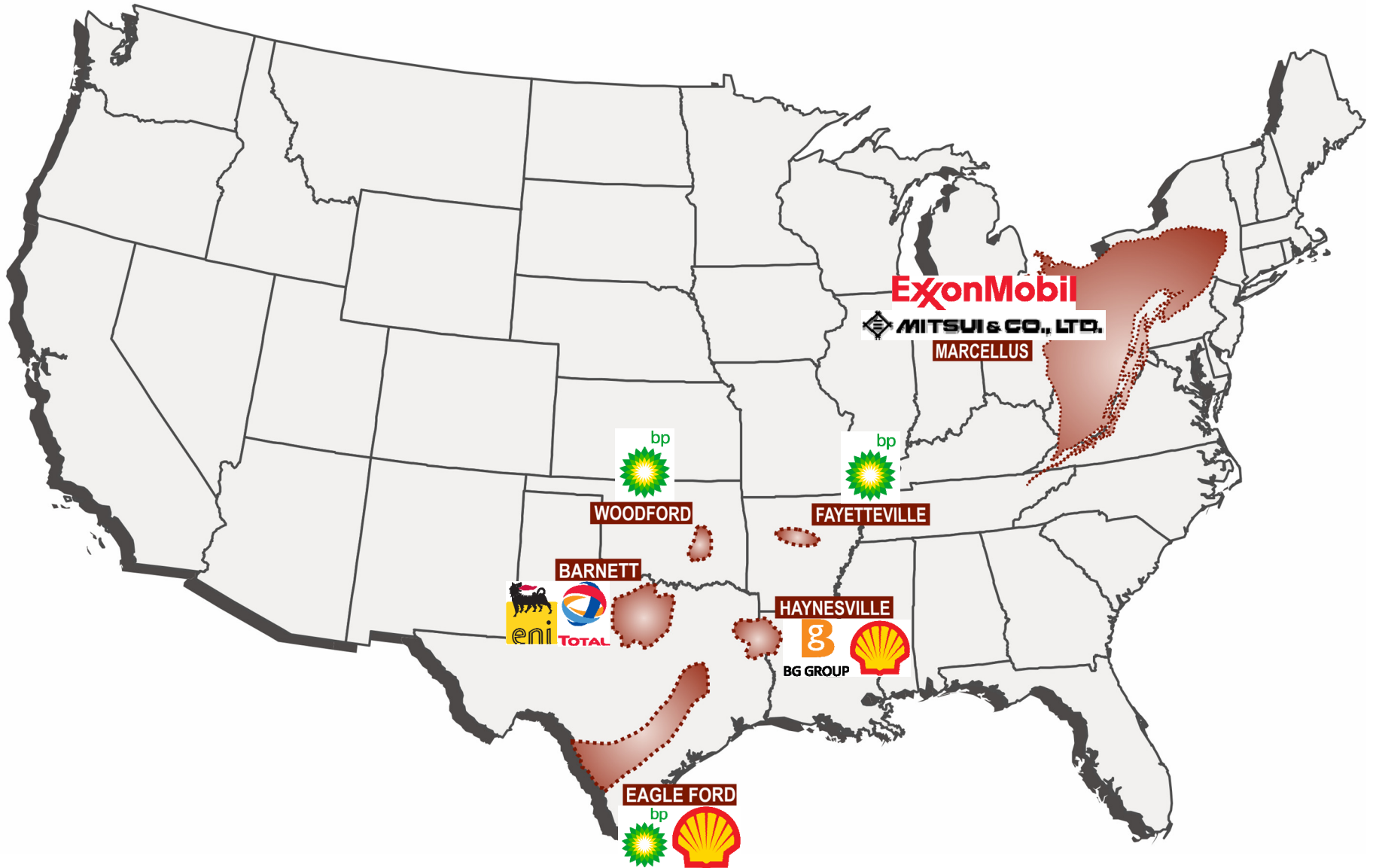
2008 Buyer Demand



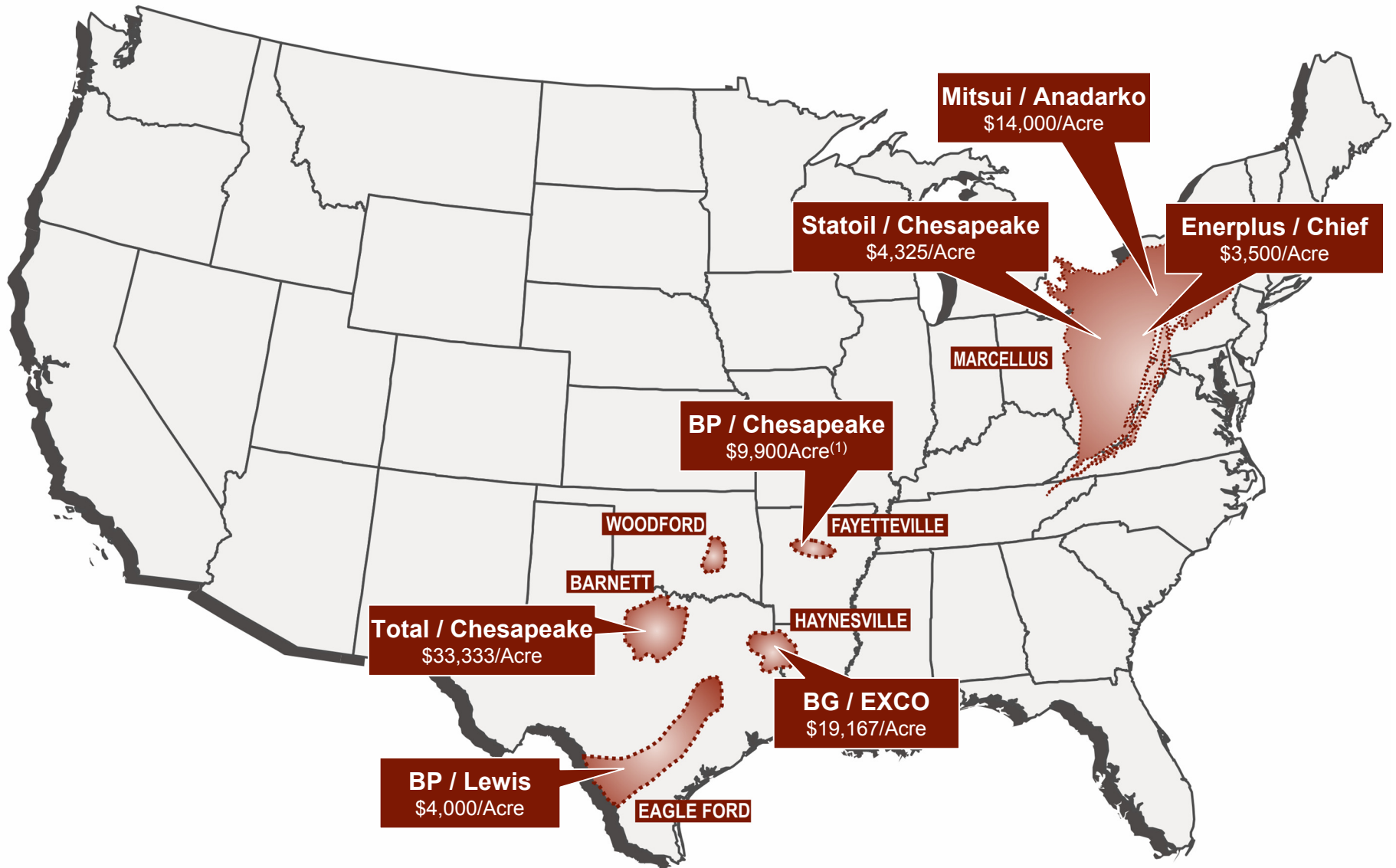
2009-2010 Buyer Demand



Internationals Are The Most Aggressive Buyers Of Resource Plays

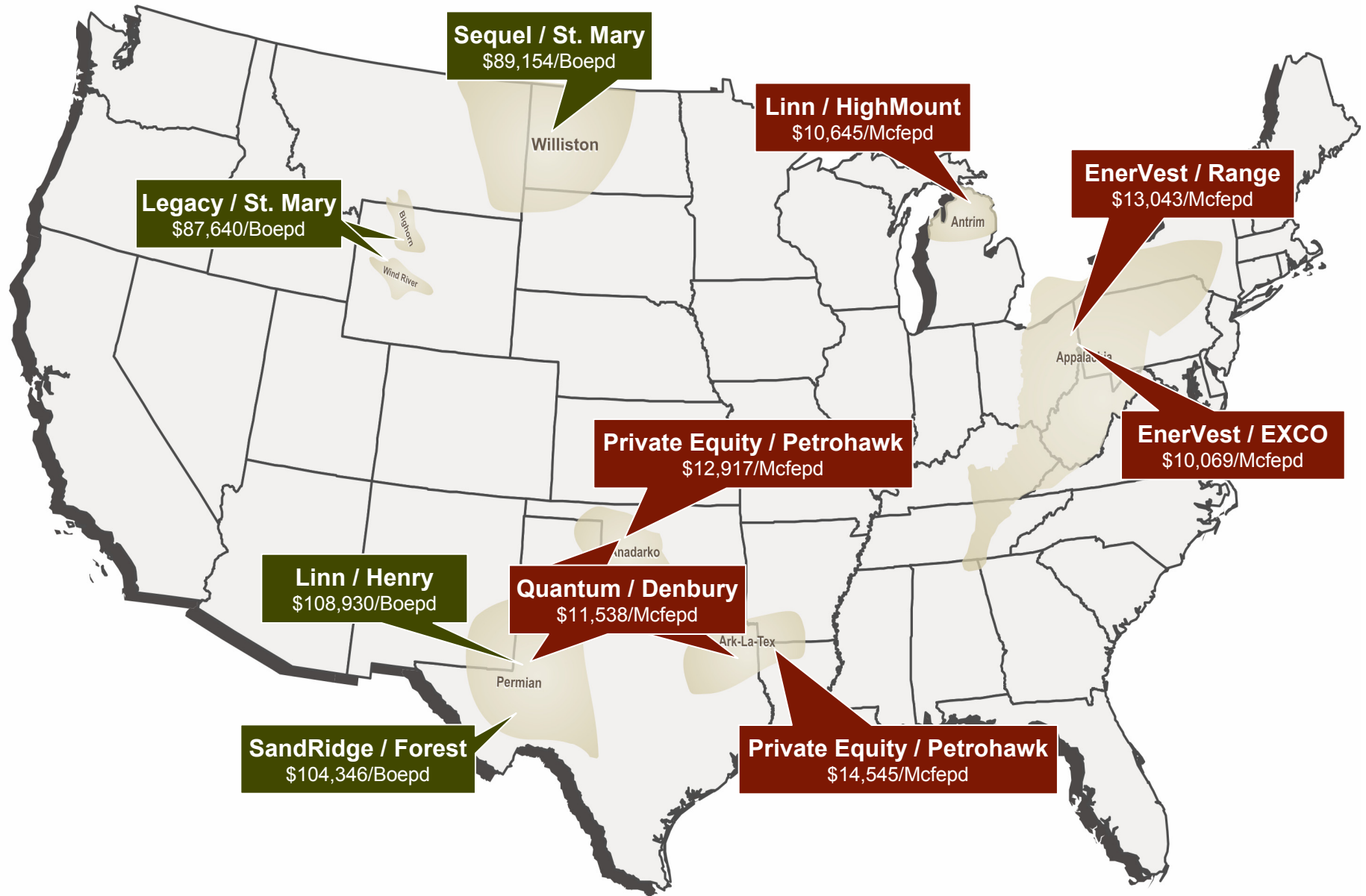


JVs Have Trumped M&A On The Natural Gas Side











11 (1) Allocates \$12,500 per mcfepd to the net production for a residual acreage value of \$1.4 billion

A&D Transaction Summary – Regional Valuations



RBC Richardson Barr Selected Transactions

 <p><i>has divested certain Permian, Mid-Continent and East Texas assets to</i></p>  <p><i>RBC Richardson Barr served as financial advisor to Denbury Resources, Inc.</i></p> <p>\$900,000,000</p> <p><i>April 2010</i></p>	 <p><i>CCMP Capital Advisors, LLC has agreed to acquire an equity interest in Chaparral Energy, Inc.</i></p>  <p><i>RBC Richardson Barr served as buy-side financial advisor to CCMP Capital</i></p> <p>\$345,000,000</p> <p><i>March 2010</i></p>	 <p><i>has divested its interests in the Michigan Antrim Shale to</i></p>  <p><i>RBC Richardson Barr served as financial advisor to HighMount Exploration & Production</i></p> <p>\$330,000,000</p> <p><i>March 2010</i></p>	 <p><i>has divested its interests in the West Edmond Hunton Lime Unit to an undisclosed buyer</i></p> <p><i>RBC Richardson Barr served as financial advisor to Petrohawk Energy Corporation</i></p> <p>\$155,000,000</p> <p><i>March 2010</i></p>	<p>Undisclosed Seller</p> <p><i>has divested a portion of their Appalachian Basin – Marcellus acreage position to</i></p>  <p><i>RBC Richardson Barr served as financial advisor to an Undisclosed Seller</i></p> <p>\$280,000,000</p> <p><i>March 2010</i></p>
 <p><i>has divested certain Conventional Appalachian Basin properties to</i></p>  <p><i>RBC Richardson Barr served as financial advisor to Range Resources</i></p> <p>\$330,000,000</p> <p><i>February 2010</i></p>	 <p><i>Apollo Management, L.P. has agreed to acquire Parallel Petroleum</i></p>  <p><i>RBC Richardson Barr served as buy-side financial advisor to Apollo Management, L.P.</i></p> <p>\$483,000,000</p> <p><i>November 2009</i></p>	 <p><i>has divested certain Conventional Appalachian Basin properties to</i></p>  <p><i>RBC Richardson Barr served as financial advisor to EXCO Resources</i></p> <p>\$145,000,000</p> <p><i>September 2009</i></p>	 <p><i>has acquired a 30% non-operated interest in the Marcellus Shale from</i></p>  <p><i>RBC Richardson Barr served as buy-side financial advisor to Enerplus Resources Fund</i></p> <p>\$406,000,000</p> <p><i>August 2009</i></p>	 <p><i>has divested certain Permian Basin properties to</i></p>  <p>Undisclosed Buyer</p> <p><i>RBC Capital Markets served as financial advisor to Marathon Oil</i></p> <p>\$301,000,000</p> <p><i>May 2009</i></p>