

IPAA Private Capital Conference

The Exit Strategy – Monetization Through An Asset Sale

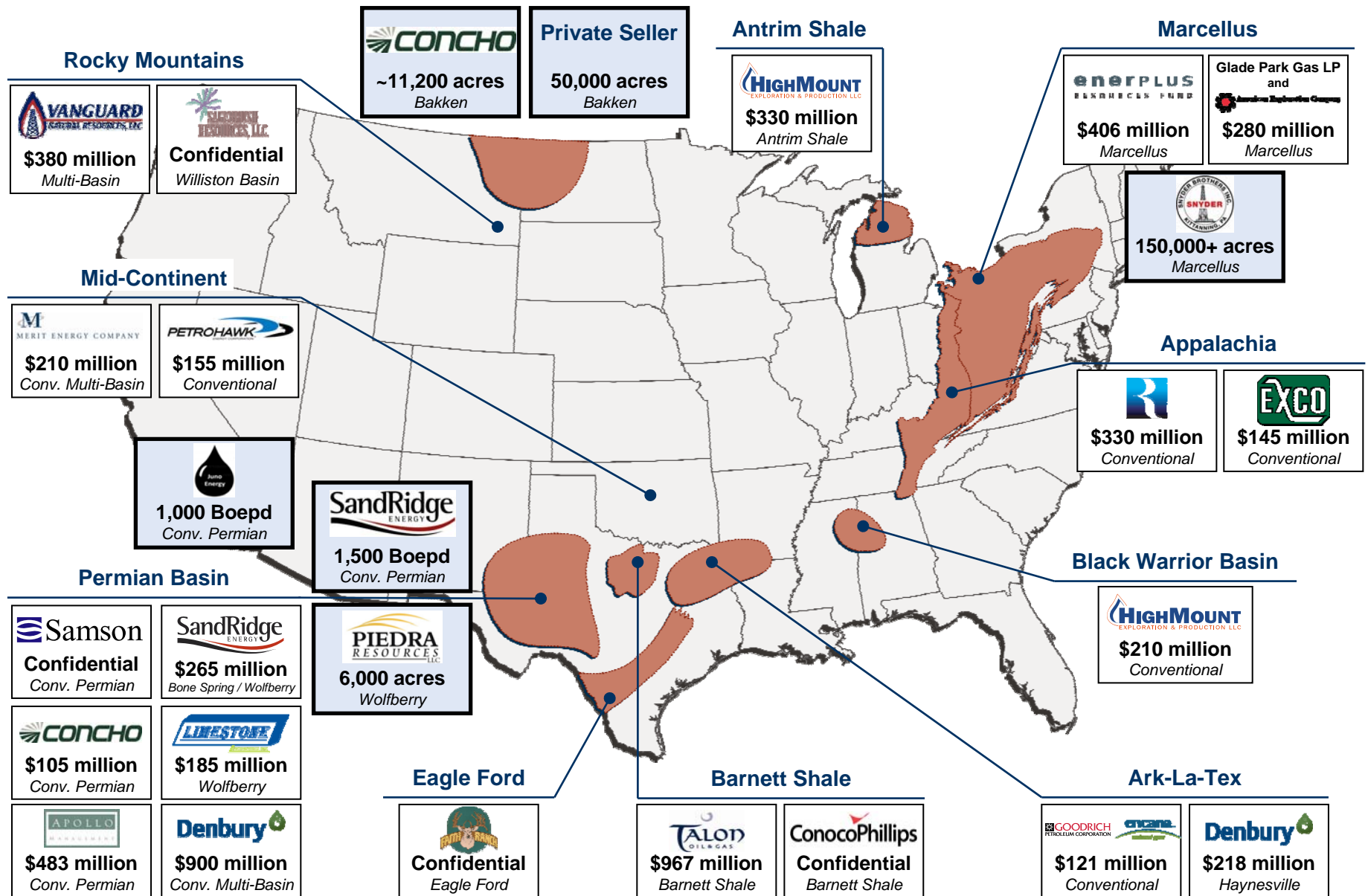
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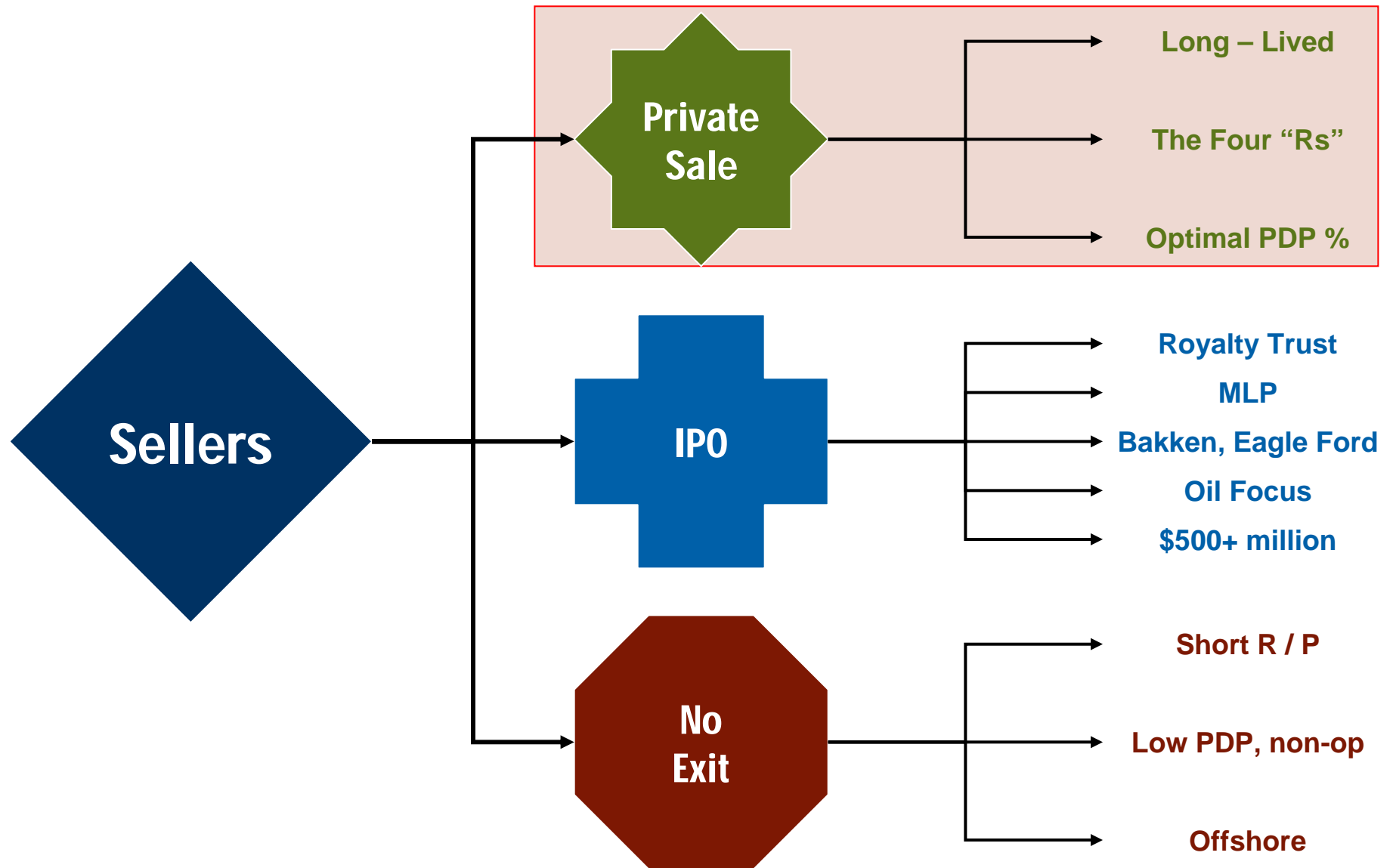
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RBC Richardson Barr – Selected Recent Transactions



What Are The Exit Options for My Assets?

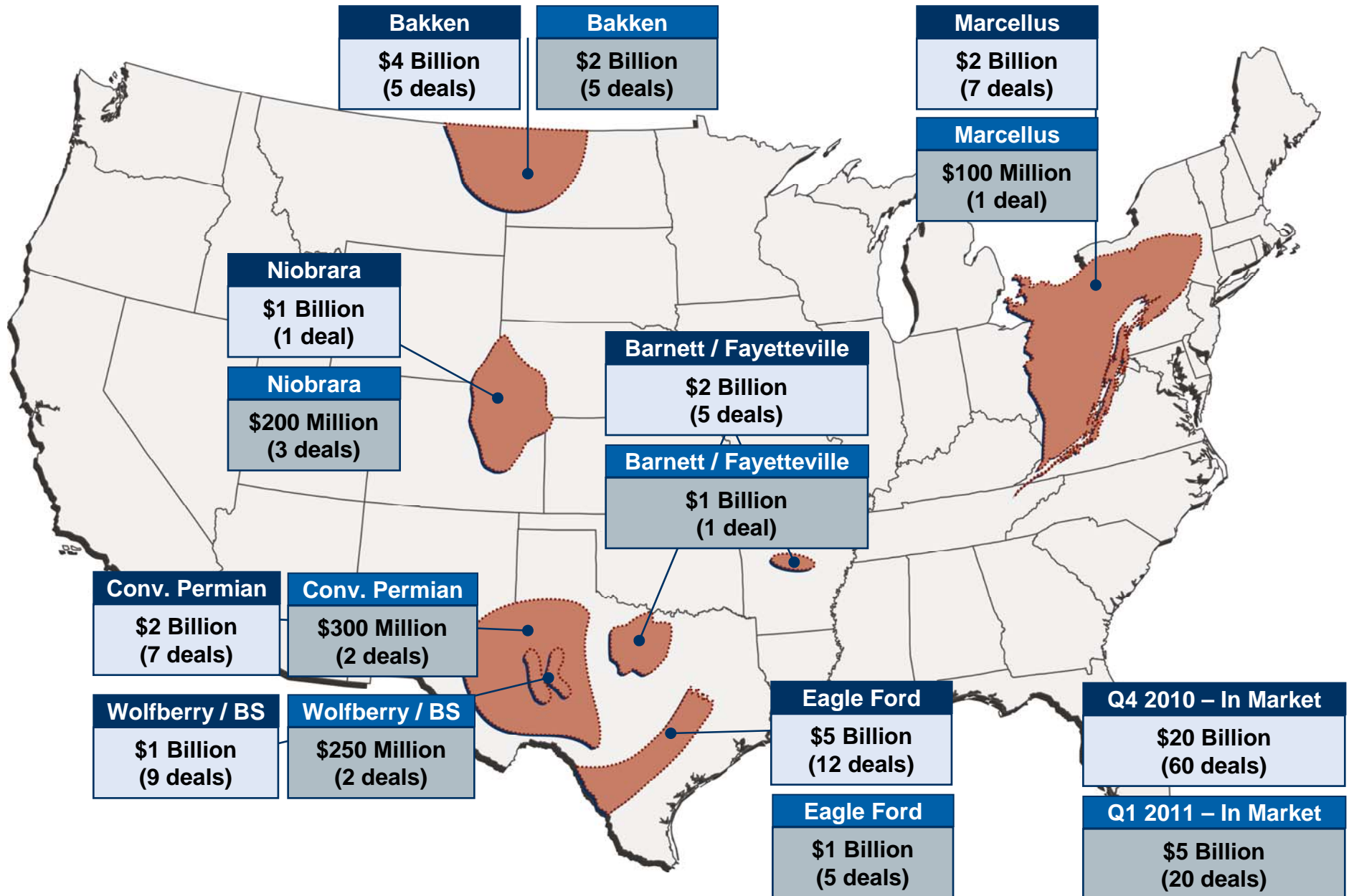
Different Monetization Routes for Different Asset Types



Asset Sale Valuation Drivers

Operations	<ul style="list-style-type: none">▪ Premium paid for control
Working Interest	<ul style="list-style-type: none">▪ Higher the better
Production / Cash Flow	<ul style="list-style-type: none">▪ Conventional - need more▪ Resource - not as important, focus on de-risking
R / P	<ul style="list-style-type: none">▪ 10+ years optimal
Acreage	<ul style="list-style-type: none">▪ More is more, contiguous will get premium
Lease Expirations	<ul style="list-style-type: none">▪ Need good term or won't get paid (HBP is best)
Commodity	<ul style="list-style-type: none">▪ Buyers bullish on oil, bearish on gas
All Rights / All Depths	<ul style="list-style-type: none">▪ Impacts reserve analysis and ultimately value
Overall Size	<ul style="list-style-type: none">▪ Bigger deals get premium over smaller deals
Capital Markets	<ul style="list-style-type: none">▪ When open, more money chasing deals
Deal Competition	<ul style="list-style-type: none">▪ Participation impacted adversely in busy market

Deal Competition – Q4 2010 (Crowded) vs. Q1 2011 (Quiet)



⁵ Note: Includes \$50 + MM transactions. Overall "In Market" figures reflect all regions even those not shown



E&P Sectors Are Looking For Unique Characteristics

MLP Buyers – High PDP; Commodity Agnostic

Buyer	Amount	Region	% Gas	% PDP
Linn	\$330	Appalachia	99%	85%
Linn	\$305	Permian	29%	43%
EV	\$123	Mid-Continent	86%	69%
Vanguard	\$113	Gulf Coast	4%	61%
Legacy	\$105	Permian	48%	84%

- High PDP
- Low Decline

Private Equity Buyers – Mid-PDP; Gas

Buyer	Amount	Region	% Gas	% PDP
EnerVest	\$967	Barnett	71%	44%
Quantum	\$900	Multi-Basin	64%	79%
WildHorse	\$320	Ark-La-Tex	90%	35%
Three Rivers	\$200+	Permian	65%	46%
Lime Rock	\$155	Mid-Continent	63%	60%

- Mid PDP
- Gas

Public Buyers – Low PDP; Oil

Buyer	Amount	Region	% Oil	% PDP
Energen	\$185	Wolfberry	87%	9%
Apache	\$3,100	Permian	65%	n/a
Concho	\$1,650	Permian	58%	63%
Hess	\$1,050	Bakken	100%	7%
Williams	\$925	Bakken	90%	5%

- Low PDP
- Oil

Top 10 Onshore Buyers – A Changing Landscape

U.S. Onshore Transactions (2005 – 2008)

Rank	Company	Asset Acquisitions
1.	XTO	\$16.3 Billion
2.	Chesapeake	\$8.2 Billion
3.	Oxy	\$5.4 Billion
4.	Exco	\$5.2 Billion
5.	Plains E&P	\$4.9 Billion
6.	Loews	\$4.0 Billion
7.	Devon	\$3.7 Billion
8.	Linn	\$3.7 Billion
9.	BP	\$3.7 Billion
10.	StatOil	\$3.4 Billion

U.S. Large Caps were primary buyers

U.S. Onshore Transactions (2010 - present)

Rank	Company	Asset Acquisitions
1.	Royal Dutch Shell	\$5.7 Billion
2.	Oxy	\$5.1 Billion
3.	BHP Billiton	\$4.8 Billion
4.	ChevronTexaco	\$4.3 Billion*
5.	ExxonMobil	\$4.3 Billion*
6.	Consol Energy	\$3.5 Billion
7.	CNOOC	\$3.4 Billion
8.	Reliance Industries	\$3.2 Billion
9.	Apache	\$3.1 Billion
10.	Total	\$2.3 Billion

Majors / Internationals emerge

⁷ * Chevron total includes corporate acquisition of Atlas. Exxon total includes pending shale purchase.



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