

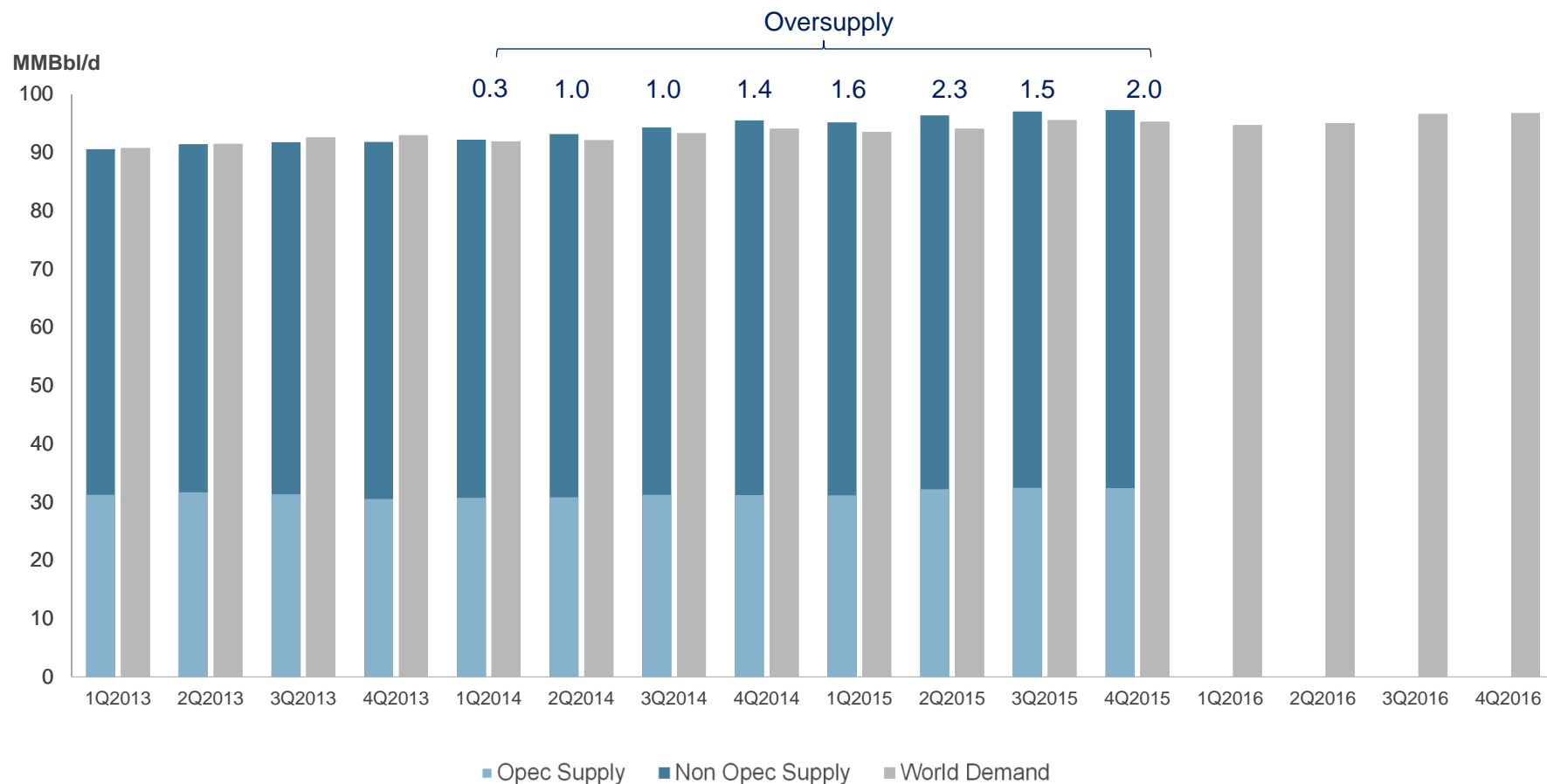
# Market Update

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IPAA CONFERENCE – APRIL 21, 2016

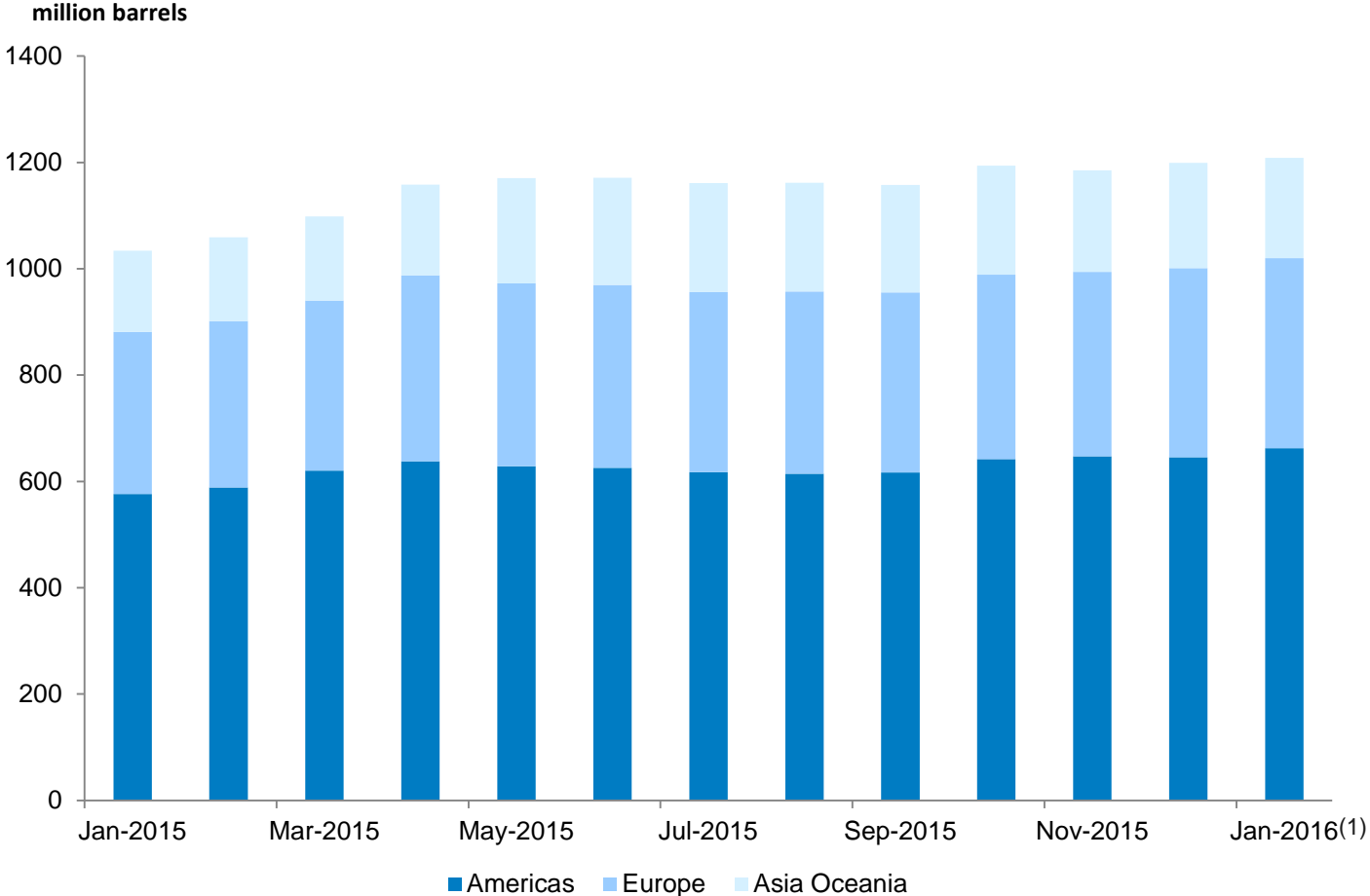
APRIL 15, 2016

# World Oil Supply and Demand



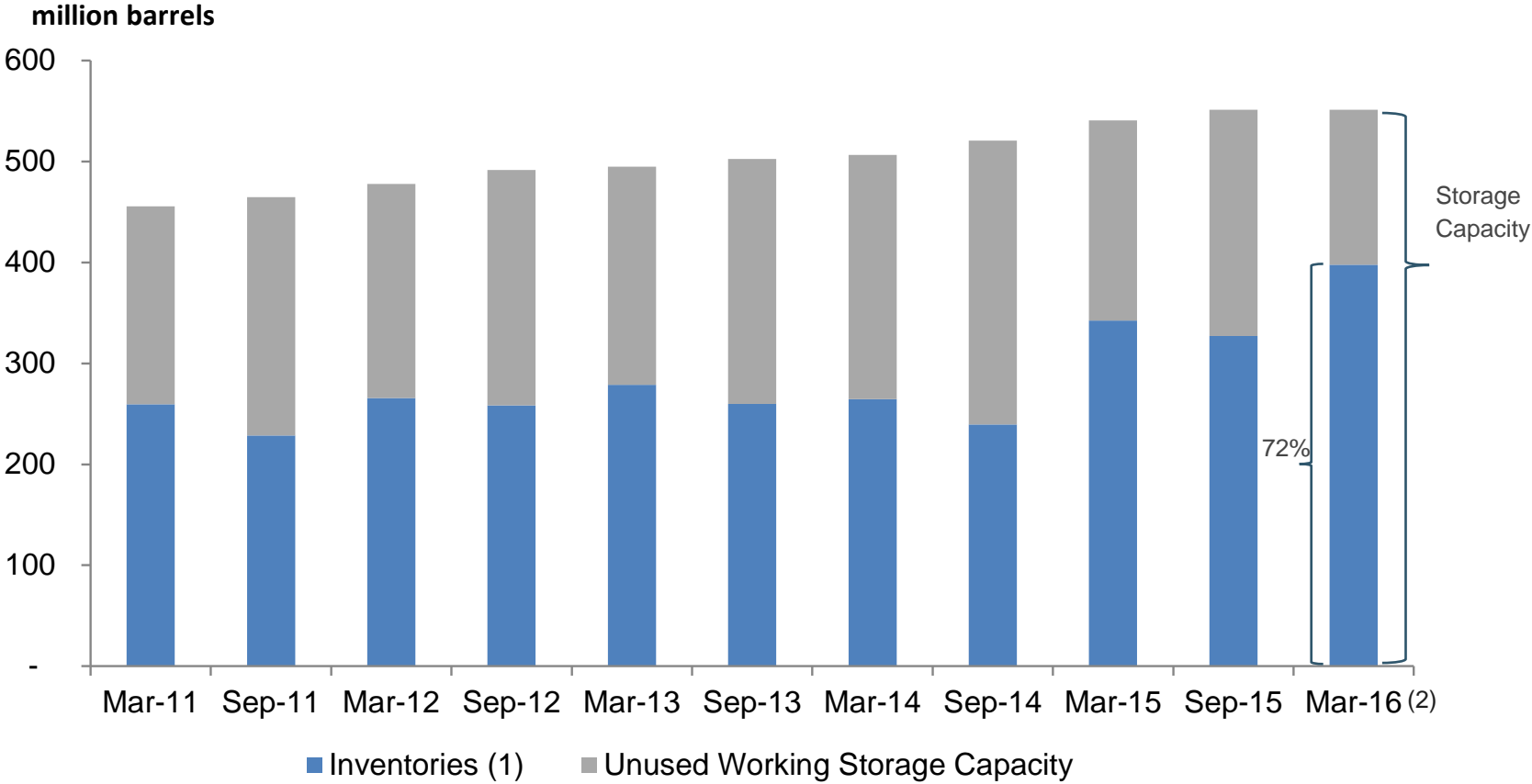
- Trend shows decelerations in demand growth
- Crude prices rose to their highest in three months in early March, with WTI above the \$40/bbl level
- Opec and Non-Opec Producers meeting on April 17<sup>th</sup>

# OECD Crude Oil Industry Stocks



Source: IEA  
(1) Estimated

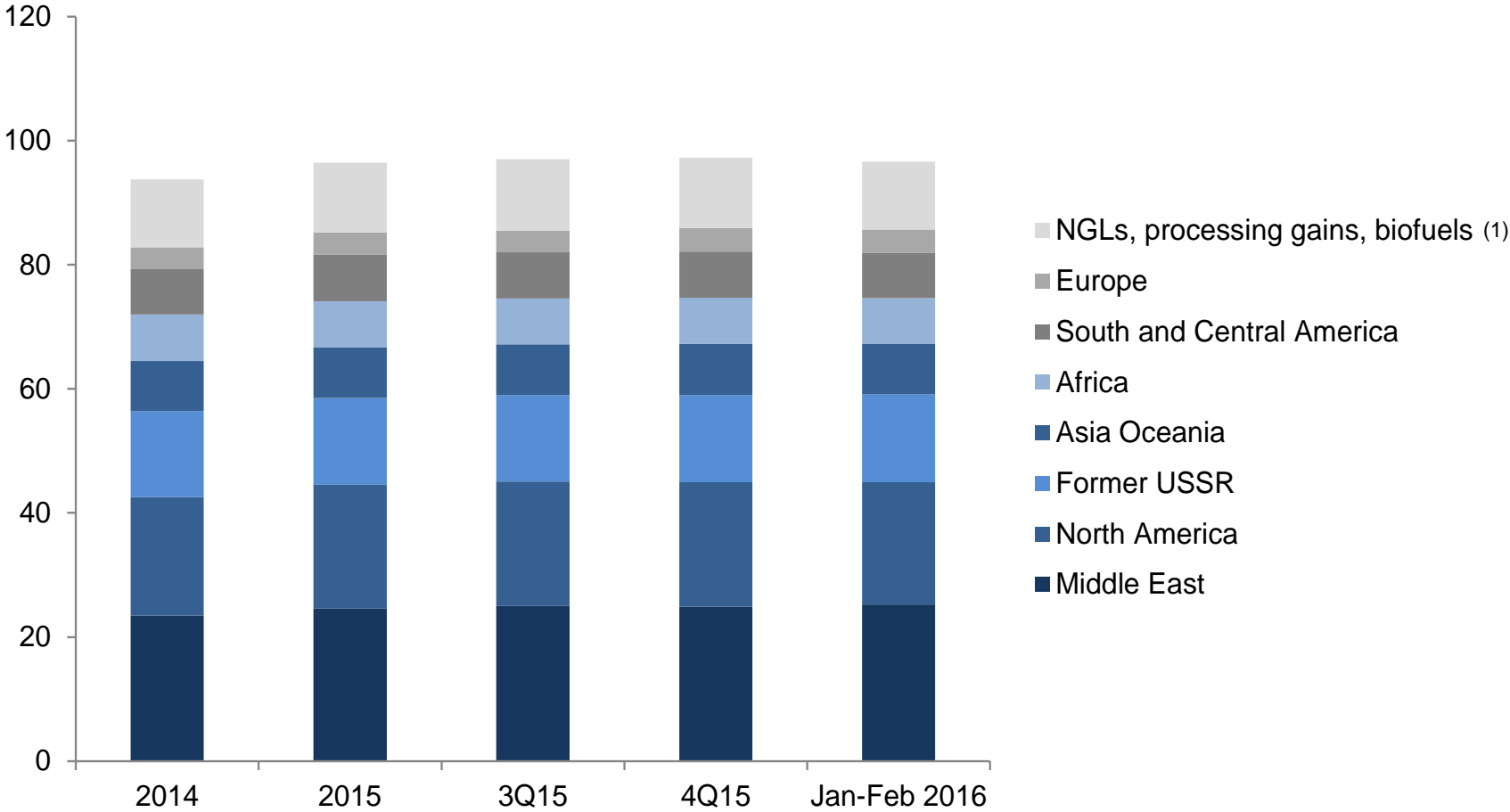
# US Commercial Crude Oil Storage Capacity and Utilization



Source: EIA

(1) Inventories shown in the graph do not include pipeline fill, lease stocks, or oil in transit from Alaska  
 (2) March 2016 shows crude oil inventories as of March 25 2016, adjusted for oil stocks in transit from Alaska, and for estimated lease stocks and pipeline fill. Storage capacity assumed constant to the capacity for September 2015

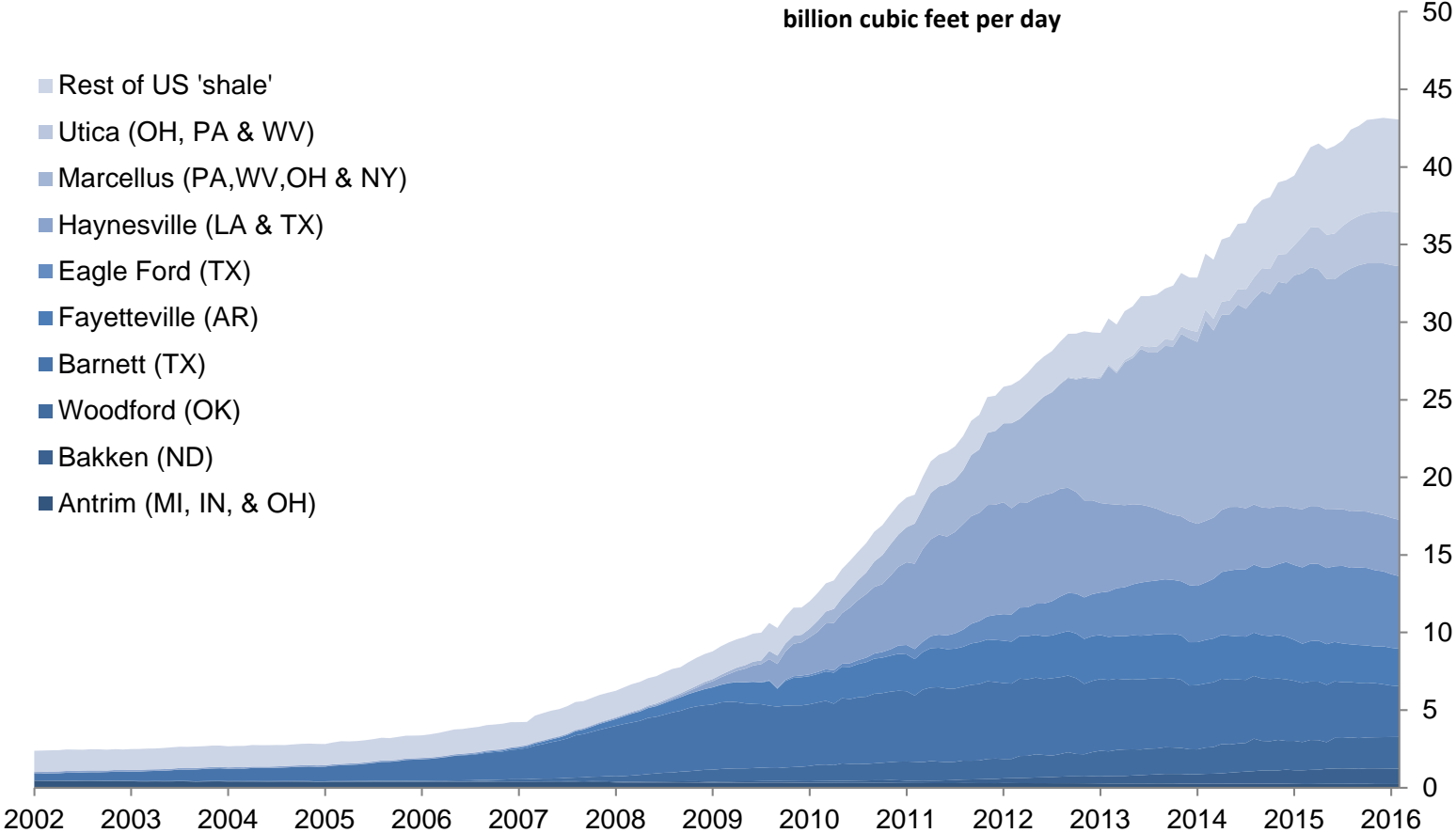
# Global Oil Production by Region



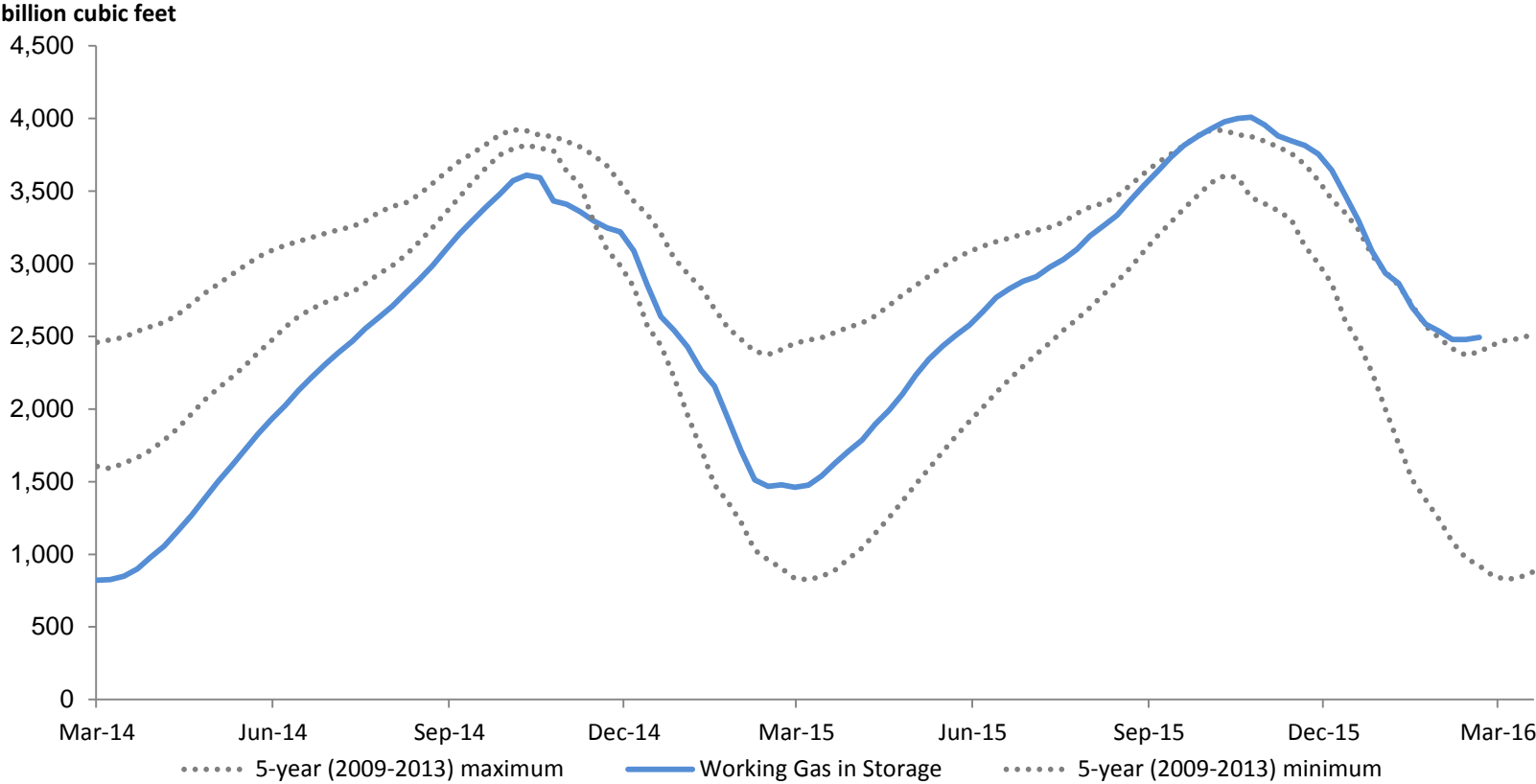
Source: IEA

(1) NGLs include condensates and oil from non-conventional sources reported by OPEC countries, e.g. Venezuelan Orimulsion (but not Orinoco extra-heavy oil), and non-oil inputs to Saudi Arabian MTBE. Processing gains include net volumetric gains and losses in refining and marine transportation losses

# US Natural Gas by Region



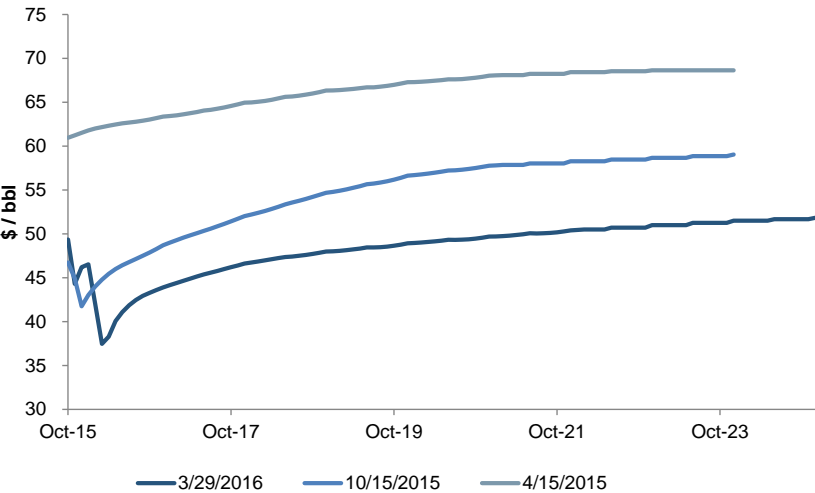
# US Natural Gas Storage



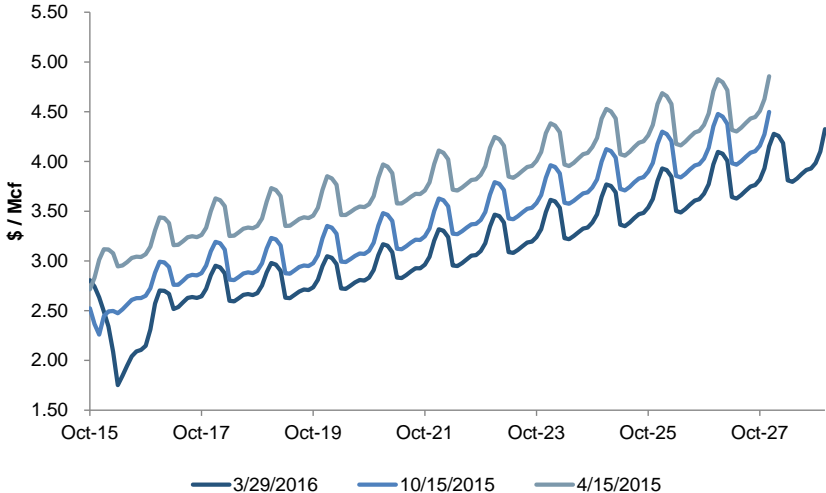
Source: IEA

# Market Update

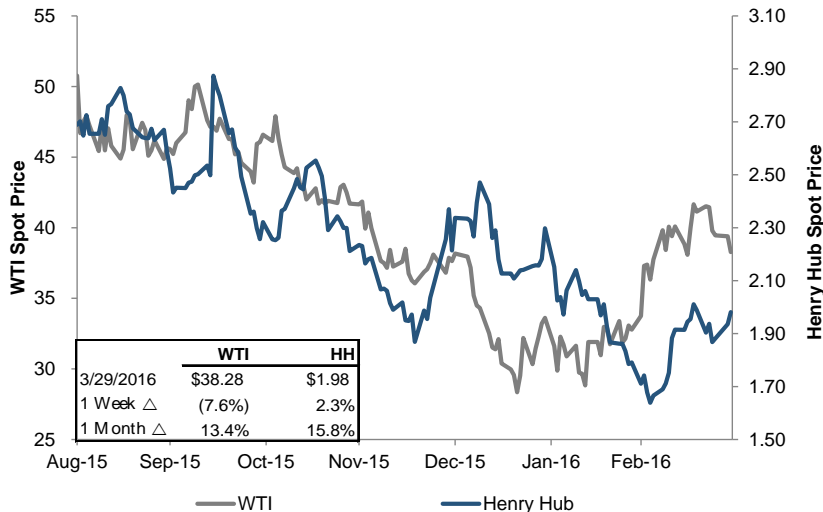
WTI Strip Comparison



Nat Gas Strip Comparison



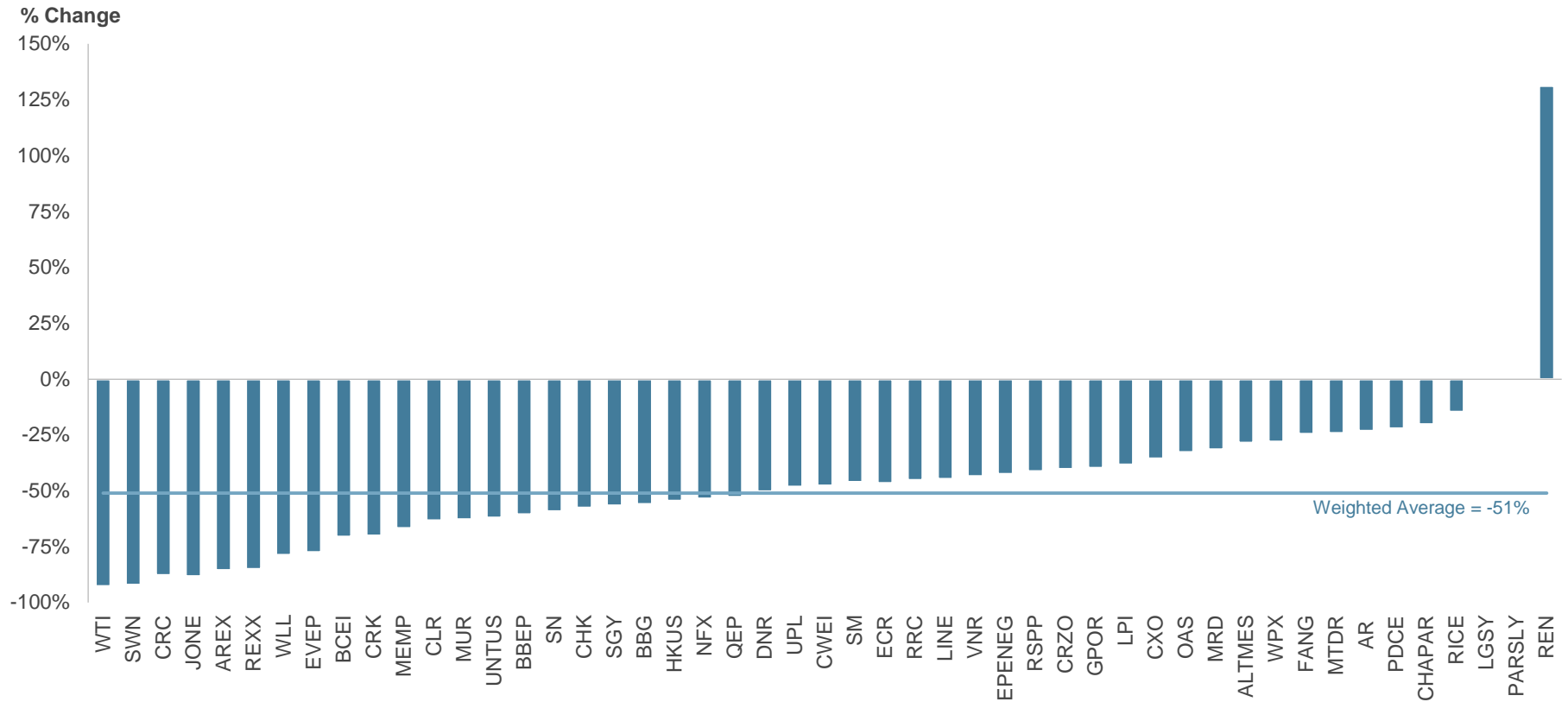
Historical Spot Prices



Source: Company reports



# 2016E YoY Capex % Change



# Key Players in E&P Restructurings

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- Company / Debtor
- Secured (first and second lien) creditors
- Noteholders
- M&M lien claimants
- Service providers
- Derivative counterparties
- Regulatory agencies
- Royalty owners
- Working interest owners
- Farmers / farmees / production payment parties
- Executory contract parties (JOAs, gathering systems, etc.)
- Equity
- The DIP Lender

# Key E&P Restructuring Topics

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- Value of reserves at current strip pricing
- Value of other assets
- Collateral - encumbered vs. unencumbered Assets
- Cash burn / liquidity runway
- Midstream contracts
- Post-reorganization capital structure
- Ability / attractiveness of selling asset in current environment
- Preserving joint operating agreements
- P&A Liabilities
- Exit financing
- Development plans in a depressed commodity price environment
- Quality of management
- Cost reductions: LOEs and G&A