



Denver Chapter SPEE Riding the Wave of Consolidation

July 14, 2021

John Fossum - Petrie Partners

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Deal-making is an art — a union of trust and expertise. To every engagement, Petrie brings decades of cycle-tested experience and a steadfast commitment to building long-term relationships as we strive to ensure our client's success.

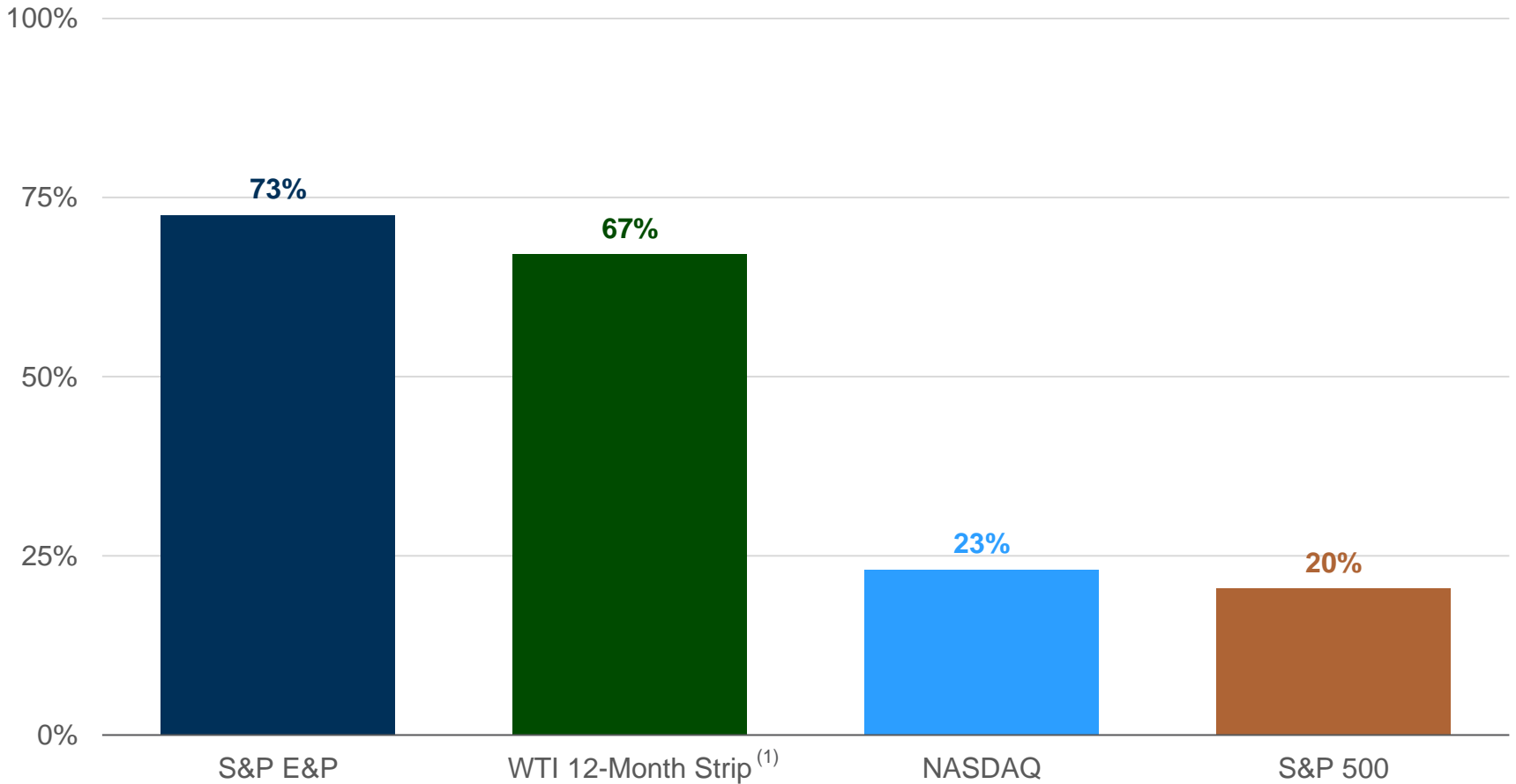
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Introduction

- ❖ Investor interest is returning to energy
- ❖ Transaction velocity is up and likely to continue
- ❖ Taking stock is the first step to liquidity....do cash buyers return?
- ❖ Not just the Permian, broader based consolidation trend
- ❖ Transactions driven by investor demands for efficiencies and cost savings
- ❖ At current commodity prices, buyers are valuing development

Energy Outperforming Since COVID-19 Vaccine (Nov. 16, 2020)

Indexed Price Performance

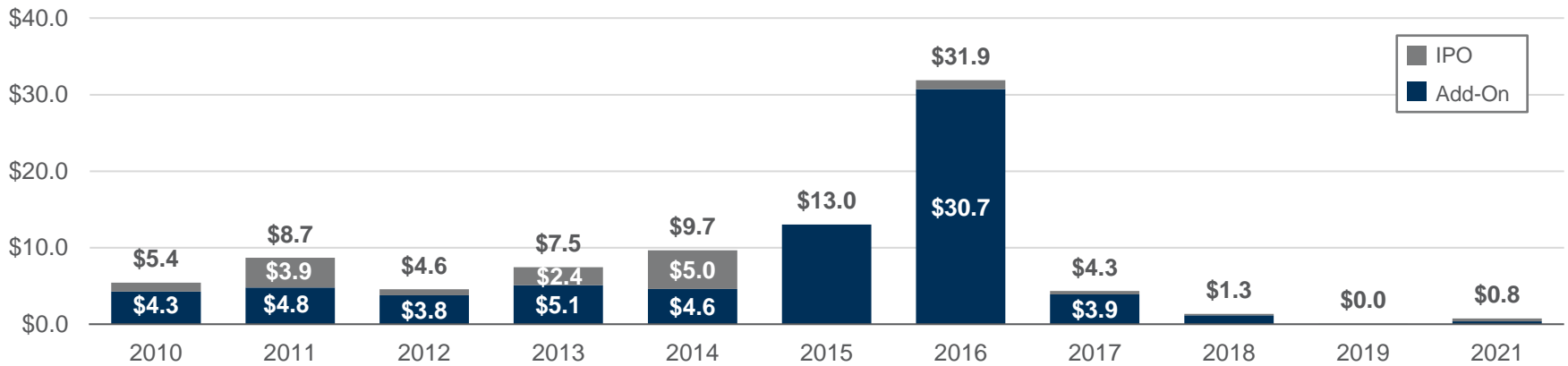


Note: Market data per Eikon as of November 16, 2020 and July 13, 2021.

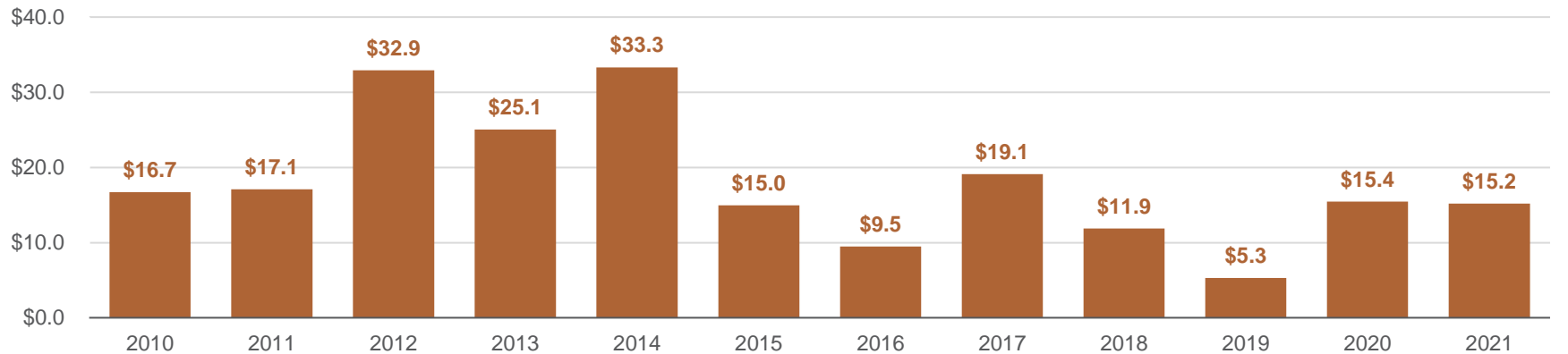
(1) Based on WTI NYMEX 12-month strip pricing per Bloomberg.

No Interest in Equity, but Investors are Looking for Yield

Historical E&P Equity Issuance (\$Bn) ⁽¹⁾



Historical E&P High Yield Issuance (\$Bn)

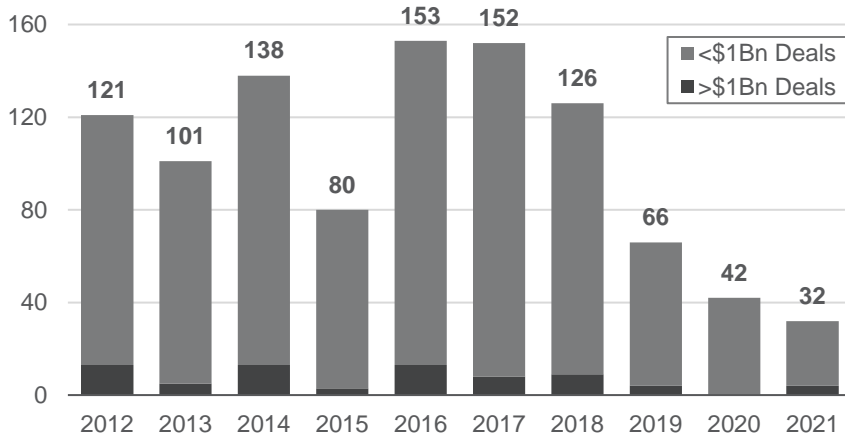


Note: Market data per Bloomberg and Eikon as of July 13, 2021.
 (1) Excludes acquisition financing, mineral companies, MLPs and offerings less than \$25 MM.

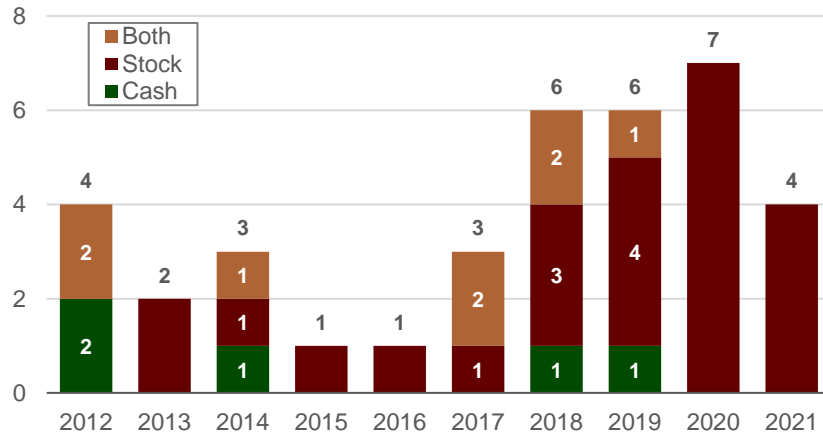
Upstream M&A Market Update

US Upstream Transactions

Asset Deal Count (#) ⁽¹⁾



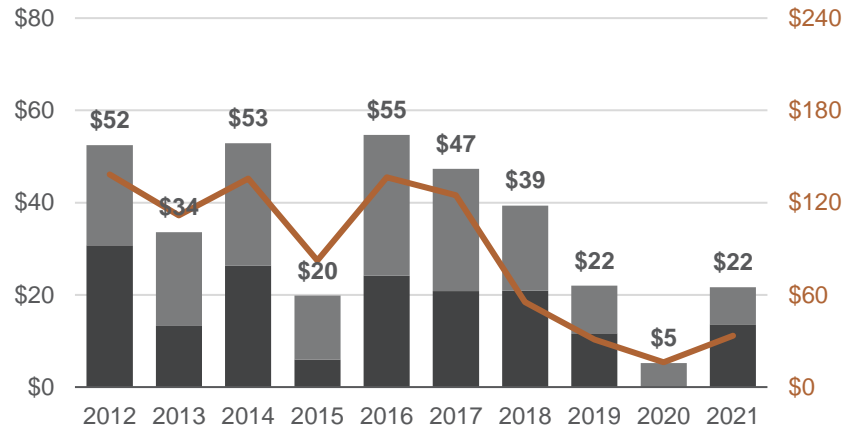
Corporate Deal Count (#)



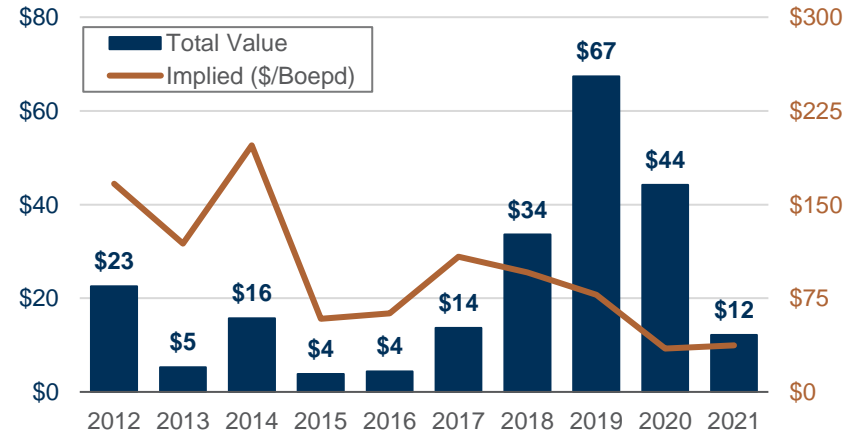
Source: Enverus, SEC filings and Petrie transaction databases.

(1) Represents asset sale deals with disclosed transaction values greater than \$10 MM. Excludes JV transactions.

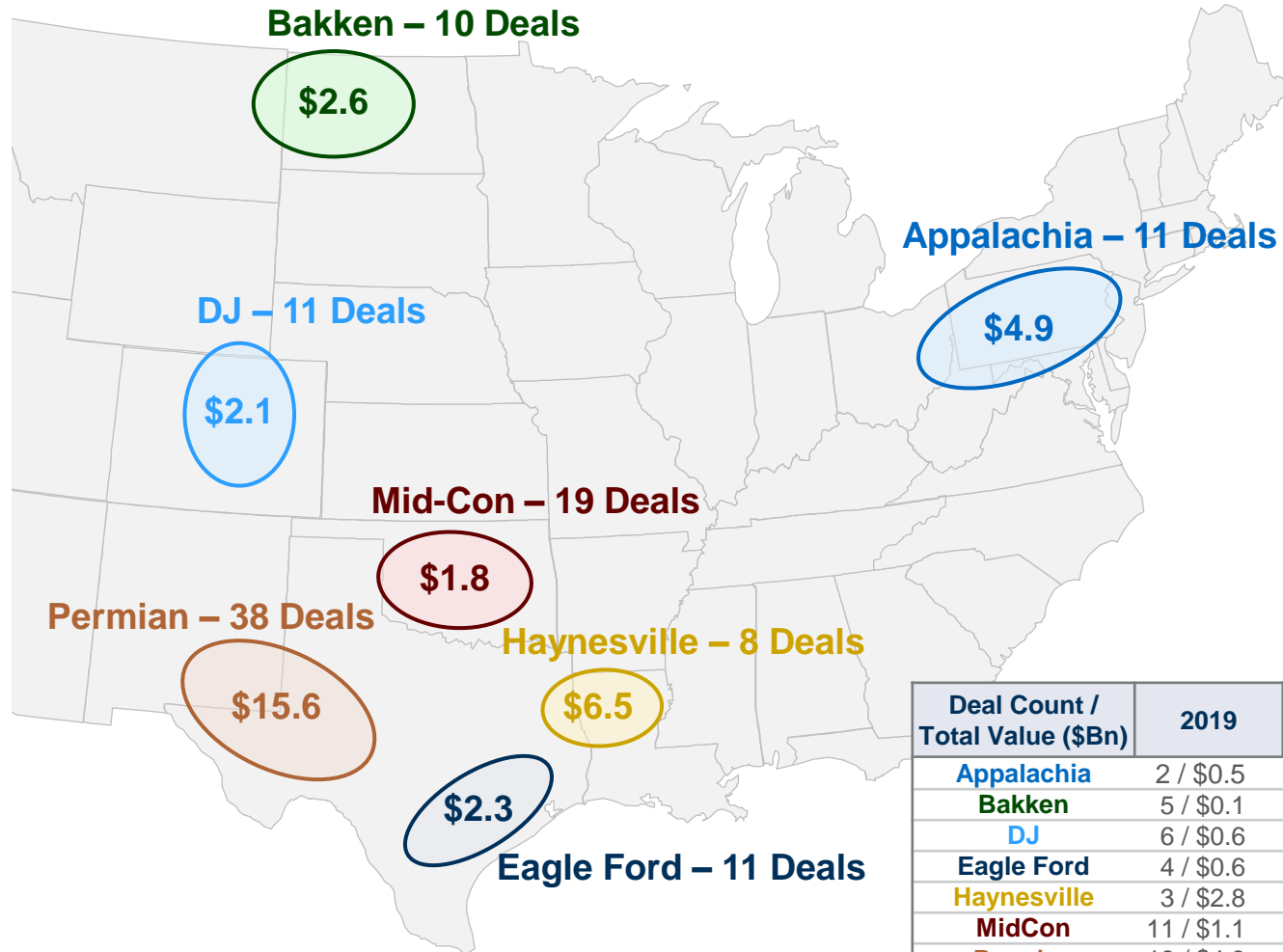
Asset Deal Total Consideration (\$Bn) ⁽¹⁾



Corporate Deal Total Consideration (\$Bn)



A&D Transaction Value by Basin – 2019 to Present (\$Bn)



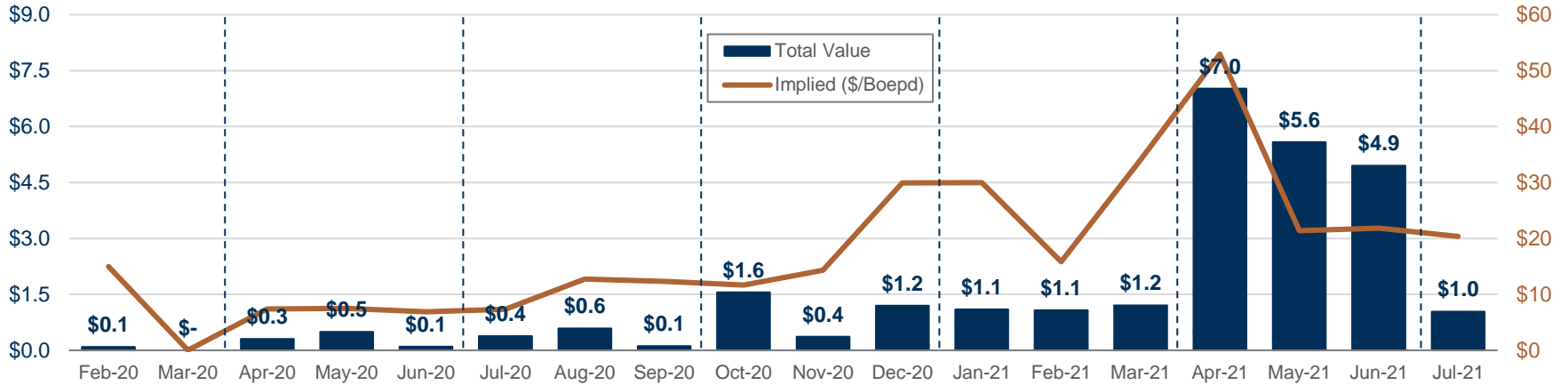
Deal Count / Total Value (\$Bn)	2019	2020	2021
Appalachia	2 / \$0.5	6 / \$1.4	3 / \$3.1
Bakken	5 / \$0.1	1 / \$0.0	4 / \$2.4
DJ	6 / \$0.6	3 / \$0.1	2 / \$1.6
Eagle Ford	4 / \$0.6	3 / \$0.2	4 / \$1.6
Haynesville	3 / \$2.8	2 / \$0.3	3 / \$3.4
MidCon	11 / \$1.1	6 / \$0.5	2 / \$0.1
Permian	13 / \$4.9	13 / \$1.5	12 / \$9.2

Source: Enverus, SEC filings and Petrie transaction databases.

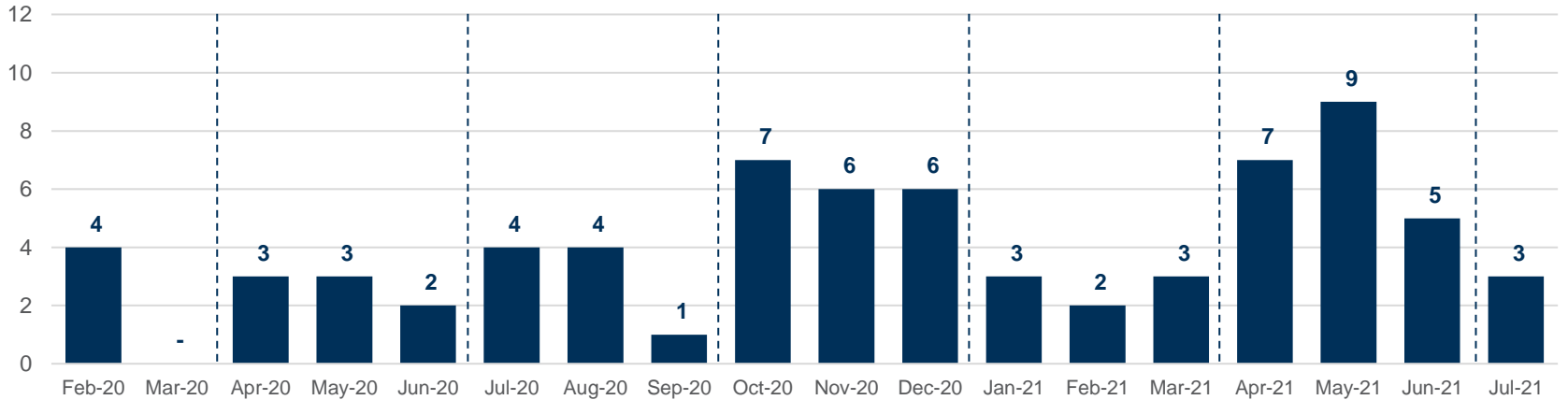
Note: Represents asset sale deals with disclosed transaction values greater than \$10 MM. Excludes JV transactions.

A&D Activity by Month (Last 18 Months)

Total Deal Value (\$Bn)



Total Deal Count (#)



Source: Enverus, SEC filings and Petrie transaction databases.

Note: Represents asset sale deals with disclosed transaction values greater than \$10 MM. Excludes JV transactions.

Large-Scale Consolidation Wave Started in Summer 2020















❖ Stock-for-stock corporate combinations accelerated starting in July 2020 as we emerged from COVID-19 uncertainty

Transaction	  12/21/20	  10/20/20	  10/19/20	  9/28/20	  8/12/20	  7/20/20
Consideration	100% Stock	100% Stock	100% Stock	100% Stock	100% Stock	100% Stock
Basin	Permian & Bakken	Permian	Permian	Permian & Bakken	Appalachia	Multiple
Transaction Value (\$Bn)	\$2.2	\$7.9	\$13.5	\$5.7	\$1.0	\$13.9
Unaffected Premium	(1%)	8%	15%	3%	(5%)	8%
1-Day Acquiror Stock Reaction	(2%)	(4%)	(1%)	11%	0%	(2%)

Note: Includes public company mergers / acquisitions >\$1 Bn since January 2020.

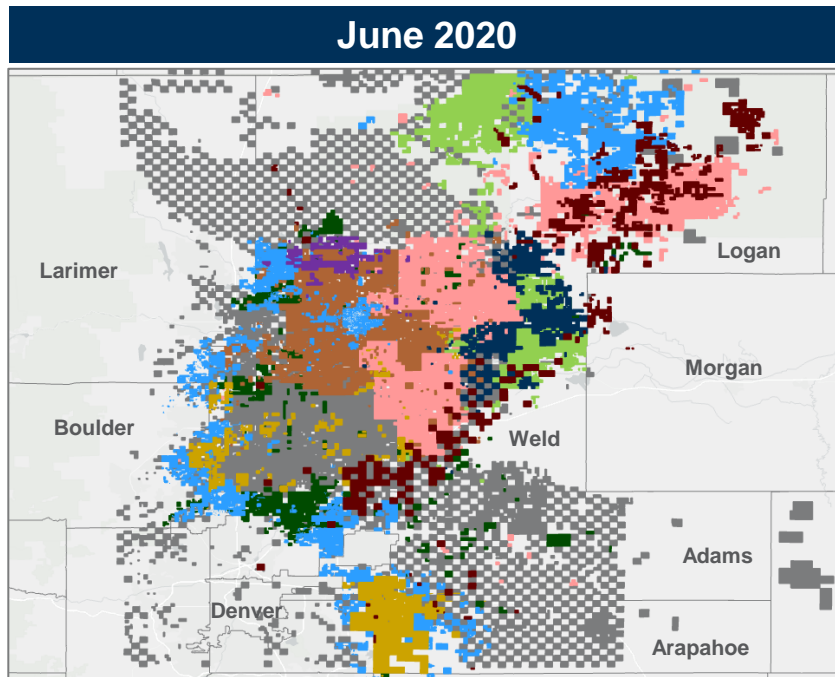
Large-Scale Consolidation Wave Continued into 2021

- ❖ Evolution from defensive to deleveraging to opportunistic bolt-on's in core areas as basin consolidators begin to emerge

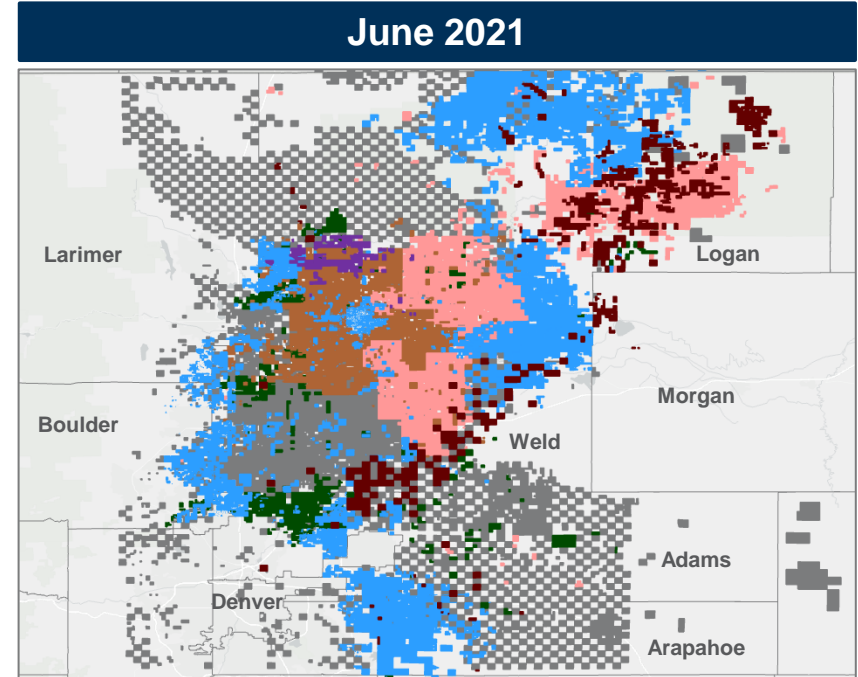
Transaction	  6/8/21	  6/7/21	  6/2/21	  5/24/21	  5/10/21	  5/6/21	  4/1/21
Consideration	100% Stock	100% Stock	80% Stock / 20% Cash	100% Stock	100% Stock	66% Stock / 34% Cash	82% Stock / 18% Cash
Basin	Multiple	DJ	Haynesville	Permian & Mid-Con	DJ	Appalachia	Permian
Transaction Value (\$Bn)	\$1.2	\$1.3	\$2.7	\$9.3	\$1.4	\$2.9	\$6.4
Unaffected Premium	–	–	–	0%	1%	–	–
1-Day Acquiror Stock Reaction	NA	0%	(3%)	(7%)	7%	(9%)	(8%)

Note: Includes public company mergers / acquisitions >\$1 Bn since January 2020.

DJ Basin Consolidation – Last Twelve Months

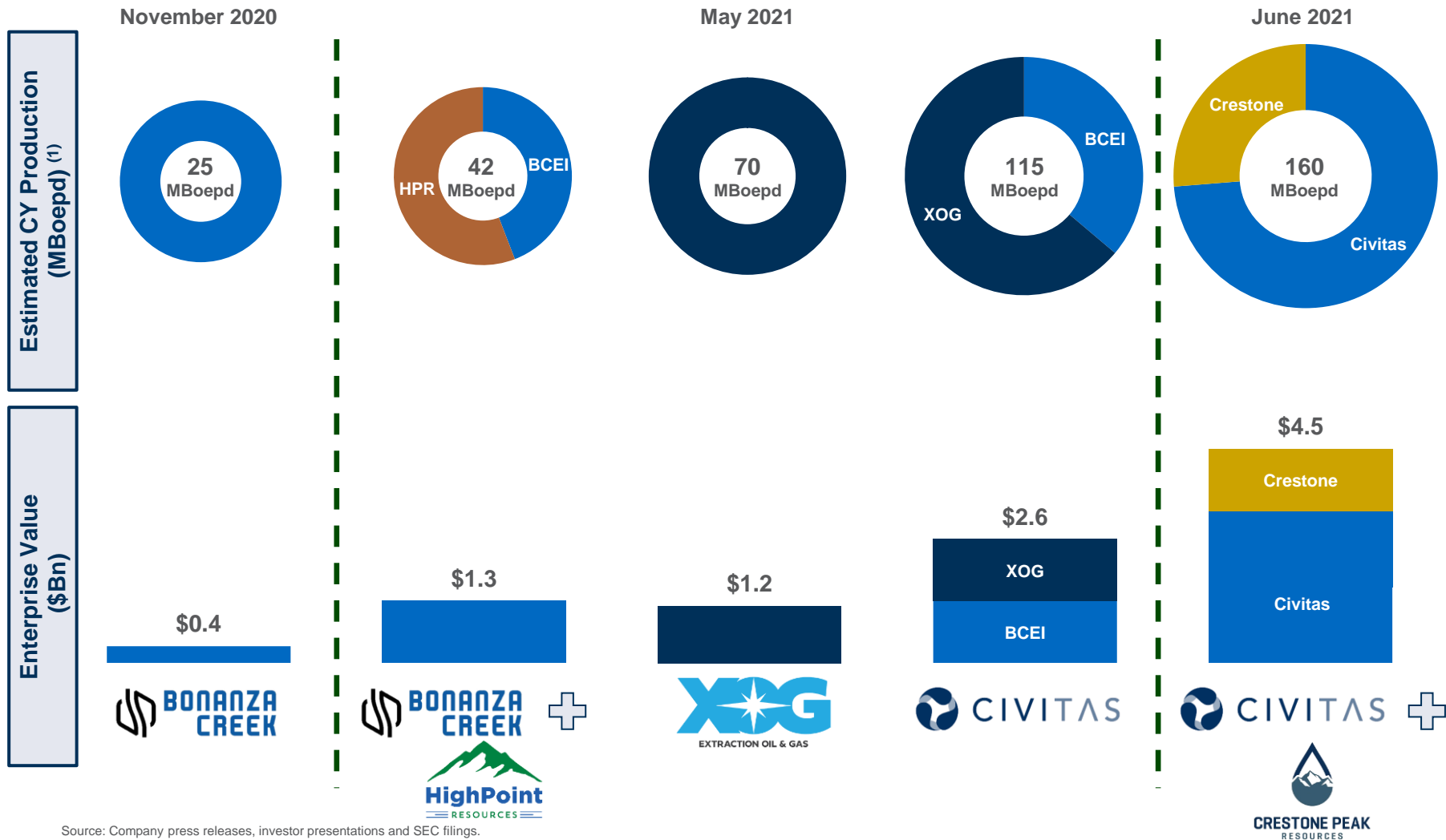


Operator	Production (MBoepd)	
Occidental	~250	Grey
PDC	~160	Brown
Noble	~140	Red
Extraction	~75	Blue
Great Western	~50	Green
Crestone Peak	~45	Yellow
Bonanza Creek	~25	Dark Blue



Operator	Production (MBoepd)	
Occidental	~250	Grey
Civitas	~160	Blue
PDC	~155	Brown
Chevron	~135	Red
Great Western	~50	Green
Bayswater	~13	Purple
Verdad	~13	Dark Red

Evolution of Civitas Resources



Source: Company press releases, investor presentations and SEC filings.

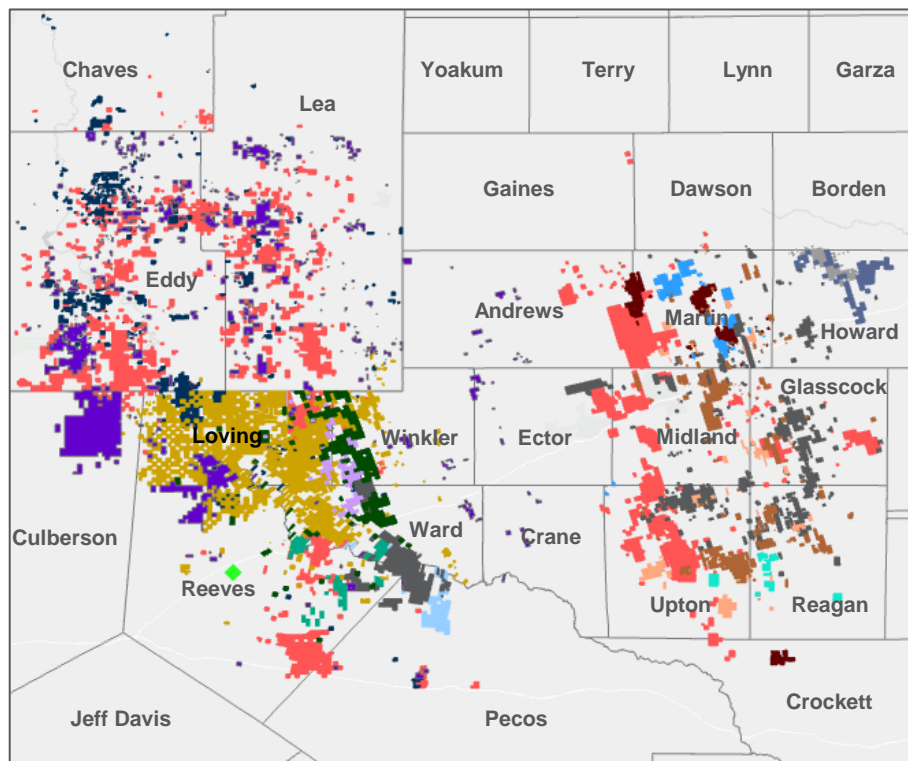
(1) Based on midpoint of company guidance. Civitas and Civitas + CPR based on company press releases.

Permian Basin Consolidation since January 2019

Select Permian Deals Since January 2019

Date	Buyer / Seller	\$/Adj. Acre ^(1,2)	Legend
Corporate			
05/24/21	Cabot / Cimarex	\$17,321	■
12/21/20	Diamondback / QEP	\$9,691	■
10/20/20	Pioneer / Parsley	\$16,039	■
10/19/20	ConocoPhillips / Concho	\$11,369	■
09/28/20	Devon / WPX	\$6,934	■
10/14/19	Parsley / Jagged Peak	\$22,102	■
04/24/19	Occidental / Anadarko	\$47,596	■
Delaware			
06/10/21	Colgate / Occidental	\$14,800	■
05/20/21	Percussion / Oasis	\$11,297	■
12/16/19	WPX / Felix	\$15,599	■
02/19/19	Tall City III / Noble	\$12,459	■
Midland			
05/09/21	Laredo / Sabalo	\$15,100	■
04/30/21	Vencer / Hunt	\$5,316	■
04/01/21	Pioneer / DoublePoint	\$41,840	■
01/31/21	Surge / Grenadier	\$11,363	■
12/21/20	Diamondback / Guidon	\$14,593	■
04/08/19	Sequitur / Callon	\$15,347	■

Locator Map



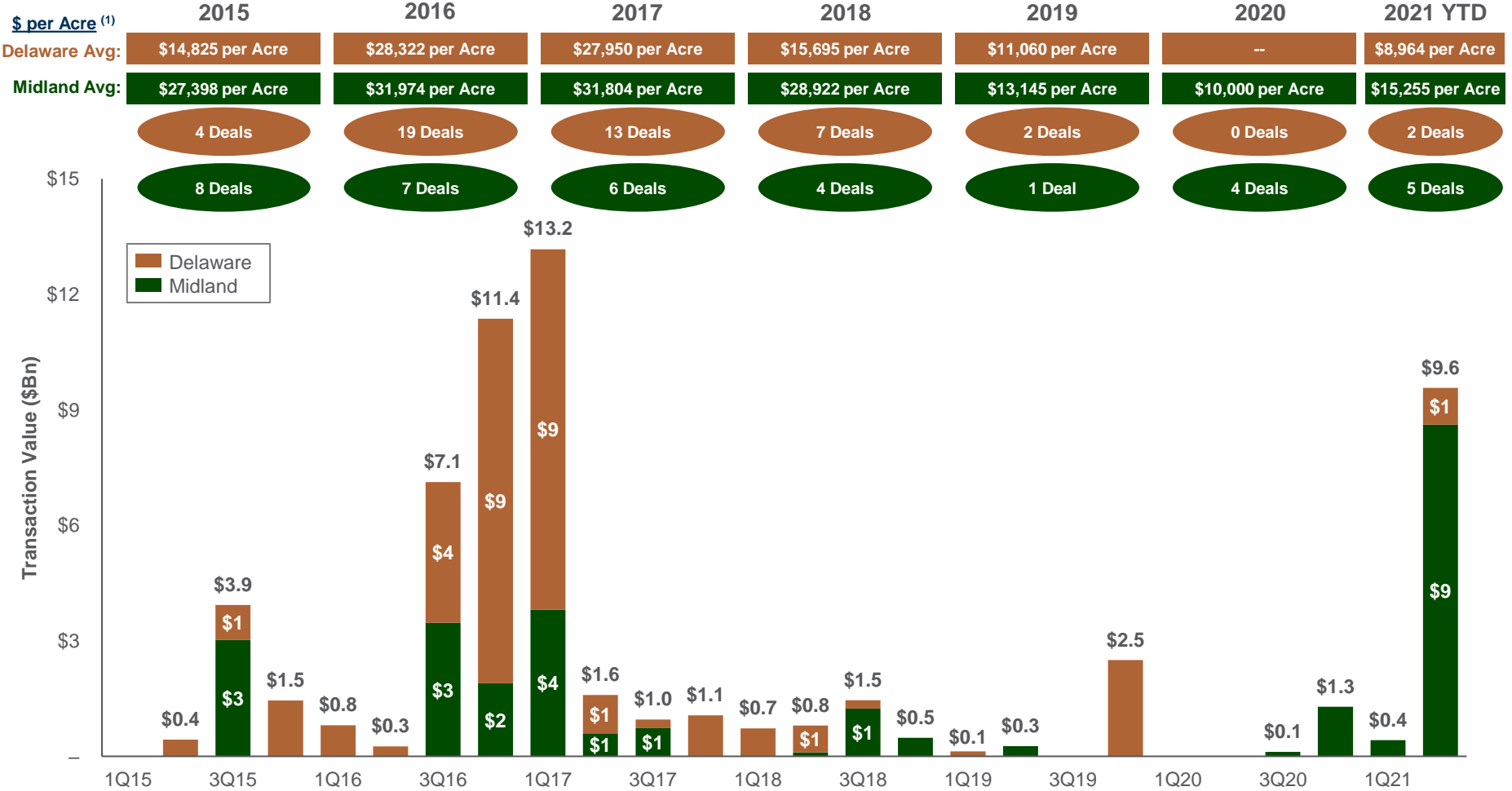
Source: Company investor presentations and press releases.

(1) Metrics adjusted to reflect current NYMEX 12-month strip pricing of \$71.05 per Bbl and \$3.49 per MMBtu as of July 13, 2021.

(2) Metrics adjusted acreage multiples adjusted assuming purchase price is reduced by \$30,000 per Boepd of production.

Permian Acreage Multiple Benchmarking

A&D Transaction Values (>\$100 MM)

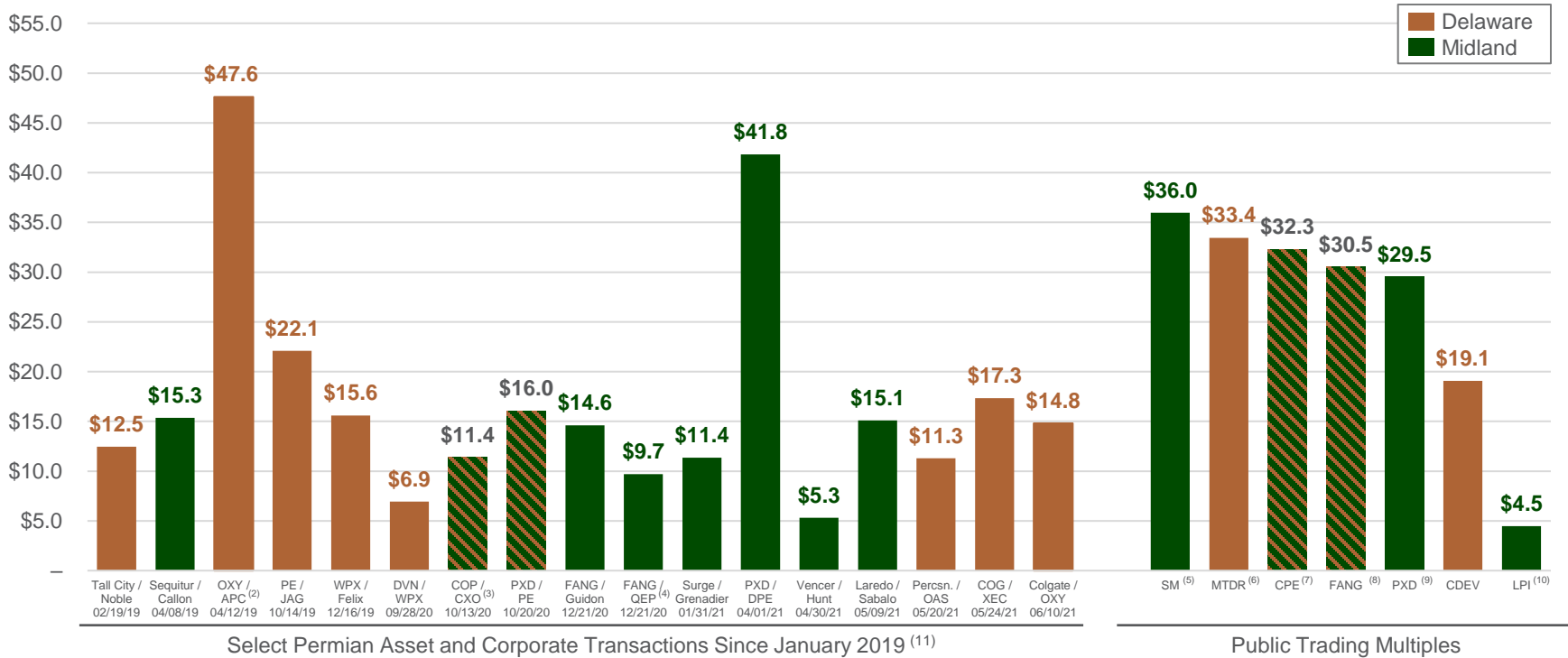


Source: PLS and Petrie databases.

(1) Assumes implied transaction metrics are adjusted downward by \$30,000 per Boepd of production.

Permian Acreage Multiple Benchmarking

Acreage Multiples Adjusted for Production (\$M/Acre) ⁽¹⁾



Source: PLS and Petrie transaction databases.

- (1) Acreage multiples adjusted assuming purchase price is reduced by \$30,000 per Boepd of production.
- (2) Reflects Permian value only.
- (3) Metrics adjusted assuming purchase price is reduced by \$15,000 per Boepd of Bakken production, implies \$905 MM attributable to WPX's Bakken assets.
- (4) Reflects Permian value only. Metrics adjusted assuming purchase price is reduced by \$15,000 per Boepd of Bakken production, implies \$430 MM attributable to QEP's Bakken assets.
- (5) Metrics adjusted assuming enterprise value is reduced by \$12,000 per Boepd of Eagle Ford production, implies \$425 MM attributable to SM's Eagle Ford assets.
- (6) Metrics adjusted assuming enterprise value is reduced by \$15,000 per Boepd of Eagle Ford production, implies \$90 MM attributable to MTDR's Eagle Ford assets.
- (7) Metrics adjusted assuming enterprise value is reduced by \$20,000 per Boepd of Eagle Ford production, implies \$465 MM attributable to CPE's Eagle Ford assets.
- (8) Pro forma for QEP and Guidon acquisitions.
- (9) Pro forma for Parsley and DoublePoint acquisitions.
- (10) Pro forma for Sabalo and PDP sale transactions.
- (11) Metrics adjusted to reflect current NYMEX 12-month strip pricing of \$71.05 per Bbl and \$3.49 per MMBtu as of July 13, 2021.

Thank you

If you have follow-up questions please contact me

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