

## Apache's \$1B notes light up dull 2019 upstream debt sales

**Apache Corp.** issued \$1 billion in bonds, becoming the biggest US upstream corporate debt issuer YTD. The company sold \$600 million aggregate principal amount in 4.25% senior notes due 2023 at 99.819 and \$400 million in 30-year notes with a 5.35% coupon, which it sold at 99.391. The new issues bring Apache's total notes and debentures to over \$9.2 billion, some of which the company has offered to buy back through a tender offer for up to nine separate notes that it launched at the same time the new notes were sold.



Seven US upstream corporate bond issuers have raised an aggregate \$3.24

billion YTD through eight separate issues. The total debt raised among US upstream companies in 2019 trails US upstream corporate debt sales during the same period in 2018 by almost two-thirds. US upstream companies had issued about \$8.67 billion in bonds and notes by this time last year, according to **Drillinginfo's Capitalize** platform, and just over \$18 billion in notes for all of 2018. Apache previously visited the public debt market last August when it issued \$1 billion in 4.375% senior notes at 99.84. [▶ Continues On Pg 15](#)

**With discounts, yields to maturity are 4.271% on 2023s, 5.391% on 2049s.**

## Jerry Jones kicking in for Comstock's \$2.2B Covey buy

**Comstock Resources**, which was refinanced and revived last year by transactions involving Dallas Cowboys owner Jerry Jones, agreed to buy Haynesville standout **Covey Park Energy** for \$2.2 billion, in part using funds it will realize from equity sales to Jones. He will invest \$475 million total cash in Comstock, buying 50 million new common shares at \$6 each for \$300 million and \$175 million worth of new 10% perpetual convertible preferred stock. Combined with the more than 88 million common shares Comstock paid Jones last year for his Bakken assets, his stake in the company will be worth about \$1.1 billion, and at 75%, he'll continue to be its biggest shareholder.

Second to Jones will be Denham Capital. The Boston-based private equity group has backed Covey Park since its inception in 2013 and will end up with a 16% post-acquisition stake in the combined company. [▶ Continues On Pg 11](#)

## EQT has got one life to live: Who's right? Who's wrong?

**EQT Corp.'s** latest announcement to shareholders says what every hydrocarbon E&P investor likes to hear: Q2 production will be at the high end of its 355-375 Bcfe guidance range and spending is expected to be lower. EQT's pre-Q2 end report comes as the company is trying to keep shareholders from voting out a majority of its directors in favor of nominees proposed by brothers Toby and Derek Rice as the July 10 annual meeting looms. By announcing what it's done for shareholders lately, EQT portrays itself as a company in the throes of a turnaround.

But Toby and Derek Rice, who have mounted a very vocal proxy fight to take control of the board, say that their strategies are the ones that will turn the company around. They claim EQT mismanaged the acquisition of their business, **Rice Energy**, and has continued to use inefficient production methods that led to significant decline in value for shareholders. The value of EQT's common shares in NYSE trading fell to a low of \$15.40 from the \$65 a share vicinity in November 2017 when it bought Rice Energy. It is trading in the \$15-\$16 range this week. EQT said it expects to save about \$25 million in capex under its Target 10% initiative, which identifies \$175 million in annual cost savings that EQT has realized YTD. [▶ Continues On Pg 12](#)

**EQT & Rice brothers ramp up arguments ahead of July 10 meeting.**



## Legacy Reserves' RSA will reduce debt by over \$900MM

**Legacy Reserves Inc.** confirmed a global restructuring support agreement with its reserve based revolving credit facility lenders, and groups holding the company's second lien term loan and notes. The RSA will be executed while the company restructures under Chapter 11 of the US Bankruptcy Codes and is expected to extinguish more than \$900 million of debt. Legacy will file the RSA within 30 days following its June 18 petition to enter bankruptcy protection.



**Blackstone's credit unit GSO committing to support \$200MM equity rights offering.**

In addition to relieving over \$900 million in debt, the RSA would give Legacy \$253 million in equity capital through a rights offering and committed equity backstop by plan sponsor **GSO Capital Partners**, the credit investment arm of **Blackstone Group**. [▶ Continues On Pg 6](#)

## DEALS FOR SALE

### SOUTH LOUISIANA NONOP WI

5-Total Wells. 2-PDP. 1PDNP. 2-SWD.

VERMILION PARISH, LA

Lower Cris R Production.

~242-Net Acres (All HBP)

~8.3% Avg NonOp WI & 6.0% NRI

Net Production: 74 BOPD & 2,209 MCFD

Gross Prod: 1,361 BOPD & 40,366 MCFD

6-Mn Avg Net Cash Flow: ~\$467,450/Mn

Behind Pipe Pay Potential.

CONTACT AGENT FOR MORE INFO

**PP 2072DV**

**PP**

**HBP**

### EAGLE FORD (OIL WINDOW) NON OP

313-Total Wells. 4,656-Net Acres. (84% HBP)

DIMITT, FRIO & LA SALLE

Operated by CHK, Carrizo & Crimson

228-PUDS & 77-PROB Locations.

Additional Inventory of Re-Frac Candidates.

Up to 10% NonOp WI: 75-79% Lease NRI

Net Production: 707 BOED (70% Oil)

Gross Prod: 13,014 BOPD & 31.9 MMCFD

Net Cash Flow: ~\$833,000/Month

Extended Lateral Drilling Program On AMI

PDP Net Reserves: 1,731 MBO & 3.6 BCF

17 NEW WELLS DRILLED BY YE2019

OFFERS DUE BY JULY 18, 2019

**PP 2071DV**

**PP**

**>700 BOED**

## Activity Index

PLS

Company	Category	Primary Activity	Pg.
AEGIS Energy Risk	Equity	Sells equity piece to Baird Capital for growth capital	11
Apache Corp.	Debt	\$1B notes light up dull '19 upstream debt sales	1
Baird Capital	Equity	Invests in AEGIS Energy Risk for growth capital	11
Barcas Investments	M&A	EnCap Flatrock sells Getka Energy to HBC & Barcas	7
Basic Energy Services	Equity	To repurchase \$5MM in common stock	9
Brookfield Asset Management	Equity	Texas pension funds & others commit to PE energy funds	13
C&J Energy Services	M&A	Will merge with Keane Group in \$1.8B deal	10
Callon Petroleum Co.	Capex	Adjusts capital spending down slightly	6
Canadian Pension Plan Inv. Board	M&A	In new JV with Williams for OVM and UEO systems	7
Comstock Resources	Equity, M&A	Jerry Jones kicking in for Comstock's \$2.2B Covey buy	1
Concho Resources	Capex	Capex declining sequentially, according to analysts	6
Continental Resources	Equity	Introduces dividend and launches \$1B buyback	3
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Denbury Resources	Debt	Reorganizing debt through exchange offers	5
Dominion Energy	Equity	Sells \$1.4B in equity units to repay short-term debt	7
EnCap Flatrock	M&A	Sells Getka Energy to HBC & Barcas	7
Energy Spectrum Capital	Equity	Texas pension funds & others commit to PE energy funds	13
EOG Resources	Capex	Breaking even at lower price points	5
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Getka Energy	M&A	EnCap Flatrock sells Getka Energy to HBC & Barcas	7
Glendale Energy Ventures	Equity	In \$500MM partnership with TPG Sixth Street Partners	3
Government Pension Fund Global	Equity	US E&P companies to lose Norway as shareholder	4
GSO Capital Partners	Equity	Closes \$4.5B Energy Select Fund II	3
Gulport Energy	Credit	14th amendment to \$1.4B credit facility	5
HBC Investments	M&A	EnCap Flatrock sells Getka Energy to HBC & Barcas	7
Hi-Crush Inc.	Equity	Authorizes \$25MM stock buyback program	9
Innovex Downhole Solutions	Equity, M&A	Purchases Quick Connectors	11
Intervale Capital	Equity, M&A	Portfolio company Innovex buys Quick Connectors	11
Keane Group	M&A	Merging with C&J Energy Services in \$1.8B deal	10
Legacy Reserves	Debt	RSA will reduce debt by over \$900MM	1
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Lime Rock Resources	Equity, M&A	Backed by Lime Rock Partners for OK asset purchase	13
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Nine Point Energy	Credit	In \$320MM term loan facility	5
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Pioneer Energy Services	Equity	Receives NYSE deficiency notice	9
Portland Investment Counsel	Equity	Texas pension funds & others commit to PE energy funds	13
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Prudential Capital Group	Equity	Invests undisclosed amount in solar company Soltag	11
QS Energy	Debt, equity	Issues promissory notes and warrants	9
Quick Connectors	Equity, M&A	Bought by Intervale-backed Innovex Downhole Solutions	11
Roan Resources	Capex	Spending less in Q2 than expected, output will step up	5
Sempra Energy	Debt	Sells \$700MM in 60-year baby bonds	9
Shell Midstream Partners	Credit	Signs \$600MM credit facility to fund dropdown buys	7
Soltag	Equity	Receives Prudential investment while switching PE firms	11
Southwestern Energy	Accounting	Expects to be FCF positive next year	6
Targa Resources Partners	Credit	Amended \$2.2B credit agreement	7
Teacher Retirement System of Texas	Equity	Texas pension funds & others commit to PE energy funds	13
Texas Municipal Retirement System	Equity	Texas pension funds & others commit to PE energy funds	13
The Blackstone Group	Equity	Blackstone's GSO closes \$4.5B Energy Select Fund II	3
Toby & Derek Rice	Proxy fight	Ramps up arguments in proxy fight against EQT	1
TPG Sixth Street Partners	Equity	In \$500MM partnership with Glendale Energy Ventures	3
White Rock Oil & Gas	Equity	Texas pension funds & others commit to PE energy funds	13
Williams Cos.	M&A	Realizes \$1.33B in proceeds from joint venture formation	7

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## EAST TEXAS

### EAST TEXAS OPPORTUNITY

Assets Cover 87,414-Net Acres.  
**MULTIPLE EAST TX COUNTIES**  
**DRY GAS, LIQUIDS & OIL RICH PROD**  
 Bossier, Cotton Valley, Mississippian---  
 --Rodessa Limestone & Other Fms.  
 Includes 78.4-Net Locations (140 gross)  
**OPERATED WI FOR SALE**  
 PDP Reserves Apr 2019: 8.482 MMBOE  
 1P Reserves Apr 2019: 25.971 MMBOE  
 PDP PV-10: \$76,500,000  
 CONTACT AGENT FOR MORE INFO  
**PP 1777DV**

PP

FOR SALE

### WOOD CO., TX EOR WI FOR SALE

499-Producing Wells. ~10,600-Acre Unit.  
**HAWKINS FIELD UNIT**  
**FAMOUS LEGACY WOODBINE FIELD**  
 Dexter & Lewisville Sands.  
 Prior \$340 MM Gas Injection Plant Built-  
 --Mature Field's Life Extended By >25-Yrs  
**0.41% NonOperated WI: 0.36% NRI**  
 Net Production: 113 BOED  
 Gross Prod: 6,380 BOPD & 150.6 MCMCFD  
 Net Cash Flow: \$38,960/Month  
 PDP Net Reserves: 173 MBO & 455 MCMF  
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## Apache & power lead the way in recent offerings

Apache Corp.'s \$1 billion debt raise (PG.1) has been the largest for an upstream company in what is turning out to be a dreary year for upstream capital raising—either debt or equity. It sold

### IN THIS ISSUE

five- and 30-year notes at very slight discounts. Public fundraising in the midstream and oilfield services sectors took a breather this cycle, but power generators and distributors **Dominion (PG.7)** and **Sempra (PG.9)** picked up the slack with a combined \$2.1 billion in sold public securities. Sempra opted for a \$700 million straight debt offering of 60-year junior subordinated notes (often called baby bonds), but Dominion issued \$1.4 billion of a hybrid security combining future common purchase contracts with stakes in a class of preferred shares. The units will pay a dividend based on contract adjustments and dividends paid on the underlying preferred.

### US E&P companies will lose Norway as a shareholder (PG.4).

Dallas Cowboys owner Jerry Jones was behind **Comstock Resources'** comeback last year when he sold his Bakken properties to the then-99-year-old company for over 88 million shares. Now he's helping Comstock usher in its next century with the **Covey Park Energy** acquisition (PG.1) providing an impressive Haynesville presence. Acting as financier, Jones is buying \$475 million in common and preferred equity and will now own 75% of the combined companies.

New private equity activity included **Blackstone's GSO** credit arm closing a \$4.5 billion fund (PG.3), **TPG Sixth Street Partners** and **Glendale Energy Ventures** forming a \$500 million upstream partnership (PG.3) and a variety of new commitments from Texas pension funds and other investors (PG.13).

We are counting down to the conclusion of one of the most scathing proxy fights in recent years when **EQT** shareholders will decide their company's future—either the path laid out by current management or a new course set by the Rice brothers (PG.1).

## Developments & Trends

### Blackstone's GSO closes \$4.5B Energy Select Fund II

The Blackstone Group's credit arm, **GSO Capital Partners**, reached its \$4.5 billion goal for funding its second energy fund, GSO Energy Select Opportunities Fund II. GSO started investing even as funds were still being raised, having committed 20% of the total capital collected to various investments.

GSO said it sourced commitments from a global investor base, including US

**New fund's investments likely to be skewed toward midstream.**

state, corporate and international pension funds, financial institutions, endowments, foundations and family offices. While GSO has historically invested about 70% of its funds into the E&P sector, "You might see it flip to maybe more of a midstream component," managing director Larry Tharp said at an industry conference.

Earlier this year, GSO played a role in two significant US midstream transactions. It bought a 45% stake in **Targa Resources'** North Dakota assets for \$1.6 billion and was a lead investor in **EQM Midstream Partners'** issuance of \$1.1 billion in convertible preferred units.

### PE groups TPG Sixth Street & Glendale in \$500MM partnership

**TPG Sixth Street Partners** and **Glendale Energy Ventures** teamed up to start a new oil and gas investment partnership with an initial \$500 million in capital to invest in upstream oil and gas assets across the US. They've already deployed funds to acquire \$55 million of non-operated interests in STACK drilling pads. The pair will structure investments in non-operated interests and those that are operated by others.

**Invested first \$55MM in stakes in non-op STACK drilling pads.**

"We are pleased to be partnering with Glendale's experienced team ... to provide operators with the expertise, certainty and stable capital required to meet their short and long-term strategic needs," TPG partner Matt Dillard said. Houston-based Glendale, led by Brent Grundberg and Vignesh Proddaturi, focuses on investments in de-risked onshore oil and gas resource plays. "We believe there is more demand than ever for partnership capital to allow operators to achieve their full-scale development plans," Grundberg said.

San Francisco's TPG has over \$30 billion in assets under management and stakes in **Jonah Energy** and **EnLink Midstream**, per **Drillinginfo's Capitalize** platform. Glendale owns direct interests in properties in multiple basins and plays, including the Williston, DJ, Permian, Haynesville and Eagle Ford, per its website.

### Continental introduces dividend and launches \$1B buyback

**Continental Resources** launched an effort to woo back investors with a \$1 billion stock buyback and a new quarterly dividend. It also said it would continue its multi-year program to reduce debt. The buyback will start before H2 and continue through 2020, with a "substantial portion" executed this year, Continental said, adding that it could prioritize further share repurchases in lieu of production growth.

"This demonstrates the confidence we have in the quality and sustainability of our assets and our commitment to maximizing shareholder value," CEO Harold Hamm said. "We see the current value of our equity as being unreasonably low, making the acquisition of our stock the best use of excess cash at this time." Hamm called the dual dividend and buyback announcements "a total shareholder return strategy."

Continental's NYSE-listed common stock has traded in the \$35-38 range during the first half of June, just above its 52-week low of \$34.61. Its high price for the same period was \$71.95, achieved last October.

Directors also approved a quarterly dividend of \$0.05 a share, payable Nov. 21 to holders of record as of Nov. 7. This is equivalent to \$0.20 per share, or approximately \$75 million, on an annualized basis. Continental said it expects to generate enough cash flow to increase the dividend over subsequent years.

Continental expects to continue its deleveraging plan, which has already cut net debt from \$7.19 billion in 1Q16 to \$5.52 billion in 1Q19. It intends to get that number near \$5 billion by YE19 and \$4.2 billion or below longer term.

## Pension Fund Global's Positions in US Energy Companies

Company	% of Share Ownership	Number of Shares	Market Value (\$MM)	Sector*
Archrock, Inc.	2.761%	3,598,124	\$33.00	O
Delek US Holdings, Inc.	2.728%	2,096,985	\$74.65	D
Unit Corp.	2.232%	1,238,093	\$10.31	O
CNX Resources Corp.	1.857%	3,630,641	\$26.01	U
Green Plains Inc.	1.819%	752,757	\$9.10	O
Gulfport Energy Corp.	1.668%	2,656,900	\$12.80	U
Denbury Resources Inc.	1.666%	7,532,294	\$9.17	U
Southwestern Energy Co.	1.628%	8,780,031	\$28.08	U
PBF Energy Inc.	1.468%	1,759,209	\$42.29	D
McDermott International, Inc.	1.455%	2,643,128	\$20.21	O
Diamond Offshore Drilling, Inc.	1.452%	1,999,443	\$14.86	O
Oceaneering International, Inc.	1.442%	1,426,625	\$23.86	O
World Fuel Services Corp.	1.434%	964,247	\$32.55	O
QEP Resources, Inc.	1.434%	3,412,540	\$20.29	U
Laredo Petroleum, Inc.	1.401%	3,204,712	\$7.90	U
Murphy Oil Corp.	1.390%	2,413,201	\$56.32	U
Antero Resources Corp.	1.331%	4,115,545	\$23.59	U
Oil States International, Inc.	1.249%	755,069	\$12.46	O
SM Energy Co.	1.240%	1,391,411	\$14.53	U
SEACOR Holdings Inc.	1.209%	223,982	\$9.65	M
Whiting Petroleum Corp.	1.151%	1,051,044	\$16.80	U
Newpark Resources, Inc.	1.148%	1,038,951	\$6.65	O
Marathon Petroleum Corp.	1.139%	7,547,706	\$364.17	D
Devon Energy Corp.	1.129%	4,689,573	\$121.57	U
HollyFrontier Corp.	1.095%	1,855,932	\$75.24	D
Helix Energy Solutions Group, Inc.	1.091%	1,623,262	\$11.90	D
Anadarko Petroleum Corp.	1.080%	5,427,866	\$381.31	U
Valero Energy Corp.	1.072%	4,473,517	\$33.61	D
C&J Energy Services, Inc.	1.051%	683,438	\$7.36	O
Oasis Petroleum Inc.	1.034%	3,329,978	\$15.61	U
Apache Corp.	1.017%	3,824,133	\$105.76	U
ConocoPhillips	1.013%	11,447,978	\$677.43	I
Marathon Oil Corp.	1.006%	8,229,687	\$107.46	U

Note: Data includes US-based public companies operating in the oil and gas business in which Pension Fund Global owns at least 1% equity.

\* Legend: U= Upstream, M= Midstream, O=Oilfield Services, D= Downstream, I= Integrated

Source: Drillinginfo research using Capital IQ

## Developments & Trends

### US E&P companies to lose Norway as shareholder

As expected, the Norwegian parliament voted June 12 to direct the country's sovereign wealth fund—the world's biggest, valued at more than \$1 trillion—to divest from fossil fuels. The selloff will involve its equity stakes in an estimated 134 publicly traded oil and gas E&P companies, as defined by index manager FTSE Russell, as well as coal, mining and trading houses that engage in related activities. Several dozen American energy companies will lose a shareholder but in most cases the stakes are low—1% or under—and the fund would likely sell off gradually.

The Government Pension Fund Global, which derives its investible funds, ironically, from fossil fuels, has about \$7.6 billion invested in companies engaged in that particular segment of the energy industry, amounting to 1.2% of GPF's

**Norway said decision is financial, aims to cut exposure to oil price risk.**

total investment in equities. The fund had a total of 327 positions in energy companies, many of which are not E&Ps nor engaged in fossil fuels or are integrated with renewables businesses. Those total positions were worth over \$38 billion at the end of 2018, according to Standard & Poor's. The fund will not divest from integrated companies. At YE18, its stakes in US integrated companies **ExxonMobil**, **Chevron** and **ConocoPhillips** were valued at over \$2.6 billion, \$1 billion and \$440 million, respectively.

Including the aforementioned, the fund invests in 91 companies listed on US exchanges. They include midstream companies **Kinder Morgan** and **Williams**, with stakes worth \$386 million and \$304 million, along with service companies **Schlumberger** and **Halliburton**. The meaty part of the curve, though, will be E&Ps such as **Diamondback Energy**, **Concho Resources**, **EOG Resources** and a few dozen others that will lose GPF as a shareholder. US upstream companies in which GPF has a larger stake include **CNX Resources** at over 1.8%, and **Gulfport Energy** and **Denbury Resources**, at almost 1.7% each.

## Credit & Debt

■ **Gulfport Energy** signed a 14th amendment to its credit agreement with lenders led by the **Bank of Nova Scotia**.

The changes allow Gulfport to designate certain of its subsidiaries as unrestricted subsidiaries and to include LIBOR replacement provisions. The borrowing base was reaffirmed at \$1.4 billion, and Gulfport's elected commitment amount remained at \$1 billion.

■ Private Denver E&P company **Nine Point Energy, LLC** entered into a new \$320 million term loan facility with AB Private Credit Investors to fund growth of its development program in the Williston Basin. The company currently produces about 15,000 boe/d across 53,000 net acres, primarily in McKenzie and Williams counties, North Dakota. **Credit Suisse** was placement agent for Nine Point on the transaction.

■ **Lonestar Resources** announced a \$15 million increase in its borrowing base to \$290 million during its spring redetermination. The company had \$194 million drawn on the facility as of the end of Q1. It also increased its hedge positions for 2020 and 2021, with about 6,480 bo/d of WTI crude oil swaps and collars at \$57.04 average price, or 80% of 2020 production, and about 3,000 bo/d at \$54.68 for 2021, about 35% of crude production. It hedged about 6,800 bo/d of WTI at \$54.30/bbl for the rest of 2019, representing about 90% of its production.

## Denbury reorganizing debt through exchange offers

**Denbury Resources Inc.** and senior noteholders agreed to exchange \$402 million of older debt into cash and new notes through private transactions. Institutional holders will swap about \$44.8 million principal amount of the company's 6% notes due 2021, \$93.1 million of 5.5% notes due 2022 and \$96.3 million of 4% notes due 2023 for nearly \$48.5 million of cash, \$36.6 million aggregate principal amount of new 7.75% senior secured second lien notes due 2024 and \$149.1 million of new 6% convertible senior notes due 2024. They also agreed to exchange \$168 million of older 7.5% senior secured second lien notes due 2024 for new second lien notes.

Denbury also launched exchange offers to holders of its 6.375% and 5.5% senior subordinated notes due 2021 and 2022, respectively, and to the 7.5% second lien notes due 2024 that expired June 14. For each \$1,000 face amount of the 2021 notes, Denbury paid \$400 in cash, \$350 in new second line notes and \$250 in new convertible notes. 2022 noteholders were offered \$225 in cash, \$225 in new second lien notes and \$550 in new convertible notes. The company had \$2.69 billion in long-term debt at the end of Q1, with earliest maturities in May 2021 and March 2022 when it must redeem its most expensive debt; over \$600 million in 9% notes and \$455 million in 9.25% notes, respectively.



**A&D Transactions** A drillinginfo  
BHP sells bulk of U.S. onshore portfolio to BP for \$10.5B Pioneer divests W. Pennsylvania field for \$200MM

**A&D Transactions April 3**

Denbury's \$1.7B acquisition of Penn Virginia cancelled.

## Earnings & Capex

### EOG breaking even at lower price points, spending less on F&D

**EOG Resources, Inc.** told investors its breakevens would trend downward while adding more wells at lower finding and developing costs. Its breakevens have fallen from more than \$80/bbl a few years ago to \$55/bbl last year to \$50 this year, EVP Ken Boedeker said at a June 18 industry conference. During the 2015-2016 downturn, EOG turned to a premium drilling strategy with a 30%-plus after-tax return target assuming a flat oil price of \$40/bbl and gas at \$2.50/Mcf.

EOG said it can add acreage in its primary play, the Eagle Ford, at \$450 an acre.

It sees 10 more years of growth potential there, and it has begun to improve the capital efficiency of its western properties to bring returns close to its eastern acreage. Most of its remaining undrilled inventory is in the west. It also has 416,000 net acres in the Delaware, 163,000 net acres in the Northwest Shelf, and 400,000 net acres in the core of the Powder River Basin.

EOG indicated it would invest in exploration, citing limited competition and its ability to buy acreage at \$1,000 per acre or under. EOG is exploring across its seven divisions and includes plays in the conceptual, acreage acquisition, initial drilling and more advanced testing phases.

**Company says it breaks even at \$50/bbl this year, down from \$55 last year.**

### Roan spending less in Q2 than expected, output will step up

**Roan Resources, Inc.** announced June 14 that it will spend 10% less in Q2 than original guidance of \$155 million because of lower-trending drilling and completion costs. While it spends less, it will produce slightly more as Q2 production will exceed 50,000 boe/d from adjusted guidance of 49,000 boe/d, when factoring in ethane rejection.

"We remain focused on executing on our development program and achieving free cash flow by the fourth quarter of 2019

while still growing production 20-25% year over year," executive chairman Joseph A. Mills said. The company anticipates 14 gross operated wells to be turned to first sales during June and July. Also, Mills said that Roan was "very engaged with the strategic initiative process with its advisors and has executed multiple NDA's with interested parties."

Separately, Roan announced commitments of \$100 million on a term loan facility payable at LIBOR plus 750 bps from funds affiliated with certain of its shareholders, and that its commercial bank borrowing based was reaffirmed at \$750 million. Roan has about \$150 million of available liquidity.

**Roan in play for a buyout or other alternatives, working with Citi & Jefferies.**

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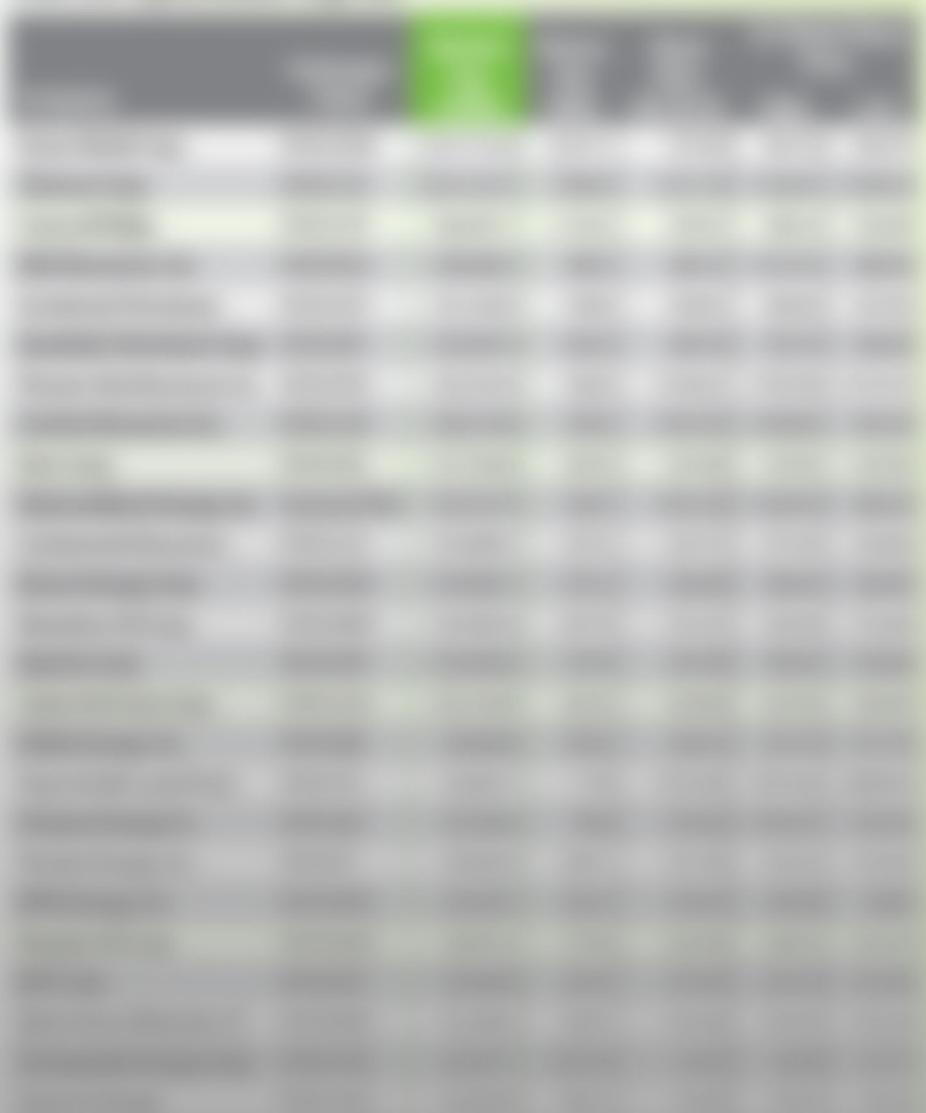
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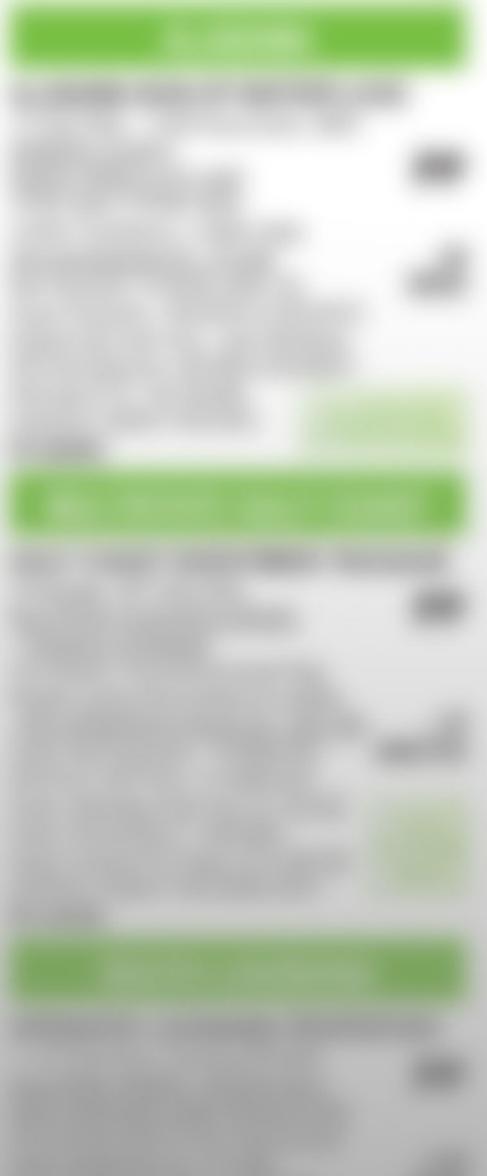


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The image shows a blurred screenshot of a report table. The table has multiple columns and rows of text, which are illegible due to the blur. A green vertical bar is visible on the left side of the table area.



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Oil prices fell on Monday, ending a two-day rally. The benchmark WTI crude oil price fell 1.15 dollars to 94.85 dollars a barrel. Gas prices also fell, with Henry Hub natural gas down 1.5 cents to 3.15 dollars per million BTUs. The rally was driven by a report that Saudi Arabia and Russia had agreed to a deal to increase oil production, which would lead to a surplus of oil on the market.

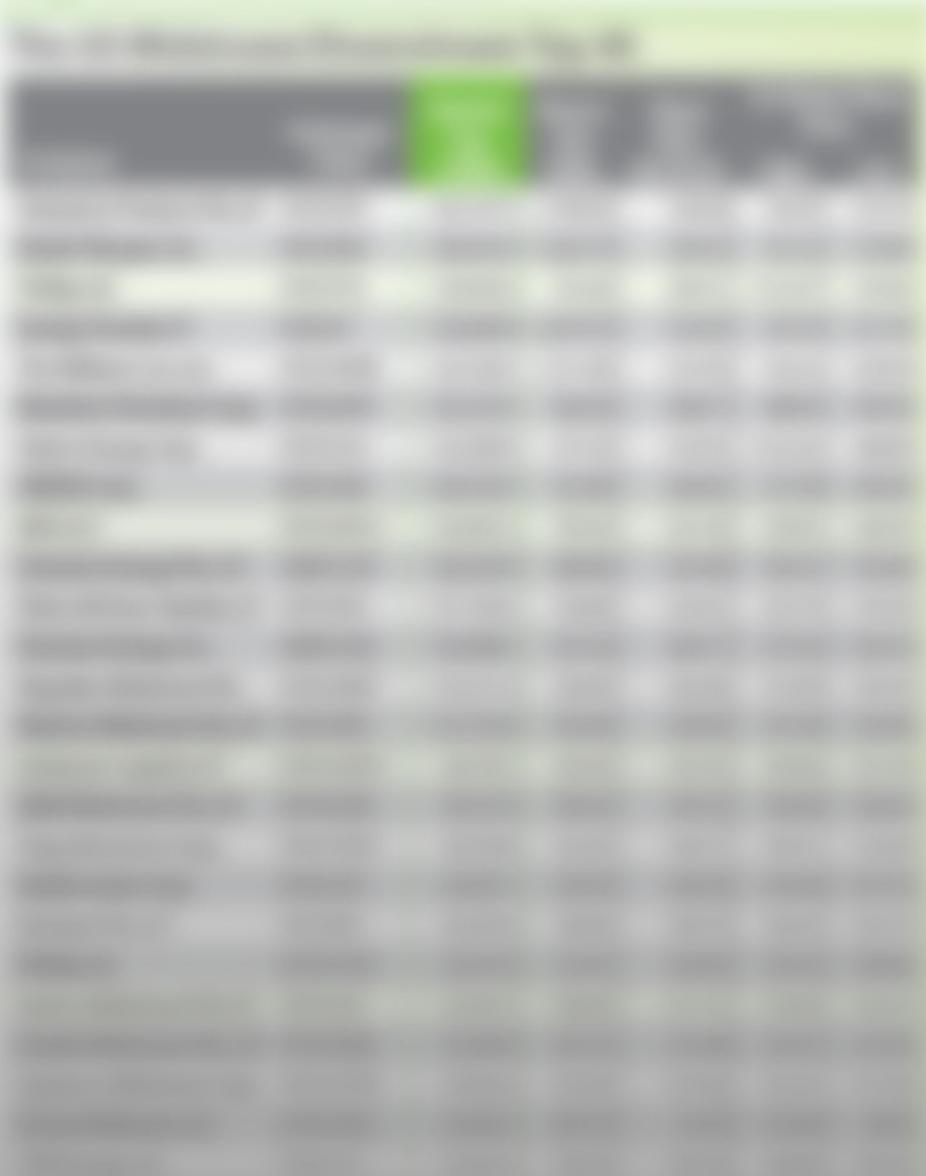
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**Market Overview**

The market for oil and gas assets continues to be active, with several major transactions reported in the first quarter. The volume of deals has increased significantly compared to the previous period, reflecting a renewed interest in the sector.

**Key Transactions**

Several notable deals have been completed, including the acquisition of a major oil field by a leading international company. The transaction is expected to significantly enhance the company's production capabilities and long-term growth prospects.

**Outlook**

The industry remains optimistic about the future, with strong demand for energy and a focus on expanding production and refining capacity. Continued investment in infrastructure and technology is expected to drive further growth in the sector.

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REVIEWING THE LOCAL MARKET WITH INFORMATION ON  
OILFIELD ACTIVITY, PRODUCTION & RESERVE FOR EACH



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