

# Q3 2019 M&A Review & Outlook

## Key Takeaways:

- \$17.2B in total 3Q19 upstream M&A nearly matches 2016-2018 average
- \$6.3B in conventional asset deals is the highest total in five years
- \$3.3B in Permian value including joint venture and royalty deals
- \$4.9B in corporate deals as some public E&Ps consolidate
- \$7.9B in acquisitions by private and private equity sponsored E&Ps
- \$12B in deals currently on the market with Permian the most active



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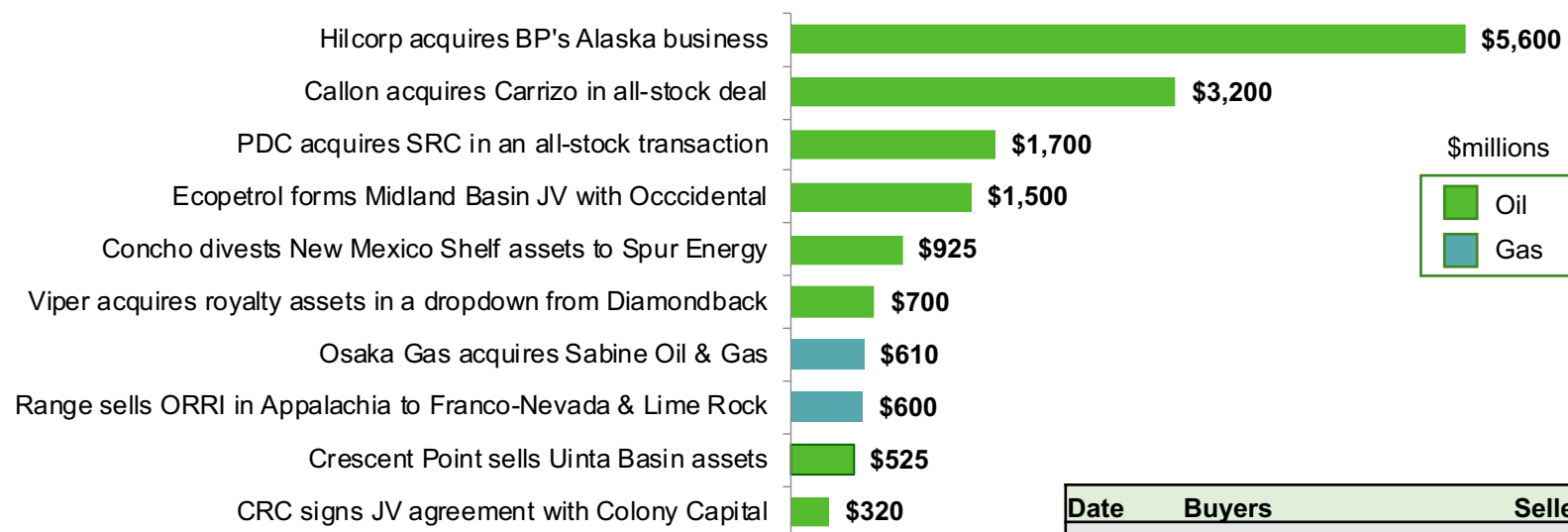
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# Top 10 U.S. Deals of Q3 2019



## Hilcorp's Alaska buy from BP is largest deal of Q3, highlights conventional interest



Date	Buyers	Sellers	Value (\$MM)	Type	Play/Region
08/27/19	Hilcorp Energy	BP	\$5,600	Property	Alaska
07/15/19	Callon Petroleum	Carrizo Oil & Gas	\$3,200	Corporate	Delaware; Eagle Ford
08/26/19	PDC Energy	SRC Energy	\$1,700	Corporate	DJ Basin
07/31/19	Ecopetrol	Occidental	\$1,500	JV	Midland
09/03/19	Spur Energy Partners	Concho	\$925	Property	New Mexico Shelf
07/30/19	Viper Energy Partners	Diamondback	\$700	Royalty	Midland
07/29/19	Osaka Gas Group	Sabine Oil & Gas	\$610	Property	Haynesville
07/19/19	Franco-Nevada; Lime Rock	Range Resources	\$600	Royalty	Marcellus
09/03/19	Undisclosed Buyer	Crescent Point	\$525	Property	Uinta Basin
07/23/19	Colony Capital Inc	California Res.	\$320	JV	California

# U.S Deal Value by Top Plays



Private buyers drive conventional deal value as they target cash flow

US Play	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	% of 3Q19
Conventional	\$4.3	\$2.8	\$2.8	\$3.8	\$1.5	\$0.7	\$4.3	\$6.3	36%
Multiple	\$0.4	\$0.8	\$0.5	\$10.8	\$0.8	\$0.2	\$57.5	\$3.4	20%
Midland Unconv.	\$0.1	\$10.8	\$0.3	\$1.9	\$0.5	\$0.0	\$0.5	\$2.4	14%
Other	\$1.0	\$1.9	\$1.8	\$3.2	\$0.9	\$0.3	\$0.4	\$1.8	11%
Niobrara	\$1.6	\$0.1	\$0.3	\$0.0	\$0.0	\$0.0	\$0.0	\$1.7	10%
Haynesville	\$0.0	\$0.0	\$0.2	\$0.0	\$0.8	\$0.0	\$2.2	\$0.6	4%
Marcellus	\$0.4	\$0.0	\$0.0	\$0.6	\$0.3	\$0.4	\$0.1	\$0.6	3%
Woodford	\$0.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	\$0.1	\$0.2	1%
SCOOP/STACK	\$0.1	\$0.3	\$0.0	\$0.2	\$8.0	\$0.3	\$0.1	\$0.1	0%
Barnett	\$0.0	\$0.6	\$0.1	\$0.2	\$0.1	\$0.0	\$0.0	\$0.1	0%
Utica	\$0.1	\$0.1	\$1.5	\$2.2	\$0.0	\$0.0	\$0.0	\$0.1	0%
Eagle Ford	\$1.0	\$3.3	\$1.1	\$0.1	\$4.0	\$0.1	\$0.2	\$0.0	0%
Delaware Unconv.	\$1.3	\$1.8	\$0.7	\$11.2	\$2.0	\$0.2	\$0.1	\$0.0	0%
<b>Total</b>	<b>\$10.3</b>	<b>\$22.4</b>	<b>\$9.2</b>	<b>\$34.3</b>	<b>\$18.9</b>	<b>\$2.4</b>	<b>\$65.6</b>	<b>\$17.2</b>	<b>100%</b>

\$billions

# U.S. Deal Value by Type



While still relatively small, royalty and JV deals capture 20% of the market in 3Q19

Type	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	% of 3Q19
Property	\$6.2	\$11.6	\$6.1	\$19.9	\$3.0	\$1.5	\$4.2	\$8.9	52%
Corporate	\$3.2	\$9.6	\$1.1	\$12.1	\$13.5	\$0.1	\$59.7	\$4.9	28%
JV/Farm-Out	\$0.0	\$0.2	\$0.2	\$0.5	\$0.9	\$0.0	\$0.2	\$1.8	11%
Royalty	\$0.5	\$0.2	\$1.4	\$0.6	\$1.0	\$0.3	\$0.7	\$1.5	9%
Acreage	\$0.4	\$0.8	\$0.3	\$1.1	\$0.5	\$0.5	\$0.8	\$0.1	1%
<b>Total</b>	<b>\$10.3</b>	<b>\$22.4</b>	<b>\$9.2</b>	<b>\$34.3</b>	<b>\$18.9</b>	<b>\$2.4</b>	<b>\$65.6</b>	<b>\$17.2</b>	<b>100%</b>

\$billions



# U.S. Deal Count by Play



Deal count more clearly shows a slowdown in activity despite a few larger deals

Play	2016					2017					2018					2019			% of Q3
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	
Bakken	1	11	3	8	23	3	4	6	5	18	2	9	7	2	20	2	5	2	6%
Barnett	2	1	1	1	5	1	0	1	1	3	1	1	2	1	5	0	0	1	3%
CBM	0	0	0	0	0	0	0	0	0	0	0	1	1	0	2	0	0	0	0%
Delaware Unconv.	5	8	12	13	38	27	15	8	11	61	13	6	9	12	40	5	3	2	6%
Eagle Ford	6	6	7	9	28	8	7	6	3	24	7	8	5	3	23	4	2	1	3%
Haynesville	1	1	2	4	8	1	4	4	1	10	2	2	1	3	8	2	1	2	6%
Marcellus	6	3	2	6	17	5	8	3	3	19	2	0	1	1	4	1	2	1	3%
Midcon. Unconv.	0	3	1	1	5	1	1	0	2	4	1	1	0	0	2	0	0	0	0%
Midland Unconv.	3	17	20	12	52	16	12	7	4	39	9	8	5	4	26	3	7	4	11%
Miss Lime	1	1	1	4	7	1	0	1	0	2	0	0	0	1	1	0	0	0	0%
Niobrara	1	6	3	5	15	6	3	3	5	17	4	5	0	1	10	3	0	1	3%
Powder River	2	0	1	1	4	0	0	0	0	0	2	2	4	1	9	0	0	0	0%
SCOOP/STACK	3	5	8	7	23	6	4	6	1	17	2	3	4	3	12	5	2	2	6%
Utica	0	0	1	3	4	2	0	3	2	7	2	1	2	0	5	0	0	1	3%
Other	3	3	0	4	10	3	9	5	8	25	8	6	6	7	27	7	3	5	14%
Multiple	2	2	2	4	10	2	1	2	4	9	3	3	4	7	17	4	8	3	8%
Conventional	28	42	28	42	140	26	39	41	37	143	42	34	35	18	129	22	24	11	31%
<b>Total</b>	<b>64</b>	<b>109</b>	<b>92</b>	<b>124</b>	<b>389</b>	<b>108</b>	<b>107</b>	<b>96</b>	<b>87</b>	<b>398</b>	<b>100</b>	<b>90</b>	<b>86</b>	<b>64</b>	<b>340</b>	<b>58</b>	<b>57</b>	<b>36</b>	<b>100%</b>

\$billions

Count of deals with a disclosed value.

# Royalty Deals with \$ Per Acre



## Demand for royalties in active basins remains high supporting pricing

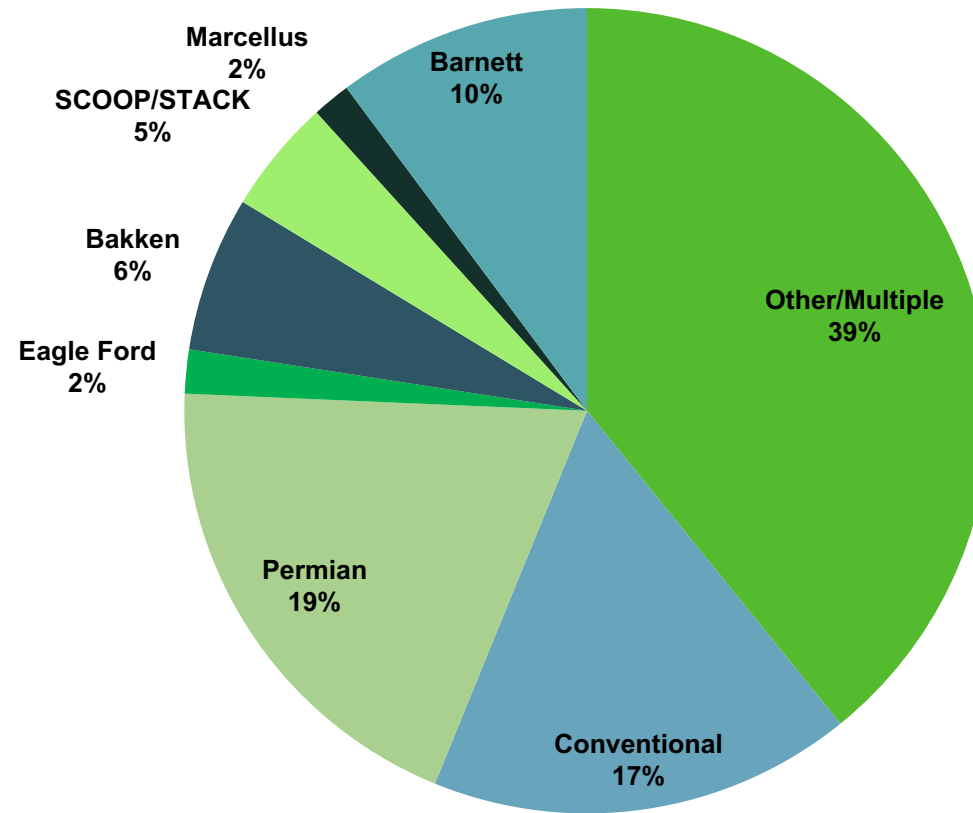
Date	Buyers	Buyer		US Play	Hydrocarbon	Value		\$/Acre	EBITDA		
		Type	Sellers			(\$MM)	\$/Daily BOE		Multiple	Oil Strip	Gas Strip
09/13/19	Viper Energy	Public	Santa Elena Minerals	Midland	Oil+Gas	\$153	\$48,992	<b>\$62,272</b>	6.7x	\$53.77	\$2.55
07/30/19	Viper Energy	Public	Diamondback	Midland	Oil+Gas	\$700	\$52,380	<b>\$96,361</b>	-	\$57.48	\$2.37
07/19/19	Franco-Nevada; et al.	Public	Range Resources	Marcellus	Gas	\$300	\$20,250	<b>\$67,393</b>	12.5x	\$55.53	\$2.41
04/17/19	Alliance	Public	Wing Resources	Midland	Oil	\$145	\$54,690	<b>\$106,524</b>	-	\$56.50	\$2.37
04/17/19	Public	Public	Brigham Minerals	Multiple	Oil	\$300	\$47,893	<b>\$70,510</b>	15.5x	\$63.73	\$2.77
04/02/19	Dorchester	Public	H. Huffman; Buffalo	Multiple	Oil	\$44	\$56,512	<b>\$4,342</b>	-	\$61.41	\$2.85
02/07/19	Kimbell	Public	Phillips Cos. (EnCap)	Multiple	Oil+Gas	\$151	\$39,570	<b>\$7,212</b>	-	\$60.24	\$2.86
12/17/18	Alliance	Public	Dale Operating	Multiple	Oil+Gas	\$483	\$32,111	<b>\$69,604</b>	14.2x	\$53.13	\$3.04
11/21/18	Kimbell	Public	Rivercrest; Kimbell Art	Multiple	Oil+Gas	\$108	\$42,908	<b>\$3,398</b>	-	\$53.76	\$3.29
10/15/18	OTTP	Private	Range Resources	Marcellus	Oil+Gas	\$300	\$25,931	<b>\$75,552</b>	12x	\$70.84	\$2.92
09/07/18	Undisclosed	-	Viking Minerals	Eagle Ford	Oil	\$28	-	<b>\$11,965</b>	-	\$66.58	\$2.73
07/31/18	Viper Energy	Public	Undisclosed	Midland	Oil	\$61	-	<b>\$109,336</b>	-	\$67.22	\$2.80
07/31/18	Viper Energy	Public	Diamondback	Delaware	Oil	\$175	-	<b>\$103,184</b>	-	\$67.22	\$2.80
06/30/18	Viper Energy	Public	Undisclosed	Midland	Oil	\$103	-	<b>\$111,472</b>	-	\$68.89	\$2.88
06/04/18	Osprey Energy	Public	Royal Resources	Eagle Ford	Oil	\$894	\$60,825	<b>\$240,430</b>	10.2x	\$64.56	\$2.94
05/29/18	Kimbell	Public	Haymaker	Multiple	Oil+Gas	\$404	\$57,675	<b>\$2,095</b>	9.9x	\$65.68	\$2.96
02/06/18	Viper Energy	Public	Undisclosed	Multiple	Oil	\$26	-	<b>\$118,721</b>	-	\$61.06	\$2.86
12/31/17	Viper Energy	Public	Undisclosed	Multiple	Oil	\$39	-	<b>\$98,237</b>	-	\$59.13	\$2.84
11/27/17	Black Stone Minerals	Public	Noble Energy Inc	Multiple	Oil+Gas	\$340	\$49,680	<b>\$108,800</b>	10x	\$57.53	\$2.88
11/06/17	Franco-Nevada	Public	Undisclosed	Delaware	Oil	\$110	-	<b>\$156,857</b>	-	\$55.35	\$2.98
09/30/17	Viper Energy	Public	White Star et al.	Delaware	Oil	\$23	-	<b>\$72,100</b>	-	\$51.98	\$3.05
08/08/17	EK Energy	Private	Undisclosed	SCOOP/STACK	Oil+Gas	\$17	-	<b>\$19,091</b>	-	\$49.58	\$2.95
08/01/17	Viper Energy	Public	Undisclosed	Delaware	Oil	\$282	\$48,600	<b>\$85,487</b>	-	\$50.49	\$2.93
06/30/17	Rice Energy	Public	Undisclosed	Marcellus	Gas	\$49	-	<b>\$8,167</b>	-	\$46.15	\$3.06

Royalty deals with acreage value since June 2017 with >\$10MM deal value. \$ Per Acre based on 100% royalty interest (NOT normalized to 1/8th royalty).

# U.S. Deals for Sale



\$12B in U.S. deals currently on the market led by Permian and conventional



Deals for Sale estimate based on known active marketing processes. Excludes public company strategic review processes and media rumored sales.



# Global Energy Deal Values



Combining U.S. and international, upstream leads at 35% of total energy deal value

Area	Sector	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	% of 3Q19
Global	Midstream	\$27	\$18	\$8	\$6	\$13	\$47	\$79	\$37	\$17	\$32	\$19	23%
Global	Downstream	\$8	\$12	\$3	\$18	\$12	\$40	\$5	\$9	\$72	\$21	\$18	22%
USA	Upstream	\$25	\$22	\$13	\$10	\$22	\$9	\$34	\$19	\$2	\$66	\$17	21%
Global	Power & Utilities	\$21	\$6	\$53	\$43	\$42	\$45	\$22	\$16	\$12	\$9	\$13	16%
International	Upstream	\$16	\$7	\$18	\$29	\$17	\$5	\$11	\$8	\$4	\$18	\$12	14%
Global	Oilfield Service	\$9	\$8	\$14	\$12	\$4	\$3	\$7	\$13	\$3	\$5	\$3	3%
Global	LNG	\$1	\$0	\$1	\$2	\$0	\$5	\$0	\$0	\$1	\$0	\$1	1%
Canada	Upstream	\$25	\$2	\$3	\$2	\$2	\$7	\$2	\$1	\$0	\$3	\$0	0%
Global	All Energy	\$131	\$75	\$113	\$122	\$113	\$160	\$159	\$104	\$111	\$154	\$83	100%

\$billions

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