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Global Energy M&A Database | Q1 2019

# OIL AND GAS M&A REVIEW & OUTLOOK

## HIGHLIGHTS:

- U.S. Upstream falls to 10-year low as public E&Ps pull back
- 1Q19 value falls to \$1.6 billion, down 91% from 4Q18
- Diversified Gas & Oil takes largest deal with \$400 million gas buy
- Public royalty cos. continue to grow. Brigham looks to launch IPO
- U.S. Midstream deals are active with \$12.9 billion in 1Q19
- Public E&P valuations are down despite January stock rebound

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# \$1.6 billion in Q1 deals sets a record low in upstream activity

## U.S. Upstream Deal Value (\$billion) by Top Plays

Play	1Q17	2Q17	3Q17	4Q17	2017 Total	% 2017	1Q18	2Q18	3Q18	4Q18	2018 Total	% 2018	1Q19	% 1Q19
Marcellus	\$0.8	\$9.6	\$0.3	\$0.4	\$11.1	16%	\$0.0	\$0.0	\$0.6	\$0.3	\$0.9	1%	\$0.40	24%
Delaware	\$13.7	\$1.2	\$0.6	\$1.3	\$16.9	25%	\$1.8	\$0.7	\$11.2	\$2.0	\$15.7	19%	\$0.23	14%
Multiple	\$0.0	\$0.0	\$0.0	\$0.4	\$0.4	1%	\$0.8	\$0.5	\$10.8	\$0.7	\$12.7	15%	\$0.15	9%
Eagle Ford	\$3.7	\$0.8	\$0.4	\$1.0	\$5.9	9%	\$3.3	\$1.1	\$0.1	\$4.0	\$8.5	10%	\$0.07	4%
Niobrara	\$0.1	\$0.0	\$0.3	\$1.6	\$2.0	3%	\$0.1	\$0.3	\$0.0	\$0.0	\$0.4	0%	\$0.04	2%
Midland	\$4.3	\$1.1	\$0.9	\$0.1	\$6.3	9%	\$10.8	\$0.3	\$1.4	\$0.5	\$13.0	16%	\$0.02	1%
Bakken	\$0.2	\$0.0	\$2.0	\$0.4	\$2.7	4%	\$0.0	\$1.4	\$0.6	\$0.0	\$2.0	2%	\$0.01	0%
Other	\$1.3	\$1.0	\$5.9	\$0.7	\$8.9	13%	\$2.7	\$2.1	\$5.1	\$9.8	\$19.7	24%	\$0.33	20%
Conventional	\$1.1	\$5.7	\$1.9	\$4.2	\$13.0	19%	\$2.8	\$2.8	\$2.3	\$1.4	\$9.3	11%	\$0.36	25%
<b>Total</b>	<b>\$25.1</b>	<b>\$19.5</b>	<b>\$12.3</b>	<b>\$10.2</b>	<b>\$67.2</b>	<b>100%</b>	<b>\$22.3</b>	<b>\$9.1</b>	<b>\$32.1</b>	<b>\$18.7</b>	<b>\$82.3</b>	<b>100%</b>	<b>\$1.61</b>	<b>100%</b>

Note:

In 3Q18, BP's \$10.5 B buy of BHP's U.S. onshore assets is included in Multiple/Other Play. Drillinginfo allocates the deal as follows: Permian \$3.9 B, Eagle Ford \$4.8 B, Haynesville \$1.8 B.

# Top deals are in somewhat surprising areas

## Top 10 U.S. Upstream Oil & Gas Transactions: 1Q19

Date	Buyers	Sellers	Value (\$MM)	Type	Play
03/27/19	Diversified Gas & Oil	HG Energy II	\$400	Property	Marcellus
02/26/19	Ring Energy	Wishbone Energy	\$300	Property	San Andres
02/07/19	Kimbell Royalty Partners	Phillips Companies	\$151	Royalty	Multiple
02/19/19	Undisclosed	Noble Energy	\$132	Acreage	Delaware
03/01/19	Kern Cal Oil	All American Oil & Gas	\$129	Property	Conventional
02/26/19	Viper Energy Partners	Undisclosed	\$79	Royalty	Delaware
02/19/19	Scout Energy Partners	Mid-Con Energy Partners	\$60	Property	Conventional
02/14/19	Undisclosed	Harvest Oil & Gas	\$52	Corporate	Eagle Ford
02/14/19	OneFour; Vendera	Harvest Oil & Gas	\$43	Property	Conventional
02/14/19	Undisclosed	Eagle Energy Trust	\$34	Property	Conventional

# Royalty deals surge as percent of value in a thin market

## U.S. Upstream Deal Value (\$billion) by Type

	1Q17	2Q17	3Q17	4Q17	2017 Total	% 2017	1Q18	2Q18	3Q18	4Q18	2018 Total	% 2018	1Q19	% 1Q19
Property	\$11.7	\$9.7	\$6.9	\$6.1	\$34.5	51%	\$11.5	\$6.0	\$17.8	\$2.7	\$38.1	46%	\$1.1	70%
Royalty	\$0.4	\$0.2	\$0.3	\$0.5	\$1.4	2%	\$0.2	\$1.4	\$0.6	\$1.0	\$3.3	4%	\$0.2	15%
Acreage	\$0.6	\$0.4	\$0.7	\$0.4	\$2.1	3%	\$0.8	\$0.3	\$1.0	\$0.5	\$2.7	3%	\$0.2	11%
Corporate	\$12.2	\$8.2	\$3.8	\$3.2	\$27.4	41%	\$9.6	\$1.1	\$12.1	\$13.5	\$36.3	44%	\$0.1	3%
Farm-In	\$0.3	\$1.0	\$0.6	\$0.0	\$1.9	3%	\$0.2	\$0.2	\$0.5	\$0.9	\$1.9	2%	\$0.0	0%
<b>Total</b>	<b>\$25.1</b>	<b>\$19.5</b>	<b>\$12.3</b>	<b>\$10.2</b>	<b>\$67.2</b>	<b>100%</b>	<b>\$22.3</b>	<b>\$9.1</b>	<b>\$32.1</b>	<b>\$18.7</b>	<b>\$82.3</b>	<b>100%</b>	<b>\$1.6</b>	<b>100%</b>

# Slight shift towards gas driven by Diversified's deal

## U.S. Upstream Deal Value (\$billion) and Counts by Commodity

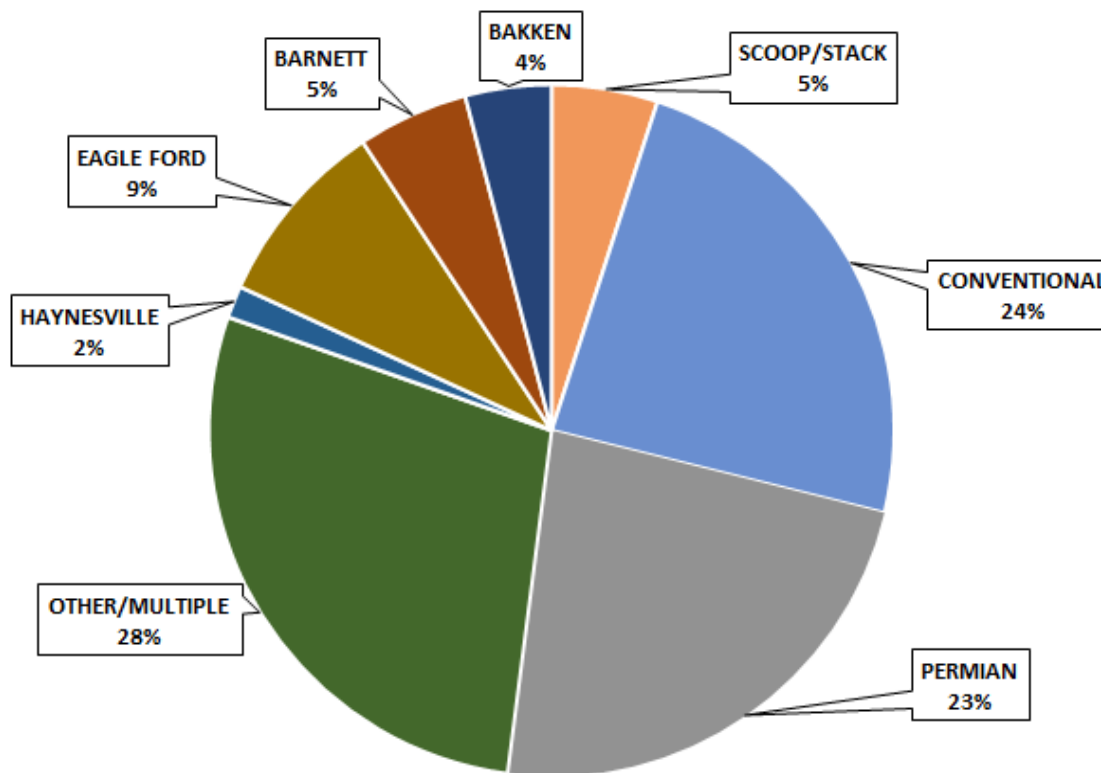
	1Q17		2Q17		3Q17		4Q17		1Q18		2Q18		3Q18		4Q18		1Q19	
	Value	Count	Value	Count	Value	Count	Value	Count	Value	Count	Value	Count	Value	Count	Value	Count	Value	Count
Oil	\$20.2	53	\$3.4	32	\$4.3	33	\$7.4	40	\$16.2	33	\$4.7	37	\$14.7	31	\$6.2	18	\$0.7	18
Oil+Gas	\$3.4	27	\$2.2	29	\$5.4	27	\$1.6	25	\$4.4	41	\$1.9	35	\$14.7	37	\$11.2	30	\$0.5	18
Gas	\$1.5	10	\$13.9	17	\$2.6	20	\$1.3	8	\$1.7	13	\$2.5	11	\$2.8	8	\$1.3	9	\$0.4	1
<b>Total</b>	<b>\$25.1</b>	<b>90</b>	<b>\$19.5</b>	<b>78</b>	<b>\$12.3</b>	<b>80</b>	<b>\$10.2</b>	<b>73</b>	<b>\$22.3</b>	<b>87</b>	<b>\$9.1</b>	<b>83</b>	<b>\$32.1</b>	<b>76</b>	<b>\$18.7</b>	<b>57</b>	<b>\$1.6</b>	<b>37</b>
Oil	81%	59%	18%	41%	35%	41%	72%	55%	72%	38%	52%	45%	46%	41%	33%	32%	42%	49%
Oil+Gas	14%	30%	11%	37%	44%	34%	15%	34%	20%	47%	21%	42%	46%	49%	60%	53%	33%	49%
Gas	6%	11%	71%	22%	21%	25%	12%	11%	8%	15%	27%	13%	9%	11%	7%	16%	25%	3%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Commodity classification based on a 70% threshold of production

Count of deals with a disclosed value.

# Assets on the market slide to ~\$31 billion as companies are cautious about launching new sales processes

## U.S. Deals in Play



Deals in Play estimate based on known active marketing processes. Excludes potential sales reported by the media (e. Endeavor, DoublePoint and Equinor. Additionally excludes strategic reviews that could result in sales).

# Global Energy M&A –

## \$64 billion Saudi downstream deal pushes global energy M&A total to \$111 billion

### Global Energy Sector Deal Value (\$billions)

Area	Sector	1Q17	2Q17	3Q17	4Q17	2017 Total	% 2017	1Q18	2Q18	3Q18	4Q18	2018 Total	% 2018	1Q19	% 1Q19
Global	Downstream	\$22	\$12	\$18	\$23	\$74	15%	\$12	\$56	\$5	\$14	\$87	15%	\$73	66%
Global	Midstream	\$42	\$18	\$10	\$15	\$85	17%	\$19	\$54	\$78	\$38	\$189	33%	\$17	15%
Global	Power & Utilities (Non-Renewable)	\$17	\$3	\$50	\$36	\$106	21%	\$38	\$38	\$6	\$12	\$94	17%	\$6	6%
Global	Oilfield Service	\$9	\$8	\$14	\$12	\$43	9%	\$4	\$3	\$7	\$13	\$27	5%	\$4	4%
Global	Power (Renewable)	\$4	\$4	\$2	\$8	\$17	3%	\$4	\$7	\$16	\$4	\$31	5%	\$4	4%
International	Upstream	\$16	\$7	\$18	\$29	\$70	14%	\$17	\$5	\$9	\$9	\$40	7%	\$4	3%
USA	Upstream	\$25	\$20	\$12	\$10	\$67	13%	\$22	\$9	\$32	\$19	\$82	15%	\$2	1%
Global	LNG	\$1	\$0	\$1	\$2	\$4	1%	\$0	\$5	\$0	\$0	\$5	1%	\$1	1%
Canada	Upstream	\$25	\$2	\$3	\$2	\$32	6%	\$2	\$7	\$2	\$1	\$11	2%	\$0	0%
	<b>Total</b>	<b>\$161</b>	<b>\$73</b>	<b>\$129</b>	<b>\$135</b>	<b>\$499</b>	<b>100%</b>	<b>\$119</b>	<b>\$183</b>	<b>\$153</b>	<b>\$110</b>	<b>\$566</b>	<b>100%</b>	<b>\$111</b>	<b>100%</b>

Renewables = Solar, Wind, Geothermal, Hydro and Tidal