



# ENERGYNET

## MARKETPLACE QUARTERLY | Q3 2017

Continuous Online Auction • Rapid-Cycle Sealed Bid Sales  
Negotiated Sales • Government Lease Sales

### Featured Inside

---

Market Update: A&D  
Activity to Remain Robust

Properties Sold by  
Region & Type

EnergyNet Community  
Engagement

Government Lease  
Sales Update

Calendar of Events

# MARKET UPDATE

---

## A&D Bellwether Points to Vibrant Market

Chris Atherton, July 18, 2017

It can be a challenging task attempting to gauge the vitality of the US upstream A&D market by tallying the number and frequency of billion-dollar plus deals announced. For many in the industry, as well as investors watching from the sidelines, extremely large transactions serve as the primary indicators to gauge the mood of the macro A&D climate. That view is not necessarily wrong, but it's not universally right, either.

A robust and vibrant acquisitions and divestiture market is a better indicator of the optimism in the industry. If the majority of market participants have a pessimistic outlook, fewer and fewer deals transact. Fortunately, private equity-sponsored companies and teams deployed significant capital and made a large number of acquisitions during the 2014 to 2016 downturn. The PE teams aggressively acquired assets to build positions that were spun out to the market by larger entities. If private equity had not been there, it would have been a much scarier downturn because there would have been few buyers.

If EnergyNet's marketplace can substitute as a proxy or microcosm for the entire spectrum of deal volume and transaction size, then the US A&D market is vibrant and healthy.

EnergyNet is an upstream oil and gas acquisition and divestment transaction advisory firm that specializes in helping its clients divest oil and gas properties that are valued between less than \$100,000

and \$100 million plus. Thousands of sub-\$100 million individual transactions across every US Basin transact annually.

Producing and non-producing assets that are changing hands down the food chain, up the food chain and across the food chain are a sure sign of a healthy industry. Larger E&P companies rationalize their portfolios and trade lower impact assets in their inventory to smaller companies that optimize production, lower operating expenses and unlock value. Smaller E&P companies lease up acreage, prove up the acreage by drilling wells,

***“EnergyNet has closed 652 deals from 206 unique sellers in nearly every US Basin so far in 2017.”***

then sell to larger E&P companies that have the risk-tolerance and financial wherewithal to implement the manufacturing process.

The drivers and motivations for choosing to divest assets has changed considerably since companies stared into the abyss during the most recent downturn. In headier commodity price environments, there was an ongoing debate in E&P board rooms and with A&D management teams on why to divest cash-flow generating assets. Now after the tide went out in 2014-2016, E&P management teams keep an eagle-eye on their operating costs, P&A liabilities, and determining the best use of the capital. The idea that some assets don't fit within the

current strategy at \$100 oil or \$20 oil is taking hold. If it doesn't meet a company's return on investment thresholds, they are selling the assets and using the cash to accelerate their high-impact asset development. Fortunately, there are tons of eager buyers out there ready to acquire the assets. The food chain in our industry is extremely long and nuanced. Not everyone chooses to focus on the Delaware, Midland or Western Anadarko (SCOOP/STACK) basins; smart E&P companies are making it work from East Texas to Kansas to California to conventional Appalachia. Companies today are much less

opportunistic when it comes to A&D; they have a unique, laser-focused strategy to execute.

“Sellers are having success closing with EnergyNet buyers, and there is no shortage of acquisitive buyers looking for investment opportunities” stated William Britain, Chairman of EnergyNet. In the first six months of 2017, EnergyNet has facilitated \$498 million in property divestments for its clients, approaching a 336% increase over 2016.

EnergyNet's online, continuous marketplace featuring: transparent bid auctions, rapid cycle sealed bids and government lease sales, works well for busy buyers and sellers who would prefer to manage their A&D

# MARKET UPDATE *cont.*

---

workflow on their own terms and timetables. EnergyNet has closed 652 deals from 206 unique sellers in nearly every US Basin so far in 2017. The upstream A&D market is much more liquid, streamlined and convenient than it was five to ten years ago.

Industry Sellers using EnergyNet's platform and marketing services in the first six months of 2017 include Chevron U.S.A, Inc., Marathon Oil Company, QEP Resources, Shell Offshore, Murphy Oil, Halcon, Jones Energy, Hilcorp Energy, Sandridge, BXP Partners, Apache, Castleton Commodities International, Samson Oil & Gas, Grenadier Energy, ConocoPhillips, Jones Energy, Kaiser-Francis, Staghorn, Monadhock, Merit Energy BP L48, Anadarko Petroleum, EnerVest, EOG Resources, Sabine Oil & Gas, Chaparral and many others.

EnergyNet's sealed bid and online auction marketing allows companies selling assets to expose their offering to a marketplace of 20,000+ qualified buyers and conduct a structured, fair and competitive sales process in a timely and efficient way.

EnergyNet has built a reliable, consistent, proven track record with its clients over the past 18 years and those successful sales have earned them the trust of the industry enabling the firm to facilitate larger and larger asset sales. The firm has successfully closed a dozen individual transactions valued between \$25 million and \$100

million in the past 12 months. These deals had varying characteristics: unconventional as well as conventional packages, operationally-complex as well as non-ops, primarily PDP as well as primarily acreage with significant PUD value.

"Buyers ranging from Large Publicly Traded E&P's as well as Private Equity Sponsored teams have been active through the EnergyNet marketplace in 2017" said Ryan Dobbs, VP Business Development, Rockies.

"Closing 1,000 plus individual transactions annually in every U.S. Basin provides us with unique perspectives, drivers and motivations of the market. We engage the buying community of the marketplace daily from communicating the availability of assets on the market through negotiation and closing. At our fingertips, we have a real-time pulse of the market. We have current, relevant, first-hand knowledge about the market and that is powerful information with regard to aligning Buyers and Sellers expectations and successfully closing deals."

"Government agencies have transitioned to online marketing of their oil and gas leases for the increased exposure and better values received" per John Munroe, V.P. of Govt. Lease Sales. EnergyNet now has contracts with eight government agencies to market their oil and gas leases and other minerals using online auctions and sealed bid platforms. These include the Bureau of Land Management, States of North

Dakota, Colorado, Wyoming, Utah, New Mexico, Texas General Land Office, and Texas University Lands.

"We intend to relentlessly focus on exceeding the expectations of our buying and selling clients. The EnergyNet divestment platform is widely used by the industry now, but we feel the potential for facilitating larger, more complex, higher-valued deals is just now beginning," states Chris Atherton, President of EnergyNet.com, Inc.

2017 is proving to be a busy year for exploration and production companies divesting oil and gas fields, as well as leasehold and other assets to raise capital and optimize their portfolios. Currently there are 2,103 properties in 17 states available for buyer review, evaluation and screening. New oil and gas properties are arriving daily.



**CHRIS ATHERTON**  
President  
EnergyNet.com, LLC

# YEAR TO DATE PERFORMANCE

## A Breakdown of EnergyNet's Operations Through the First Half of 2017

January 1, 2017 – June 30, 2017

Unique sellers: **206**

Total individual properties sold: **8,717**

Total discrete transactions: **652**

Total number of days with a sale closing: **74**

Total cumulative sales: **\$498,000,000**

2017 Sales to date are **336% more** than 2016 sales

**July 1, 2016-June 30, 2017**

**Total Sales: \$1,083,443,238**

Region	Combo	PROPERTIES SOLD BY REGION AND TYPE						MIN	Leasehold	TOTAL
		OP WI	WI	ROY	ORRI	GOVT				
Ark-La-Tex	10	16	22	175	26	9	19	2	279	
Appalachians	7	3	6	15	2	15	31	3	82	
Gulf Coast	10	17	37	57	13	27	14	3	178	
Mid Continent	56	43	91	148	22	11	95	10	476	
Permian Basin	17	18	41	87	9	257	11	7	447	
Western US	24	7	53	32	9	1414	60	10	1609	

## YEAR TO DATE PROUD PARTNERS



# ENERGYNET COMMUNITY ENGAGEMENT

## EnergyNet Supports OIPA's Oilfield Services Fundraising Auction

OIPA held its annual meeting last month at the Four Seasons resort in Los Colinas, TX. One of the highlights of the conference was the Oilfield Services Fundraising Auction, now in its 14th year, which benefits OIPA's PAC. EnergyNet has proudly served as the exclusive Auction Partner for the event for the past eight years.

Despite the industry's downturn and slow recovery, the auction performed above expectations and finished as OIPA's second-highest, grossing more than \$557,000 on 57 items. More than 50 registered bidders participated in the auction, with 18 going home as winners. Auction items included vital services for oil and natural gas operators in Oklahoma as well as special items such as:

- A pair of his-and-her guitars signed by Ted Nugent, benefiting the Oklahoma Youth Hunting and Shooting Program.
- BBQ lunch for 300 donated by Select Energy Services
- A two-night wild hog hunt thanks to Plaster and Wald Consulting Corp.
- A four-pack of tickets to two NASCAR events at Texas Motor Speedway, from Inthinc Technology Solutions.
- A two night stay at the Bandon Dunes Resort in Bandon, Ore., thanks to the Folds of Honor Foundation.

"Considering where the industry has been the past couple of years, it is really heartening to see how both the service companies that provide the items and the producers and other companies that bid on them stepped up to make this year such a success," said Ethan House, EnergyNet VP of Business Development. "It's great to see the work of the Oilfield Services Committee and OIPA Staff rewarded so handsomely with a great turnout for OIPA's single largest fundraising event."

Avery Smith, Vice President of Member Services and PAC Fundraising, said "There are many key factors that go into hosting a successful fundraiser such as this, with one of those factors being a clear understanding of relationships. OIPA is an association built on and through relationships and EnergyNet has always demonstrated a keen understanding of that,"



EnergyNet's Ethan House has been a longtime OIPA Member and was recently appointed as the Chairman of the Oilfield Services Committee for 2018.

## EnergyNet Welcomes Denna Arias



EnergyNet is pleased to welcome Denna Arias as our new Director of Transaction Management & Business Development. Ms. Arias brings more than 17 years in the oil and gas acquisitions and divestitures (A&D) business, most recently serving as Vice President of Business Development for the Oil & Gas Asset Clearinghouse. Ms. Arias specializes in executive level sales and will be involved in the evaluation of A&D packages and the development of sales opportunities with our business development team. She is a member of several oil and gas associations. She graduated with honors from Le Tourneau University with a degree in Business Administration and earned her certificate in Petroleum Land Management from the University of Houston-Downtown. Denna holds FINRA Series 63 & 22 licenses.

# GOVERNMENT LEASE SALES UPDATE

EnergyNet is proud to host the Board for Lease of University Lands Oil and Gas Lease Sale No. 128. This sealed bid offering will close for bidding on September 20, 2017. This is a record offering for the University Lands with over 397,000 acres being offered for lease in Andrews, Crane, Crockett, Culberson, Dawson, Ector, Gaines, Irion, Martin, Pecos, Reagan, Schleicher, Terrell, Upton, Ward and Winkler Counties. The acreage is located in the Delaware Basin, Central Basin Platform, Midland Basin, and Ozona Uplift. The Tracts are presently open for review at [www.EnergyNet.com](http://www.EnergyNet.com) and will begin accepting bids on August 21, 2017.

For more information on EnergyNet's government lease offerings, sale calendar, or information on registration, go to [energynet.com/govt\\_listing.pl](http://energynet.com/govt_listing.pl) or contact one of the Government Lease Sale team members.

## JOHN S. MUNROE

Vice President  
(832) 403-3122

[john.munroe@energynet.com](mailto:john.munroe@energynet.com)

## GUS RIVERO

Manager  
(806) 463-3616

[gus.rivero@energynet.com](mailto:gus.rivero@energynet.com)

## BRANDON SAVAGE

Assistant Manager  
(806) 463-3621

[brandon.savage@energynet.com](mailto:brandon.savage@energynet.com)



## Upcoming Government Lease Sales

Aug. 14	Wyoming office of State Lands OTC (Over The Counter) Sale	Sept. 12	BLM Nevada State Office
Aug. 15	New Mexico State Land Office	Sept. 19	New Mexico State Land Office
Aug. 17	Colorado State Land Board	Sept. 20	University Lands - The Board for Lease of University Lands
Sept. 7	BLM Colorado State Office	Sept. 21	BLM Eastern States Office
Sept. 7	BLM New Mexico State Office	Sept. 21	BLM Wyoming State Office
Sept. 11	Wyoming office of State Lands OTC (Over The Counter) Sale	Oct. 17	New Mexico State Land Office
Sept. 12	BLM Montana State Office	Oct. 27	Utah SITLA Sale
Sept. 12	BLM Utah State Office		

# CALENDAR UPDATE

## August - October 2017

### AUG 9

IPAA/TIPRO Leaders in Industry Luncheon  
*Houston, TX*

### AUG 16-17

Summer NAPE  
Booth #1801  
*Houston, TX*

### AUG 17

SIPES Luncheon  
*Houston, TX*

### AUG 18

ADAM Houston  
*Houston, TX*

### AUG 29-31

DUG Eagle Ford  
*San Antonio, TX*

### SEPT 6-7

A&D Strategies & Opportunities  
*Dallas, TX*

### SEPT 13

IPAA/TIPRO Leaders in Industry Luncheon  
*Houston, TX*

### SEPT 14

ADAM Energy Forum Luncheon  
*Dallas, TX*

### SEPT 15

ADAM Houston  
*Houston, TX*

### SEPT 19

PPROA Annual Convention  
*Amarillo, TX*

### SEPT 19-21

DUG Midcontinent  
*Oklahoma City, OK*

### SEPT 21

SIPES Luncheon  
*Houston, TX*

### OCT 5

ADAM Energy Forum Luncheon  
*Dallas, TX*

### OCT 11

IPAA/TIPRO Leaders in Industry Luncheon  
*Houston, TX*

### OCT 20

ADAM Houston  
*Houston, TX*

 = **Event Sponsor**

**Oil and Gas Investor's A&D Strategies and Opportunities Conference & Workshop**, September 6th and 7th, is the #1 gathering place for BD executives, A&D professionals, and dealmakers. EnergyNet is the proud sponsor of the "A&D Workshop – Battle of the Masters." We invite you to come see EnergyNet President Chris Atherton speak at "Upstream A&D Today: State Of The Market," "Battle Of The Masters, Part I: Deal Terms & Rules," and "The Master Trivia Contest."

EnergyNet.com, LLC  
7201 I-40 West, Suite 319  
Amarillo, TX 79106  
(806) 351-2953  
www.energynet.com

STANDARD MAIL  
US POSTAGE  
PAID  
AMARILLO, TX  
PERMIT NO. 444



*The face of EnergyNet is usually Bill Britain, Chris Atherton, or one of the VPs for business development, but it takes a large well-oiled machine to effectively and efficiently manage the volume of transactions with which we have been entrusted.*

*EnergyNet's Amarillo, TX based administrative staff includes:  
Technical Services, Land, Engineering, Data Analytics,  
Marketing, Conveyancing, Customer Services, Account  
Management, Accounting, Internet Data Room*

**Contact us at 1-877-351-4488 or [energy@energynet.com](mailto:energy@energynet.com)**