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PLS A&D Transactions

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A&D

Range buys Cotton Valley driller Memorial for $4.4 billion

Striking the biggest US upstream deal since late 2014, **Range Resources** is acquiring **Memorial Resource Development** in a stock-and-debt transaction valued at $4.4 billion. The few other transactions to crack the billion-dollar mark in the current down cycle have all targeted core areas of oil-rich shale plays like the Permian, Eagle Ford and STACK. In contrast, Memorial's operations focus on Cotton Valley tight-gas reservoirs at North Louisiana's Terryville field, which the Houston company produces using horizontal drilling and fracking methods.

Marcellus pioneer adds second core gas play in biggest US E&P deal since 2014.

The deal geographically diversifies Range's portfolio, adding a second core gas play to the Fort Worth company's prolific Marcellus shale position in Pennsylvania. Memorial's Terryville footprint covers 220,000 net acres (241,000 gross) with stacked pay in multiple overpressured Cotton Valley zones. The company has 105 horizontal wells in four primary horizons and Q1 production of 420 MMcfe/d (21% NGLs, 6% oil). Near-term operations emphasize the Upper Red horizon with the Lower Red and Upper and Lower Pink zones providing upside. Continues On Pg 6

EnerVest grabs $1.3 billion in Karnes County assets

Since last September, privately held **EnerVest** has signed deals to acquire $1.3 billion in Eagle Ford assets within a concentrated area of Karnes County, Texas. The Houston firm said the assets come from three separate companies and have combined production exceeding 17,000 boe/d. Two of the deals were previously disclosed by the sellers: **Alta Mesa Resources** announced a $125 million sale to EnerVest in September, and **GulfTex Energy** told **PLS** of its $501 million Eagle Ford divestment in April, although the buyer was not named at the time. Both of these deals have closed.

Latest adds 7,056 acres & 5,170 boe/d from BlackBrush for $674 million.

The third and largest acquisition is from **BlackBrush Oil & Gas,** a South Texas pure-play owned by publicly traded global investment firm **Ares Management.** The disclosed values of the previous deals imply a $674 million pricetag for BlackBrush's assets, which include 7,056 net acres (75% operated) with 341 locations, 5,170 boe/d (85% liquids), six wells waiting on completion and an active drilling program. Continues On Pg 11

Vantage outbids Rice for Alpha's Marcellus/Utica acreage

Rice Energy's $200 million stalking-horse bid for bankrupt coal miner **Alpha Natural Resources'** Marcellus and Utica acreage in southwest Pennsylvania was trounced at auction by **Vantage Energy,** a Denver E&P firm backed by private equity firms **Quantum Energy Partners, Riverstone Holdings** and **Lime Rock.** Vantage's $339.5 million cash offer defeated four other qualified bids including Rice's increased proposal of $335 million.

Beats stalking-horse bid & four auction rivals with $340 million offer.

Rice had seemed like a logical buyer for the acreage, which was close to its existing operations, advantageously located to deliver gas to its pipeline affiliate **Rice Midstream Partners,** and not dedicated to any other system. In addition, Rice had a longstanding relationship with Bristol, Virginia-based Alpha; the two companies had a 50:50 JV in the same area of the Marcellus from 2010 to December 2013, when Rice acquired Alpha's stake for $300 million. Alpha's current acreage was part of a second 50:50 JV with **EDF** formed in May 2013, but it bought the French trader's stake for $126 million last July—one month before filing for Chapter 11 protection. Continues On Pg 13

Tanos buys Conoco & Fidelity operations to grow ArkLaTex

Privately held ArkLaTex driller **Tanos Exploration II** came forward as the buyer of the East Texas and North Louisiana assets of **ConocoPhillips** and **Fidelity E&P,** funded by an increased $500 million capital commitment from sponsor **Quantum Energy Partners.** The acquisition consists of 140,000 net acres and 95 MMcfe/d of net production from ~1,400 operated and ~2,800 non-op wells—

Acquisition funded by increased Quantum commitment of $500 million.

representing a huge expansion of Tanos' footprint. According to its website, the company previously had an operated well count of 960 and 164,000 net acres.

Tanos has closed both deals and fully integrated the operations, which provide it with a diverse production base with horizontal and vertical development potential in the Cotton Valley, Hosston and Bossier. Continues On Pg 15

DEALS FOR SALE

CLAIBORNE PH., LA PROJECT PLS

40 PDP Wells. ~9,200 Net Acres (94% HBP)
CHAPTER 11 BANKRUPTCY
Significant & Immediate PDNP.
Behind Pipe Potential
Immediate Recompletions/Reworks
113-PUD & >50 Prob. & Poss. Locations
OPERATED & NonOperated WI
Net Production: 120 BOPD & 1,068 MCFD
Combined Proved Rsrvs: 14.95 MMBOE
Both Firms Total Proved PV10: $71.71 MM
CONTACT PLS FOR STATUS
PP 5454DV

PP **>2.0 MMCFED**

WILLIAMS CO., ND PROPERTY PLS

21-Active Wells. 1-Workover. 1-SWD.
CORE BAKKEN
Bakken & 1st Three Forks Production.
7-PUD Identified For 2nd & 3rd Benches.
Avg ~26% NonOperated WI; ~20% NRI
Net Production: ~500 BOED
Operators: Slawson & Zavanna
Includes 20% WI In Gathering System.
PP 5480DV

PP **~500 BOED**

All Standard Disclaimers & Seller Rights Apply.

People & Companies

■ As East Texas-focused **Energy & Exploration Partners** emerged from a five-month bankruptcy process, it bid farewell to CEO *B. Hunt Pettit,* who founded the company in 2006. On an interim basis, the CEO role will be filled by *Peter Hill,* a 40-year industry veteran who held various senior positions with **BP** and more recently served as CEO and chairman of **Triangle Petroleum** and as interim CEO of **Midstates Petroleum.**

■ **Glori Energy** controller and principal accounting officer *Ryan McHugh* resigned May 20 to pursue a new career opportunity. The Houston-based microbial enhanced oil recovery specialist is working to identify and evaluate candidates for the position.

■ **Laredo Petroleum** announced that Permian operations and engineering VP *A. John Whitehead* will retire effective June 3. In addition, midstream and marketing *SVP Daniel C. Schooley* was appointed operations SVP. These personnel changes follow the resignation of COO *Jay Still* in January.

■ **Legacy Reserves** appointed president, CEO and board member *Paul T. Horne* as chairman and made board member *Kyle D. Vann* its lead independent director. Founding chairman *Cary D. Brown* remains on the board. A founding member of Legacy's executive management team, Horne was appointed to the board in December 2014 and was promoted to president and CEO in March 2015. Vann joined the board in March 2006 after a 25-year career with **Koch Industries,** which culminated in his role as CEO of energy trading and transport company **Entergy-Koch LP** until its sale at YE04.

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Tanos buys Conoco & Fidelity operations

Continued From Pg 1

The company is running one drilling rig and an active workover program on the acquired acreage.

Led by CEO Mark Brandon, Tanos II launched in October 2013 with an initial $200 million commitment from Quantum following the sale of its predecessor that April. Before the Conoco and Fidelity acquisitions, it had mostly grown its profile through small drill-to-earn deals. **Tanos I** was formed in 2007 with just a $40 million equity commitment and grew through acquisitions and drilling to an operated portfolio of more than 100 wells by the time of its sale.

Both sellers were exiting the region as part of larger divestment efforts.

"The assets fit squarely within our ArkLaTex strategy, and we believe we can create a tremendous amount of value for our shareholders as we continue to grow our asset base through ongoing development and continued acquisitions," Brandon said.

Both Conoco and Fidelity were working to exit the region last year as part of larger divestment efforts. Conoco hired **Wells Fargo** last summer to sell its upstream assets in East and South Texas, North Louisiana and the Rockies as well as its Lobo gas pipeline system in South Texas.

Conoco filing put East Texas & North Louisiana sale price at $412 million.

According to a year-end filing, last December it sold the East Texas and North Louisiana properties for $412 million, the South Texas properties for $358 million and the pipeline system for $201 million. The East Texas and North Louisiana assets included 139,000 net acres (100% HBP) 450 Bcfe of proved reserves (91% gas) and projected net production of 72 MMcfe/d (78% gas, 9% decline) split roughly evenly between the Bossier and Georgetown in East Texas (105 wells) and the Cotton Valley, Hosston and Pettet across both states (531 wells).

As for Fidelity, since late 2015 the Denver-based upstream company has sold its entire portfolio spanning more than 485,000 net acres (584,000 gross) in the Powder River and Paradox basins as well as the Bakken, north-central Montana, East Texas and South Texas. In total, the company recognized proceeds and tax benefits of ~$500 million from these asset sales. The upstream exit was intended to pay down debt for Fidelity's parent company, North Dakota gas and power distributor **MDU Resources,** while focusing operations on its utility, pipeline and construction business units. In East Texas, Fidelity had 100% WI in Rusk County's Shiloh gas field, where it was horizontally drilling the Cotton Valley. At YE14 Fidelity's East Texas assets covered 9,000 net acres.

Fidelity closes shop as power distributor parent MDU abandons E&P.