Current State of the M&A and Capital Markets for Energy Companies

Stephen Trauber
Vice Chairman
Global Head of Energy

October 27th, 2011
Macro Uncertainty Has Increased Risk Aversion

The recent macroeconomic uncertainty has caused investors to focus more on capital preservation in addition to alpha generation. Continued positive market performance can, however, shift sentiment quickly.

Key Factors

1. Investors recalibrating U.S. growth projections
   - Recent economic data has been discouraging
   - Timing of S&P downgrades creates negative feedback loop
   - Consumer confidence back to 2008 levels

2. Political gridlock
   - Debt ceiling resolution removes fiscal stimulus option; few monetary policy options remain
   - Lack of political consensus in European Union
   - $447 billion jobs plan proposed by Obama must still be passed

3. Fears of size of European sovereign debt crisis
   - Citi strategists believe European banks need $2-2.5 trillion capital infusion
   - Markets looking for a pan-European solution
   - Disagreements over bond buying program causing further market anxiety

4. US bank concerns resurface
   - Slowing economy, volatile markets, debt downgrade and legacy mortgage issues could strain balance sheets

Despite investor worries, once the market is perceived to be oversold investors can return very quickly.
Citi Investor Survey: October 2011

Macro Topics
Economic Risks

Biggest Risks to Economy Over Next 12 Months?

Employment Outlook

Where will Unemployment end in 2012?

European Credit Concerns
Will Europe be able to come together on a stability fund for sovereign credit problems?

2012 Presidential Election
Who will win the 2012 Presidential election: Obama or his Republican challenger?

Likelihood of 2012 Recession
Do you foresee a US recession in 2012?

Source: Citigroup Investment Research & Analysis (October 7, 2011).
Note: Unless otherwise indicated, % reflects the percentage of investors responding in the survey.
Equity Market Volatility Levels Remain Elevated

Clear Equity Market Correction

2011 YTD

<table>
<thead>
<tr>
<th>Index</th>
<th>Performance (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P 500</td>
<td>(1.2%)</td>
</tr>
<tr>
<td>Euro STOXX 50</td>
<td>(16.4%)</td>
</tr>
<tr>
<td>Hang Seng</td>
<td>(17.2%)</td>
</tr>
<tr>
<td>Bovespa</td>
<td>(17.5%)</td>
</tr>
</tbody>
</table>

This week

<table>
<thead>
<tr>
<th>Index</th>
<th>Performance (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P 500</td>
<td>1.1%</td>
</tr>
<tr>
<td>Euro STOXX 50</td>
<td>(0.4%)</td>
</tr>
<tr>
<td>Hang Seng</td>
<td>0.5%</td>
</tr>
<tr>
<td>Bovespa</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

Causing Spikes In Volatility

2007 To Date VIX Index

- **Lehman Failure**
- **Greek sovereign debt crisis**
- **European debt fears**

Source: Factset.
The M&A Market Continues to Track Macro Trends

During the last few months, the macro indicators to which the M&A market is highly correlated have all experienced declines, including a two-year low for Consumer Confidence.

Global M&A Volume vs Key Indicators (1)

Source: Dealogic, Citi.

(1) M&A volume is based on rolling 12-month average in order to smooth the trend line, as of September 30, 2011.
Current M&A Cycle in Historical Context

It has been 31 months since the M&A market hit bottom in March 2009. During the last 7 months, the current cycle (red line) had diverged significantly from the surge of $1B+ deals of the prior cycle (blue line).

Number of Global Announced $1B+ Deals (Trough to Peak) (1)

![Graph showing the number of global announced $1B+ deals](image)

Source: Dealogic, Citi.

(1) Data based on rolling 3-month average number of $1B+ deals in order to smooth the trend line, as of September 30, 2011.
Global M&A Activity – By Industry

Uptick in Energy M&A activity in October. 5 of the top 10 M&A deals in October were in the Energy sector.

Top 10 M&A Deals (YTD)

<table>
<thead>
<tr>
<th>Acquirer/Target</th>
<th>Industry</th>
<th>Value (US$B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kinder Morgan Inc / El Paso Corp</td>
<td>Energy</td>
<td>38.5</td>
</tr>
<tr>
<td>Express Scripts / Medco Health Solutions</td>
<td>Healthcare</td>
<td>34.3</td>
</tr>
<tr>
<td>Duke Energy / Progress Energy</td>
<td>Power</td>
<td>25.9</td>
</tr>
<tr>
<td>Nippon Steel / Sumimoto Metal</td>
<td>Industrial</td>
<td>22.5</td>
</tr>
<tr>
<td>Johnson &amp; Johnson / Synthes Inc</td>
<td>Healthcare</td>
<td>20.8</td>
</tr>
<tr>
<td>United Technologies / Goodrich Corp</td>
<td>Industrial</td>
<td>18.0</td>
</tr>
<tr>
<td>BHP Billiton / Petrohawk Energy</td>
<td>Energy</td>
<td>15.6</td>
</tr>
<tr>
<td>AMB Property Corp / ProLogis</td>
<td>Real Estate</td>
<td>15.2</td>
</tr>
<tr>
<td>Deutsche Boerse AG / NYSE Euronext</td>
<td>Fin. Institutions</td>
<td>12.2</td>
</tr>
<tr>
<td>Exelon Corp / Constellation Energy</td>
<td>Power</td>
<td>11.4</td>
</tr>
</tbody>
</table>
Regional Activity

North America is expected to have higher activity levels than Europe and rest of the world in 2011. Europe enjoyed strong volumes in 2Q 2011 – however sovereign debt issues are impacting current activity levels.

M&A Volume by Year
Volume (US$B)

<table>
<thead>
<tr>
<th>Year</th>
<th>N. America</th>
<th>Europe</th>
<th>Rest of World</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$1,804</td>
<td>$1,863</td>
<td>$972</td>
</tr>
<tr>
<td>2008</td>
<td>$1,168</td>
<td>$1,288</td>
<td>$790</td>
</tr>
<tr>
<td>2009</td>
<td>$895</td>
<td>$718</td>
<td>$678</td>
</tr>
<tr>
<td>2010</td>
<td>$976</td>
<td>$775</td>
<td>$967</td>
</tr>
<tr>
<td>2011E</td>
<td>$1,191</td>
<td>$835</td>
<td>$880</td>
</tr>
</tbody>
</table>

Source: Dealogic, Citi.
(1) Based on target’s region.
Deal Consideration & Takeover Premiums

The use of all-cash consideration ticked up to 67% of all transactions in 2011 YTD. In 3Q 2011, average takeover premiums leapt to 40%, mainly reflecting depressed target valuations.

Global Cash vs. Stock by Year (1)

<table>
<thead>
<tr>
<th>Year</th>
<th>All-Cash</th>
<th>Cash &amp; Stock</th>
<th>All-Stock</th>
</tr>
</thead>
<tbody>
<tr>
<td>00</td>
<td>41%</td>
<td>13%</td>
<td>47%</td>
</tr>
<tr>
<td>01</td>
<td>37%</td>
<td>18%</td>
<td>45%</td>
</tr>
<tr>
<td>02</td>
<td>34%</td>
<td>12%</td>
<td>54%</td>
</tr>
<tr>
<td>03</td>
<td>23%</td>
<td>21%</td>
<td>55%</td>
</tr>
<tr>
<td>04</td>
<td>23%</td>
<td>15%</td>
<td>62%</td>
</tr>
<tr>
<td>05</td>
<td>20%</td>
<td>9%</td>
<td>65%</td>
</tr>
<tr>
<td>06</td>
<td>20%</td>
<td>11%</td>
<td>71%</td>
</tr>
<tr>
<td>07</td>
<td>13%</td>
<td>16%</td>
<td>75%</td>
</tr>
<tr>
<td>08</td>
<td>22%</td>
<td>12%</td>
<td>67%</td>
</tr>
<tr>
<td>09</td>
<td>34%</td>
<td>16%</td>
<td>50%</td>
</tr>
<tr>
<td>10</td>
<td>23%</td>
<td>12%</td>
<td>65%</td>
</tr>
<tr>
<td>11</td>
<td>19%</td>
<td>14%</td>
<td>67%</td>
</tr>
</tbody>
</table>

(1) Excludes spin-offs, share repurchases and other consideration (e.g. asset swaps). Deals with acquiror seeking to buy 50%+ and to own 90%+ after deals. As of September 30, 2011.

4-Week % Premium (2)

Median

Quarterly 15-Quarter Avg

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Median</th>
<th>15-Q Quarter Avg</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q 08</td>
<td>34.1</td>
<td></td>
</tr>
<tr>
<td>2Q 08</td>
<td>31.5</td>
<td></td>
</tr>
<tr>
<td>3Q 08</td>
<td>40.7</td>
<td></td>
</tr>
<tr>
<td>4Q 08</td>
<td>18.7</td>
<td></td>
</tr>
<tr>
<td>1Q 09</td>
<td>52.3</td>
<td></td>
</tr>
<tr>
<td>2Q 09</td>
<td>48.6</td>
<td></td>
</tr>
<tr>
<td>3Q 09</td>
<td>36.7</td>
<td></td>
</tr>
<tr>
<td>4Q 09</td>
<td>35.3</td>
<td></td>
</tr>
<tr>
<td>1Q 10</td>
<td>31.2</td>
<td></td>
</tr>
<tr>
<td>2Q 10</td>
<td>34.5</td>
<td></td>
</tr>
<tr>
<td>3Q 10</td>
<td>40.6</td>
<td></td>
</tr>
<tr>
<td>4Q 10</td>
<td>36.7</td>
<td></td>
</tr>
<tr>
<td>1Q 11</td>
<td>30.1</td>
<td></td>
</tr>
<tr>
<td>2Q 11</td>
<td>28.9</td>
<td></td>
</tr>
<tr>
<td>3Q 11</td>
<td>41.7</td>
<td></td>
</tr>
</tbody>
</table>

Source: Dealogic, Citi.
(1) Excludes spin-offs, share repurchases and other consideration (e.g. asset swaps). Deals with acquiror seeking to buy 50%+ and to own 90%+ after deals. As of September 30, 2011.
(2) Based on an analysis of public company takeover premiums for deals larger than $500M by Citi’s M&A Deal Intelligence team. Premiums are adjusted for pre-announcement rumors within one Quarter or confirmed sale processes/merger talks within six Quarters. Excludes deals in the Financial Institutions sector. As of September 30, 2011.
Companies Stockpiling Cash Despite Strong Profits

### Cash to Assets
**S&P 500**

<table>
<thead>
<tr>
<th>Year</th>
<th>2001</th>
<th>2004</th>
<th>2007</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>6.4%</td>
<td>8.4%</td>
<td>8.0%</td>
<td>11.1%</td>
</tr>
</tbody>
</table>

### EBITDA Margin
**S&P 500**

<table>
<thead>
<tr>
<th>Year</th>
<th>2001</th>
<th>2004</th>
<th>2007</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>16.9%</td>
<td>21.1%</td>
<td>22.2%</td>
<td>23.1%</td>
</tr>
</tbody>
</table>

Source: CapitalIQ.

Note: The study is based on S&P 500 index companies excluding financial firms. Data as of September 30, 2011.
Forward Curve as a Predictor of Actual Prices

(1) Forecast is based on forward curve at indicated date.
Citi Crude Forecast: $93.50 in 2011; $90.00 in 2012

Oil Prices and Capacity Forecasts

Crude Oil - CFTC Net Speculative Position

Source: Bloomberg and CFTC.
Citi Natural Gas Forecast: $4.25 in 2011; $4.35 in 2012

U.S. Natural Gas Supply & Demand

U.S. Rig Count

Source: Citi Investment Research and Smith Bits.
Market data as of October 21, 2011.
Key Themes Driving Energy Activity

1. US & European Integrateds Shift
   
   Gulf of Mexico: GoM production resumes.
   
   Russia: Too Large to Ignore
   
   Brazil deepwater is key play; regulatory changes may limit future access. Consolidation of local independents / niche operators to create regional players. Scope for Majors and Large Cap disposals.

2. Continued Focus on US Unconventionals
   
   North American Shales: Drive to shales continues, requiring massive capital needs. North American light oil - Bakken will remain the immediate focus, but a second wave of plays is starting to emerge. Still scope for substantial consolidation / restructuring.

3. Acceleration of Deepwater in GoM, West Africa & Latin America
   
   Gulf of Mexico: Strategic restructuring in the wake of Macondo fall-out could see a big increase in activity. Smaller / marginal players will leave, while bigger players will consolidate. Sequence for M&A driven by Reliance.


5. Consolidation of Australian LNG: Driven By Majors / NOCs
   
   Australia: Projects reach production phase. Emergence of shale plays: a trend to be monitored. BHP takeover of Petrohawk dampens speculation of Woodside takeover.
Emerging Market Growth

Top 10 Countries by GDP ($ in Billions)

- US: $13,248
- China: $4,541
- Japan: $3,895
- India: $3,792
- Germany: $2,736
- UK: $2,004
- Brazil: $1,963
- France: $1,937
- Italy: $1,617
- Canada: $1,202

Projected Average 5-yr GDP growth

- US: 2.7%
- China: 7.9%
- Japan: 1.4%
- India: 8.7%
- Germany: 2.4%
- UK: 1.6%
- Brazil: 4.6%
- France: 1.7%
- Italy: 0.9%
- Canada: 2.5%

Projected Average 5-yr Energy consumption growth (tonnes oil equivalent)

- US: 1.1%
- China: 9.8%
- Japan: 1.4%
- India: 7.7%
- Germany: 0.7%
- UK: 4.8%
- Brazil: 0.5%
- France: 0.6%
- Italy: 1.1%
- Canada: 1.1%

Source: EIA.
Chinese NOC Activity

### Major Drivers

- 1.3 billion population
- Driven by economic growth, energy demand has doubled since 2000
- Stagnating domestic oil production
- 55% of current oil consumption satisfied through imports; expected to go to 70% by 2030
- China’s energy demand has doubled since 2000
- Long term constructive view on natural gas

### Effects

- Notably active in most recent large transactions (gas and oil focused)
- Low cost of capital enables them to be competitive in most processes
- Growing sophistication and ability to move quickly when motivated in M&A processes
- Increasing emphasis on control / operatorship
- Looking to acquire technical experience
- Willing to partner with Majors / incumbents to overcome regulatory concerns

(1) Source: EIA
Evolution of Asian NOC Activity

Outbound M&A direction of Asia NOCs points to opportunities, but also increased competition. Historically, M&A activity has followed geographic cycles and key trends, which have shifted over time, from Southeast Asia, to Africa and the Middle East, to the Americas.
Renewed Focus by Multi-Nationals on North America

Major Transactions in US Shales

- **Barnett**:
  - Sinopac / ConocoPhillips ($4.7 bn)
  - PetroChina / EnCana ($1.7 bn)

- **Eagle Ford**:
  - Total / UTS ($0.7 bn)
  - Total / Syneco ($0.7 bn)
  - BP / Husky ($1.1 bn)

- **Haynesville**:
  - Statoil / NAOSC ($2.0 bn)
  - Shell / BlackRock ($2.1 bn)

- **Bakken**:
  - Total / Deer Creek ($1.3 bn)

- **Marcellus**:
  - Total / CHK ($1.3 bn)
  - Marubeni / MRO ($0.3 bn)
  - Shell / East ($4.7 bn)

- **Niobrara**:
  - CNOOC / CHK ($4.7 bn)

- **Fayetteville**:
  - Mitsui / SM ($0.7 bn)

Over $15 billion in JV drilling carries will be spent over the next 2 – 3 years

Source: Herold, company press releases.

(1) Only includes JV transactions with publicly announced values.
(2) Shell acquired East Resources’ assets in both the Niobrara and Marcellus shales.
(3) BHP acquired HK assets in both the Eagle Ford and Haynesville shales.
Relative Acreage Value Comparison

In spite of similar per-well recoveries, acreage valuations in the Bakken and other regions have not kept pace with the Eagle Ford.

Note: Represents transactions in the Marcellus, Eagle Ford, Bakken and Niobrara shales.

(1) Acreage value derived after extracting proved reserve value. Proved reserve value based on production multiple of $75,000 per boed and $7,500 per mcfed.
Current Interest Rate Environment: Well Below 20-Year Average

<table>
<thead>
<tr>
<th>Index</th>
<th>20-Yr. Avg</th>
<th>Current</th>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCC Index</td>
<td>14.85%</td>
<td>13.94%</td>
<td>28.90%</td>
<td>9.09%</td>
</tr>
<tr>
<td>B Index</td>
<td>10.37%</td>
<td>8.96%</td>
<td>19.23%</td>
<td>6.68%</td>
</tr>
<tr>
<td>BB Index</td>
<td>8.42%</td>
<td>6.55%</td>
<td>14.13%</td>
<td>5.38%</td>
</tr>
<tr>
<td>10 Year Treasury</td>
<td>5.10%</td>
<td>2.22%</td>
<td>7.90%</td>
<td>1.72%</td>
</tr>
</tbody>
</table>

Credit Rallies as Recession Ends

Mexican Financial Crisis
Orange County Bankruptcy
CMO Market Collapse

Corporate Governance
September 11th Dot-Com Collapse

Asian Financial Crisis
Russian Default
LTCM Bailout

Subprime Meltdown
LBO Overhang
Financial Sector Crisis

Economic Recovery / Historic High Yield Rally

Source: Citi Yieldbook.
Note: Dotted lines represent 20 yr. Average
As “Risk-Off” Mentality Dominates Capital Markets...

Source: Factset. Excludes financials.
U.S. Upstream: Abundant Access to Capital

Record Levels of E&P Funding ($ mm)

Investment Grade Debt
High Yield Debt
Equity
Joint Ventures

$20,510
$29,426
$36,265
$38,994
$62,945

5,193
7,926
11,757
10,943
18,204

$54,779

$44,123

Annualized
Energy Issuance Themes In The Market in 2011

Equity issuance in the energy sector has been robust, although the sector has recently sold-off with the broad markets with concerns on global growth driving commodity prices lower. The backlog remains robust with over $30bn of IPOs currently in registration.

Energy is a Sector That Remains Favored

Energy Issuance Has Been Active

Issuance By Product Type

Continued Strong Backlog for Energy Sector

Filed Backlog

<table>
<thead>
<tr>
<th>Filing Date</th>
<th>C-Corp E&amp;P Issuer</th>
<th>Basin</th>
<th>Amount Filed ($mm)</th>
<th>#S-1 Filings</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/01/11</td>
<td>Sanchez Energy Corp</td>
<td>Eagleford</td>
<td>$150</td>
<td>2</td>
</tr>
<tr>
<td>08/30/11</td>
<td>New Source Energy Corp</td>
<td>Hunton</td>
<td>100</td>
<td>2</td>
</tr>
<tr>
<td>08/24/11</td>
<td>Dynamic Offshore Resources</td>
<td>GOM</td>
<td>400</td>
<td>2</td>
</tr>
<tr>
<td>08/24/11</td>
<td>Laredo Petroleum Holdings Inc</td>
<td>Granite Wash / Wolfberry</td>
<td>450</td>
<td>2</td>
</tr>
<tr>
<td>08/12/11</td>
<td>Matador Resources Co</td>
<td>Haynesville / Eagleford</td>
<td>150</td>
<td>1</td>
</tr>
<tr>
<td>06/07/11</td>
<td>Bonanza Creek Energy Inc</td>
<td>Niobrara</td>
<td>200</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Dealogic. Excludes SPACs, CLEFs, and offerings < $25mm.

Continued Strong Backlog for Energy Sector

Filing Date | Issuer | Subsector | Amount Filed ($mm) |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>08/24/11</td>
<td>Inergy Midstream LP</td>
<td>MLP</td>
<td>$300</td>
</tr>
<tr>
<td>08/12/11</td>
<td>Rose Rock Midstream LP</td>
<td>MLP</td>
<td>181</td>
</tr>
<tr>
<td>08/12/11</td>
<td>Mid-Con Energy Partners LP</td>
<td>MLP</td>
<td>140</td>
</tr>
<tr>
<td>08/05/11</td>
<td>Rentech Nitrogen Partners LP</td>
<td>MLP</td>
<td>250</td>
</tr>
<tr>
<td>07/27/11</td>
<td>Sprague Resources LP</td>
<td>MLP</td>
<td>165</td>
</tr>
<tr>
<td>06/23/11</td>
<td>Memorial Production Partners LP</td>
<td>MLP</td>
<td>288</td>
</tr>
<tr>
<td>06/21/11</td>
<td>PetroLogistics LP</td>
<td>MLP</td>
<td>600</td>
</tr>
<tr>
<td>06/09/11</td>
<td>USA Compression Partners LP</td>
<td>MLP</td>
<td>200</td>
</tr>
<tr>
<td>05/06/11</td>
<td>LRR Energy LP</td>
<td>MLP</td>
<td>282</td>
</tr>
<tr>
<td>09/27/11</td>
<td>Platinum Energy Solutions Inc</td>
<td>OFS</td>
<td>300</td>
</tr>
<tr>
<td>09/09/11</td>
<td>FTS International Inc</td>
<td>OFS</td>
<td>1,150</td>
</tr>
<tr>
<td>09/01/11</td>
<td>Forum Energy Technologies Inc</td>
<td>OFS</td>
<td>300</td>
</tr>
<tr>
<td>07/18/11</td>
<td>US Silica Holdings Inc</td>
<td>OFS</td>
<td>200</td>
</tr>
<tr>
<td>07/07/11</td>
<td>Chesapeake Granite Wash Trust</td>
<td>Royalty Trust</td>
<td>584</td>
</tr>
<tr>
<td>05/16/11</td>
<td>Enduro Royalty Trust</td>
<td>Royalty Trust</td>
<td>330</td>
</tr>
</tbody>
</table>

Filing Date | Issuer | Subsector | Amount Filed ($mm) |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4'11</td>
<td>Oilfield Services Company</td>
<td>Oil Services</td>
<td>100</td>
</tr>
<tr>
<td>Q4'11</td>
<td>E&amp;P Company</td>
<td>E&amp;P</td>
<td>200</td>
</tr>
<tr>
<td>Q4'11</td>
<td>R&amp;M Company</td>
<td>R&amp;M</td>
<td>400</td>
</tr>
<tr>
<td>Q4'11</td>
<td>Midstream MLP Company</td>
<td>MLP</td>
<td>225</td>
</tr>
<tr>
<td>Q4'11</td>
<td>Midstream MLP Company</td>
<td>MLP</td>
<td>150</td>
</tr>
<tr>
<td>Q4'11</td>
<td>Midstream MLP Company</td>
<td>MLP</td>
<td>250</td>
</tr>
<tr>
<td>Q1'12</td>
<td>E&amp;P Company</td>
<td>E&amp;P</td>
<td>100</td>
</tr>
<tr>
<td>Q2'12</td>
<td>Diversified Services</td>
<td>Oil Services</td>
<td>350</td>
</tr>
<tr>
<td>Q2'12</td>
<td>E&amp;P Company</td>
<td>E&amp;P</td>
<td>200</td>
</tr>
<tr>
<td>Q2'12</td>
<td>Fluids / Environmental MLP</td>
<td>MLP</td>
<td>200</td>
</tr>
</tbody>
</table>
Record Levels of Global Energy Debt Issuance

Investment Grade Issuance

2005 2006 2007 2008 2009 2010 2011 YTD

$37,753 $52,904 $74,796 $96,681 $142,217 $107,187 $37,753

High Yield Issuance

2005 2006 2007 2008 2009 2010 2011 YTD

$15,068 $23,190 $32,933 $23,190 $37,443 $39,569 $10,762

Source: Dealogic. As of October 21, 2011.
Executive Summary

- Oil prices to remain volatile → range bound at $80.00 - $95.00

- “Lower-for-Longer” on natural gas prices → “sub $5.00”
  - Efficiency leads to lower level break-even prices and offsets increased demand

- Global economies, particularly in Asia, are growing and that is driving increased demand across energy sectors worldwide

- Asian NOCs will remain very active/aggressive buyers/partners
  - Low cost of capital
  - Strategic need to fill supply/demand gap

- Middle inning for gas/oil unconventional JVs
  - Demand for oil/liquids will drive attractive price/terms for JVs
  - Strong demand remains for long-lived resources (replace declines elsewhere)
  - Strong demand remains for technology transfer

- Global capital markets remain open; however prevailing conditions impacting pricing/timing of issuance