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INDUSTRY OVERVIEW

After strong industry growth since the economic downturn, all sectors of the oil and gas industry witnessed major contraction in Q3 and Q4 2014. Crude oil prices continued to fall through the end of the year, dropping 42% within the past couple months and prompting IEA to make additional cuts to its 2015 demand forecasts. This drop in prices can be attributed to an abundant supply of oil and lower demand from Europe and Asia. In reaction to price decline, industry stock prices dropped from 10% growth in September 2014 to an average decline of almost 10% in December of 2014.

Innovative techniques, particularly hydraulic fracking and horizontal drilling, offered a silver lining of increased efficiency in production for the industry in 2014. However, with domestic oil production at its highest level in years and the government's interest in reducing reliance on foreign oil, producers are scrambling to maintain levels of production despite the price drop. Stringent offshore drilling regulations in the Gulf Coast have also offset industry growth in Q4 of 2014 and will continue to inhibit performance potential going into 2015.

Industry valuation multiples have remained somewhat stable despite the fall of oil prices and industry earnings. Revenue multiples remain equal to the S&P 500 average, showing investor confidence has remained steady despite the Q4 contraction. As Q4 2014 comes to a close, the oil and gas industry prepares for a 2015 market with excess supply and lowering demand but stable company values.

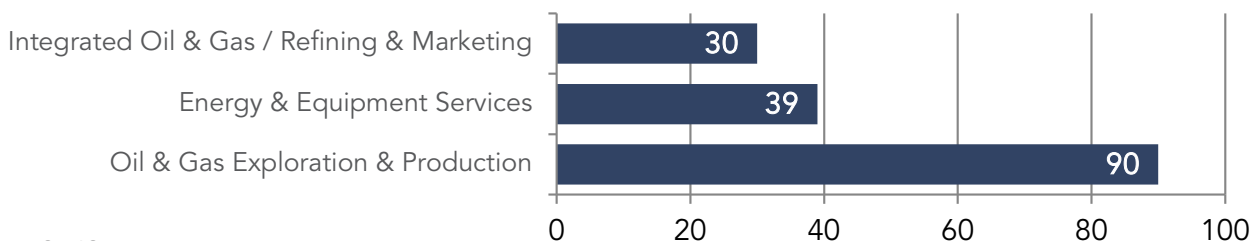
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TRANSACTION HIGHLIGHTS

TRANSACTIONS

BY SEGMENT (Q4)

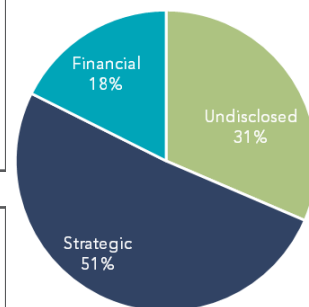


Source: CapIQ

STRATEGIC VS. FINANCIAL TRANSACTIONS

HIGHLIGHTS

STRATEGIC TRANSACTIONS	11.26.14 Kinder Morgan, Inc. (NYSE:KMI) completed the industry's largest transaction this quarter with the consolidation and purchase of three partners companies, Kinder Morgan Management (NYSE:KMR) , Kinder Morgan Energy Partners LP (NYSE:KMP) and El Paso Pipeline Partners, L.P. (NYSE:EPB) . This transaction was structured with stock, cash, and debt payments totaling \$75.6 billion.
FINANCIAL TRANSACTIONS	11.11.14 EIG Management Company, LLC Announced the purchase of \$1.5 billion in convertible notes from Cheniere Energy, Inc. The notes would represent a 100% equity interest in Corpus Christi Liquefaction, LLC and Cheniere Corpus Christi Pipeline, L.P.



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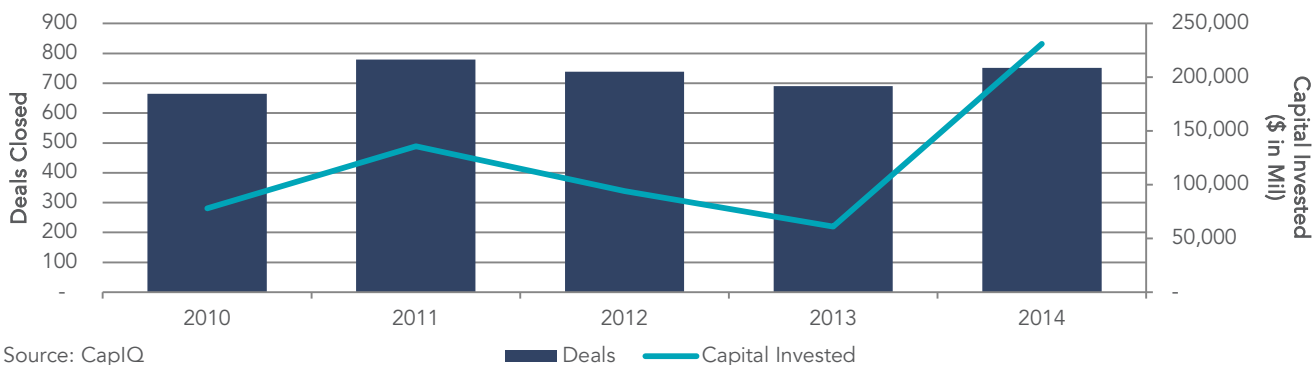
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TRANSACTION ACTIVITY

Date	Target	Buyers	Target Description	Transaction Comments
12/30/2014	Millennium Energy Corp. (OTCPK:TMLLD)	Geo Global Group Limited	Oil and Gas Exploration and Production	Geo Global Group entered an agreement to acquire a large stake in Millennium Energy Corp from previous owner Ivory Mint Holding Corp for \$2.00 per share. The transaction totaled \$21.79 million.
12/17/2014	Cimarron Energy, Inc.	Turnbridge Capital, LLC	Energy Equipment and Services	Energy focused Private Equity firm Turnbridge Capital Partners acquired Cimarron Energy Inc. from Curtiss-Wright for \$100 million.
11/19/2014	Boart Longyear Limited (ASX:BLY)	Centerbridge Partners, L.P.	Energy Equipment and Services	Boart Longyear Limited, a global supplier of drilling services and equipment entered into a \$21 million recapitalization transaction with Centerbridge Partners as a result of a strategic review processed by Boart in February 2014
11/6/2014	American Standard Energy Corp., Certain Oil and Gas Properties in Bakken Region	Oasis Petroleum North America LLC	Oil and Gas Exploration and Production	Oasis Petroleum North America LLC announced the acquisition of American Standard Energy Corporation. The deal is scheduled to close early 2015 with a transaction value of \$11.1 million.
11/5/2014	TMC Capital, LLC	MCW Energy Group Limited (TSXV:MCW)	Oil and Gas Exploration and Production	MCW announced that it has entered into an asset purchase and sale agreement with TMC Capital, LLC, for the acquisition of the lease and assets related to an oil sands project for \$17.9 million.
10/17/2014	Eagle Ford Interests Fayette and Gonzales Counties Texas	Earthstone Energy, Inc.	Oil and Gas Exploration and Production	Earthstone Energy, Inc. announced an agreement to acquire additional interest in Eagle Ford as part of a definitive exchange agreement to purchase all subsidiaries currently owned by Oak Valley Resources, LLC.

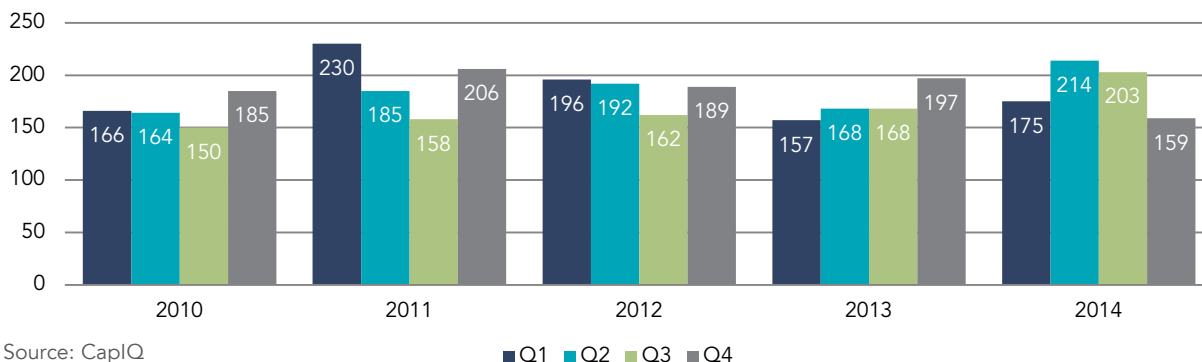
Source: CapIQ

US OIL & GAS M&A ACTIVITY



Source: CapIQ

OIL & GAS TRANSACTIONS # OF TRANSACTIONS BY QUARTER



Source: CapIQ

*Note: These data represent the recorded transactions, are not all inclusive of completed transactions, and are meant to be representative of the industry.



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PUBLIC BASKET

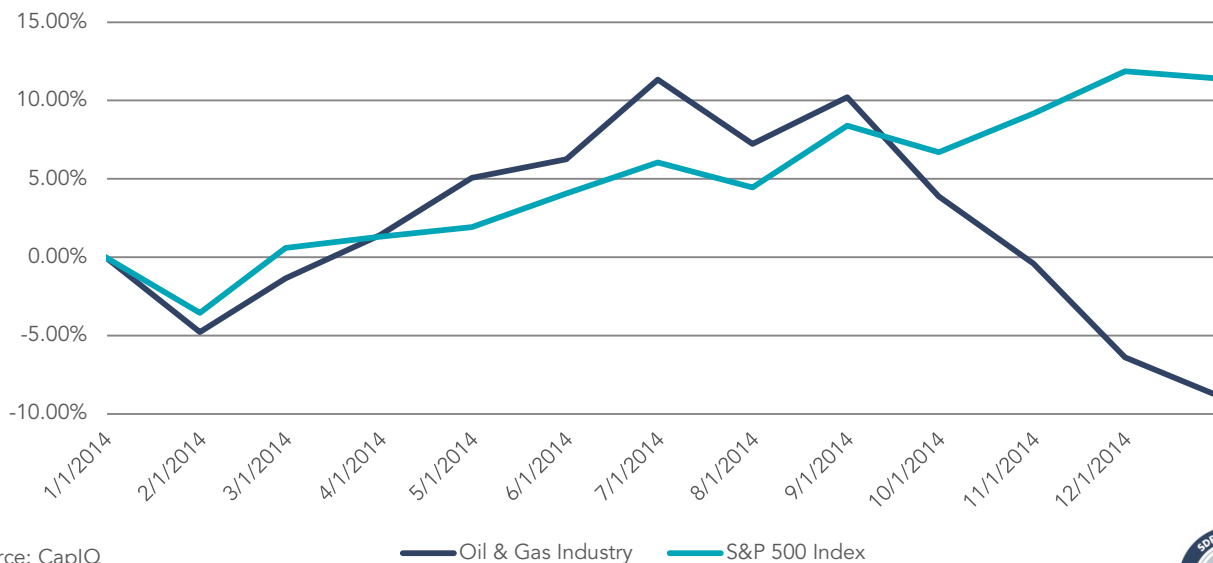
Due to the strengthening domestic economy and increased levels of American exports, the oil and gas industry witnessed steady levels of growth throughout the first three quarters of 2014. The U.S. rig count was up 10% YTD and companies were further benefiting from the continued technological advances in drilling techniques. However, the abrupt decline in oil prices in September interrupted projected growth in Q4 2014. These conditions placed oil and gas producers under pressure as prices continued to approach break even points with no sign of deceleration. As a result, many companies are showing a projected budget reduction for the beginning of 2015 to account for recent losses.

Oil and gas remains largely dominated by several large, globalized players engaged in all steps of oil and gas operations. While these market giants have witnessed substantial slumps in share price this quarter, their smaller competitors have often remained more stable through the oil price drop. In Q4 2014, companies throughout the industry, regardless of size, have had to cope with a drastically changing economic environment. Dropping oil prices, OPEC's decision not to curb production, the deregulation of diesel fuel, and the prohibition of drilling in Alaska's Bristol Bay have caused an industry decline in value of 17% for Q4 2014. However the decrease in industry stock prices has not fallen as quickly as earnings, leading many industry professionals to question the possibility of further value decline within the sector if oil prices do not rebound.

Company	Symbol	State	Market Cap		Stock Price			Price/ LTM EPS	Price/ Book	Price/ Rev	Price/ EBITDA
			(\$ in Mil)	Price	Month Change	YTD Change					
Buckeye Partners, L.P.	NYSE:BPL	TX	\$ 9,332	\$ 75.89	(1.27%)	6.87%	38.8x	2.5x	1.9x	19.8x	
Chicago Bridge & Iron Company N.V.	NYSE:CBI	-	\$ 4,091	\$ 39.45	(21.15%)	(52.55%)	8.7x	1.5x	0.5x	5.4x	
Abraxas Petroleum Corp.	NasdaqCM:AXAS	TX	\$ 278	\$ 2.97	(10.68%)	(8.92%)	13.4x	1.6x	2.7x	4.5x	
Clayton Williams Energy, Inc.	NYSE:CWEI	TX	\$ 654	\$ 59.68	3.00%	(27.18%)	13.5x	1.6x	2.7x	6.0x	
Halliburton Company	NYSE:HAL	TX	\$ 32,297	\$ 39.72	(5.88%)	(21.73%)	12.0x	2.1x	1.2x	5.6x	
Midcoast Energy Partners, L.P.	NYSE:MEP	TX	\$ 617	\$ 14.16	(8.05%)	(27.75%)	185.2x	0.3x	0.6x	19.8x	
Southwestern Energy Co.	NYSE:SWN	TX	\$ 10,216	\$ 29.98	(6.84%)	(23.77%)	12.7x	2.4x	3.0x	5.3x	
Rowan Companies plc	NYSE:RDC	TX	\$ 2,579	\$ 22.22	2.07%	(37.16%)	19.9x	0.5x	2.8x	7.8x	
Allegheny Corporation	NYSE:Y	NY	\$ 7,058	\$ 437.54	(4.16%)	9.40%	11.1x	1.0x	1.6x	6.5x	
Average			\$ 7,458	\$ 80.18	(5.88%)	(20.31%)	35.0x	1.5x	1.9x	9.0x	

Source: CapIQ

OIL & GAS INDUSTRY VS. S&P 500 RUNNING 12 MONTHS



Source: CapIQ



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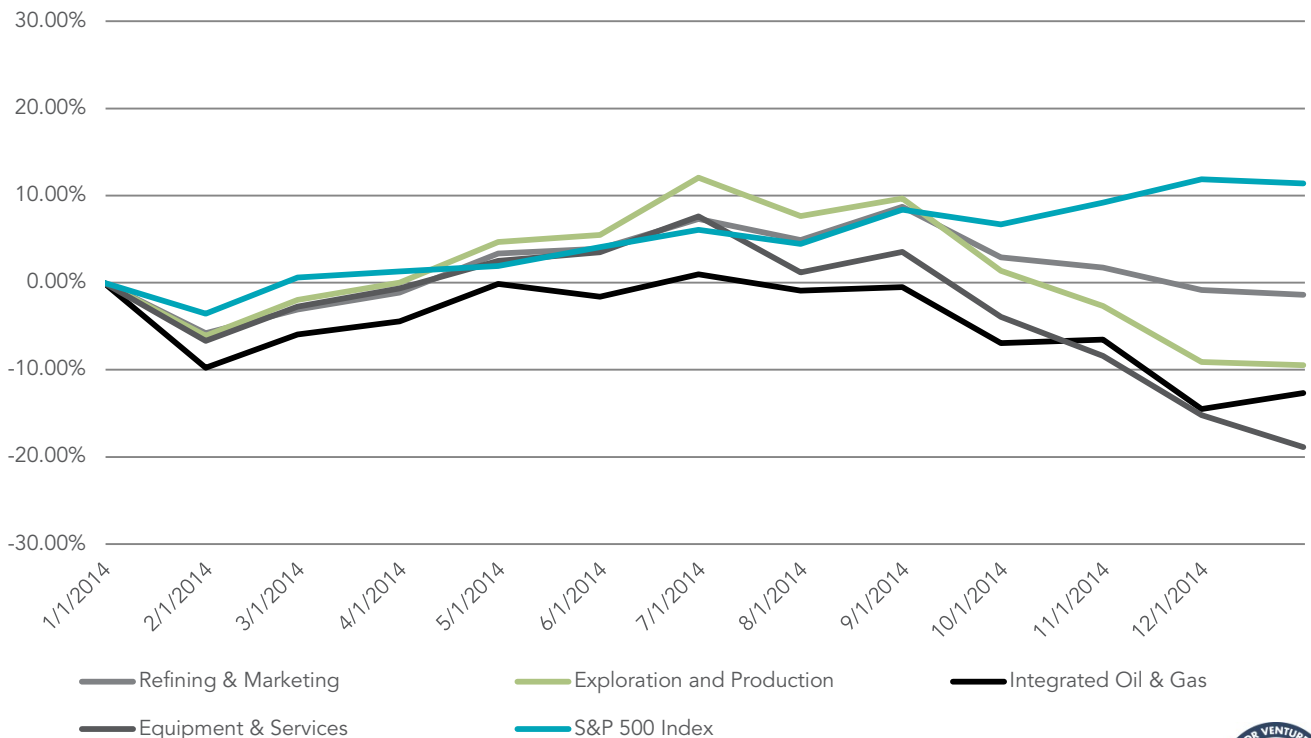
INDUSTRY SEGMENTS

The Refining and Marketing sector was the segment least affected by the drop in oil prices in Q4 2014. However, due to OPEC's and Russia's decision not to curb production rates, refineries are gearing up as the world's oil supply continues to increase. In a continuation of the Q3 trend, the industry laggard seems to be the Equipment & Services segment, which has been largely affected by reductions in capital expenditures and expansion initiatives throughout the industry. With oil prices in a slump and profit margins in decline, many companies are adjusting 2015 budgets to reflect lower than projected Q4 2014 revenues. Until oil prices stabilize, the industry will be forced to postpone expansion and innovation in Q1 of 2015, resulting in lower demand for equipment and services in the industry. Across the board, all industry segments seem to be suffering as the direction of future oil prices remains unclear. If oil prices rise to a profitable level in 2015, industry segments will have the ability to revert back to their previously projected growth trajectories and the domestic oil and gas industry will begin to stabilize after a disconcerting Q4 2014.

Market Segment	Market Cap	Stock Price Delta			Price/ LTM EPS	Price/ Book	TEV/ Sales	TEV/ EBITDA
		Month	YTD	LTM				
Refining & Marketing	\$ 15,697	(0.6%)	(1.4%)	(1.4%)	45.70x	4.43x	3.52x	13.49x
Exploration and Production	\$ 7,928	(0.4%)	(9.5%)	(9.5%)	23.25x	2.95x	3.76x	6.99x
Integrated Oil & Gas	\$ 86,563	2.1%	(12.7%)	(12.7%)	48.43x	1.26x	1.59x	14.75x
Equipment & Services	\$ 6,281	(4.3%)	(18.9%)	(18.9%)	22.82x	2.73x	2.12x	7.95x
Industry Average	\$ 8,678	(2.6%)	(8.9%)	(8.9%)	29.09x	3.25x	3.26x	9.04x
S&P 500 Average	\$ 37,752	(0.4%)	11.4%	11.4%	27.95x	4.98x	3.25x	11.76x

Source: CapIQ

OIL & GAS SEGMENTS VS. S&P 500 RUNNING 12 MONTHS



Source: CapIQ

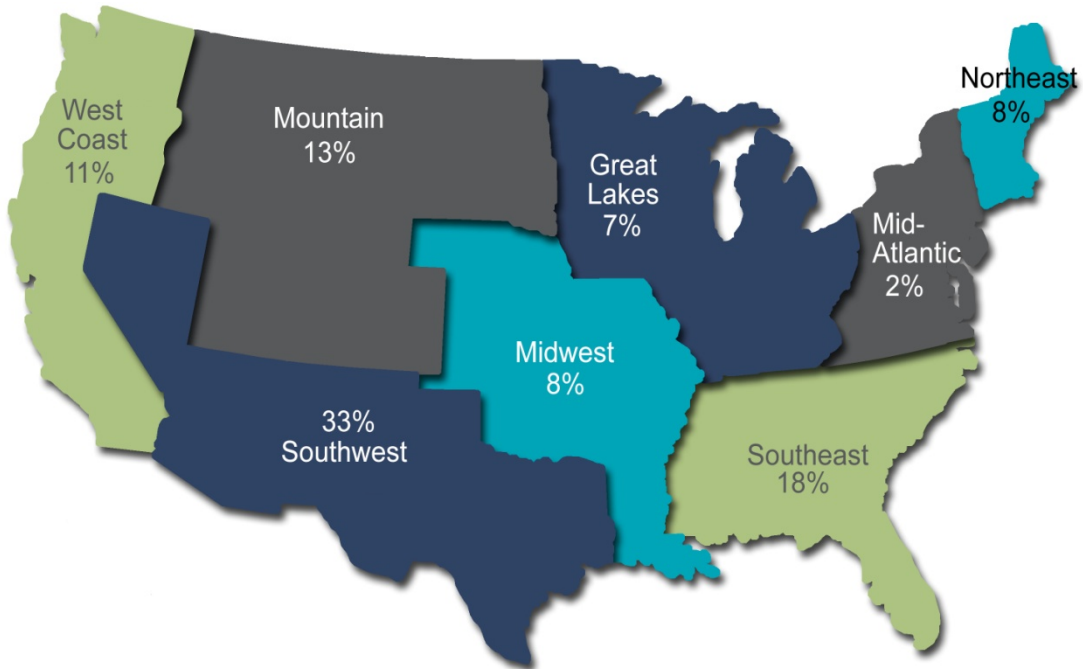


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INDUSTRY GEOGRAPHY

COMPANIES BY REGION

OIL&GAS COMPANIES BY REGION AS OF DECEMBER 31, 2014



Source: CapIQ

COMPANIES BY SIZE

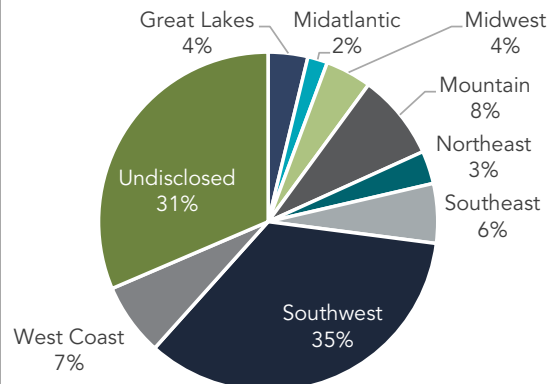
State	Undisclosed	\$ 0 - 5 Revenue	\$ 5 - 10 Revenue	\$ 10 - 25 Revenue	\$ 25 - 50 Revenue	\$ 50 - 100 Revenue	\$ 100+ Revenue
AZ	161	28	20	16	11	2	11
CO	598	87	62	60	32	21	56
KS	234	19	29	29	7	7	20
ND	162	5	16	11	4	2	12
NE	69	6	10	13	3	7	10
NM	147	10	33	7	4	6	6
OK	695	58	70	72	36	32	80
SD	42	3	7	11	2	2	10
TX	3925	434	470	432	235	161	469
UT	187	23	24	15	11	6	12
WY	168	14	25	9	6	7	5

* Revenue in millions

Source: CapIQ

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TRANSACTIONS BY REGION



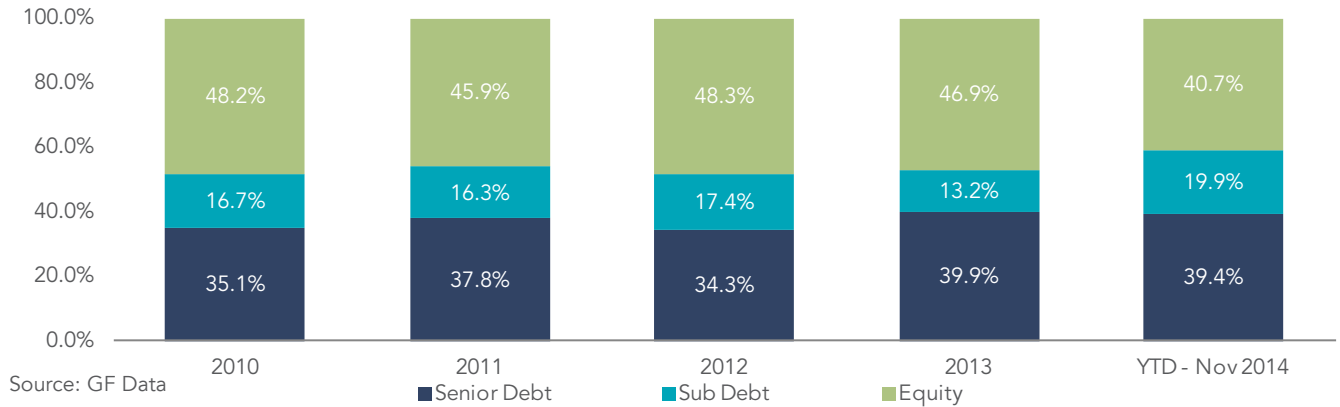
Source: CapIQ



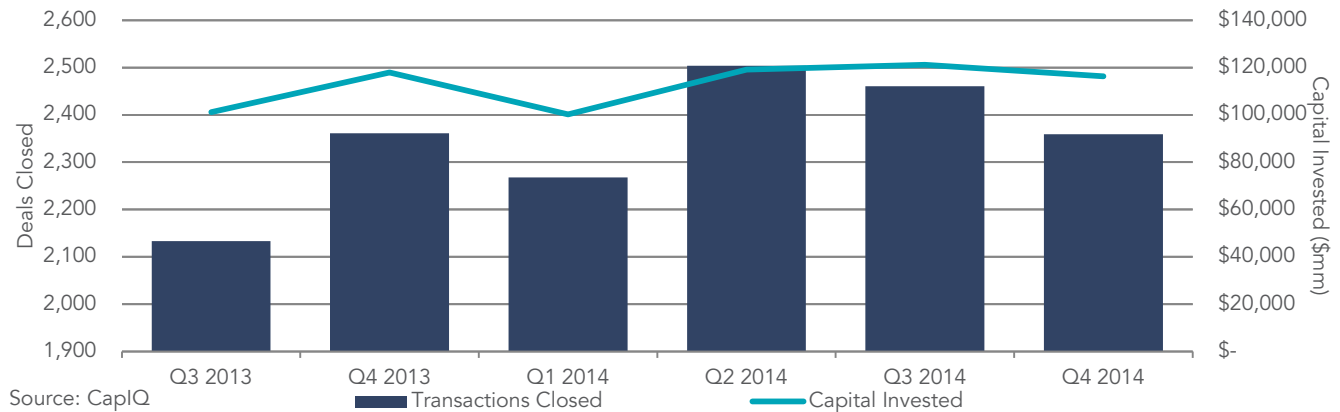
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M&A MARKET ACTIVITY, OVERALL LOWER MIDDLE MARKET

CAPITAL STACK - \$10-25 MILLION TEV

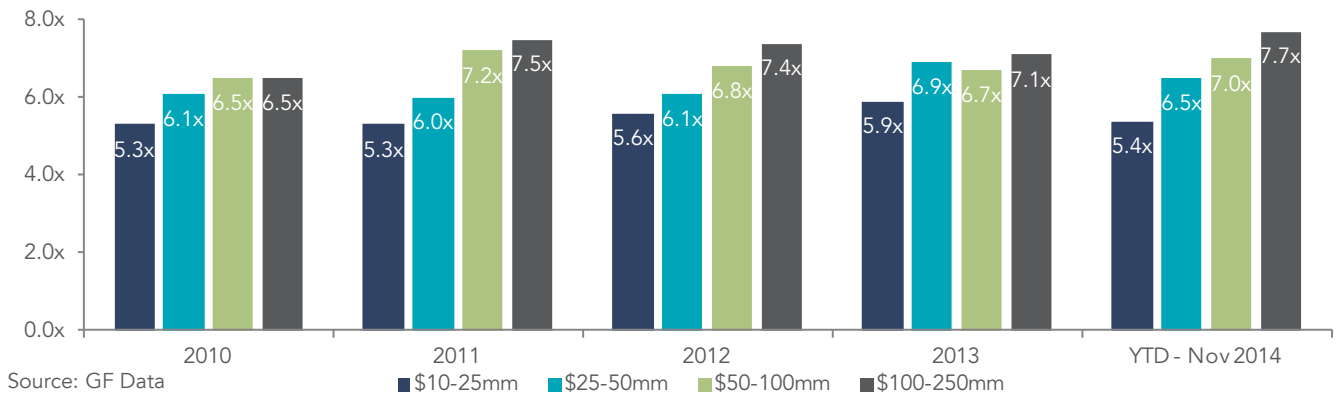


US MIDDLE MARKET M&A ACTIVITY



TRANSACTION MULTIPLES

EBITDA MULTIPLES BY TRANSACTION SIZE



The information contained herein is based on sources we believe reliable but is not guaranteed by us and is not to be considered all inclusive. It is not to be construed as an offer or consultation of an offer to sell or buy any securities.





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ABOUT SDR VENTURES

SDR Ventures is a boutique investment bank serving privately held business owners of companies with values up to \$300 million. Operating beyond the confines of a traditional investment bank, SDR's approach of Thinking Like OwnersSM helps business owners maximize value in their business. SDR offers transaction advisory, capital formation, strategic advisory and performance exchange services.



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SERVICES

TRANSACTION ADVISORY

Buy Side

Running a proven process effective at generating responses, identifying “off-the-radar” opportunities, negotiating and closing accretive acquisitions.

Sell Side

Our process is designed to identify the “right” buyer and maximize shareholder value for our clients.

PRIVATE CAPITAL FORMATION

Capital Placement

An effective and efficient process negotiating favorable debt and equity with the right capital partner for our clients.

Recapitalization

Whether recapitalizing a majority or minority of your company, we tailor our process to each client's specific needs to generate multiple options and favorable terms.

RECENT TRANSACTIONS

<p>DECEMBER 2014</p> <p>Deal Financing provided by GUARANTY BANK AND TRUST COMPANY</p> <p>SDR Ventures CAPITAL FORMATION</p>	<p>OCTOBER 2014</p> <p>Has been acquired by Polymet</p> <p>SDR Ventures SELL SIDE TRANSACTION</p>	<p>AUGUST 2014</p> <p>Has been acquired by Private Investor Group</p> <p>SDR Ventures SELL SIDE TRANSACTION</p>	<p>JULY 2014</p> <p>Has completed a equity recapitalization with REVELSTOKE CAPITAL PARTNERS, LLC</p> <p>SDR Ventures CAPITAL FORMATION</p>	<p>JULY 2014</p> <p>Has been acquired by FRONTENAC COMPANY</p> <p>SDR Ventures SELL SIDE TRANSACTION</p>	<p>APRIL 2014</p> <p>Has been acquired by Barkwood, Inc.</p> <p>SDR Ventures SELL SIDE TRANSACTION</p>
<p>MARCH 2014</p> <p>Commercial real estate loan provided by Hexagon</p> <p>SDR Ventures CAPITAL FORMATION</p>	<p>NOVEMBER 2013</p> <p>Has acquired A Business Unit of a Public Company</p> <p>SDR Ventures BUY SIDE TRANSACTION</p>	<p>OCTOBER 2013</p> <p>Deal Financing provided by ColBiz Structured Finance ColBiz Financial</p> <p>SDR Ventures CAPITAL FORMATION</p>	<p>SEPTEMBER 2013</p> <p>SDR Ventures CAPITAL FORMATION</p>	<p>SEPTEMBER 2013</p> <p>Has acquired Zeus & Company</p> <p>SDR Ventures BUY SIDE TRANSACTION</p>	<p>NOVEMBER 2013</p> <p>Has acquired Western Paper Distributors</p> <p>SDR Ventures BUY SIDE TRANSACTION</p>

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