



Capitalize

Confidential | Q2 2018

U.S. ENERGY CAPITAL MARKETS REVIEW

HIGHLIGHTS:

- \$26 billion raised in bond & equity during 2Q18 in 52 industry wide issuances compared with \$29 billion raised in 55 deals in 2Q17
- \$4.2 billion in equity (industry wide) raised in 18 offerings compared to \$7.6 billion in 22 equity offerings in 2Q17
- Bankers generated ~\$110 million in fees from 2Q18 equity sales
- Capitalize reported 33 (new) private equity commitments across all sectors during the quarter. 13 reported commitments totaled \$1.9 billion
- \$22 billion of bonds across 34 deals compared with \$21.1 billion in 33 deals in 2Q17
- Midstream issued \$12.5 billion in bonds during the quarter compared to \$8.9 billion in 2Q17. Integrated oil and gas firms issued \$1.45 billion in 2Q18

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2Q18 U.S. Energy Capital Markets (Equity, IPOs, Bonds, Credit Facilities & PE) Quarterly Takeaways & Observations

Investors Focus on Returning Shareholder Value

- In a market principally focused on returning value to shareholders—U.S. public companies announced \$436.6 billion in stock buybacks in Q2 alone—dilutive forms of funding like equity sales seem antithetical to current goals
- At \$4.2 billion, Q2 equity issues are 56% lower than the past eight-quarter average and 72% off 1Q17, the period's peak equity sales quarter of \$14.9 billion
- One IPO in Q2—Pure Acquisition Corp., a special purpose acquisition company that grossed \$360 million in offering, \$414 million with greenshoe

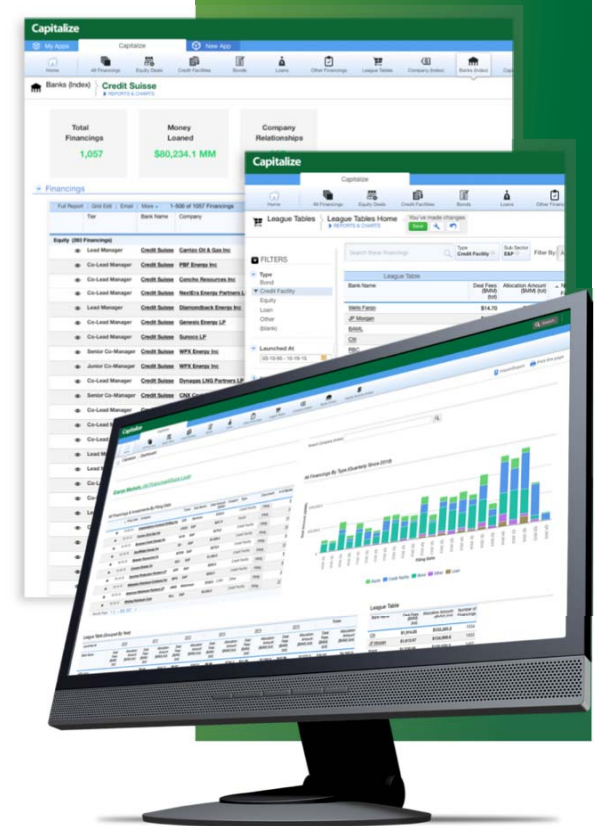
Facts & Figures

- \$26.1 billion aggregate equity and debt raised in 2Q18, down 34% sequentially and down 9% YOY
- \$4.2 billion in equity in 2Q18, down 32% from 1Q18 and 45% YOY
- \$22.0 billion in debt offerings in 2Q18, down 34% from 1Q18 but 4% YOY

Bankers & Market Share

- Most active participants – JP Morgan in 52% of all offerings in 2Q18, 22% of all equity offerings
- JP Morgan was also active in 62% of all 2Q18 debt offerings
- \$55.4 billion in borrowing, launched or amended in 2Q18 across 78 credit facility agreements, up 8% from 1Q18 and up 119% YOY
- Wells Fargo was most active lender participating in 58% of all 2Q18 credit facilities and had the largest aggregated share w/~ \$3.3 billion

Opportunity is a reflection of information.



Upstream Markets (Capital Markets)

Quarterly Takeaways & Observations



- Capital markets are still soft for upstream issuances
- \$1.1 billion raised in six upstream equity deals during 2Q18 up 36% from 1Q18 and 58% off the \$2.5 billion raised (7 deals) in 2Q17
- Five upstream issuers included Callon Petroleum Co (\$262 mm); Matador Resources Co (\$231mm); Kimbell Royalty Partners LP (\$110 mm); Northern Oil& Gas Inc (\$88 mm); Torchlight Energy Resources Inc (\$6 mm) raised equity via follow-on offerings
- Pure Acquisition Corp (\$360 mm) was the only upstream IPO in 2Q18 compared to two upstream IPOs in 2Q17 that raised \$1.1 billion
- One 2Q18 issuance, Callon Petroleum Co's \$262 million offering, was a little more than one-third of all Upstream equity follow-ons raised in 2Q18
- \$5.71 billion raised in 12 upstream bond issuances, down 45% from the \$10.3 billion in debt raised in 13 deals in 2Q17
- \$28.2 billion in upstream credit facilities launched or amended in 2Q18 compared to \$9.8 billion 2Q17
- Private Equity has slowed offering commitments to new teams in the face of challenging exit strategies
- PLS counts 33 private equity commitments across all sectors including 19 in the upstream space
- See page 24 for more information on private equity markets; page 15 for bonds; page 7 for equity; page 22 for credit facilities

Midstream and Downstream Markets (Capital Markets)

Quarterly Takeaways & Observations



- In 2Q18, the Midstream and Downstream sectors issued \$1.4 billion of equity, down 50% from 1Q18's \$2.8 billion and 59% YOY from 2Q17's \$3.4 billion
- The two sectors raised \$13.2 billion of debt across 18 deals was 30% higher than \$10.2 billion in debt raised via 18 deals in 2Q17
- Midstream generated \$12.5 billion in new bonds in 2Q18, while Upstream tapped \$5.7 billion in new bonds
- Energy Transfer Partners LP "ETP" (\$3.0 billion), TransCanada Pipelines (\$2.5 billion) and EQT Midstream Partners LP (\$2.5 billion) were the most prolific issuers of debt
- Downstream issued \$750 million in debt in 2Q18, down 43% from 2Q17's \$1.3 billion
- Nearly \$20 billion in credit facilities were either launched or amended in 2Q18 compared with \$7.8 billion in 2Q17 for these sectors

Oilfield Services (Capital Markets)

Investors continue to support services with 6 IPOs



- In 2Q18, the Oilfield Service Sector (OFS) raised ~ \$1.7 billion from five equity deals, virtually the same total as 2Q17 (six deals), resulting in a 4% YOY increase
- The OFS sector raised \$1.6 billion in debt across 2 deals. This debt raise was ~ 156% higher than the total \$625 million raised in the OFS sector through five deals in 2Q17
- \$5.5 billion in new term loans or term loan amended in 2Q18 in OFS vs. \$5.1 billion in 2Q17
- Private Equity Sponsors backed 10 management teams with new commitments during the quarter

Special Report (Index & Key Slides) Coverage Universe (By Ticker Symbol) (>400 Firms)

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UPSTREAM - AXAS ASENQ APC AR APA AREX AOIL ATLS BRN BROE BXE ANFC BSM COG CRC CPE CNQ CRZO CDEV CHK XEC COP CWEI CIE CRK CXO CNX MCF CLR DRBM DNR DVN FANG DUNR EROC ESTE ECR EC ECA EGN ENRJ EOG EPE EQT ERN EVEP EPM XCO XOG FECCQ FPPP FXEN GST GPRK GDP GTE GPOR HK HWKR HES HUSA ISRL JAG JYHW JONE KAAC KLREU KOS KRP LPI LGCY LBYE LLEX LINE LNCO LRE LEI MPET MHR MRO MTDR MMR MEMP MRD MXC MCEP MPO MILL MUR NFX NOG OAS OSPRU OXY ROYT PACQU PHX PE PDCE PED PBR PQ PRHR PXD QEP RRC RGFR RDMP REN REXX RICE REI BBLs ROYL RSPP SSN SN SPP SDR PER SSL SM SWN SGY STNLU SWTF SYRG GMXRQ TALO TTEN TRCH TAT TPGE.UN UNT USEG EGY VNR VEAC VQ VYEV VNOB VOC WTI WLL WHZ WRD WPX YUMA ZN

MIDSTREAM - CAFD AMID AM AMGP ARCX APLP ATO BKEP BPMP BWP BPL CPGX CNNX CEQP CQH CMLP XTXI XTEX CCLP DAKP DPM DKL DM LPG EPB ENBL EEQ EEP ENB ETE ETP ENLC ENLK EPD EQGP EQM GEL GLOP GMLP HESM HEP KNOP NRG M JPEP KMP KMI KMR LNG MMP MMLP MEP MPLX NAP NGL NKA NMM NVGS NS NSH OILT OKE OKS OMP PBA PTXP PSXP PAA PAGP PVR QEPM STR RGP RMP RRMS SEMG SHLX SXE SOCGP SO SWX SE SEP SMLP SXL TEGP TEP TLP TRGP NGLS TCP TLLP TRP USAC USDP WGP WES WMB WPZ

DOWNSTREAM - ALJ APU BDCO CLMT CPLP CQP CAPL CVI UAN CVRR CELP DK DLNG FGP GLP HMLP HFC MPC OCIP PARR PBFX PDH PESC PSX RNF SRLP SGU SPH SUN SYMX TGP TOO TSO VLO VLP VTTI WNR WNRL WLKP WPT

INTEGRATED - BP CVE CVX CEO XOM HSE NFG REPLY RDSA STO SU TOT YPF

SERVICES - APY BHI BAS BRS CJES CDVIQ CAM CRR HELI CLH CLB DWSN DPDW DO DRC DRQ ESES EDG ENG ESV EMES ENSV EXTN FMSA FTK FMC FTI FET FI FRAC GDI GEOS GPP GIF HAL HLX HP HERO HIIT HOS ICD IO FRAC KEG LBRT MIC TUSK MTZ MDR MIND MRC NBR NOV NGS NR NE NBLX NAO NADL DNOW NCSM NES ORIG OII OIS PACD PFIE PGNPF PKD PTEN PHII PES PDS PUMP RCON RGCO RNET RNGR RDC RES SAEX SLB SDLP SOI SSE SND SND SDPI SPN TESO TTI TDW RIG RIGP SLCA VTG VTNR WFT WTR INT

Quarterly Special Report —

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Capitalize includes 14 modules tracking various energy finance events.
Email marketresearch@drillinginfo.com for more information.

2Q18 Energy Equity Review

- 2Q18 equity markets reported \$4.2 billion raised, down 32% from 1Q18 and down 45% YOY
- Midstream represented 32% (\$1.3 billion) of the quarterly total but fell 51% from 1Q18
- At \$44MM, Downstream posted the worst single quarter since 2010
- Average equity follow on offering was \$223 million during 2Q18
- Largest corporate equity raise was \$823 million follow-on issued by Gardner Denver Holdings Inc (NYSE).
- Citi was the most active equity bookrunner in 2Q18, followed by Morgan Stanley, BAML & RBC
 - However, Morgan Stanley led banks with ~\$409 million in value (\$78 mm in Upstream). RBC came in 2nd with \$391 million
- Oppenheimer & Co led the sole IPO during the quarter. Pure Acquisition Corp raised \$360 million in a bought deal from 3 participating banks

2Q18 Equity

\$3.8 billion in follow-on 2Q18 equity offerings not including IPO & ATM offerings

Services led equity raises in 2Q18, with \$1.73 billion from 5 deals.



Upstream
\$0.70 billion (18%)
QOQ -11%
5 Deals



Midstream
\$1.33 billion (35%)
QOQ -51%
6 Deals



Downstream
\$0.04 billion (1%)
QOQ -61%
1 Deal



Integrated
No Deals



Services
\$1.73 billion (46%)
QOQ 264%
5 Deals

Top banks for each sector by allocated deal amount.



\$0.24 billion
34% Market Share

Morgan Stanley

\$0.15 billion
11% Market Share
(RBC, BAML, Wells Fargo)

144A
Bank names N/A

No Banking
Activity



\$0.30 billion
17% Market Share

Note: Does not include at-the-market equity offerings
QOQ = Quarter On Quarter
Market Share = % of participation in Follow-On offering

2Q18 Energy Follow-on Equity Issues

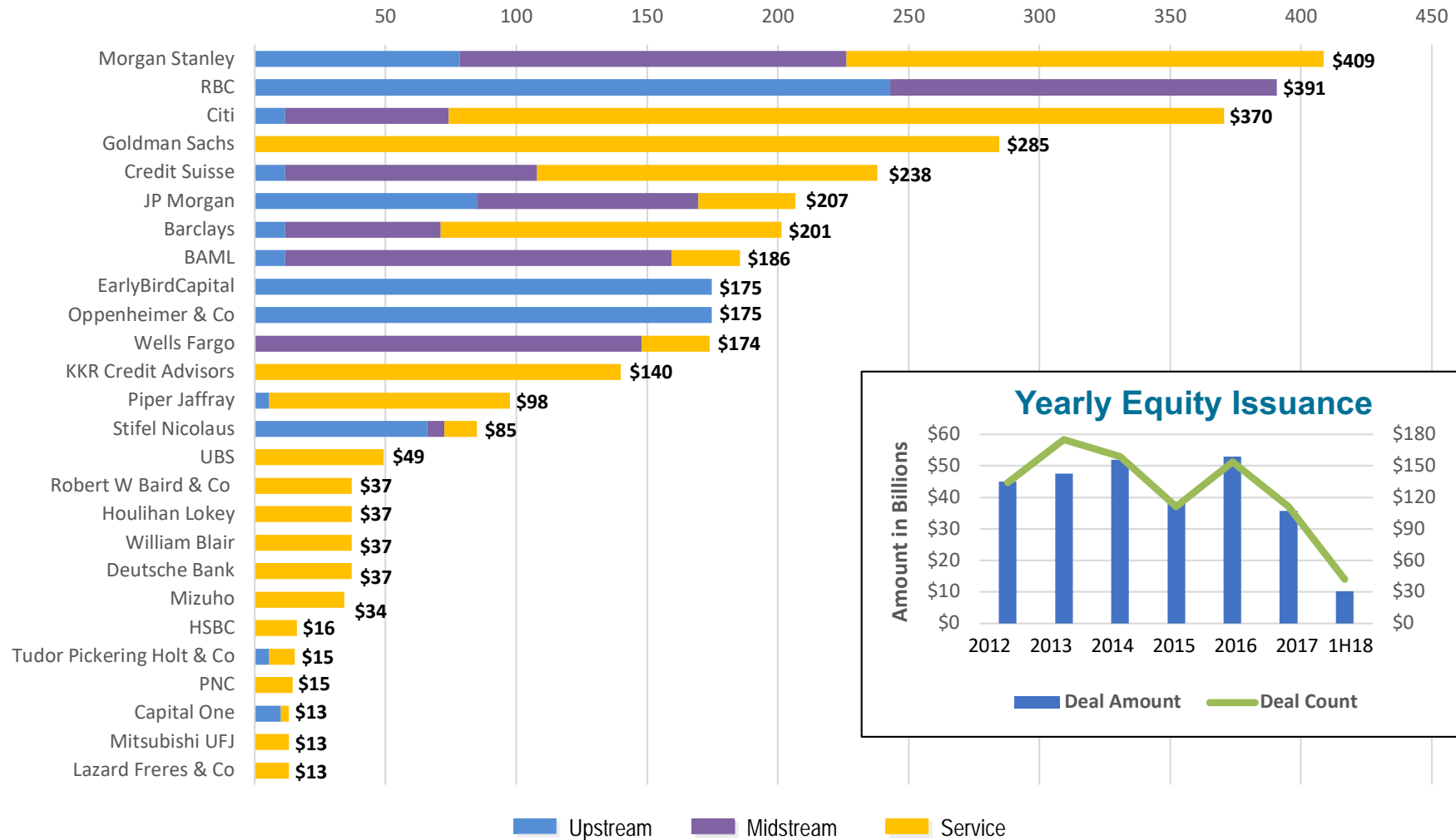
There was a 7% decrease in follow-on issuances from 1Q18 to 2Q18

Sector	Company	Sector	Ticker	Deal Amount (\$MM)	Bank Fees (\$MM)	Underwriting Discount	Reoffer Discount	All In Rate	Lead Bookrunner	No. of Banks
05/04/18	Gardner Denver Holdings Inc	Services	GDI	\$ 823	\$ 30.87	3.75%	1.27%	4.98%	Goldman Sachs	16
04/20/18	Energy Transfer Partners LP	Midstream	ETP	\$ 450	\$ 13.56	3.01%	0.00%	0.00%	BAML	4
06/26/18	NuStar Energy LP	Midstream	NS	\$ 408	\$ 8.18	2.00%	0.00%	0.00%	N/A	1
05/11/18	Nabors Industries Ltd	Services	NBR	\$ 271	\$ 8.40	3.10%	0.00%	0.00%	Morgan Stanley	13
05/25/18	Callon Petroleum Co	Upstream	CPE	\$ 262	\$ 8.44	3.23%	9.51%	12.43%	JP Morgan	13
05/11/18	Nabors Industries Ltd	Services	NBR	\$ 250	\$ 7.50	3.00%	0.00%	0.00%	Morgan Stanley	13
05/16/18	Matador Resources Co	Upstream	MTDR	\$ 231	\$ 4.62	2.00%	2.30%	4.25%	RBC	1
05/14/18	ProPetro Holding Corp	Services	PUMP	\$ 229	\$ 1.08	0.47%	2.20%	2.66%	Goldman Sachs	2
06/28/18	Mammoth Energy Services Inc	Services	TUSK	\$ 155	\$ 3.10	2.00%	2.50%	4.45%	Credit Suisse	9
05/10/18	DCP Midstream LP	Midstream	DCP	\$ 150	\$ 4.71	3.14%	0.00%	0.00%	BAML	7
06/28/18	CNX Midstream Partners	Midstream	CNXM	\$ 119	\$ 1.78	1.50%	10.51%	11.86%	Citi	2
06/20/18	Tellurian Inc	Midstream	TELL	\$ 118	\$ 2.35	2.00%	9.94%	11.74%	Credit Suisse	5
05/28/18	Kimbell Royalty Partners LP	Upstream	KRP	\$ 110	\$ 2.20	2.00%	0.00%	0.00%	N/A	1
04/06/18	Northern Oil & Gas Inc	Upstream	NOG	\$ 88	\$ 3.08	3.50%	13.29%	16.33%	Stifel Nicolaus	6
06/14/18	USA Compression Partners LP	Midstream	USAC	\$ 82	\$ 1.65	2.02%	9.18%	11.01%	JP Morgan	1
05/29/18	Cypress Energy Partners LP	Downstream	CELP	\$ 44	\$ 0.92	2.08%	0.00%	0.00%	N/A	1
04/19/18	Torchlight Energy Resources Inc	Upstream	TRCH	\$ 6	\$ 0.37	6.50%	7.26%	13.29%	Roth Capital	1
Top 17 Total Transactions:				\$ 3,796	\$ 103				Avg # of Banks:	6
2Q18 Total Follow-on Equity Issuance:				\$ 3,796	\$ 103					

2Q18 Top 25 Equity Market Advisors & Facilitators

Citi participated in 33% of all equity deals in 2Q18

Top 25 Banks/Equity Markets



2015-2018 U.S. Equity Issuance Value by Quarter

Total equity deal value decreased by ~32% from 1Q18 to 2Q18

Equity Markets (Deal Amount \$ Billions)

	Upstream	Midstream	Downstream	Services	Integrated	Grand Total
2015						
Qtr1	\$11.16	\$6.81	\$0.27	\$0.43	\$2.86	\$21.53
Qtr2	\$4.04	\$3.76	\$0.56	\$0.54	\$-	\$8.90
Qtr3	\$1.42	\$0.72	\$0.30	\$0.03	\$-	\$2.45
Qtr4	\$1.55	\$3.60	\$0.58	\$-	\$-	\$5.73
	\$18.16	\$14.88	\$1.70	\$0.99	\$2.86	\$38.61
2016						
Qtr1	\$9.76	\$4.18	\$-	\$0.74	\$-	\$14.68
Qtr2	\$5.58	\$3.14	\$0.24	\$0.95	\$1.96	\$11.86
Qtr3	\$9.22	\$2.19	\$0.40	\$0.26	\$-	\$12.07
Qtr4	\$7.13	\$4.64	\$0.39	\$2.16	\$-	\$14.32
	\$31.69	\$14.15	\$1.02	\$4.11	\$1.96	\$52.93
2017						
Qtr1	\$5.43	\$4.94	\$-	\$2.30	\$2.26	\$14.93
Qtr2	\$2.49	\$3.43	\$-	\$1.67	\$-	\$7.59
Qtr3	\$0.79	\$3.47	\$0.20	\$0.09	\$-	\$4.55
Qtr4	\$1.90	\$5.47	\$0.15	\$1.20	\$-	\$8.71
	\$10.61	\$17.32	\$0.35	\$5.24	\$2.26	\$35.78
2018						
Qtr1	\$0.78	\$2.71	\$0.12	\$2.46	\$-	\$6.07
Qtr2	\$1.06	\$1.33	\$0.04	\$1.73	\$-	\$4.16
	\$1.84	\$4.04	\$0.16	\$4.19	\$-	\$10.22
Grand Total	\$62.30	\$50.39	\$3.23	\$14.54	\$7.08	\$137.54

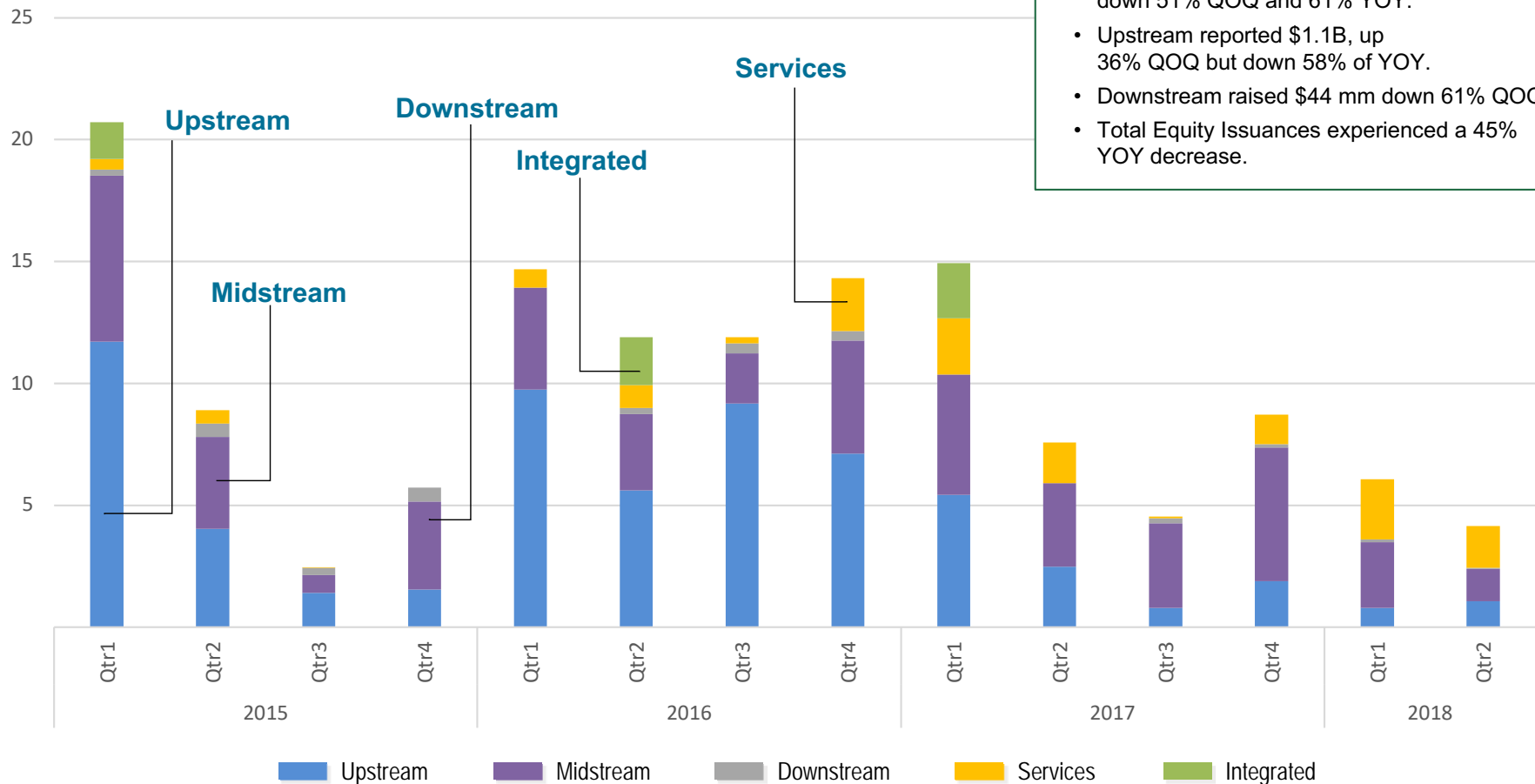
Note: Follow-on and IPO offerings.
Does not include at-the-market equity offerings

U.S. Equity Deals by Quarter 1Q15 to 2Q18

Markets are temporarily closed to both publics and privates alike

Equity Markets

Deal Amount \$ Billions



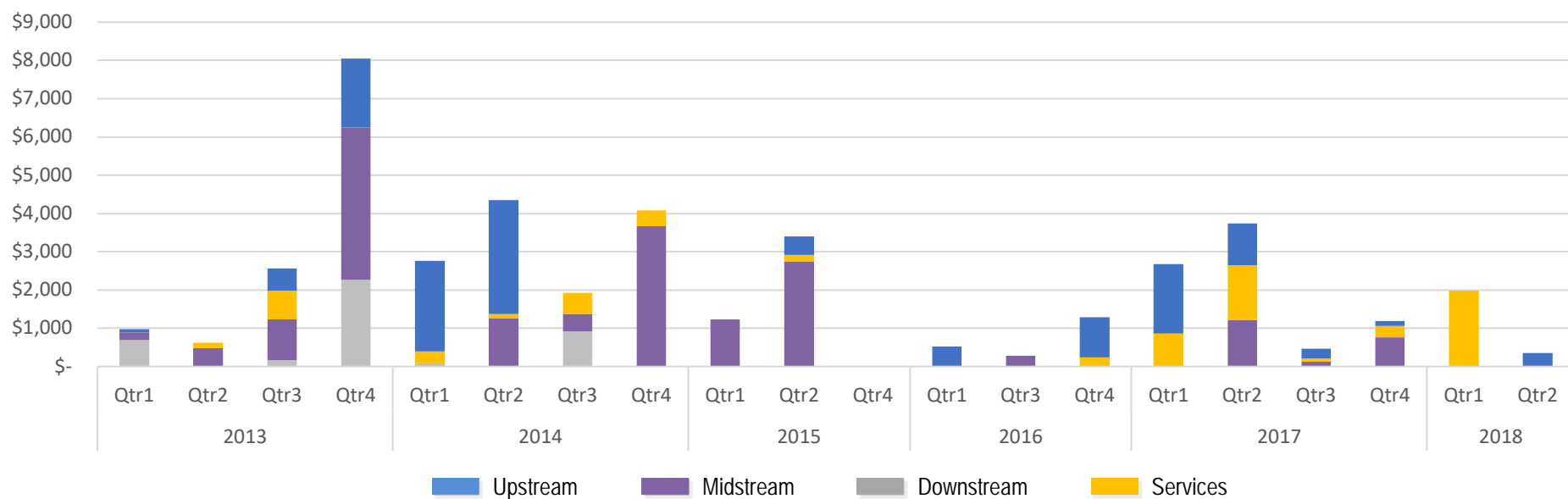
Takeaways:

- 2Q18 report \$1.3B in Midstream issuances, down 51% QOQ and 61% YOY.
- Upstream reported \$1.1B, up 36% QOQ but down 58% of YOY.
- Downstream raised \$44 mm down 61% QOQ.
- Total Equity Issuances experienced a 45% YOY decrease.

Note: Follow-on and IPO offerings. Does not include at-the-market equity offerings. QOQ= Quarter On Quarter. YOY = Year over Year.

2Q18 Energy IPOs

There was 1 IPO in 2Q18 decreasing value to \$360 MM, down 82% from 1Q18



IPO	Company	Sector	Ticker	Deal Amount (\$MM)	Bank Fees (\$MM)	Net Proceeds (\$MM)	Total Shares Issued (MM)	Public Reoffer Price Per Issue	Underwriting Discount	Lead Bookrunner*	No. of Banks
04/16/18	Pure Acquisition Corp	Upstream	PACQU	\$ 360	\$ 7.20	\$352.80	36.00	\$ 10.00	2.00%	Oppenheimer & Co (48.51%)	3
Totals:				\$ 360	\$ 7	\$ 353					

* Bank allocation percentage shown in parenthesis

Key Takeaways:

- There was only 1 IPO in the quarter and this one was in upstream
- Oppenheimer led the IPO market for the Pure Acquisition Corp
- Oppenheimer took a smaller allocation percentage when syndicating the IPO deal in comparison to 1Q18
- 2% underwriter discount (~3.8% lower than 1Q18 average)
- The single IPO had 3 bookrunners (~73% lower than 1Q18 average)

2Q18 Stock Performance

There were winners and losers during the second quarter of 2018

	Company	Sector	Region	Market Cap (\$MM)	Ticker	Exchange	\$/Share 06/30/18	\$/Share 04/01/18	% Change QOQ	% Change YOY
Top 10	California Resources Corp	Upstream	Western	\$2,191.29	CRC	NYSE	\$45.44	\$17.15	165.0%	431.5%
	Penn Virginia Corp	Upstream	Gulf Coast	\$1,278.31	PVAC	NASDAQ	\$84.89	\$35.04	142.3%	131.0%
	Energy XXI Gulf Coast	Upstream	Gulf of Mexico	\$295.21	EGC	NASDAQ	\$8.84	\$3.84	130.2%	-52.4%
	EP Energy	Upstream	Multi	\$754.10	EPE	NYSE	\$3.00	\$1.34	123.9%	-18.0%
	Clean Energy Fuels Corp	Midstream	Multi	\$750.44	CLNE	NASDAQ	\$3.69	\$1.65	123.6%	45.3%
	Pioneer Energy Services	Services	Multi	\$457.06	PES	NYSE	\$5.85	\$2.70	116.7%	185.4%
	Mexco Energy	Upstream	Permian	\$12.20	MXC	AMEX	\$5.99	\$3.06	95.8%	39.0%
	Lonestar Resources	Upstream	Gulf Coast	\$207.96	LONE	NASDAQ	\$8.44	\$4.34	94.5%	96.3%
	Denbury Resources	Upstream	Multi	\$2,119.45	DNR	NYSE	\$4.81	\$2.74	75.5%	214.4%
	Carrizo Oil & Gas	Upstream	Multi	\$2,285.58	CRZO	NASDAQ	\$27.85	\$16.00	74.1%	59.9%
Bottom 10	Yuma Energy	Upstream	Multi	\$12.44	YUMA	AMEX	\$0.54	\$1.09	-50.8%	-42.4%
	Ultra Petroleum	Upstream	Western	\$455.19	UPL	NASDAQ	\$2.31	\$4.17	-44.6%	-78.7%
	Petroteq Energy	Upstream	Canada	\$75.04	PQE	TSXV	\$0.78	\$1.03	-24.8%	97.7%
	Basic Energy Services	Services	Multi	\$293.55	BAS	NYSE	\$11.11	\$14.44	-23.1%	-55.4%
	RPC Inc	Services	Multi	\$3,139.38	RES	NYSE	\$14.57	\$18.03	-19.2%	-27.9%
	Callon Petroleum	Upstream	Permian	\$2,443.30	CPE	NYSE	\$10.74	\$13.24	-18.9%	1.2%
	World Fuel Services Corp	Services	International	\$1,381.88	INT	NYSE	\$20.41	\$24.55	-16.9%	-46.9%
	Alta Mesa Resources	Upstream	Midland	\$2,617.51	AMR	NASDAQ	\$6.81	\$8.00	-14.9%	-32.8%
	Zion Oil & Gas	Upstream	International	\$235.28	ZN	NASDAQ	\$4.06	\$4.76	-14.7%	18.4%
	Solaris Oilfield Infrastructure	Services	Multi	\$675.50	SOI	NYSE	\$14.29	\$16.56	-13.7%	23.9%
Bellcows	Exxon Mobil	Integrated	International	\$350,265.12	XOM	NYSE	\$82.73	\$73.22	13.0%	0.6%
	Chevron Corp	Integrated	International	\$241,602.67	CVX	NYSE	\$126.43	\$112.24	12.6%	1.4%
	Shell	Integrated	International	\$251,397.27	RDSA	NYSE	\$29.77	\$25.79	15.5%	0.7%
	BP plc	Integrated	International	\$115,559.03	BP	NYSE	\$578.30	\$479.25	20.7%	-0.5%
	Chesapeake Energy	Upstream	Multi	\$4,777.91	CHK	NYSE	\$5.24	\$2.97	76.4%	-0.8%
	Pioneer Natural Resources	Upstream	Multi	\$32,251.70	PXD	NYSE	\$189.24	\$166.91	13.4%	1.6%
	Continental Resources	Upstream	Multi	\$24,351.81	CLR	NYSE	\$64.76	\$57.70	12.2%	3.0%

Key Takeaways:

- California Resources continues to be the darling of Wall Street with another strong quarter of gains.
- Despite a handful of winners, Wall Street continues to seek growth from other sectors.

2Q18 Energy Bond Market

- 2Q18 bond market reported \$22 billion in deals, down 34% QOQ but up 4% YOY.
- Average principal bond was \$646 million in 2Q18, down from the 1Q18 average offering size was \$654 million.
- JP Morgan and Wells Fargo were most active banks, with each bank participating in 62% & 56% of offerings, respectively.
- PLS expects \$64 billion of bonds to mature in the next 12 months, 16% of those coming due in 3Q18.
- Investment Grade Bonds accounted for 58% of issuances during 2Q18.
- Energy Transfer Partners was the most prolific bond issuer raising \$3.0B in 2Q18.

2Q18 Bond Market

\$22.0 billion in energy bond issuances in 2Q from 34 deals

Midstream was the most active sector in the Bond market during 2Q18 with 17 deals raising \$12.5 billion.



Upstream
\$5.7 billion (26%)
QOQ -19%
12 Deals



Midstream
\$12.5 billion (57%)
QOQ -24%
17 Deals



Downstream
\$0.75 billion (3%)
QOQ -82%
1 Deal



Integrated
\$1.5 billion (7%)
-
2 Deals



Services
\$1.6 billion (7%)
QOQ -72%
2 Deals

Top banks in the Bond Market by sector.

J.P.Morgan

\$0.54 billion
9% Market Share

**Bank of America
Merrill Lynch**

\$1.06 billion
8% Market Share



\$0.10 billion
13% Market Share
(Morgan Stanley,
JP Morgan, BAML)



\$0.24 billion
17% Market Share
(Bank of China,
Credit Suisse,
JP Morgan, Citi)

BARCLAYS

\$0.45 billion
28% Market Share
(Credit Agricole)

QOQ = Quarter On Quarter
Market share = % of participation in Bond issuances.

2Q18 Bond Market

\$22.0 billion in energy bond issuances in 2Q from 34 deals

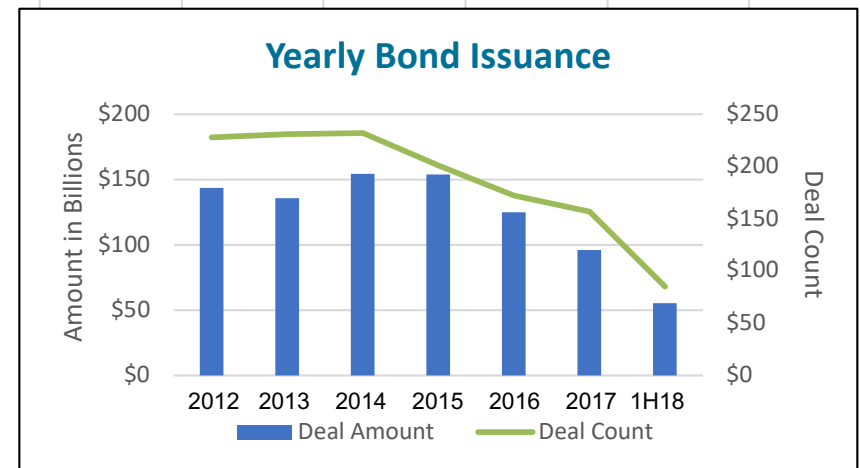
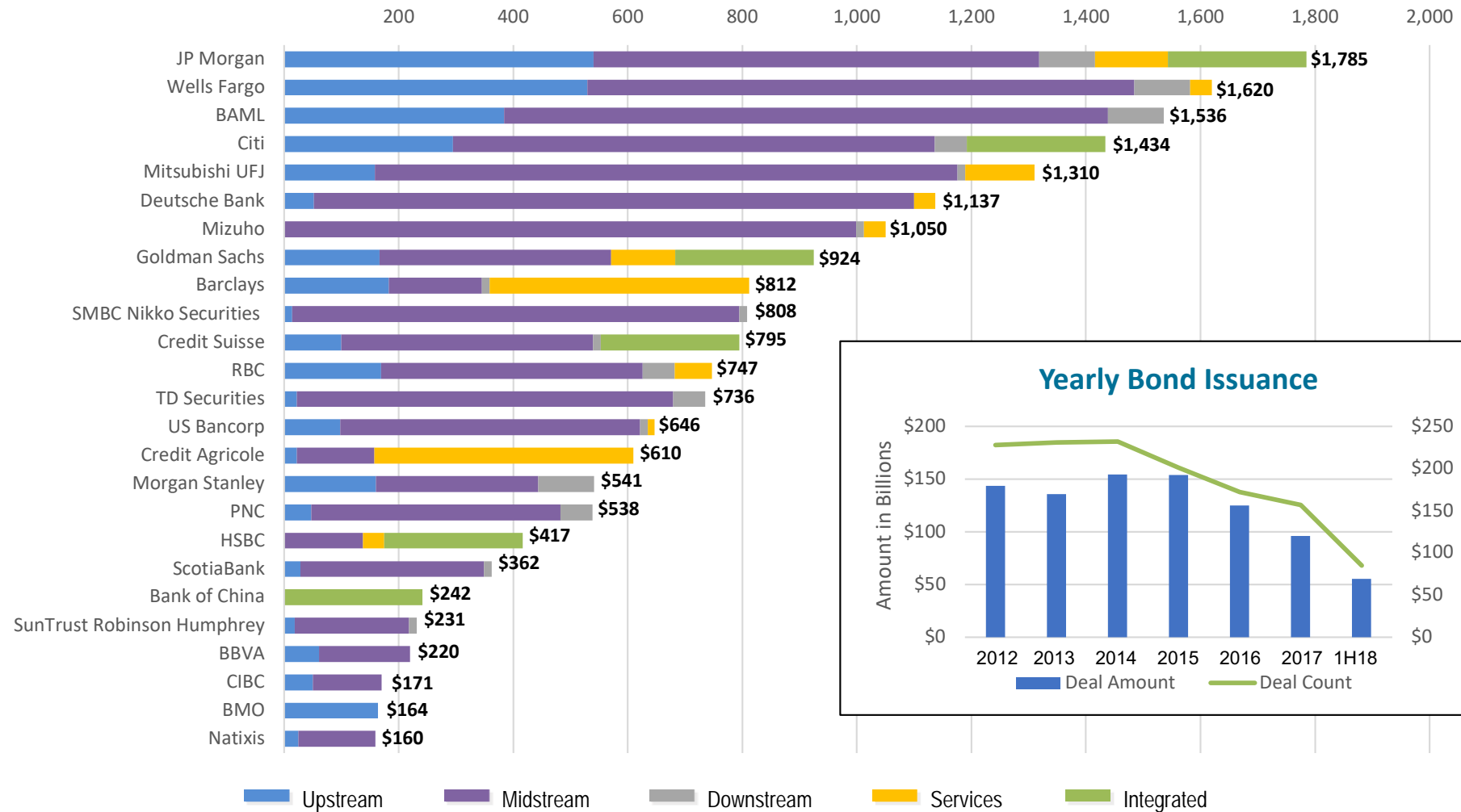
Announce Date	Company	Sector	Ticker	Deal Amount (\$MM)	Bank Fees (\$MM)	Coupon	Maturity	Underwriting Discount	Lead Bookrunner	No. of Banks
04/04/18	McDermott International	Services	MDR	\$ 1,300	\$ 26.00	10.625%	05/01/24	2.00%	Barclays	7
06/21/18	EQT Midstream Partners LP	Midstream	EQM	\$ 1,100	\$ 6.60	4.750%	07/15/23	0.60%	BAML	15
06/15/18	Concho Resources Inc	Upstream	CXO	\$ 1,000	\$ 6.50	4.30%	08/15/28	0.65%	BAML	22
06/07/18	Energy Transfer Partners LP	Midstream	ETP	\$ 1,000	\$ 6.50	4.950%	06/15/28	0.65%	Mizuho	16
06/07/18	Energy Transfer Partners LP	Midstream	ETP	\$ 1,000	\$ 8.75	6.000%	06/15/48	0.88%	Mizuho	16
05/23/18	EP Energy Corp	Upstream	EPE	\$ 1,000	\$ 20.00	7.750%	05/15/26	2.00%	N/A	1
05/04/18	TransCanada Pipelines	Midstream	TRP	\$ 1,000	\$ 8.75	4.875%	05/15/48	0.88%	JP Morgan	11
05/04/18	TransCanada Pipelines	Midstream	TRP	\$ 1,000	\$ 6.50	4.250%	05/15/28	0.65%	JP Morgan	11
04/26/18	CNOOC Ltd	Integrated	CEO	\$ 1,000	\$ 2.00	4.375%	05/02/28	0.20%	Bank of China	6
04/05/18	Targa Resources Partners LP	Midstream	NGLS-A	\$ 1,000	\$ 7.75	5.875%	04/15/26	0.78%	BAML	17
06/21/18	EQT Midstream Partners LP	Midstream	EQM	\$ 850	\$ 5.53	5.50%	07/15/28	0.65%	BAML	15
06/20/18	Oneok Inc	Midstream	OKE	\$ 800	\$ 5.20	4.550%	07/15/28	0.65%	Citi	20
05/09/18	Enable Midstream Partners LP	Midstream	ENBL	\$ 800	\$ 5.20	4.950%	05/15/28	0.65%	BAML	14
05/18/18	Valero Energy Corp	Downstream	VLO	\$ 750	\$ 4.88	4.350%	06/01/28	0.65%	BAML	18
06/15/18	Concho Resources Inc	Upstream	CXO	\$ 600	\$ 5.25	4.850%	08/15/48	0.88%	BAML	22
06/21/18	EQT Midstream Partners LP	Midstream	EQM	\$ 550	\$ 4.81	6.500%	07/15/48	0.88%	BAML	15
04/09/18	Enbridge Inc	Midstream	ENB	\$ 525	\$ 13.17	6.375%	04/15/78	2.51%	BAML	4
06/15/18	Dominion Gas Holdings LLC	Midstream	N/A	\$ 500	\$ 1.75	3M LIBOR + 60 bps	06/15/21	0.35%	Citi	3
06/07/18	Energy Transfer Partners LP	Midstream	ETP	\$ 500	\$ 3.75	5.00%	06/15/38	0.75%	Mizuho	16
06/07/18	Energy Transfer Partners LP	Midstream	ETP	\$ 500	\$ 3.00	4.200%	09/15/23	0.60%	Mizuho	16
05/11/18	WPX Energy Inc	Upstream	WPX	\$ 500	\$ 6.25	5.750%	06/01/26	1.25%	Citi	22
05/08/18	Jagged Peak Energy Inc	Upstream	JAG	\$ 500	\$ 10.00	5.875%	05/01/26	2.00%	JP Morgan	14
05/04/18	TransCanada Pipelines	Midstream	TRP	\$ 500	\$ 4.38	4.750%	05/15/38	0.88%	JP Morgan	11
06/20/18	Oneok Inc	Midstream	OKE	\$ 450	\$ 3.94	5.200%	07/15/48	0.88%	Citi	20
04/26/18	CNOOC Ltd	Integrated	CEO	\$ 450	\$ 0.90	3.750%	05/02/23	0.20%	Bank of China	6
Top 25 Issuances:				\$ 19,175	\$ 177				Avg # of Banks:	14
2Q18 Total Bond Issuances:				\$ 21,985	\$ 230					

Note: Includes issuances registered with the SEC by foreign companies.

2Q18 Bond Market

\$22.0 billion in energy bond issuances in 2Q from 34 deals

Top 25 Banks in Bond Market



2015-2018 U.S. Energy Bond Deals by Quarter

Upstream bond issuances in 2Q18 decreased by 19% from 1Q18 and 45% from 2Q17

Bond Markets (Deal Amount \$ Billions)

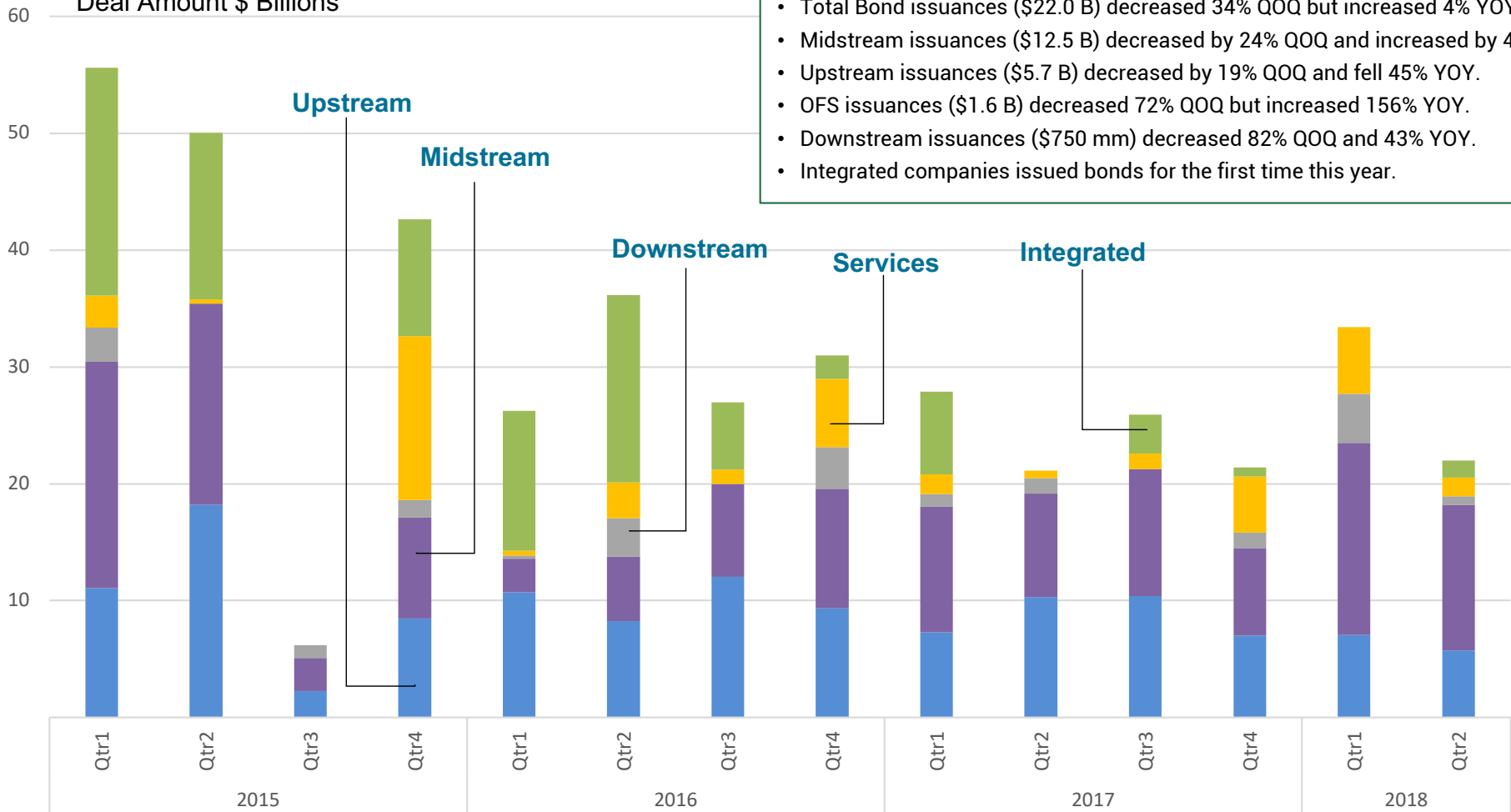
	Upstream	Midstream	Downstream	Services	Integrated	Grand Total
2015						
Qtr1	\$11.05	\$18.70	\$2.93	\$2.75	\$19.50	\$54.92
Qtr2	\$18.18	\$17.25	\$-	\$0.35	\$14.25	\$50.03
Qtr3	\$2.25	\$2.85	\$1.10	\$-	\$-	\$6.20
Qtr4	\$8.45	\$8.65	\$1.50	\$14.03	\$10.00	\$42.63
	\$39.94	\$47.45	\$5.53	\$17.13	\$43.75	\$153.78
2016						
Qtr1	\$10.70	\$2.90	\$0.25	\$0.40	\$12.00	\$26.25
Qtr2	\$8.24	\$5.53	\$3.30	\$3.05	\$16.05	\$36.16
Qtr3	\$12.82	\$8.46	\$1.25	\$1.25	\$7.75	\$31.53
Qtr4	\$9.35	\$10.23	\$3.55	\$5.84	\$2.00	\$30.97
	\$41.12	\$27.11	\$8.35	\$10.54	\$37.80	\$124.92
2017						
Qtr1	\$7.30	\$10.78	\$1.05	\$1.66	\$7.10	\$27.88
Qtr2	\$10.30	\$8.85	\$1.33	\$0.63	\$-	\$21.10
Qtr3	\$10.40	\$10.85	\$-	\$1.35	\$3.30	\$25.90
Qtr4	\$7.01	\$7.50	\$1.30	\$4.83	\$0.75	\$21.39
	\$35.01	\$37.98	\$3.68	\$8.46	\$11.15	\$96.27
2018						
Qtr1	\$7.06	\$16.43	\$4.20	\$5.72	\$-	\$33.40
Qtr2	\$5.71	\$12.48	\$0.75	\$1.60	\$1.45	\$21.99
	\$12.77	\$28.90	\$4.95	\$7.32	\$1.45	\$55.39
Grand Total	\$128.84	\$141.43	\$22.50	\$43.44	\$94.15	\$430.36

U.S. Energy Bond Deals by Quarter 1Q15 to 2Q18

Downstream bond issuances in 2Q18 decreased by 82% QOQ and 43% YOY

Bond Markets

Deal Amount \$ Billions



Takeaways:

- Total Bond issuances (\$22.0 B) decreased 34% QOQ but increased 4% YOY.
- Midstream issuances (\$12.5 B) decreased by 24% QOQ and increased by 41% YOY.
- Upstream issuances (\$5.7 B) decreased by 19% QOQ and fell 45% YOY.
- OFS issuances (\$1.6 B) decreased 72% QOQ but increased 156% YOY.
- Downstream issuances (\$750 mm) decreased 82% QOQ and 43% YOY.
- Integrated companies issued bonds for the first time this year.

QOQ= Quarter On Quarter
YOY = Year over Year.

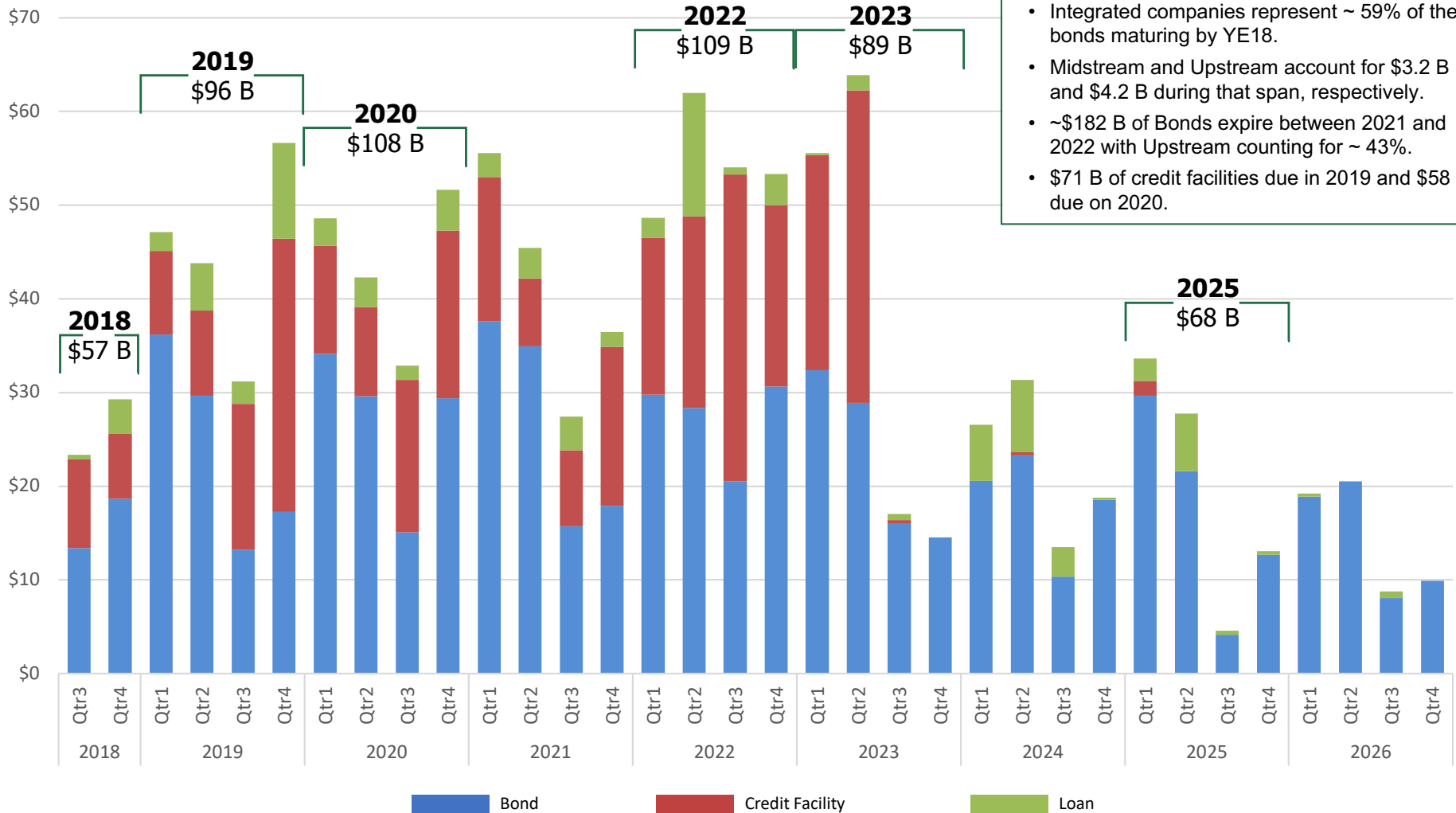
Upstream Midstream Downstream Services Integrated

U.S. Energy Bond Deals by Quarter 1Q15 to 2Q18

Downstream bond issuances in 2Q18 decreased by 82% QOQ and 43% YOY

Bond Debt Expiry

Deal Amount Expiring \$ Billions



- PLS expects ~ \$21 B in bonds to mature by YE18, with \$10 B coming due in 3Q18
- Integrated companies represent ~ 59% of the bonds maturing by YE18.
- Midstream and Upstream account for \$3.2 B and \$4.2 B during that span, respectively.
- ~\$182 B of Bonds expire between 2021 and 2022 with Upstream counting for ~ 43%.
- \$71 B of credit facilities due in 2019 and \$58 B due on 2020.

2Q18 Energy Credit Facility Lending Review

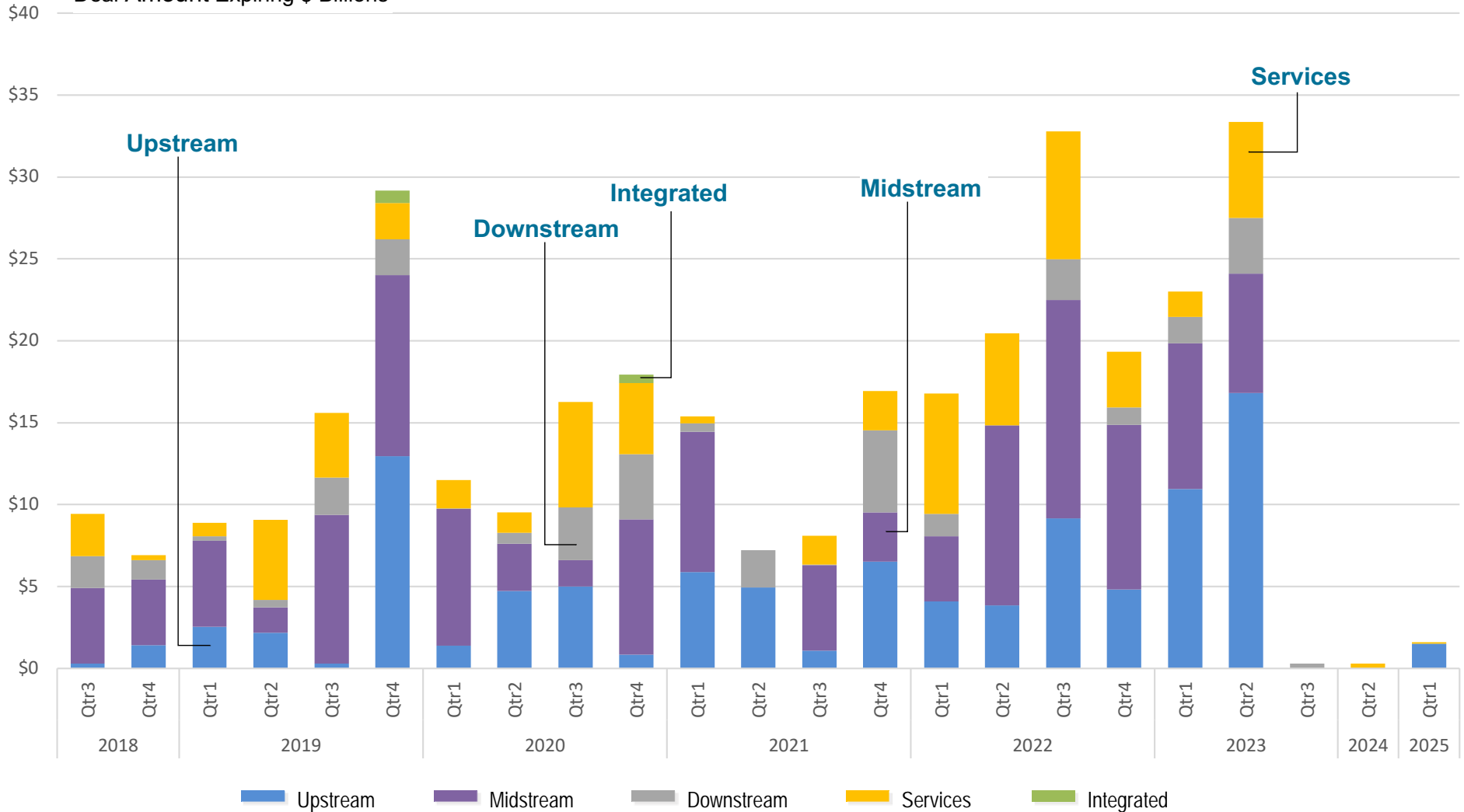
- Over \$55 billion in facilities launched or amended in 2Q18 across 78 distinct agreements
 - 8% more borrowings than 1Q18, over 119% more than 2Q17
 - 64 of 78 of credit facilities were “secured first lien agreements”
- \$52 billion of Upstream Facilities are set to expire between 2018 – 2021
- The Upstream sector accounted for 51% of facilities launched or amended in 2Q18
- The Upstream and Midstream sectors were busy renegotiating their credit facilities with YOY increases of 187% and 214%, respectively

U.S. Credit Facility Expirations

Reporting Period: 2Q18 Forward

Credit Facility Expirations

Deal Amount Expiring \$ Billions



2Q18 Private Equity Markets

- Capitalize tracked 33 new management teams including 13 which reported \$1.9 billion in commitments.
 - Ares Management's \$506 million funding of Admiral Permian Resources was the largest noted.
 - EnCap commitment of \$400 million to XCL Resources out of Fund XI.
 - The re-branded, Intero Integrity Services received a "significant, undisclosed investment" from First Reserve Corp.
- Private Equity Sponsors made:
 - 29 commitments with either disclosed or undisclosed sums to both Upstream and Service companies.
 - Midstream companies account for the remainder
- Tracked 9 PE Fund closures totaling \$10.3 billion, including Acquisition and Asset Funds.
- Tracked 12 Private Equity realizations, including buyouts, and an IPO; Out of the total, 8 were in the Upstream sector.
- Select private equity backed companies with new mandates in 2Q18.



Top Private Equity Commitments to New Teams

2Q18 Snapshot – Top 10 Reported Commitments

Vintage	Company	Sponsor	Sector	Key Areas	Amount (\$MM)
2018	Admiral Permian Resources	Ares Management LLC	Upstream	Permian Basin	\$506
2018	XCL Resources LLC	EnCap Investments LP	Upstream	Bakken	\$400
2018	Regions Energy LLC	Carnelian Energy Capital	Upstream	Midland Basin; Permian Basin	\$300
2018	Brazos Midstream	Plutus Capital	Midstream	Delaware Basin	\$250
2018	Artis Exploration	Warburg Pincus LLC	Upstream	Eastern Duvernay	\$138
2018	Origin Americas	Orion Energy Partners	Midstream	Global	\$100
2018	Cimarron Express Pipeline LLC	Blueknight Energy Partners; Alta Mesa Resources; Ergon Inc	Midstream	STACK	\$55
2018	Ice Energy Ltd	Argo Infrastructure Partners	Upstream	International	\$40
2018	RMX Resources LLC	CIC Partners LP	Upstream	Los Angeles Basin	\$25
2018	AQUARION	Sustainable Growth Management	Services	Global	\$21

General Partner	2Q18 Commitments	Notes
Ares Management LLC	2	50% Upstream
Carnelian Energy Capital	2	100% Upstream
Natural Gas Partners	2	100% Upstream
Orion Energy Partners	2	50% Midstream
Other Sponsors with 1 Commitment	25	74% Upstream
Total 2Q18 Commitments	33	58% Upstream

- Disclosed PE commitments in 2Q18 dropped significantly compared to 1Q18 unveiling only \$1.86 billion in pledges.
- Capitalize tracked 33 PE deals including 19 Upstream, 10 Service and 4 in the Midstream sector.
- In Upstream alone, the greatest areas of interest were equal between Permian and the Rockies.

Select printout for some of the select larger private equity commitments.
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