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TARGETING. ANALYSIS. MEDIA. GRAPHICS.

Energy Industry Data and Trends Supplemental Slides: The Art of the Share Buyback

October 2017

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The Art of the Share Buyback

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Allocation of Capital Flow Chart

ALLOCATION OF FINITE CAPITAL

- **DO NOTHING**
  - Blow-Down Reserves
  - Sell Company
- **DRILL (Operational Success)**
  - Non-Op
  - Operate
- **REPURCHASE SHARES**
  - Signal Under-Valuation
  - Increase Debt to Reduce WACC

Source: EnerCom Inc.

M&A Deals in Excess of $2.5 Billion YTD

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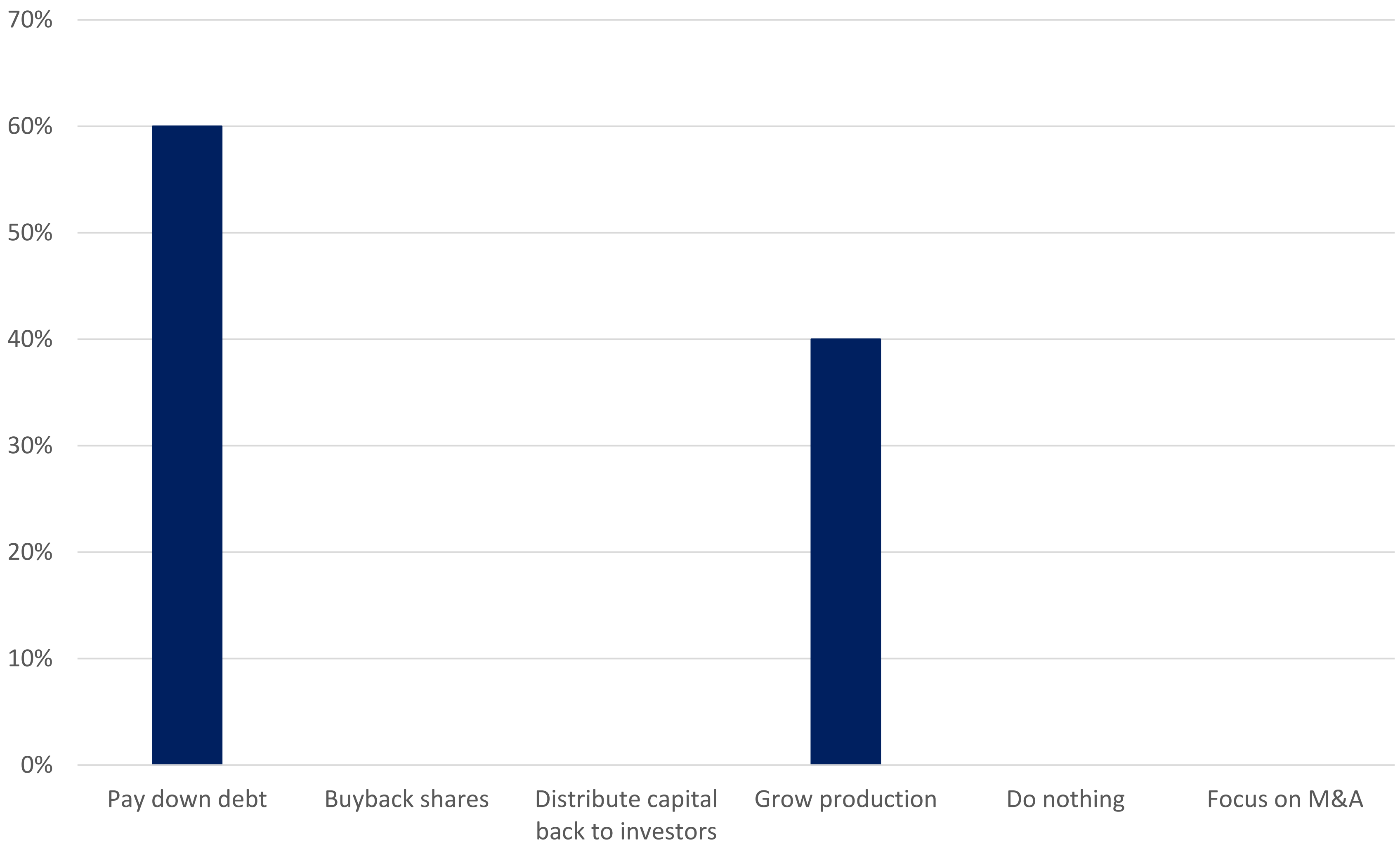
Announce Date	Target Name	Acquirer Name	Seller Name	Announced Total Value ($MM)
1/4/17	DCP Midstream assets	DCP Midstream LP	Spectra Energy Corp, Phillips 66	$2,726
1/16/17	Clayton Williams Energy Inc	Noble Energy Inc		$3,115
2/7/17	Permian Midland oil & gas properties	Parsley Energy Inc	Double Eagle Energy Permian LLC	$2,819
3/1/17	Brigham Resources LLC	Diamondback Energy Inc	Yorktown Partners LLC	$2,550
3/9/17	Athabasca Oil Sands Project & Peace River Complex	Canadian Natural Resources Ltd	Royal Dutch Shell PLC	$8,162
3/29/17	Canadian conventional natural gas assets	Cenovus Energy Inc	ConocoPhillips	$13,196
4/13/17	ConocoPhillips San Juan basin interest	Krewe Energy LLC	ConocoPhillips	$2,700

Source: Bloomberg, EnerCom Inc.

Most Effective Use of E&P Free Cash-Flow

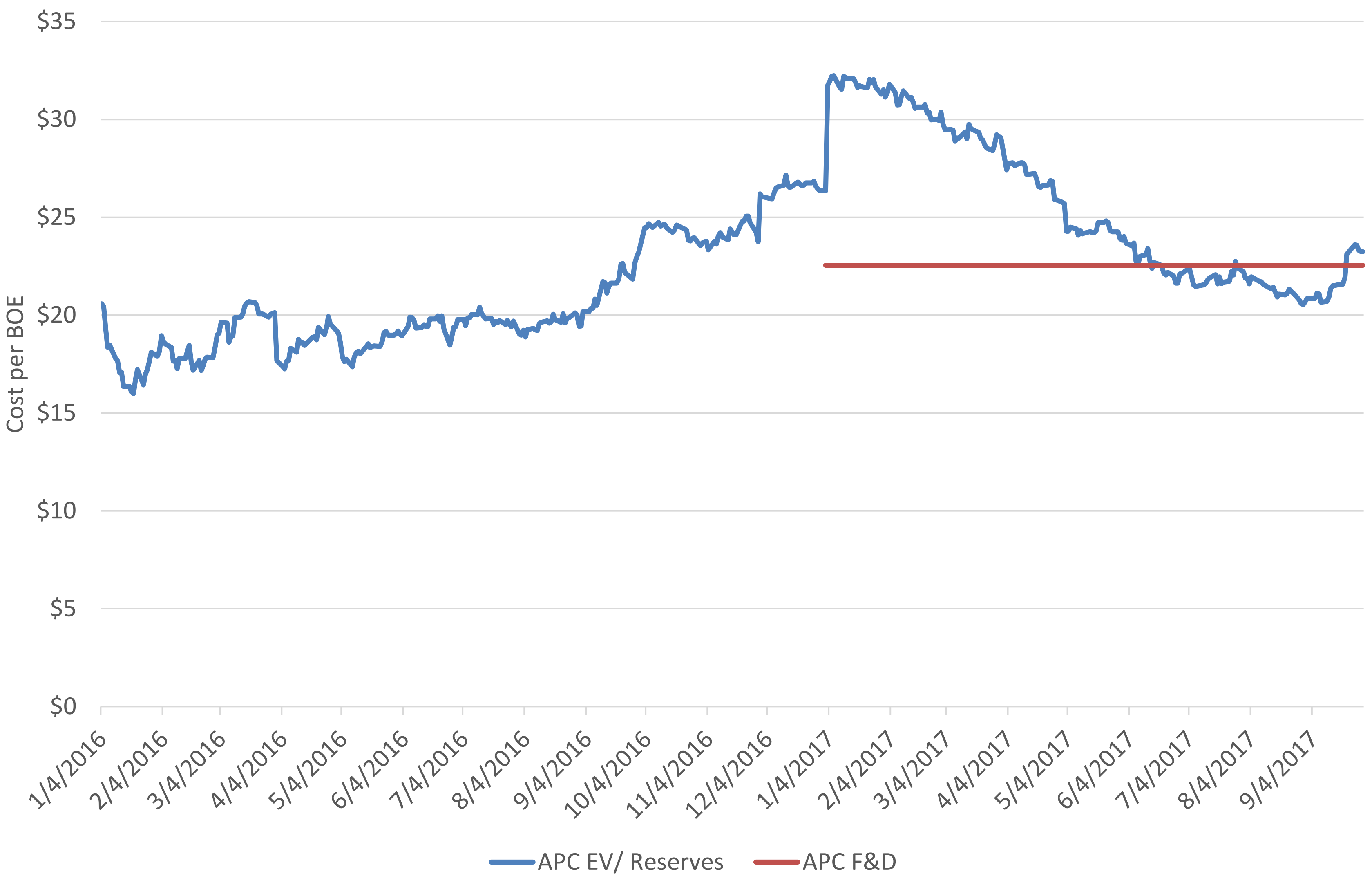


Source: EnerCom Inc.

APC EV/Reserves vs. Peer Group

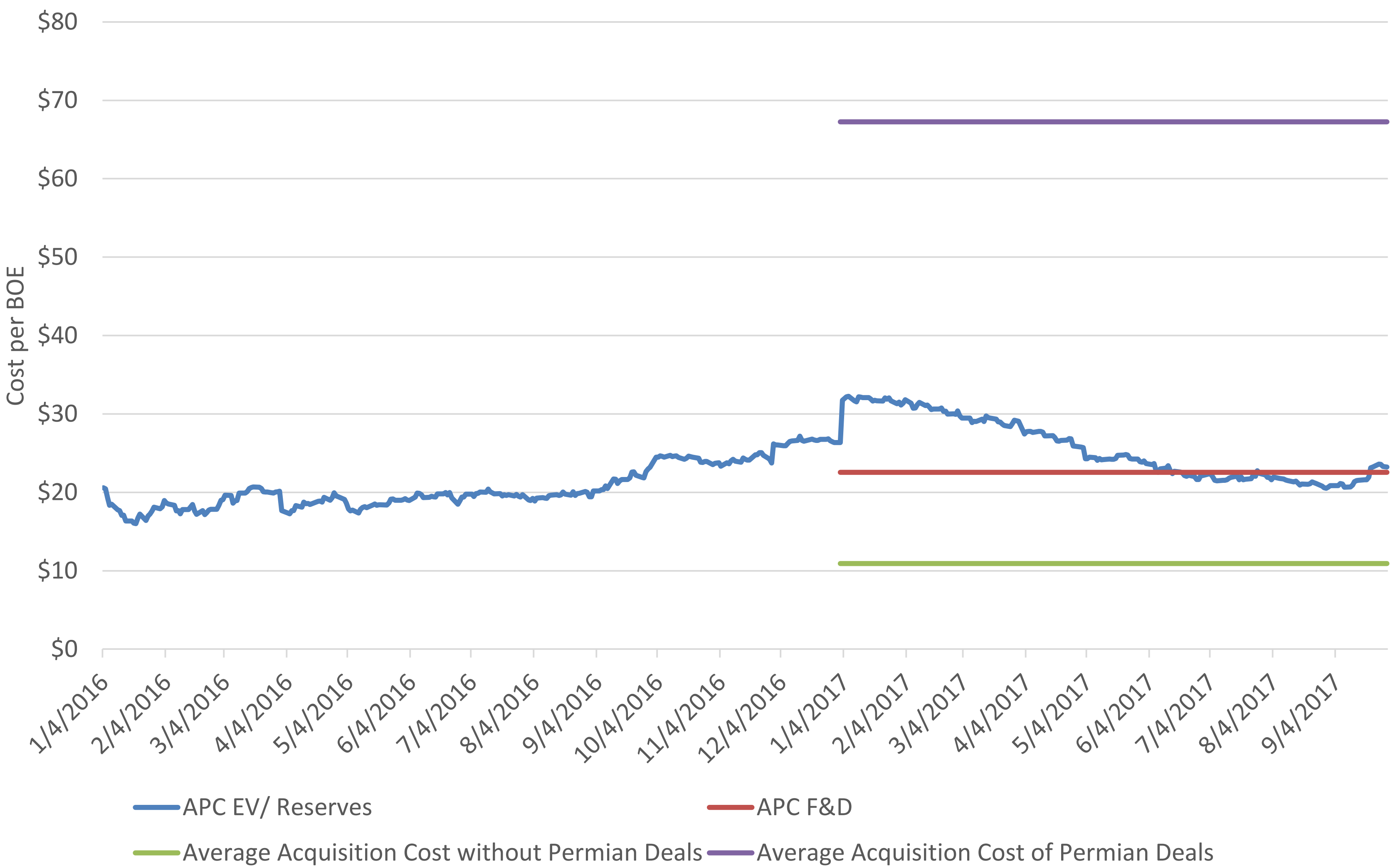
Source: Company Filings, EnerCom Inc.

APC EV/Reserves vs. F&D Costs



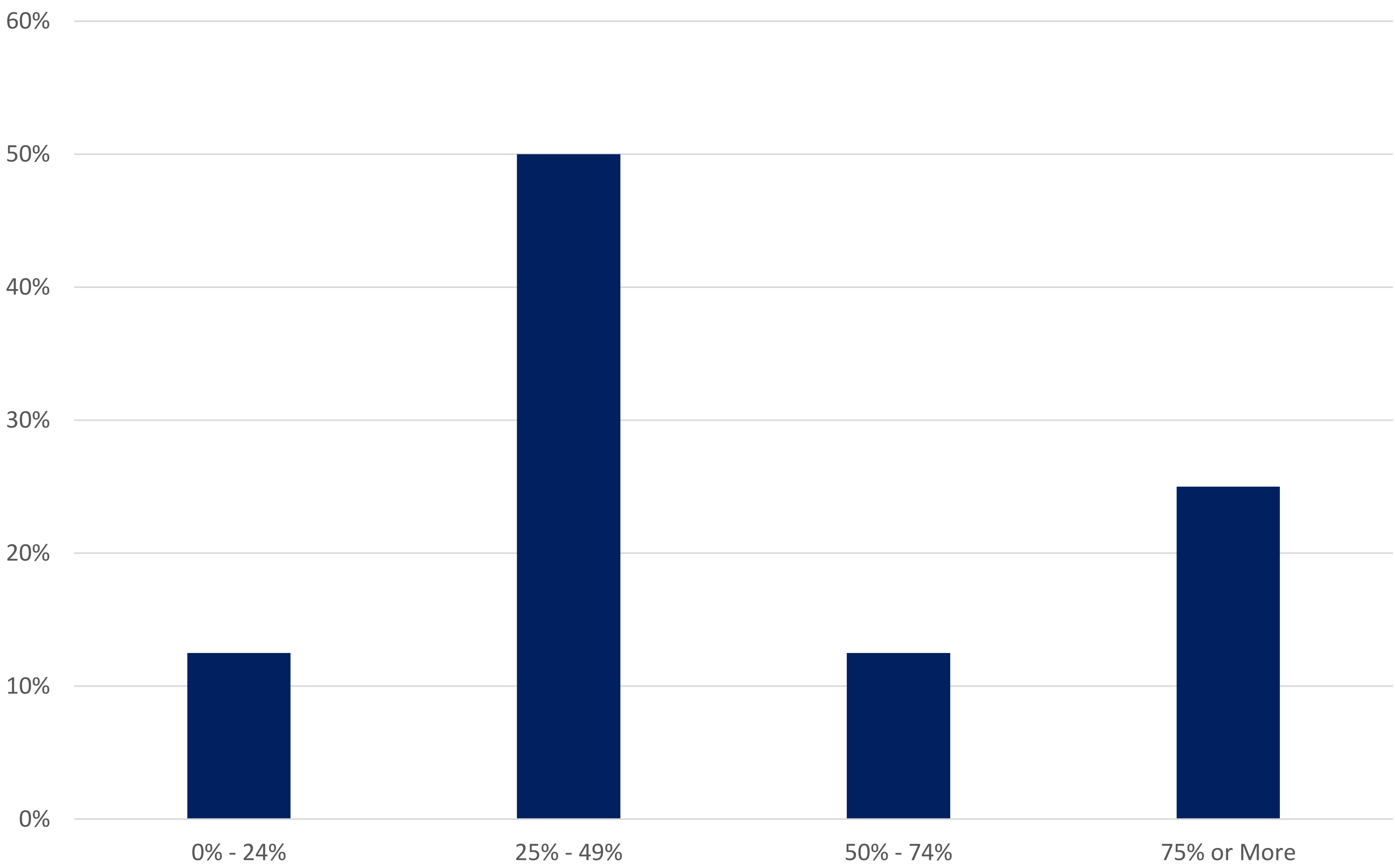
Source: Company Filings, EnerCom Inc.

APC EV/Reserves Vs. M&A Deals



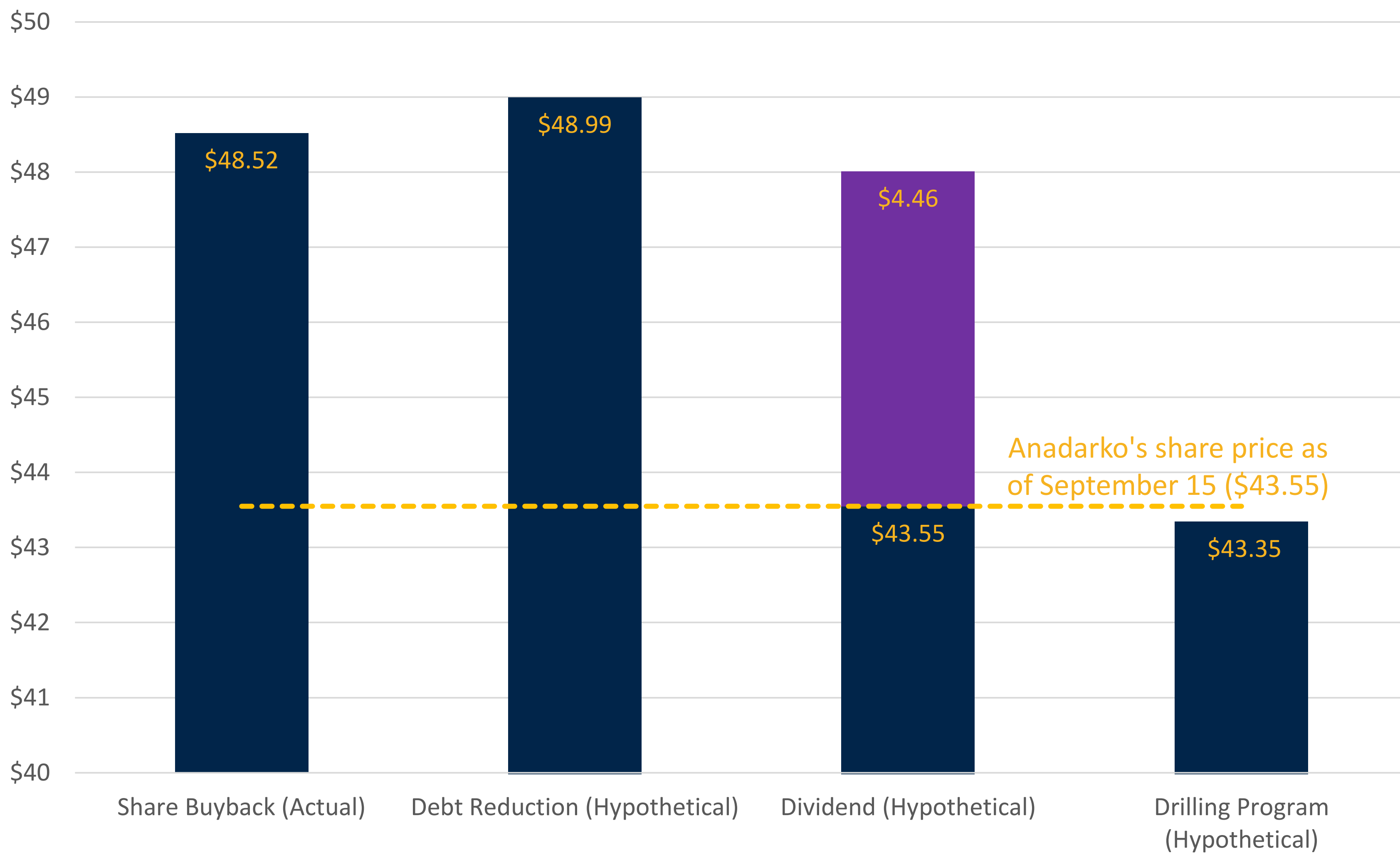
Source: Company Filings, Bloomberg, EnerCom Inc.

Percent of E&P Companies Expected to Outspend in 2018



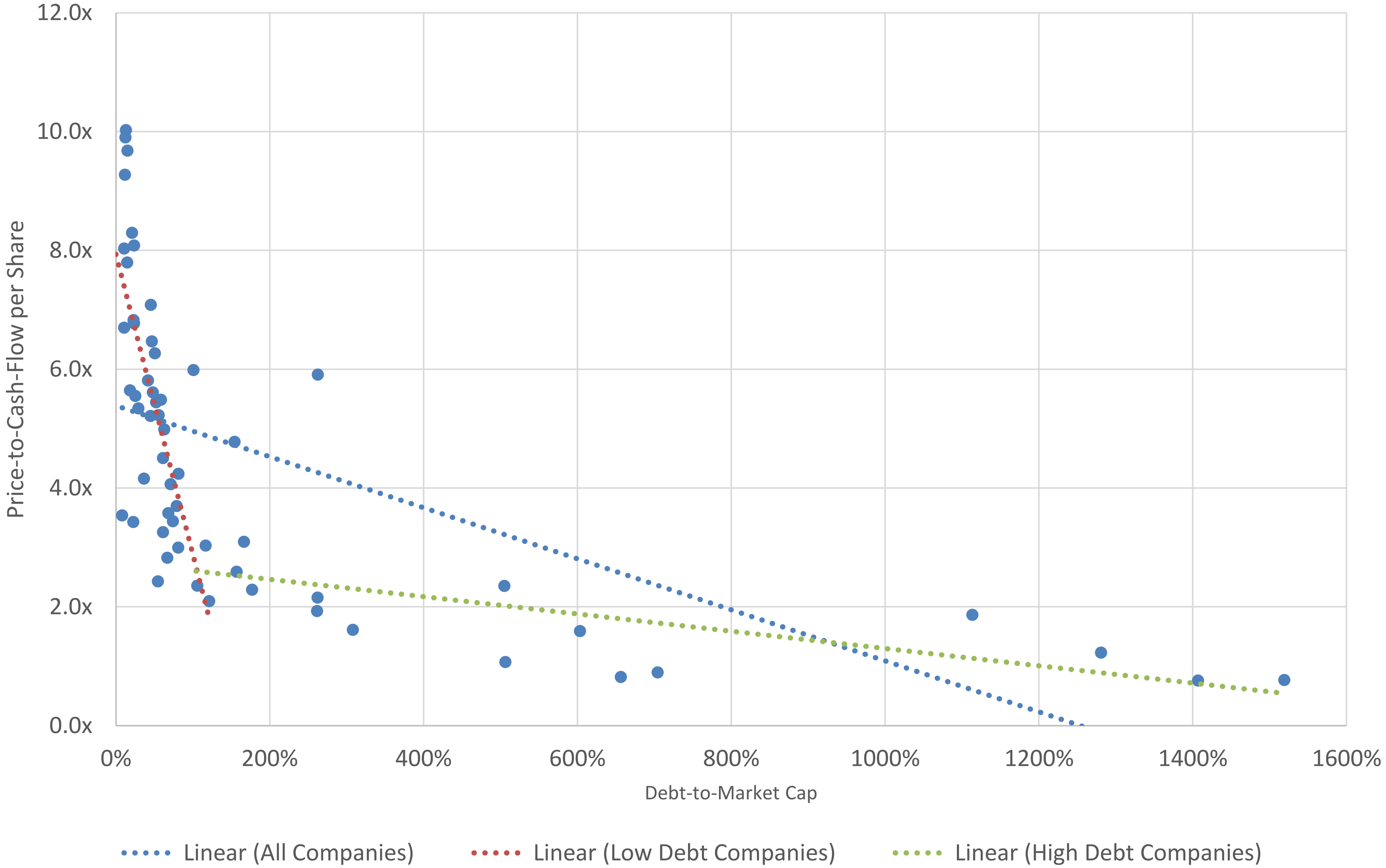
Source: EnerCom Inc.

APC EV/Reserves vs. M&A Deals



Source: Company Filings, Bloomberg, EnerCom Inc.

Debt and its Effect on Multiples



Source: Company Filings, Bloomberg, EnerCom Inc.

APC EV/Reserves Now Exceeding F&D

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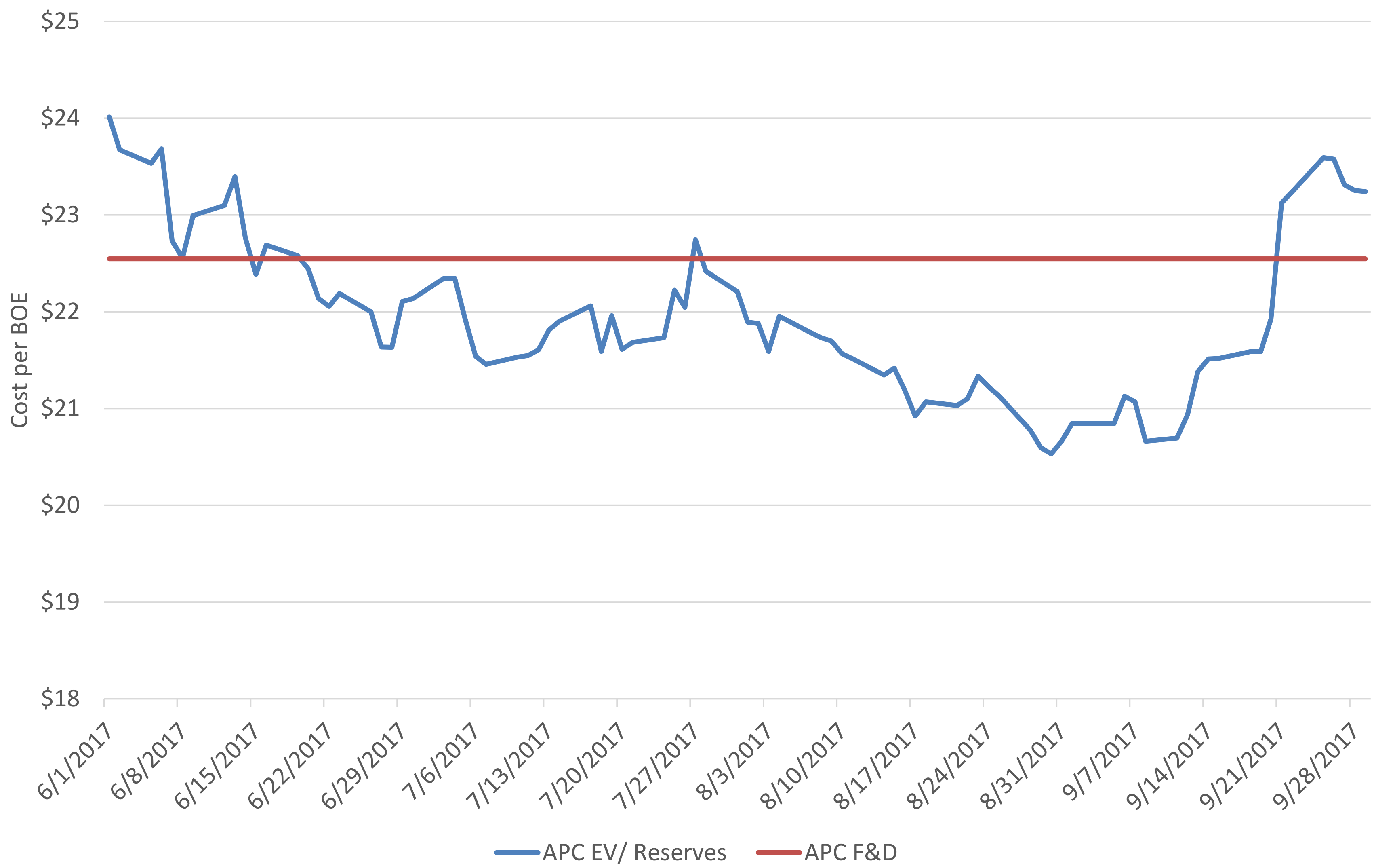
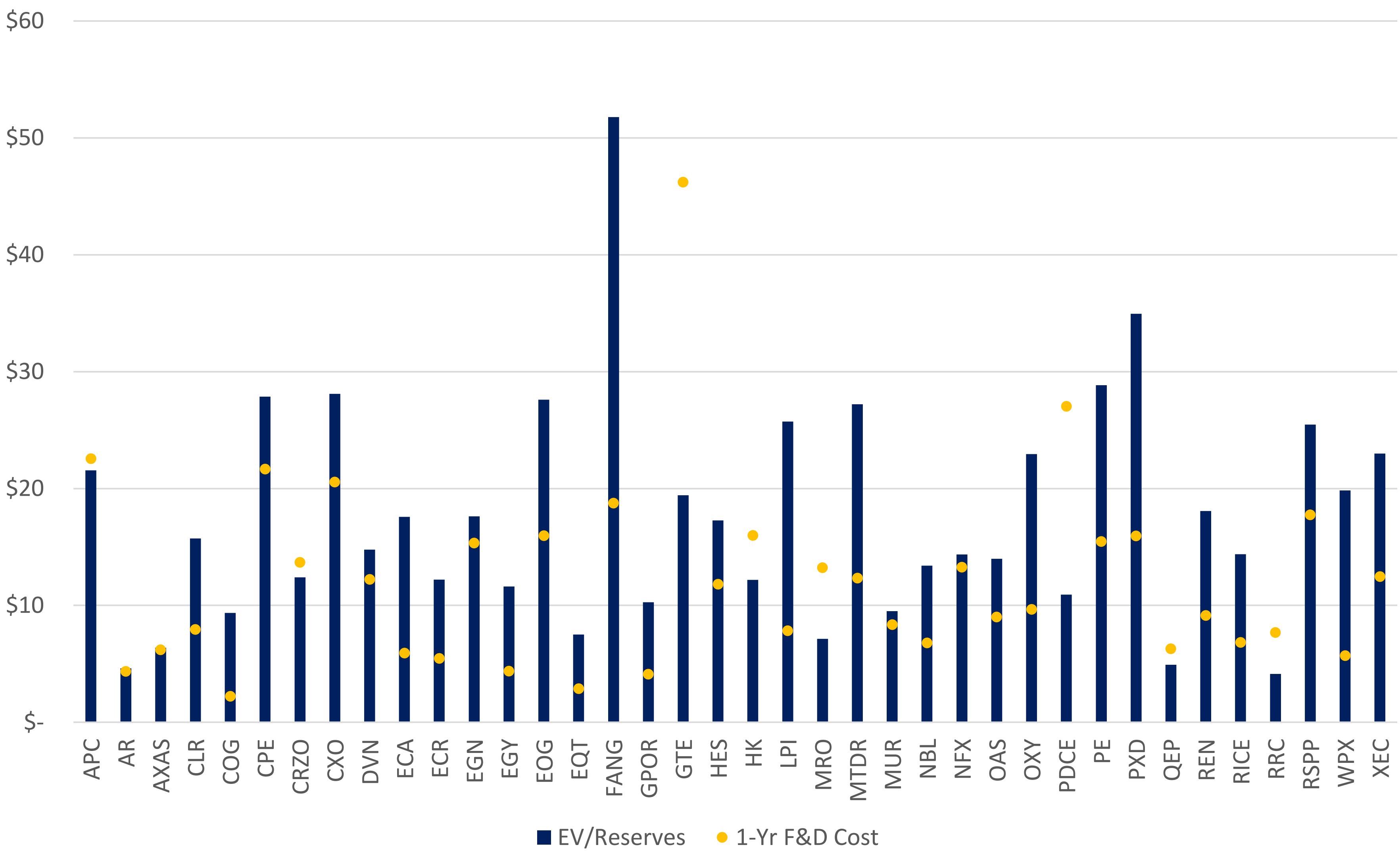


Source: Company Filings, Bloomberg, EnerCom Inc.

EV/Reserves vs. 1-Year F&D Costs



Source: Company Filings, Bloomberg, EnerCom Inc.

Supplemental Market Slides

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FUNDING A CAPITAL INTENSIVE INDUSTRY

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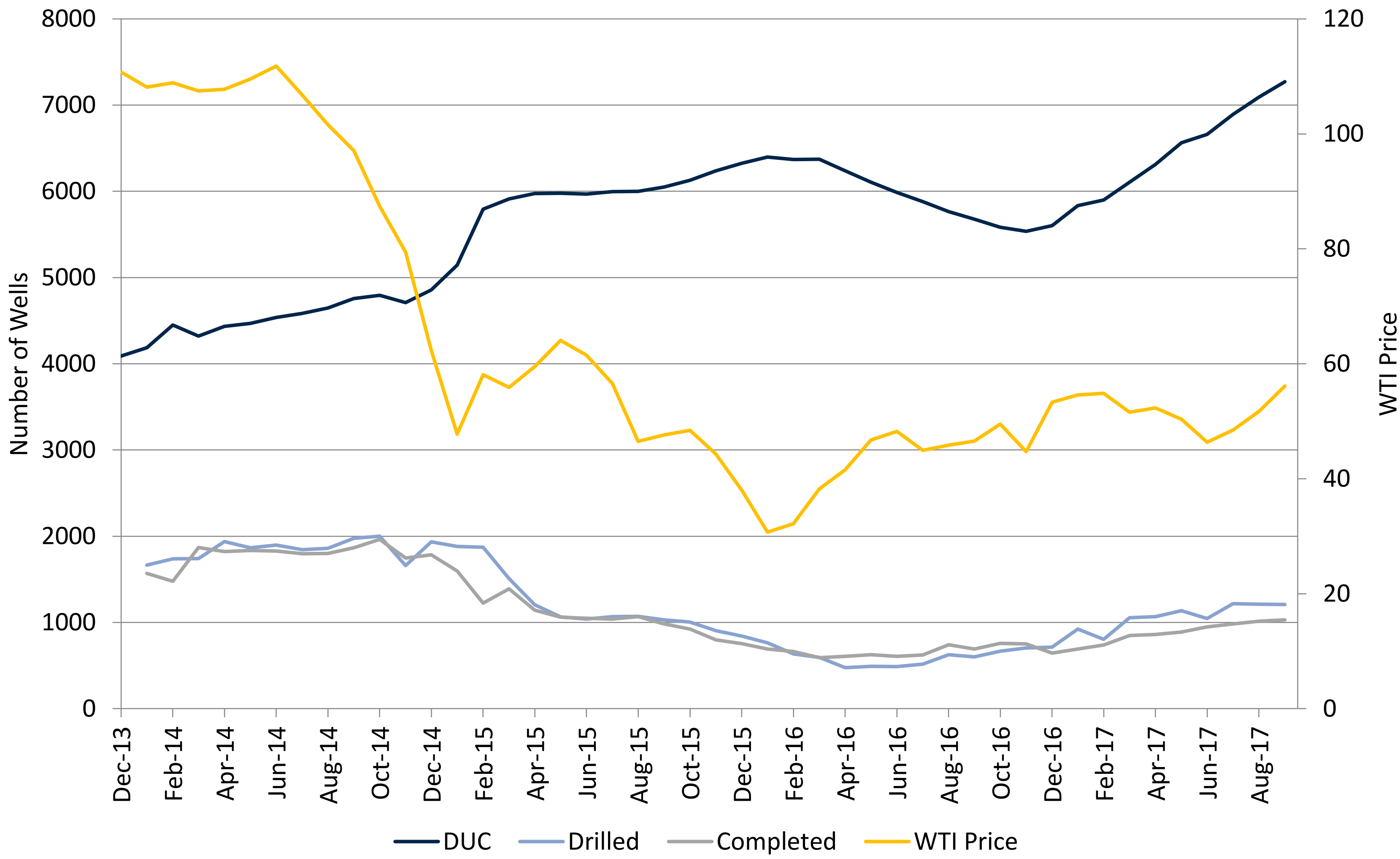
In 2016, Companies Raised More Than $110 Billion in Capital

U.S. and Canadian Offerings	2012	2013	2014	2015	2016	2017 YTD
Initial Public Offerings	$5,710MM	$6,670MM	$8,210MM	$1,390MM	$3,230MM	$2,250MM
Follow-on Offerings	$18,350MM	$20,260MM	$22,380MM	$24,540MM	$42,330MM	$14,590MM
Debt Offerings	$78,634MM	$53,783MM	$73,586MM	$107,155MM	$64,634MM	$42,280MM
Totals	**$102,694MM**	**$80,713MM**	**$104,176 MM**	**$133,085MM**	**$110,194MM**	**$59,070MM**
U.S. & Canada M&A Announcements	$220B/ 865 deals	$123B/ 770 deals	$264B/ 1040 deals	$102.9B/ 492 deals	$135.5B/ 549 deals	$118.3B/ 483 deals
Global M&A Announcements	$319B/ 1,326 deals	$215B/ 1,303 deals	$373B/ 1,694 deals	$305.1B/ 1,021 deals	$286.4B/ 1,078 deals	$159.9B/ 763 deals

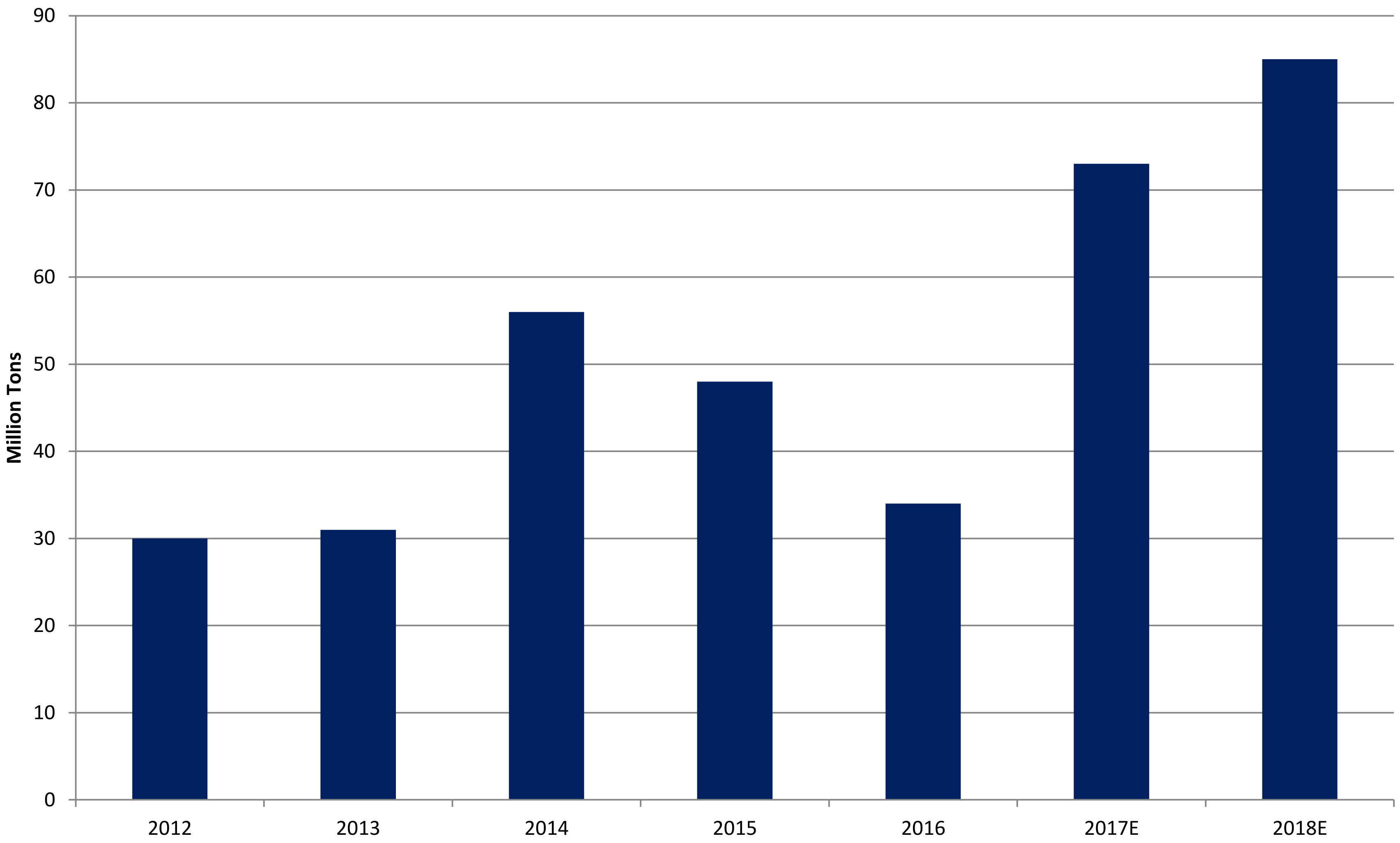
Source: Bloomberg, EnerCom Inc.

Drilled, Completed, and DUC Wells



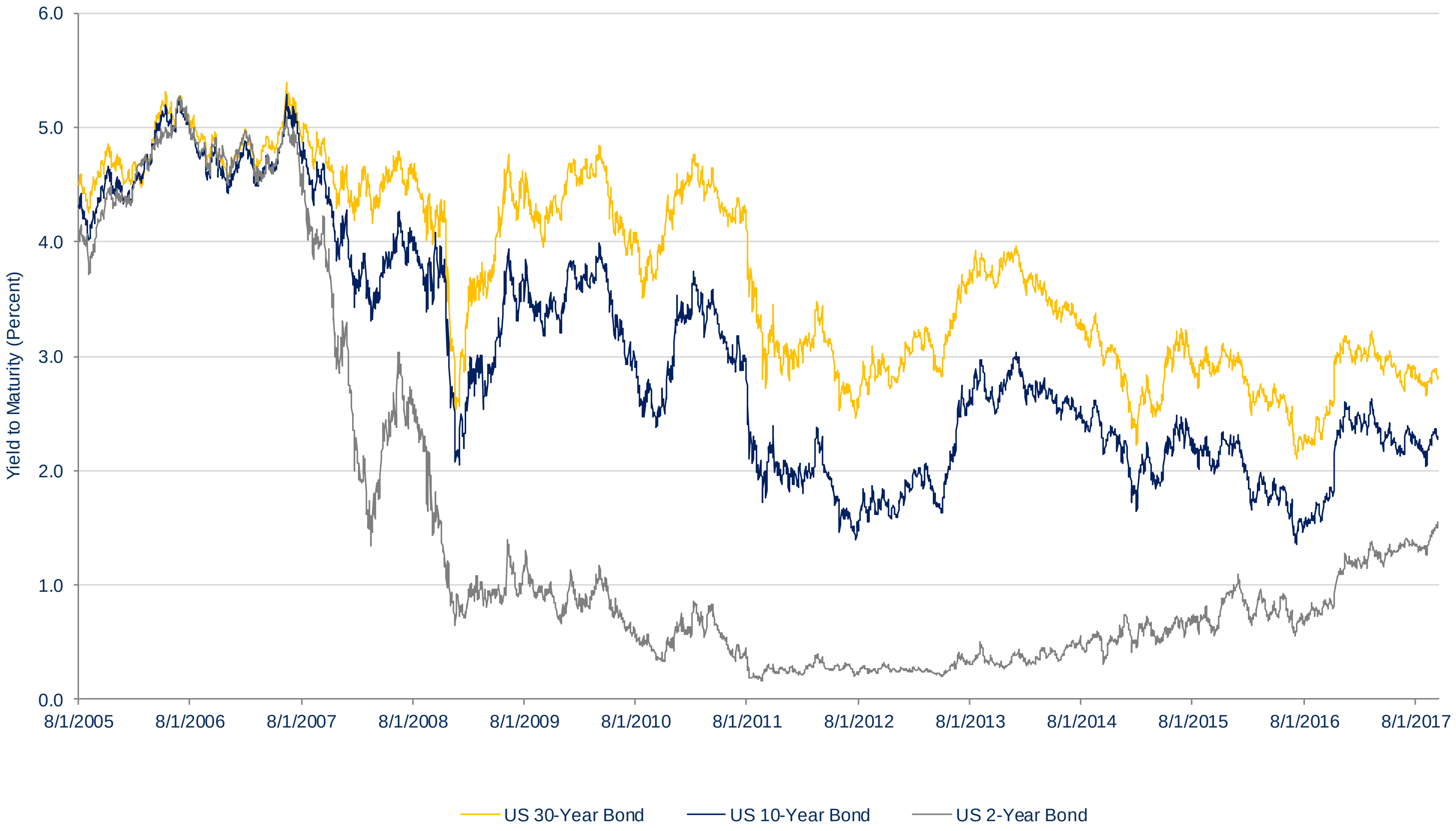
Source: EIA, Baker Hughes Industries, EnerCom Inc.

Total U.S. Sand Demand

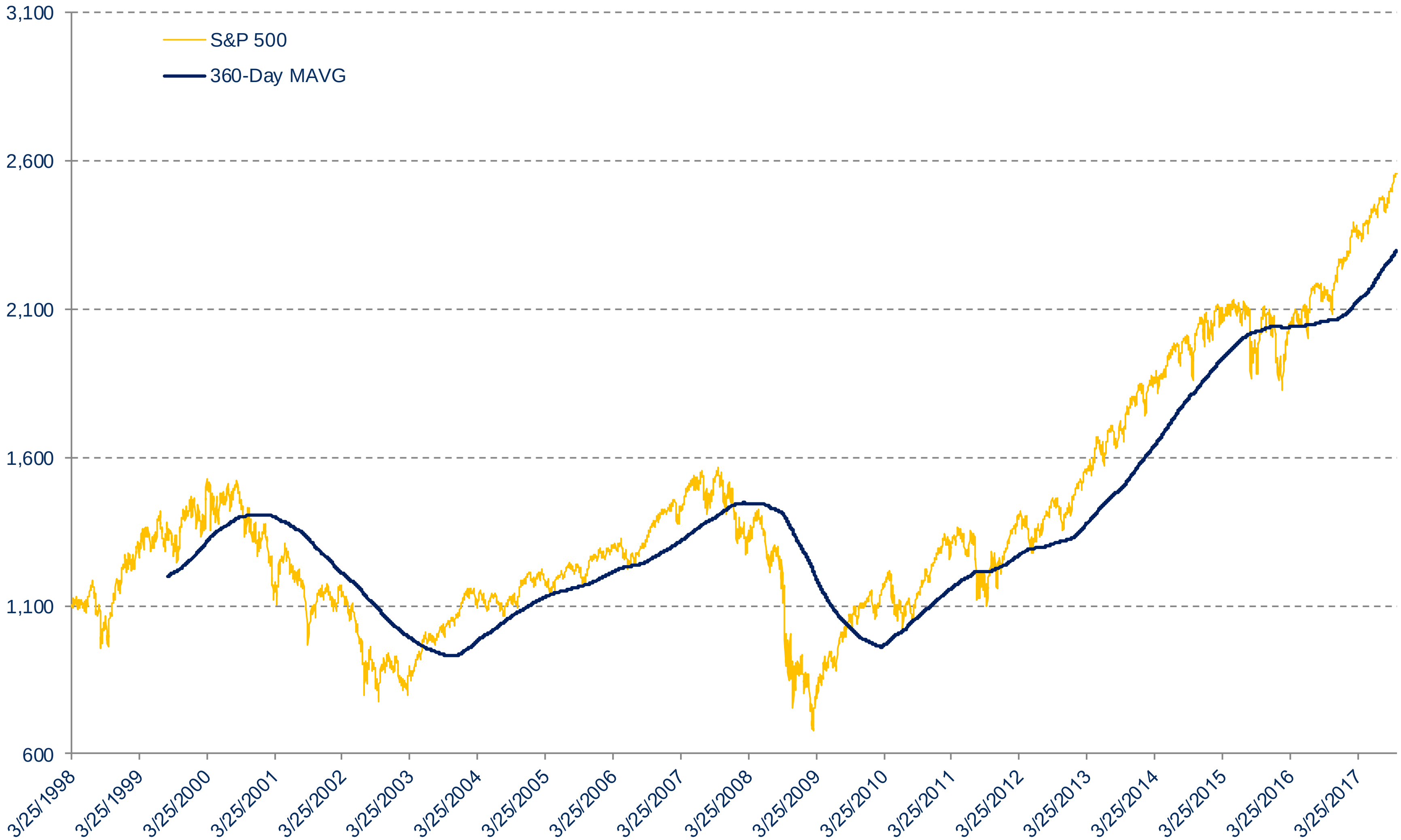


Source: Credit Suisse

U.S. Treasury Yields

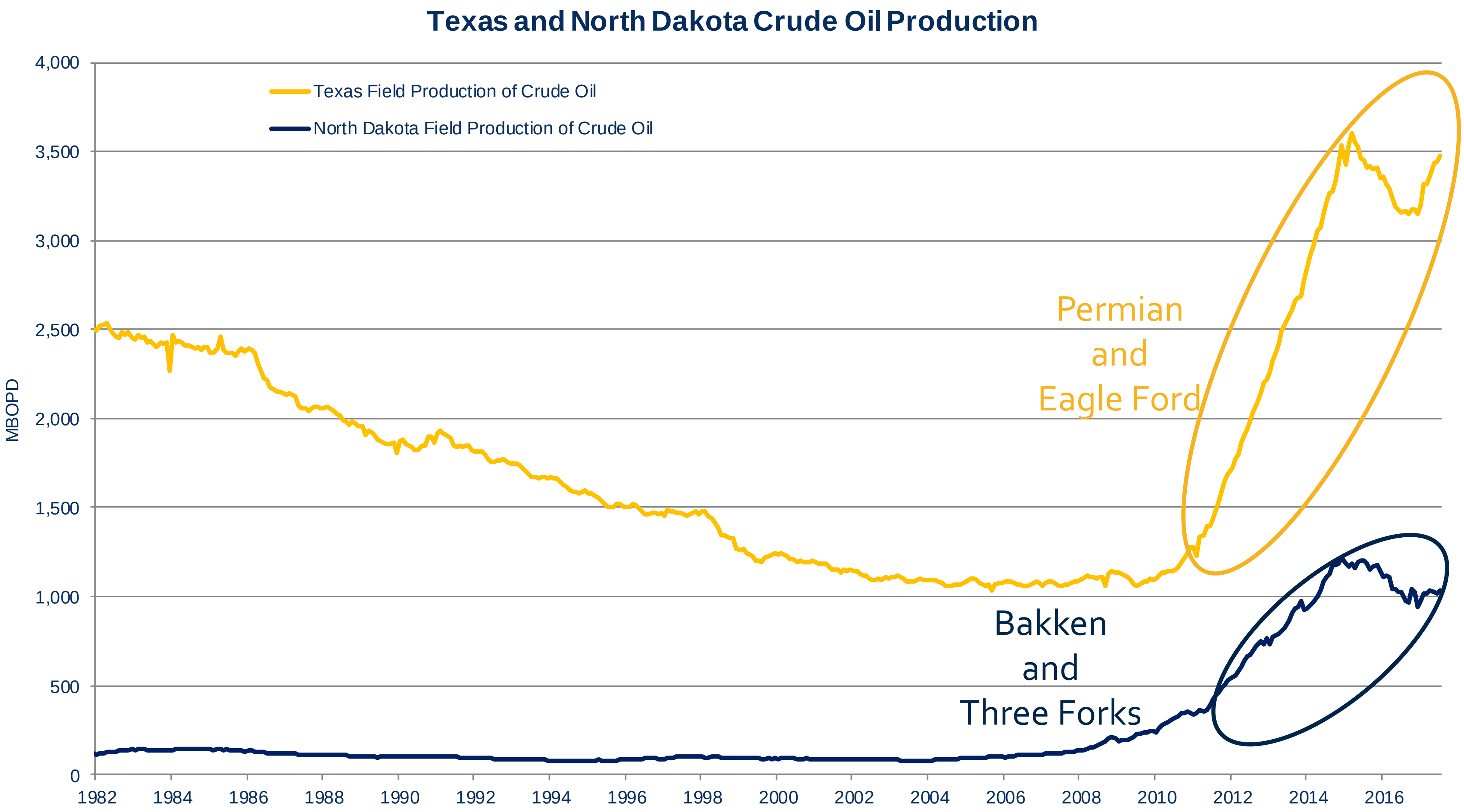


S&P 500 vs. 360-Day MAVG (Long-Term)



Source: Bloomberg.

Key Basins Driving Oil Production Growth



Source: EIA.

U.S. Oil and Petroleum Product Supplied

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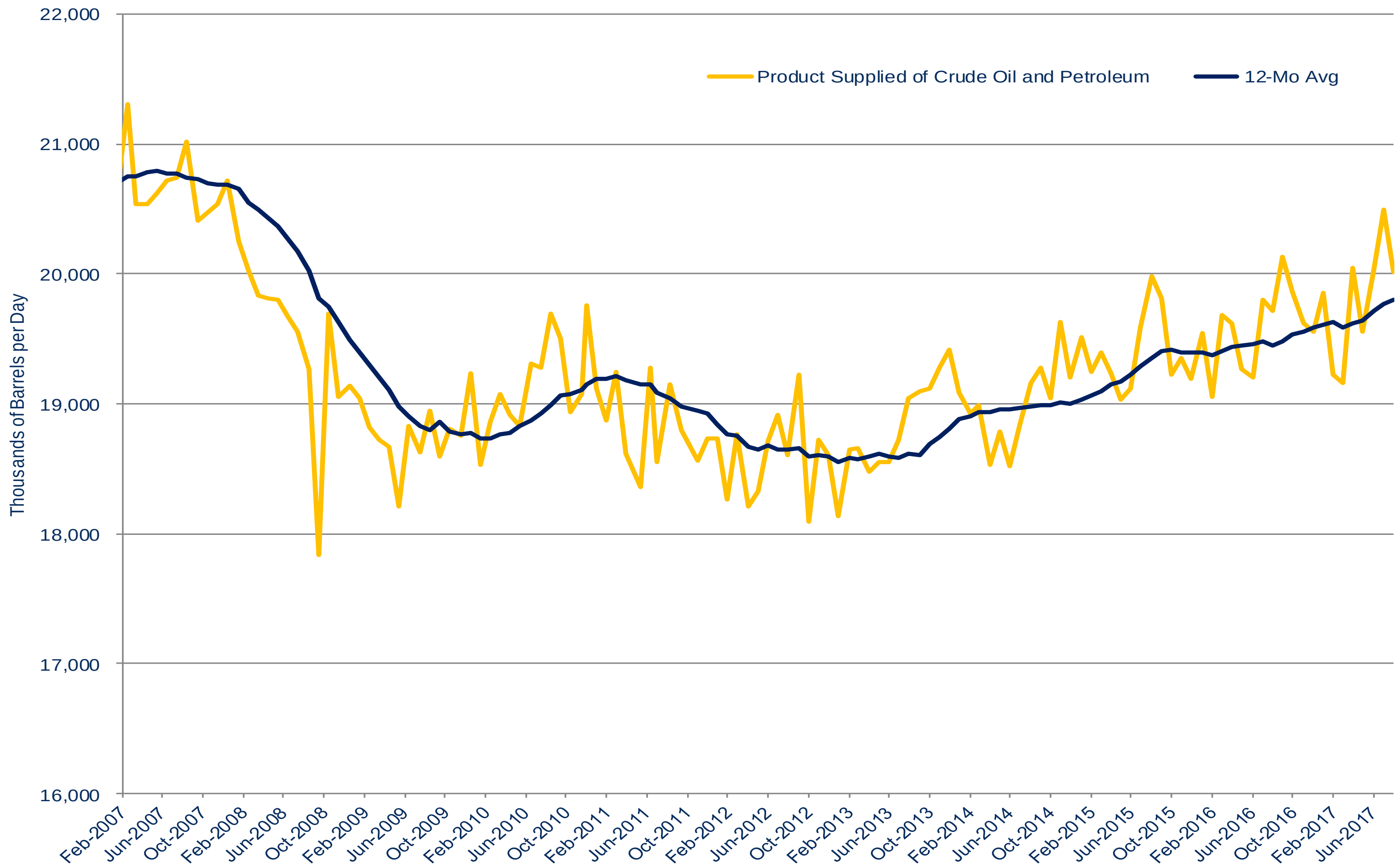
Jul-17 U.S. oil demand was down 2.3% from Jun-17 and up 1.6% from Jul-16



Source: EIA, EnerCom

Energy Equivalent Pricing

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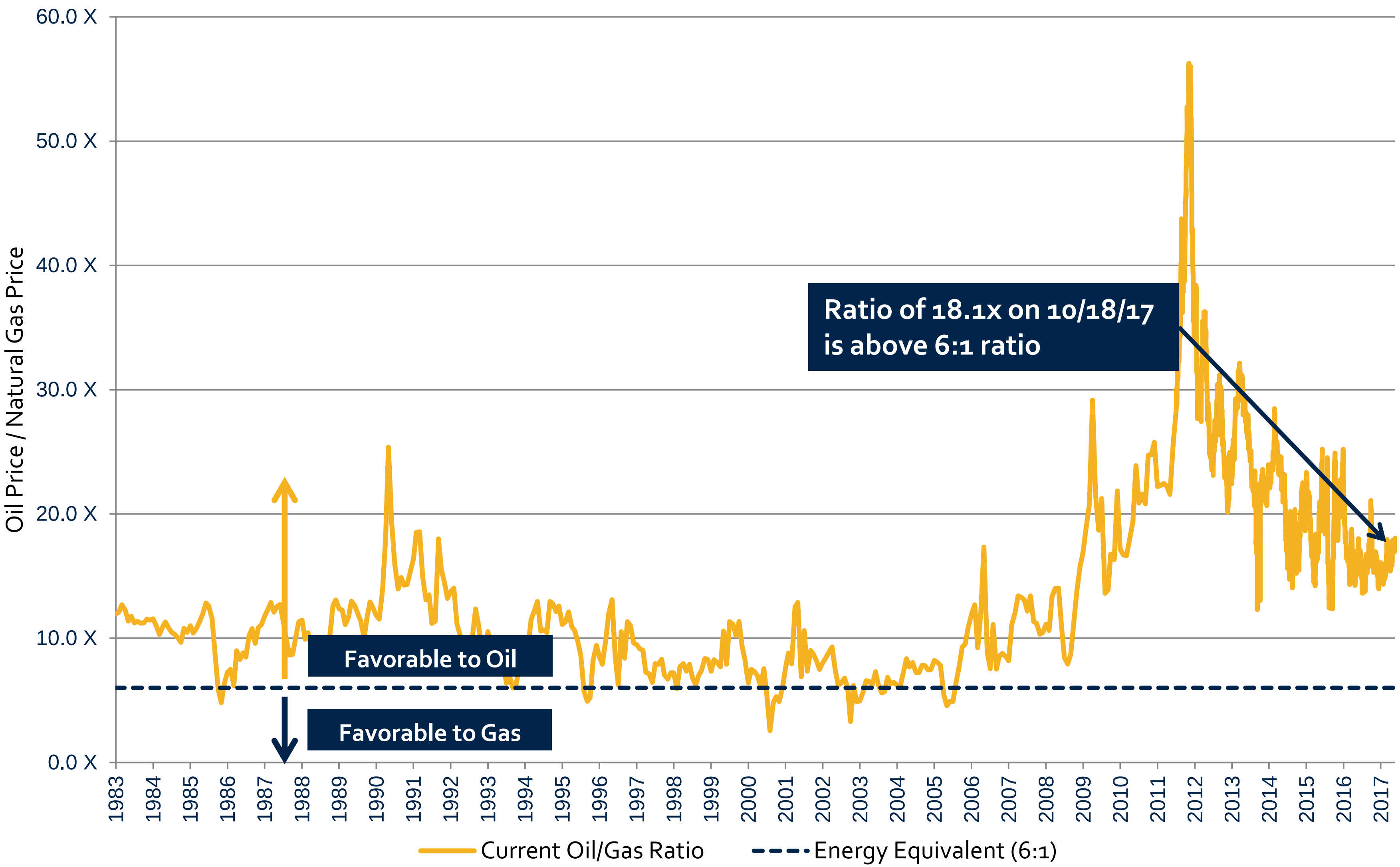

Source: Bloomberg, EIA, EnerCom.

Active NYMEX Crude Oil Contracts

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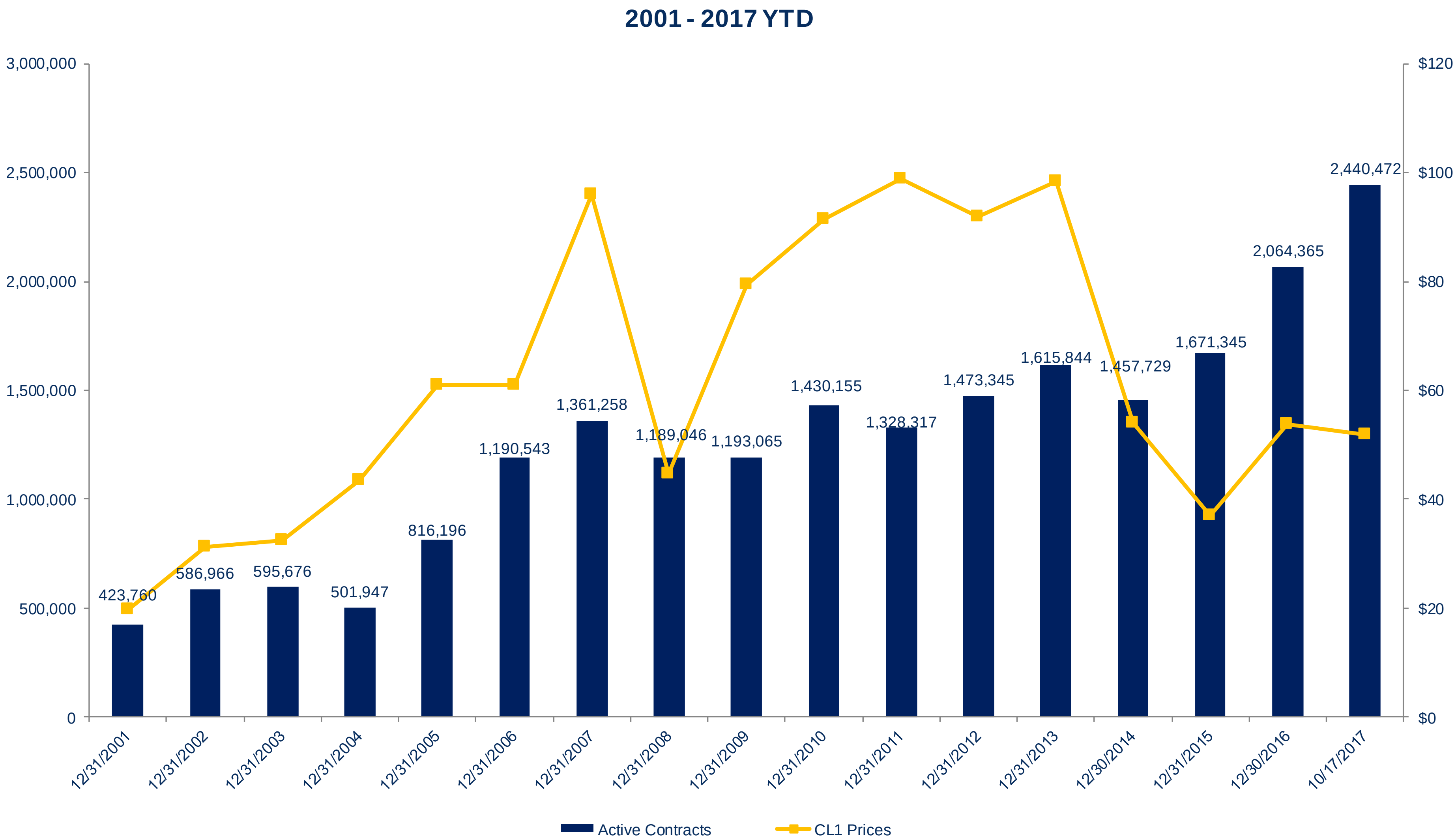
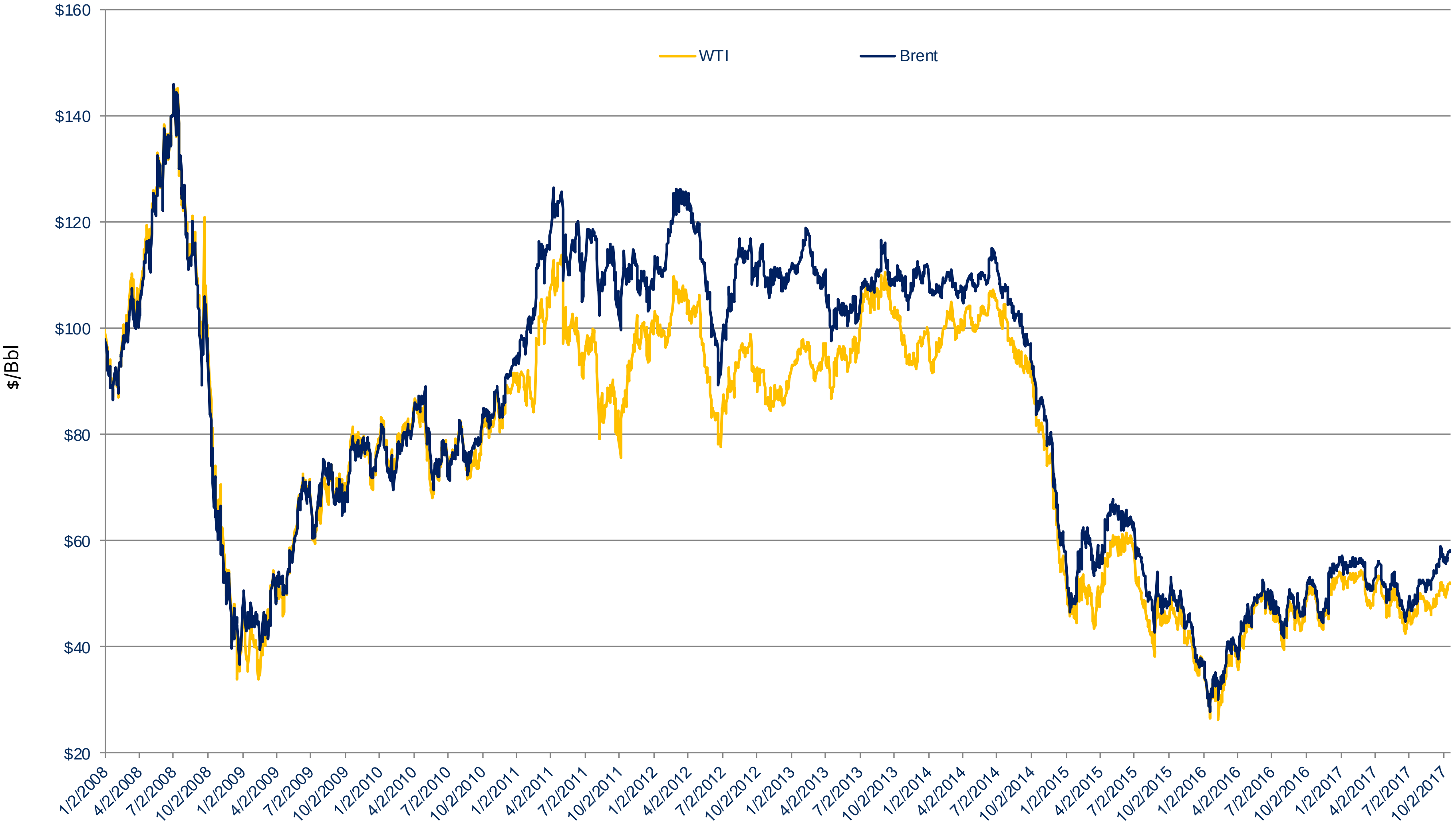


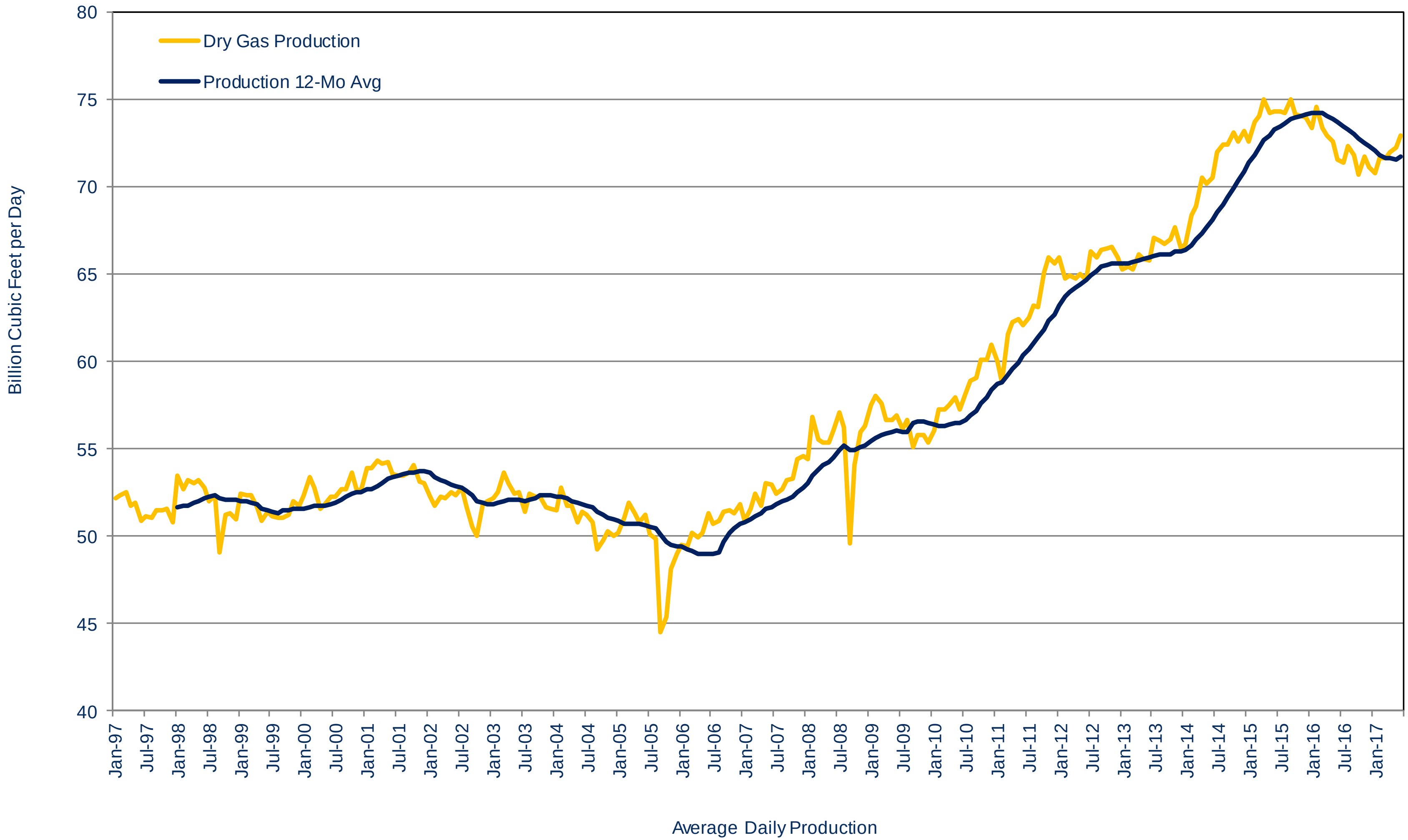
Sources: Bloomberg

Oil Prices – WTI and Brent



Source: Bloomberg.

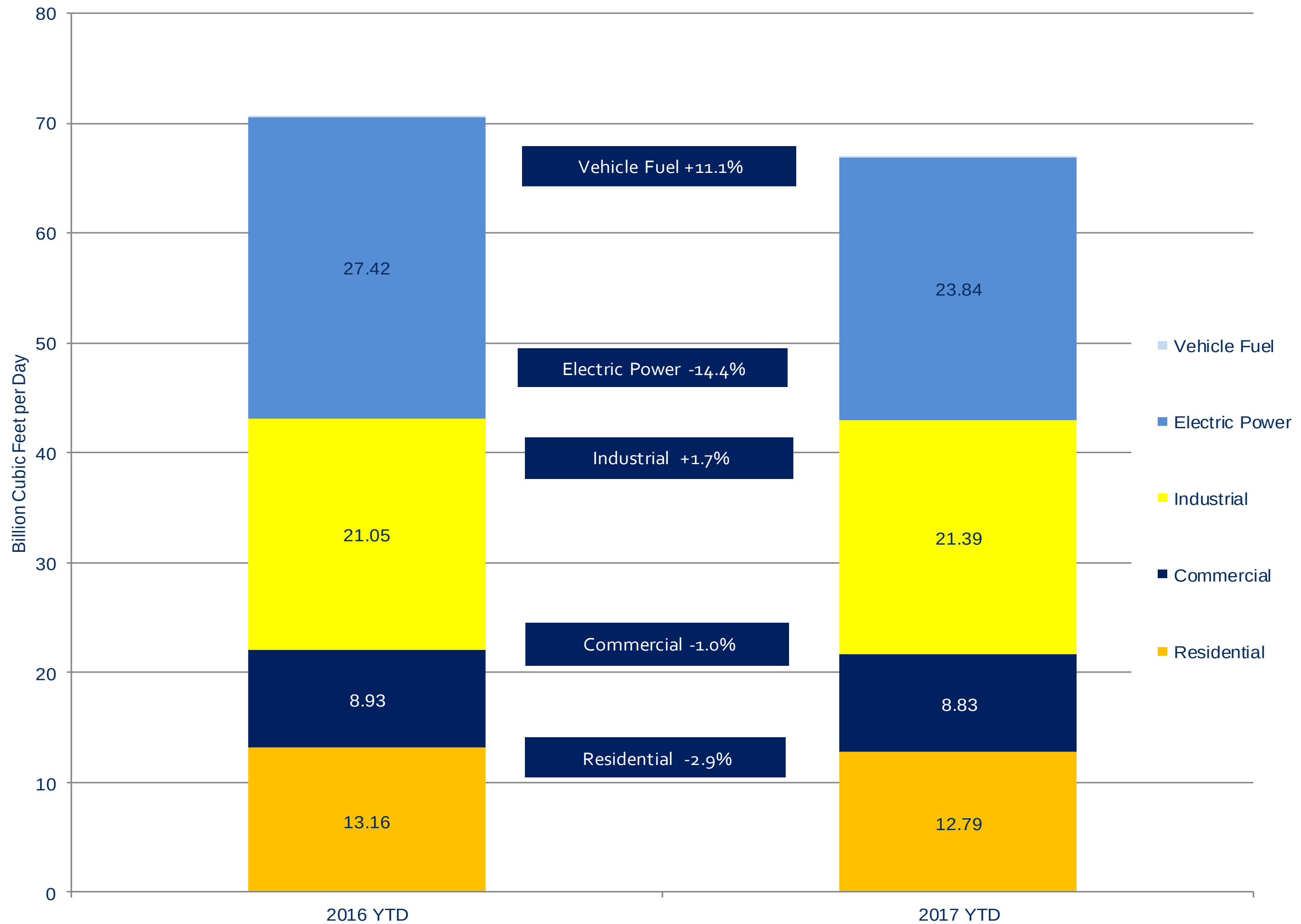
U.S. Natural Gas Production



Source: EIA.

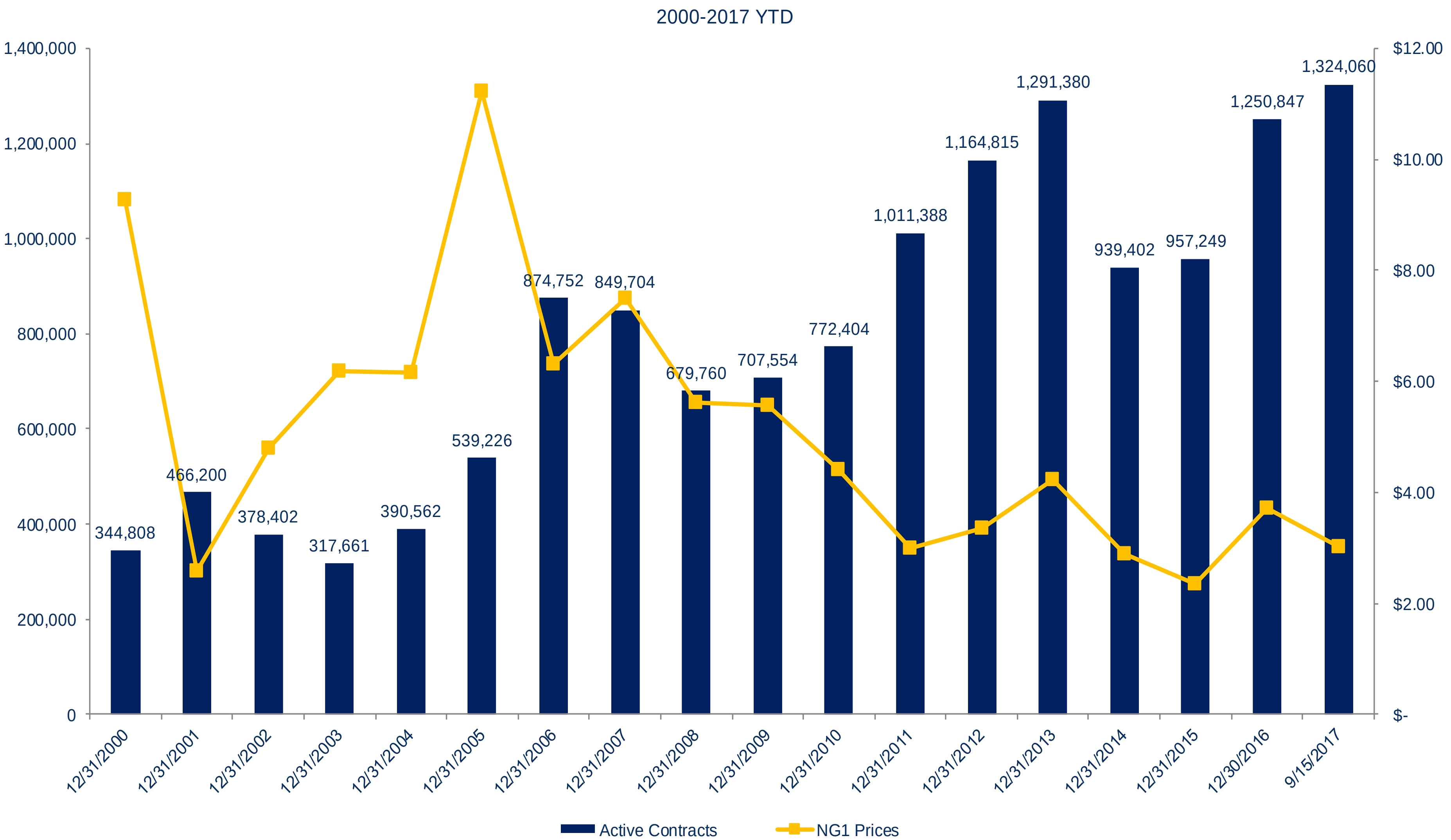
U.S. Natural Gas Consumption

YTD July 2017 Natural Gas Consumption -5.0% over 2016



Source: EIA and EnerCom.

Active Natural Gas Contracts



Sources: Bloomberg

U.S. Regional Natural Gas Prices

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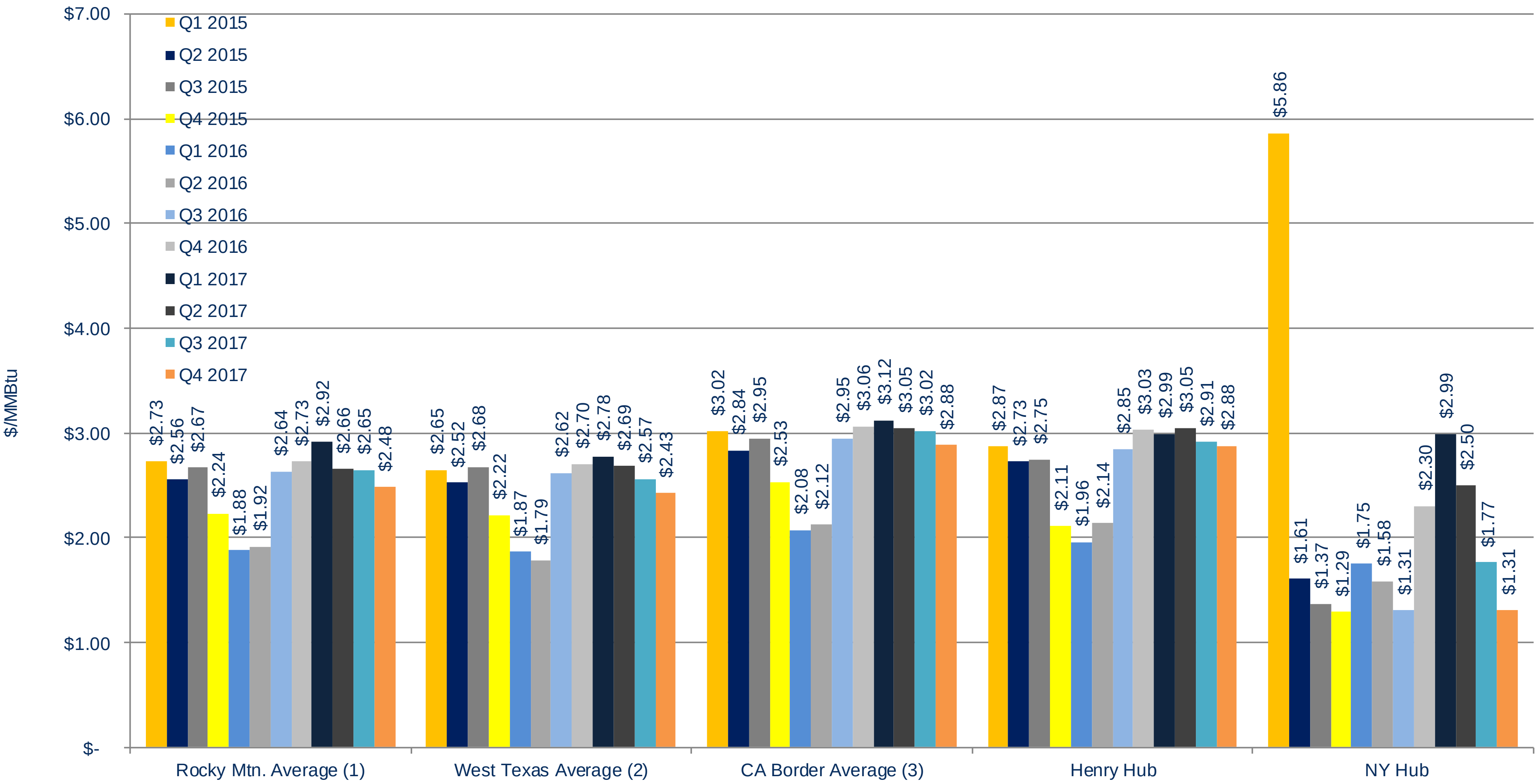
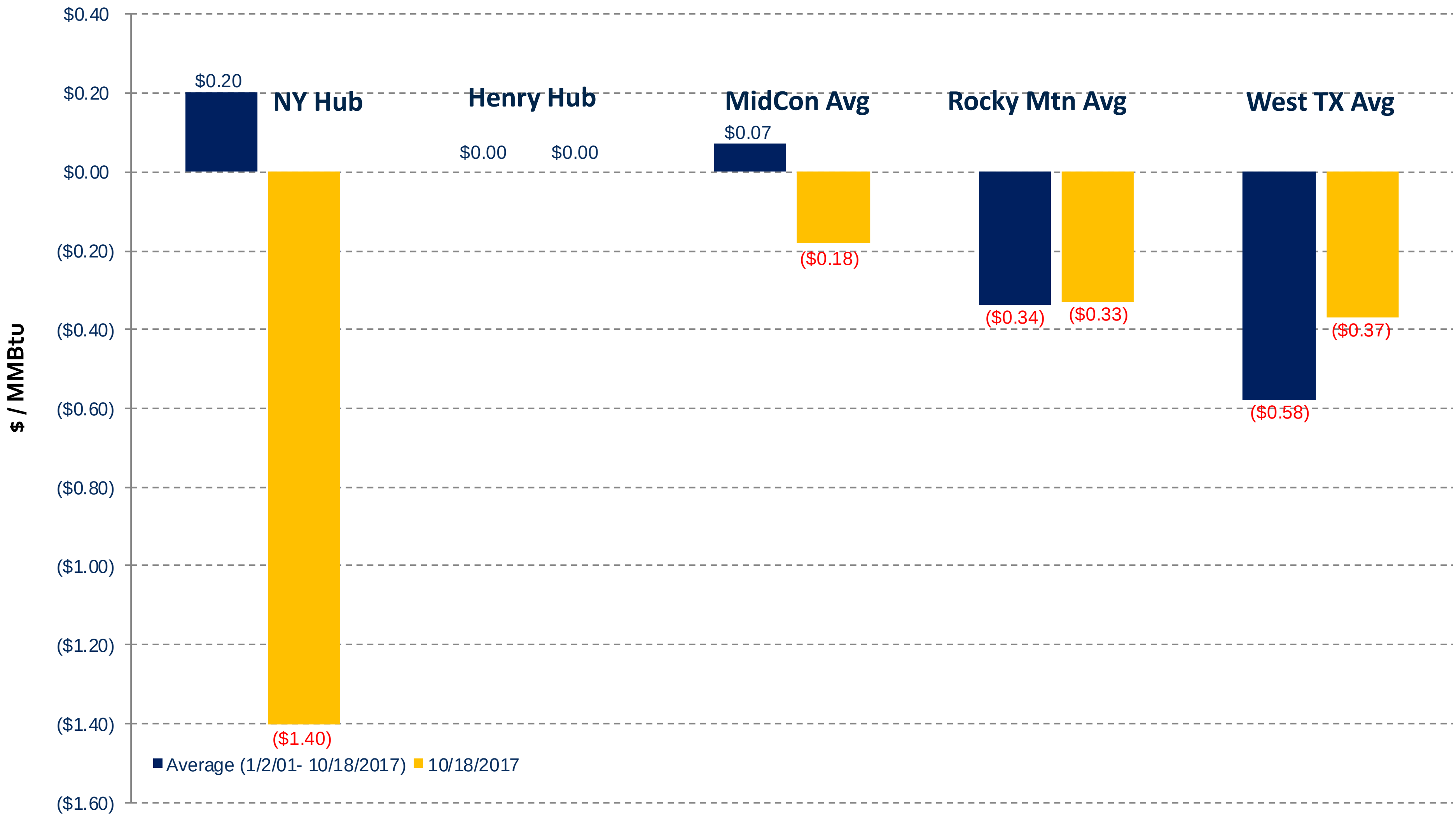


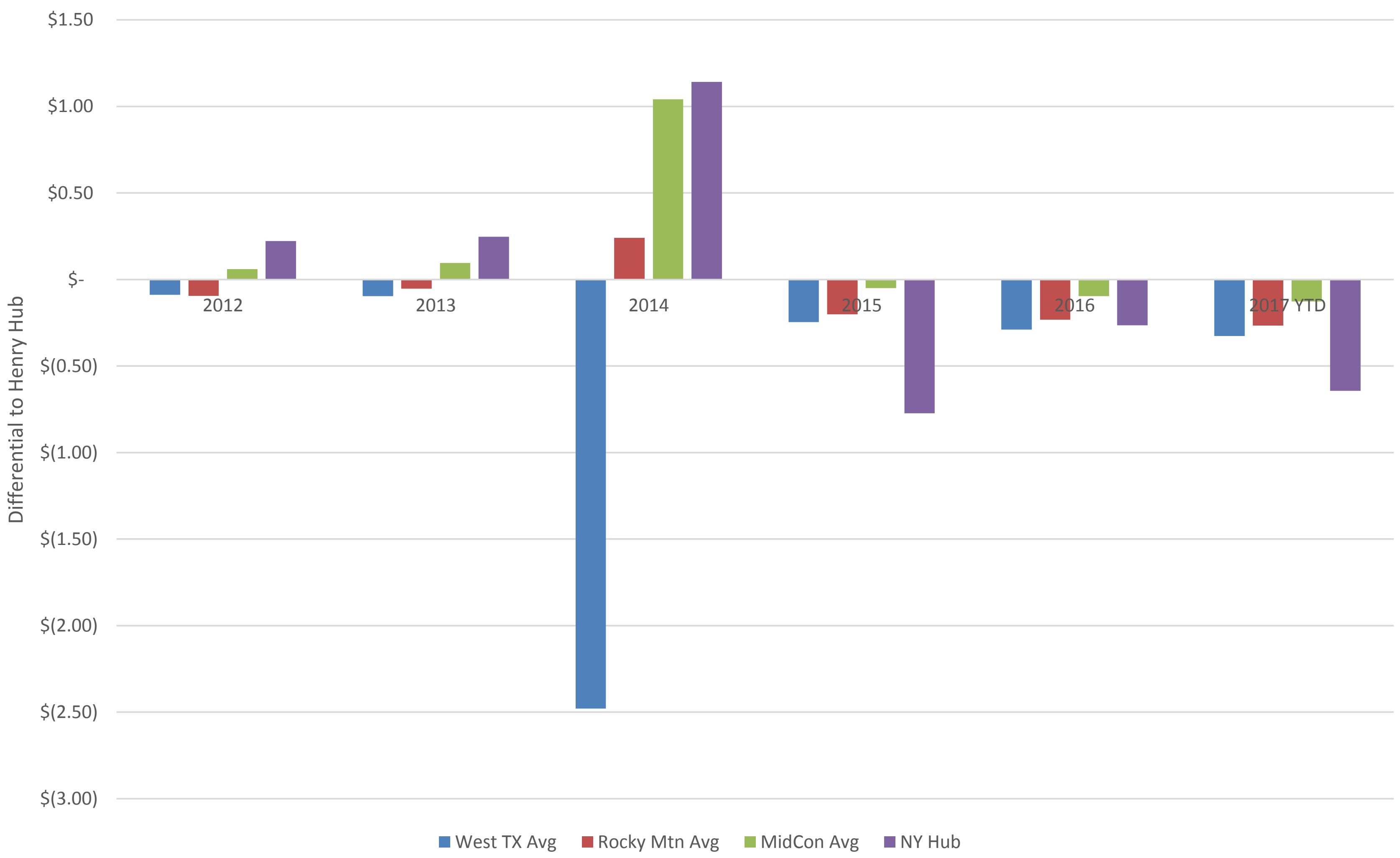
Notes: (1) Average of 3 Rocky Mountain hubs (2) Average of 2 West Texas hubs (3) Average of 3 hubs delivering gas to California border

Regional Gas Price Differentials



Source: Bloomberg, EnerCom.

Average Natural Gas Differentials to Henry Hub



Source: Bloomberg, EnerCom Inc.