

OGFJ100P company update

Independent research firm, HIS Herold Inc. has provided OGFJ with updated production data for our periodic ranking of US-based private E&P companies. The rankings provided by IHS are based on operated production only within the United States.

Acquisitions and divestitures

The buying and selling of assets continues in the private company space. One major difference in the list from the January installment is the omission of three big names. Marbob Energy Corp., Talon Oil & Gas, and Enduring Resources all sold enough assets in 4Q10 to drop off the current list.

Ranked No. 20 in the January issue, Marbob was acquired by Concho Resources in a \$1.1 billion transaction that closed in 4Q10. Dallas-based Talon, previously ranked No. 30 on the list, sold oil and natural gas assets in the Barnett Shale to EnerVest Ltd. and affiliates for \$967 million in the same quarter. Another name to drop off the list is Enduring Resources. The UT-based company hit No. 61 on the list before selling its Eagle Ford acreage to a joint venture formed by Canada's Talisman and Norway's Statoil.

On the A&D flipside, some privately held added to their holdings. In November, Hess announced plans to acquire an additional 167,000 net acres in the Bakken from privately-held TRZ Energy LLC for \$1.05 billion in cash. The properties are located near Hess's existing acreage and have current net production of roughly 4,400 boe/d.

Moving forward into 1Q11, Legend Natural Gas IV LP signed two oil and gas asset acquisition agreements totaling nearly \$1 billion.

Legend will acquire the Barnett Shale properties from a Range Resources subsidiary for nearly \$900 million. The properties include 390 producing wells and approximately 52,000 net acres with current daily net production of 113 MMcfe per day (86% gas).

The second acquisition consists of conventional Vicksburg production in South Texas. The company will acquire a majority interest in the Samano and Santa Fe Vicksburg fields from Smith Production Inc. for roughly \$99.2 million. The 7,200 net acres are located 20 miles from Legend's West La Grulla Field, include 83 operated wells producing 8.8 MMcfe/d net (65% gas). Legend will serve as the operator of the properties.

Funding for the acquisitions is being provided by the Riverstone/Carlyle Global Energy and Power Funds, a group of energy-focused private equity funds managed by Riverstone Holdings LLC.

In late January, Austin-based Three Rivers Natural Resource Holdings LLC acquired Permian Basin assets from another privately held company, Tulsa, Okla.-based Samson Resources.

Top 10 private gas producers

Rank	100P Rank	Company	Gas (Mcf)
1	2	Merit Energy Co.	196,942,272
2	4	Samson Lone Star LP	141,134,410
3	5	Yates Petroleum Corp.	126,191,395
4	3	Hilcorp Energy Co.	101,949,298
5	6	EnerVest Operating LLC	98,662,739
6	7	Samson Resources Co.	93,742,450
7	13	J-W Operating Co.	63,814,007
8	10	Mewbourne Oil Co.	57,006,262
9	8	Walter Oil & Gas Corp.	55,612,304
10	12	LLOG Exploration Co.	43,308,579

Source: IHS Herold

Top 10 private liquids producers

Rank	100P Rank	Company	Liquid (bbl)
1	1	Aera Energy LLC	54,632,701
2	3	Hilcorp Energy Co.	11,853,351
3	2	Merit Energy Co.	10,519,936
4	11	Citation Oil & Gas Corp.	9,701,279
5	9	Endeavor Energy Resources LP	7,570,872
6	8	Walter Oil & Gas Corp.	5,986,966
7	22	Slawson Exploration Co. Inc.	5,172,865
8	25	Texas Petroleum Investment Co.	4,171,467
9	14	Bass Cos.	3,977,849
10	12	LLOG Exploration Co.	3,935,540

Source: IHS Herold

As of Jan. 21, Three Rivers held an ownership interest in more than 1,400 wells, with production of approximately 7,400 boe/d, and proven reserves of 86 MMboe. Three Rivers expects 2011 full year revenue to be approximately \$150 million.

Financing

Three Rivers was also the recipient of an additional investment by the Riverstone/Carlyle Global Energy and Power Funds. Details were not disclosed. In April 2010, Riverstone made its original investment in Three Rivers to fund the acquisition of certain Permian Basin assets from Chesapeake Energy.

Another private company receiving a financial boost in late January was Tulsa, Okla.-based Laredo Petroleum Inc. The company, ranked No. 35, planned the sale of \$350 million of senior unsecured notes in the private placement market. The notes, which carry a coupon rate of 9.5%, will mature on February 15, 2019, with interest payable on a semi-annual basis. Bank of America Merrill Lynch, JP

Morgan, and Wells Fargo Securities acted as joint book running managers for the sale. BMO Capital Markets was lead manager in Laredo's credit facility and Tudor, Pickering, Holt & Co. were co-managers. Net proceeds are expected to repay the company's term loan facility and for general working capital purposes.

Kayne Anderson Energy Funds and management infused XOG LLC with a \$50 million equity commitment. Houston-based XOG was founded in December 2010 to acquire and develop oil and gas properties with identifiable upside in the Ark-La-Tex and onshore Gulf Coast Texas regions.

Appointments

John Crum, who served as co-chief operating officer and president –North America of Apache Corp., has left the company to become CEO of privately held Midstates Petroleum. The Houston-based E&P company is backed by First Reserve Corp. and operates primarily in central Louisiana.

2010 Year-to-date production ranked by BOE

Rank	Company	BOE	Total wells	Largest field
1	Aera Energy LLC	57,956,099	12,590	Belridge South
2	Merit Energy Co.	43,343,648	5,533	Painter Reservoir East
3	Hilcorp Energy Co.	28,844,901	1,788	Caillou Island
4	Samson Lone Star LP	27,303,304	1,997	Douglass West
5	Yates Petroleum Corp.	23,325,042	3,775	Powder River Basin Coal Bed
6	EnerVest Operating LLC	18,749,780	3,596	Giddings
7	Samson Resources Co.	17,007,683	2,254	Ignacio-Blanco
8	Walter Oil & Gas Corp.	15,255,683	86	Ship Shoal Block 0189
9	Endeavor Energy Resources LP	12,669,026	4,857	Sprayberry
10	Mewbourne Oil Co.	12,407,709	1,162	Mendota Northwest
11	Citation Oil & Gas Corp.	11,961,030	2,372	Sho-Vel-Tum
12	LLOG Exploration Co.	11,153,637	40	High Island Block 0170
13	J-W Operating Co.	10,828,505	890	Elm Grove
14	Bass Companies	10,629,646	1,057	Keystone KEYSTONE
15	Hunt Oil Co.	10,425,553	528	Fairway
16	Quantum Resources Management LLC	7,821,778	1,328	Jay
17	Ballard Exploration Co. Inc.	7,493,656	69	Gulf Terrace
18	Red Willow Production Co.	6,792,780	358	Ignacio-Blanco
19	Lewis Energy Group	6,624,196	1,157	Owen
20	Dynamic Offshore Resources LLC	6,485,203	100	Green Canyon Block 0065
21	Sheridan Production Co. LLC	6,443,269	1,474	Javelina