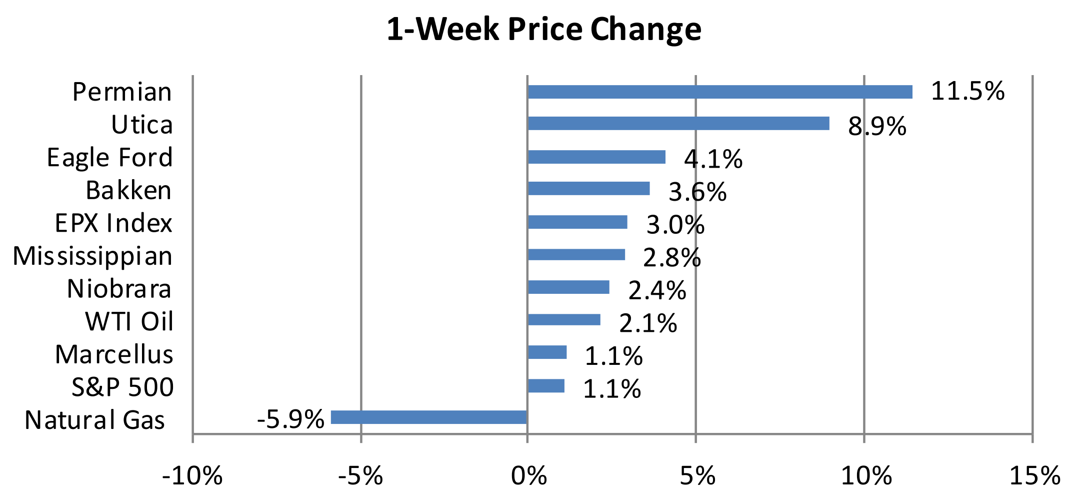
August 5, 2013

# USCA Weekly E&P Update

Best performers:
- PXD: +17%
- LPI: +17%
- EGN: +14%

Worst performers:
- SFY: -7%
- CRK: -6%
- GST: -6%




*Source: Bloomberg, U.S. Capital Advisors*


**U.S. Capital Advisors**

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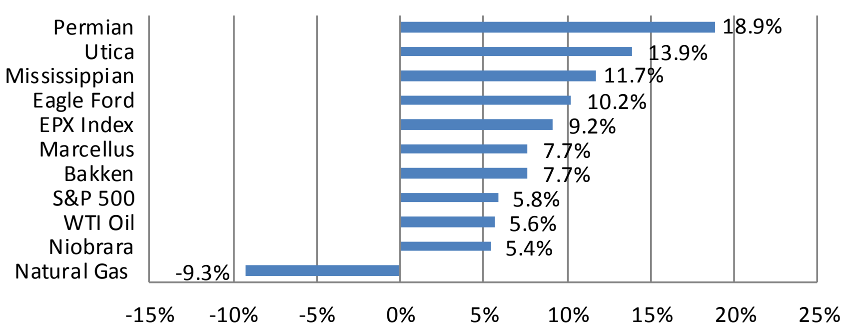
713-366-0541

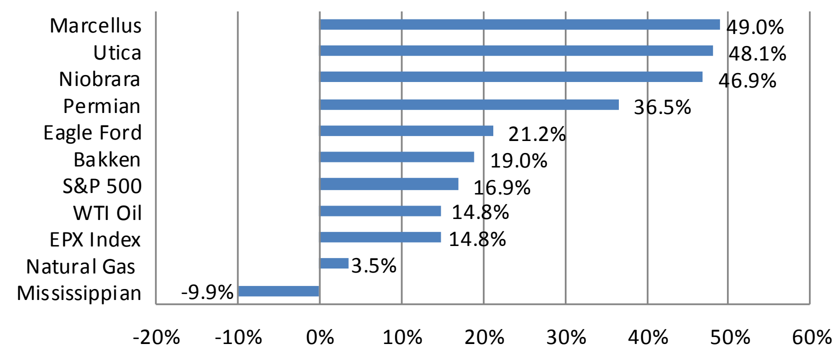

**For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.**

# Equity Performance By Play

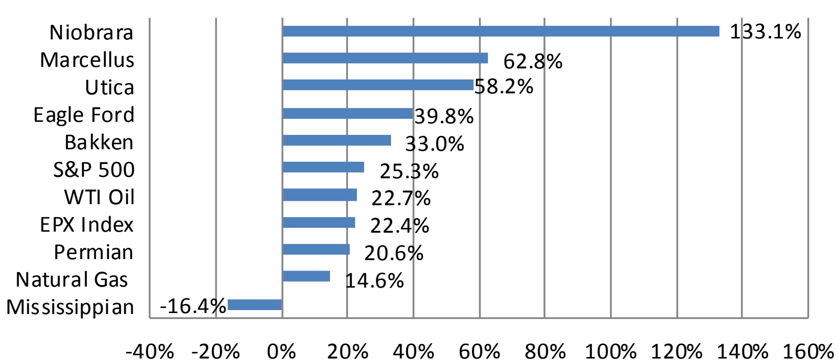
### 1-Month Price Change



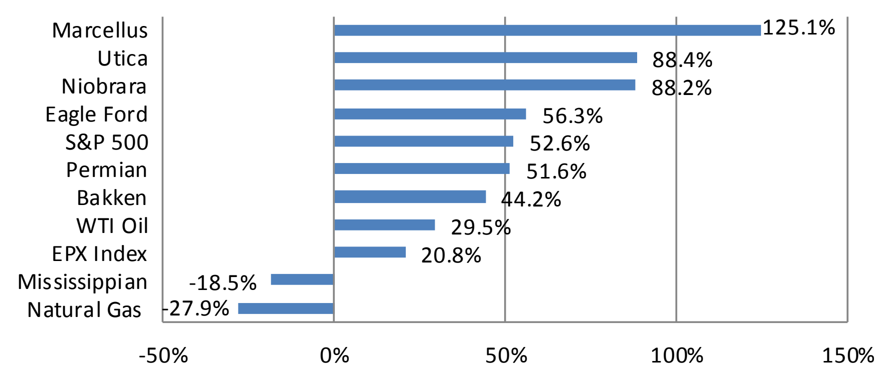

### YTD Price Change




### 1-Year Price Change




### 3-Year Price Change




***<u>Group compositions:</u>***

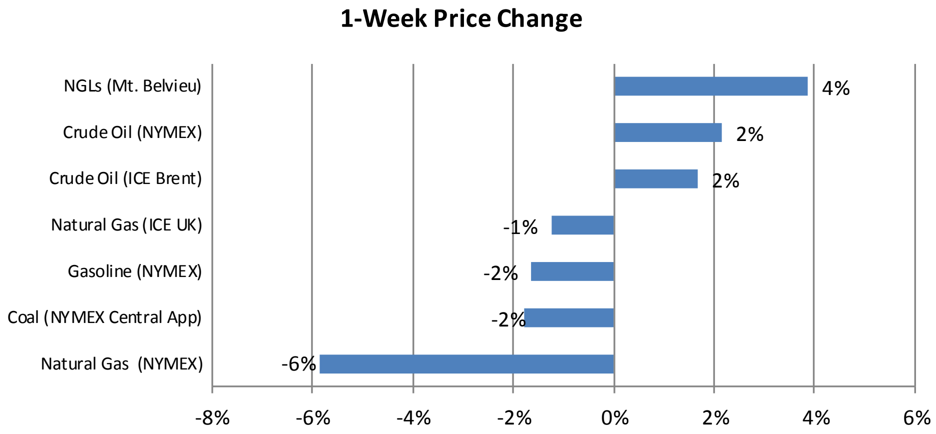
*Bakken: CLR, KOG, NOG, OAS, TPLM, WLL*
*Eagle Ford: CRK, CRZO, EOG, GDP, MRO, PVA, ROSE, SM*
*Marcellus: COG, EQT, RRC*
*Mississippian: PQ, SD*
*Niobrara: BCEI, NBL, PDCE*
*Permian: AREX, CXO, EGN, LPI, PXD, XEC*
*Utica: CHK, GPOR, REXX*

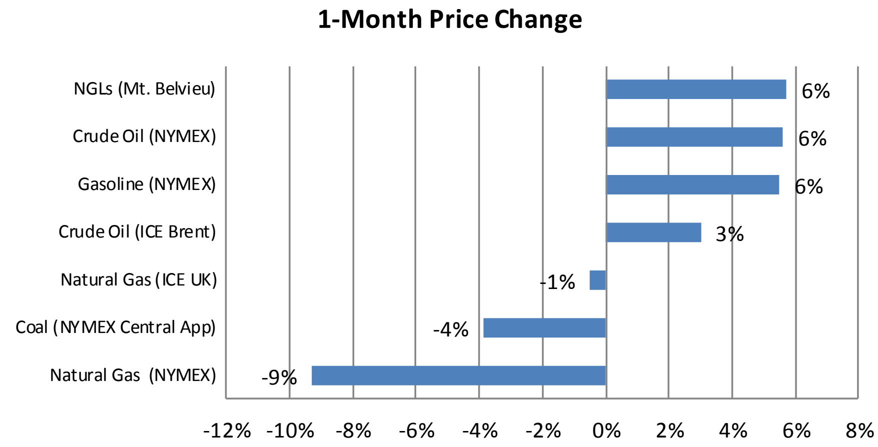
*Note: Calculated as median share price change*

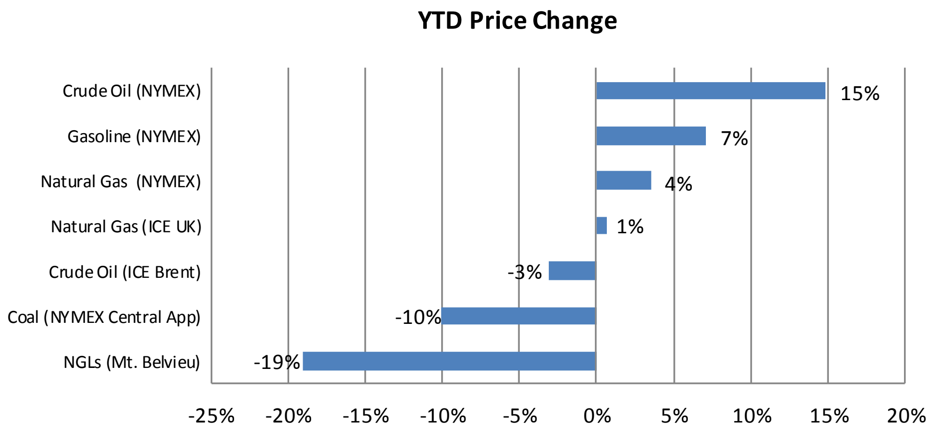
*Source: Bloomberg, U.S. Capital Advisors*

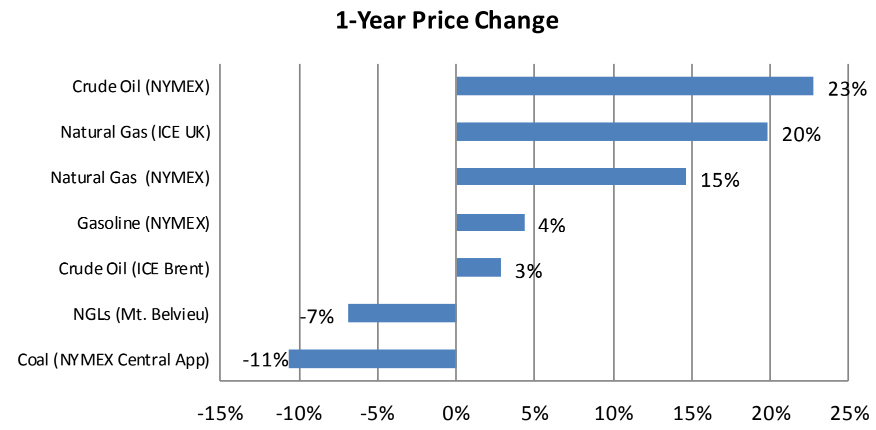
*Past performance does not guarantee future results*

## Commodity Price Changes




*Source: Bloomberg, U.S. Capital Advisors*

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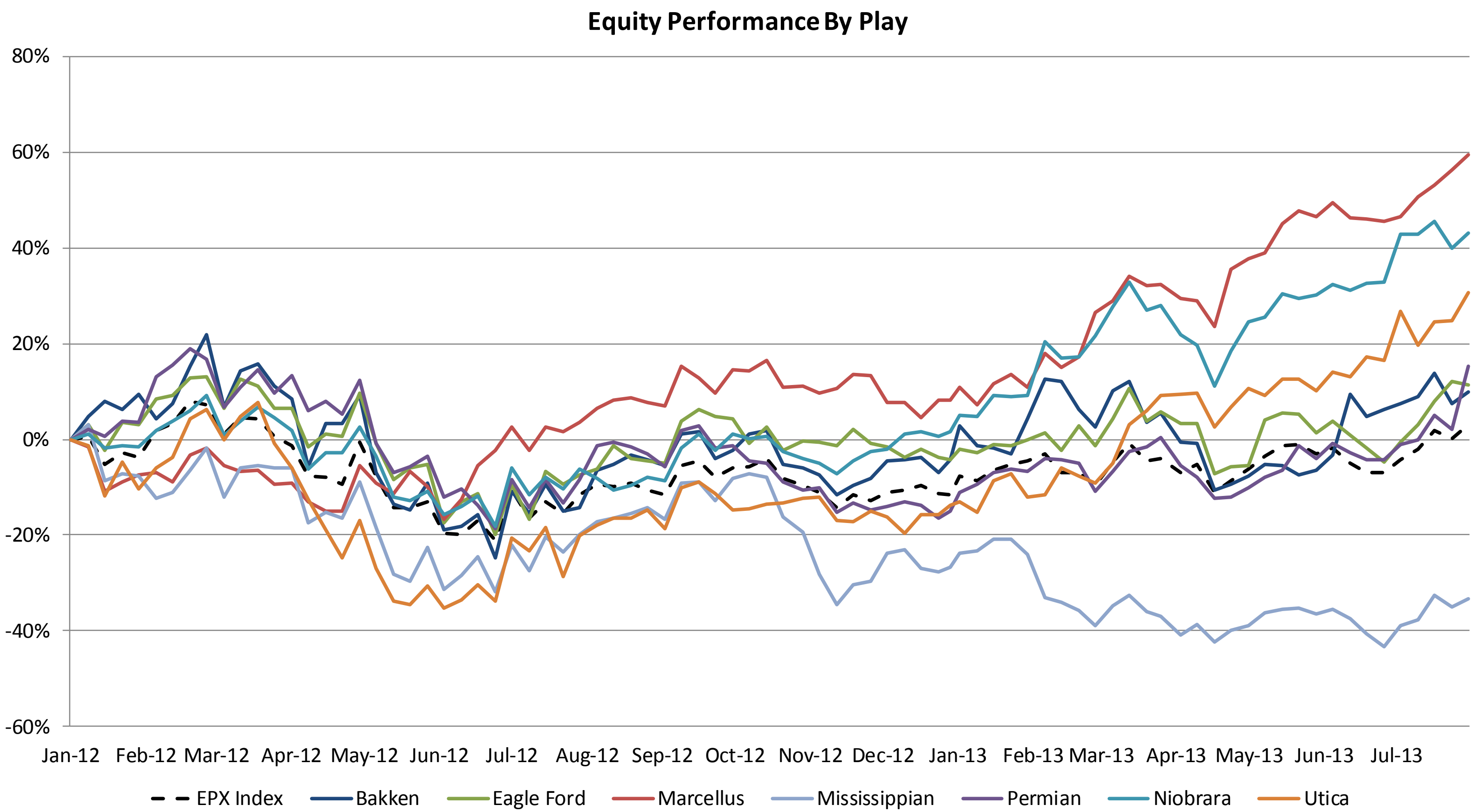
# Equity Performance By Play




***<u>Group compositions:</u>***

*Bakken: CLR, KOG, NOG, OAS, TPLM, WLL*
*Eagle Ford: CRK, CRZO, EOG, GDP, MRO, PVA, ROSE, SM*
*Marcellus: COG, EQT, RRC*
*Mississippian: PQ, SD*
*Niobrara: BCEI, NBL, PDCE*
*Permian: AREX, CXO, EGN, LPI, OXY, PXD, XEC*
*Utica: CHK, GPOR, REXX*

*Source: Bloomberg, U.S. Capital Advisors*

*Past performance does not guarantee future results*

U.S. Capital Advisors

# Equity Performance By Company

| Company Name | Ticker | Share Price | % From 52 Week High | % From 52 Week Low | One Week Change | 1 Month Change | 3 Month Change | 12 Month Change | YTD Change | 2012 Price Change | 2011 Price Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Index** | | | | | | | | | | | |
| S&P 500 Index | SPY | $170.95 | 0% | 27% | 1% | 6% | 7% | 25% | 20% | 13% | -1% |
| Crude Oil, WTI | CL1 | $106.94 | -2% | 27% | 2% | 6% | 14% | 23% | 16% | -7% | 11% |
| Crude Oil, Brent | CO1 | $108.95 | -9% | 13% | 2% | 3% | 6% | 3% | -2% | 3% | 15% |
| Natural Gas | NG1 | $3.35 | -25% | 30% | -6% | -9% | -17% | 15% | 0% | 12% | -36% |
| SIG Oil E&P Index | EPX | $450.71 | 0% | 22% | 3% | 9% | 12% | 22% | 17% | -8% | -10% |
| | Median | | -2% | 27% | 2% | 6% | 7% | 22% | 16% | 3% | -1% |
| **Large Cap** | | | | | | | | | | | |
| Apache | APA | $82.00 | -14% | 21% | 0% | 2% | 11% | -1% | 4% | -13% | -26% |
| Anadarko Petroleum | APC | $90.46 | -3% | 37% | 2% | 4% | 7% | 37% | 22% | -3% | 0% |
| Cabot Oil & Gas | COG | $77.18 | -1% | 92% | 0% | 8% | 17% | 90% | 55% | 31% | 102% |
| Chesapeake Energy | CHK | $24.95 | -1% | 54% | 9% | 19% | 30% | 39% | 50% | -25% | -15% |
| Continental Resources | CLR | $98.07 | -1% | 49% | 6% | 10% | 26% | 57% | 33% | 10% | 16% |
| Concho Resources | CXO | $94.54 | -8% | 23% | 9% | 10% | 18% | 9% | 17% | -14% | 7% |
| Denbury Resources | DNR | $17.91 | -9% | 26% | 2% | 4% | 2% | 21% | 11% | 7% | -21% |
| Devon Energy | DVN | $55.96 | -12% | 10% | 0% | 5% | -1% | 1% | 8% | -16% | -21% |
| EOG Resources | EOG | $153.03 | 0% | 45% | 5% | 11% | 28% | 59% | 27% | 23% | 7% |
| EQT | EQT | $86.87 | -2% | 65% | 2% | 9% | 17% | 63% | 47% | 8% | 22% |
| Noble Energy | NBL | $64.96 | -2% | 51% | 2% | 5% | 17% | 51% | 28% | 8% | 12% |
| Occidental Petroleum | OXY | $88.92 | -7% | 23% | -2% | -1% | 1% | 4% | 16% | -18% | -3% |
| Pioneer Nat. Resources | PXD | $181.21 | 0% | 90% | 17% | 22% | 43% | 97% | 70% | 19% | 2% |
| QEP Resources | QEP | $30.26 | -10% | 16% | -1% | 6% | 13% | 12% | 0% | 3% | -2% |
| Range Resources | RRC | $81.36 | -5% | 33% | 1% | 5% | 12% | 33% | 29% | 1% | 38% |
| Southwestern Energy | SWN | $38.65 | -4% | 28% | -2% | 3% | 4% | 20% | 16% | 5% | -15% |
| Whiting Petroleum | WLL | $52.72 | -4% | 31% | 3% | 9% | 22% | 34% | 22% | -7% | -20% |
| Cimarex | XEC | $79.76 | -3% | 43% | 6% | 18% | 11% | 47% | 38% | -7% | -30% |
| | Median | | -3% | 35% | 2% | 7% | 15% | 36% | 24% | 2% | -1% |

*Source: Bloomberg, U.S. Capital Advisors*

*Past performance does not guarantee future results*

U.S. Capital Advisors

# Equity Performance By Company

| Company Name | Ticker | Share Price | % From 52 Week High | % From 52 Week Low | One Week Change | 1 Month Change | 3 Month Change | 12 Month Change | YTD Change | 2012 Price Change | 2011 Price Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Mid Cap** | | | | | | | | | | | |
| Bill Barrett | BBG | $22.26 | -18% | 44% | -4% | 7% | 14% | 20% | 25% | -48% | -14% |
| Berry Petroleum | BRY | $41.91 | -14% | 39% | 5% | 5% | -13% | 14% | 25% | -20% | -5% |
| Bonanza Creek | BCEI | $42.11 | na | 137% | 5% | 17% | 19% | 140% | 52% | 122% | na |
| Carrizo Oil & Gas | CRZO | $32.63 | -3% | 68% | 2% | 11% | 30% | 34% | 56% | -21% | -22% |
| Diamondback Energy | FANG | $42.65 | -2% | 173% | 14% | 21% | 57% | na | 123% | na | na |
| Energen Corporation | EGN | $65.41 | -3% | 58% | 14% | 20% | 41% | 32% | 45% | -10% | -2% |
| Gulfport Energy | GPOR | $56.38 | -1% | 165% | 9% | 14% | 7% | 183% | 48% | 30% | 45% |
| Kodiak Oil & Gas | KOG | $9.94 | -3% | 37% | 3% | 9% | 31% | 31% | 12% | -7% | 46% |
| Laredo Petroleum | LPI | $24.32 | na | na | 17% | 20% | 43% | 8% | 34% | -19% | na |
| Newfield Exploration | NFX | $24.55 | -31% | 25% | -1% | 3% | 11% | -16% | -8% | -29% | -47% |
| Oasis Petroleum | OAS | $43.59 | -1% | 67% | 7% | 7% | 31% | 73% | 37% | 9% | 79% |
| PDC Energy | PDCE | $55.23 | -4% | 128% | 2% | 3% | 21% | 133% | 66% | -5% | -14% |
| Rosetta Resources | ROSE | $47.88 | -12% | 19% | 7% | 10% | 15% | 21% | 6% | 4% | 14% |
| SandRidge Energy | SD | $5.62 | -28% | 24% | 5% | 15% | 8% | -15% | -11% | -22% | 11% |
| SM Energy | SM | $70.52 | -2% | 62% | 7% | 13% | 20% | 69% | 35% | -29% | 25% |
| Ultra Petroleum | UPL | $22.36 | -9% | 47% | 5% | 11% | 4% | 4% | 23% | -39% | -37% |
| Unit | UNT | $45.93 | -8% | 18% | 1% | 6% | 10% | 18% | 2% | -3% | 1% |
| Exco Resources | XCO | $8.76 | -4% | 47% | 3% | 9% | 23% | 26% | 29% | -35% | -46% |
| | Median | | -4% | 47% | 5% | 10% | 19% | 26% | 32% | -19% | -2% |
| **Small Cap** | | | | | | | | | | | |
| Abraxas Petroleum | AXAS | $2.57 | -4% | 65% | 7% | 26% | 18% | 10% | 17% | -34% | -24% |
| Approach Resources | AREX | $25.79 | -26% | 16% | -1% | -3% | 4% | -4% | 3% | -15% | 26% |
| Callon Petroleum | CPE | $4.19 | -36% | 31% | 5% | 22% | 19% | -12% | -11% | -5% | -16% |
| Comstock Resources | CRK | $16.90 | -20% | 32% | -6% | 8% | 11% | 11% | 12% | -1% | -36% |
| Clayton Williams | CWEI | $55.39 | -9% | 57% | -5% | 24% | 47% | 35% | 38% | -47% | -6% |
| Forest Oil | FST | $5.14 | -45% | 36% | 2% | 24% | 22% | -19% | -23% | -51% | -49% |
| Goodrich Petroleum | GDP | $19.70 | -1% | 154% | 11% | 56% | 57% | 75% | 111% | -32% | -24% |
| Gastar Exploration | GST | $3.37 | -9% | 381% | -6% | 13% | 23% | 84% | 179% | -62% | -27% |
| Magnum Hunter | MHR | $4.06 | -23% | 71% | 7% | 5% | 51% | 18% | 2% | -26% | -25% |
| Northern Oil & Gas | NOG | $13.56 | -31% | 13% | 4% | -1% | 8% | -11% | -19% | -30% | -9% |
| PetroQuest | PQ | $4.65 | -34% | 31% | 1% | 9% | 16% | -18% | -6% | -25% | -6% |
| Penn Virginia | PVA | $5.07 | -34% | 42% | 0% | 4% | 26% | -22% | 15% | -17% | -70% |
| Quicksilver Resources | KWK | $1.56 | -69% | 8% | -1% | -7% | -40% | -64% | -45% | -57% | -55% |
| Resolute Energy | REN | $8.71 | -25% | 18% | 7% | 10% | -4% | 6% | 7% | -25% | -27% |
| Rex Energy | REXX | $19.73 | -2% | 69% | 5% | 6% | 24% | 58% | 52% | -12% | 12% |
| Swift Energy | SFY | $12.09 | -49% | 6% | -7% | 1% | -7% | -31% | -21% | -48% | -26% |
| Stone Energy | SGY | $25.30 | -9% | 46% | 2% | 11% | 32% | 11% | 23% | -22% | 20% |
| Triangle Petroleum | TPLM | $7.50 | -5% | 55% | 3% | 5% | 40% | 30% | 25% | 0% | -10% |
| W&T Offshore | WTI | $17.03 | -16% | 59% | 3% | 17% | 48% | 8% | 6% | -24% | 18% |
| | Median | | -24% | 39% | 2% | 8% | 20% | 8% | 9% | -25% | -24% |

Source: *Bloomberg, U.S. Capital Advisors*

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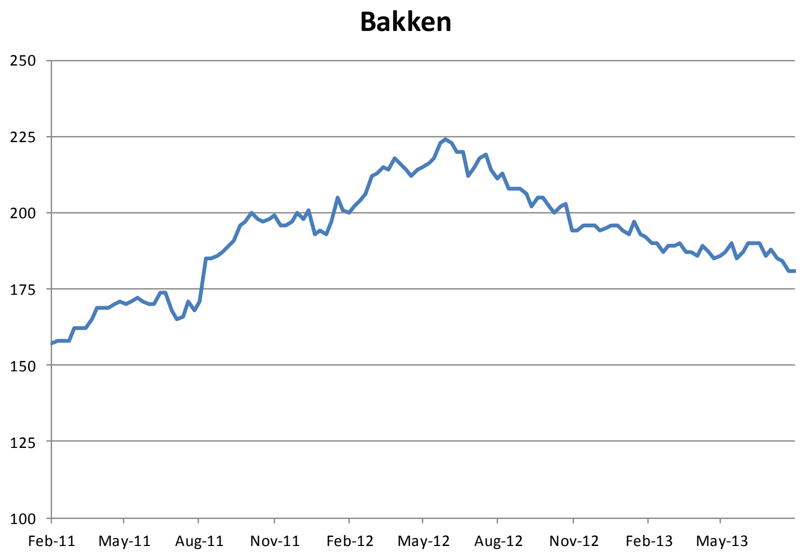
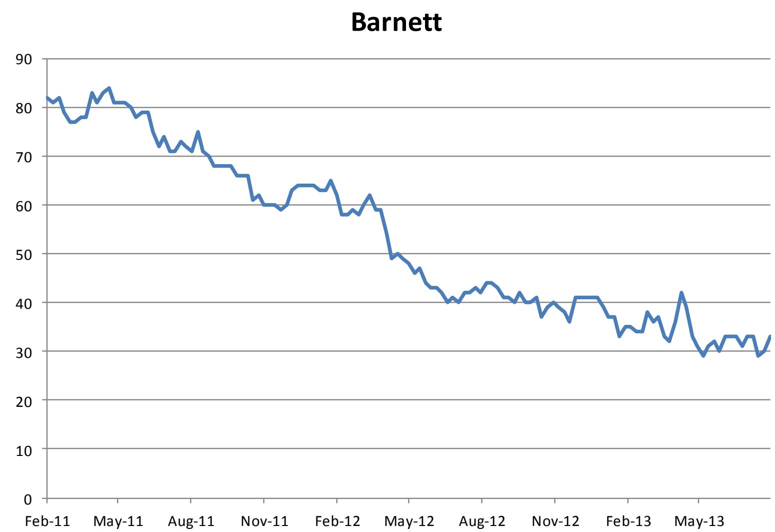
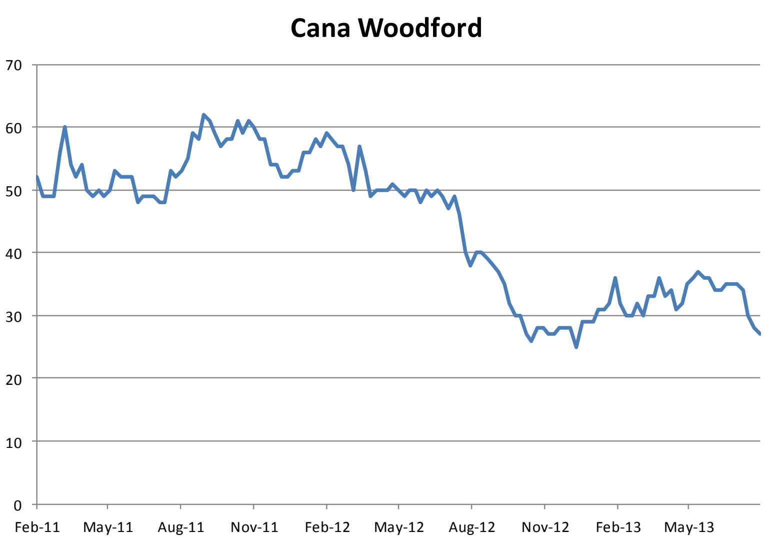
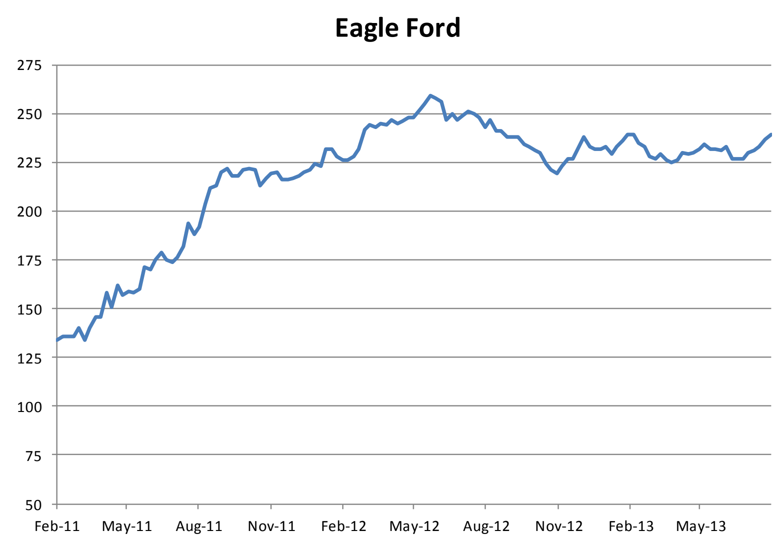
# Rig Counts



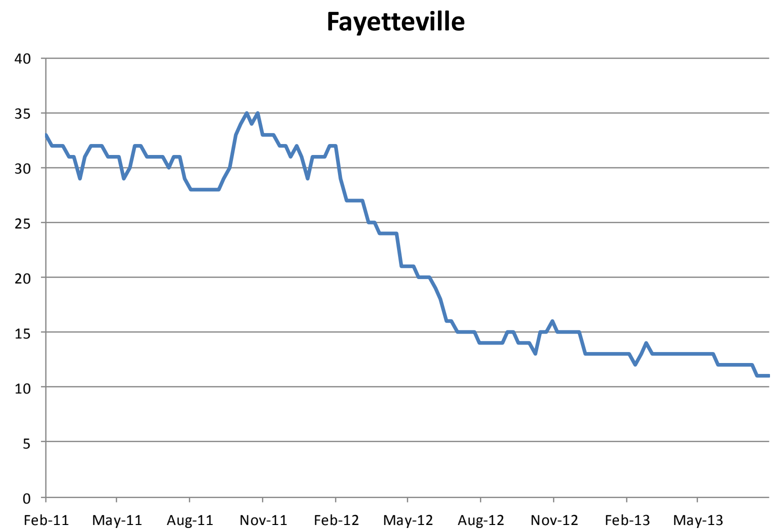



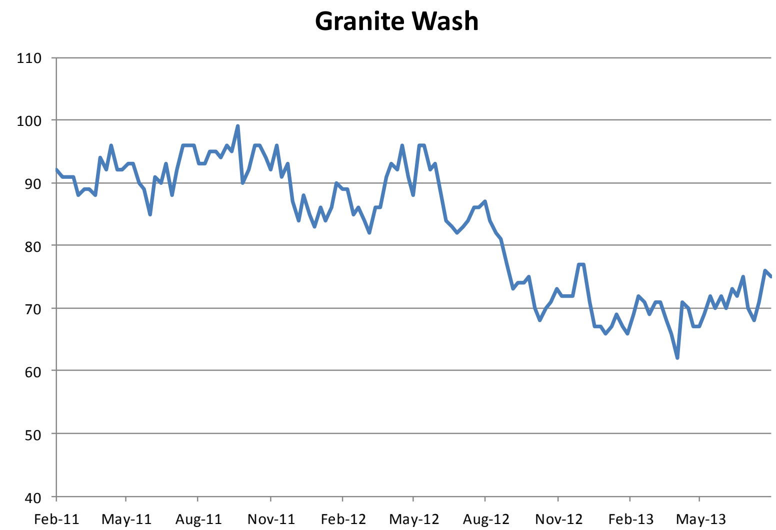



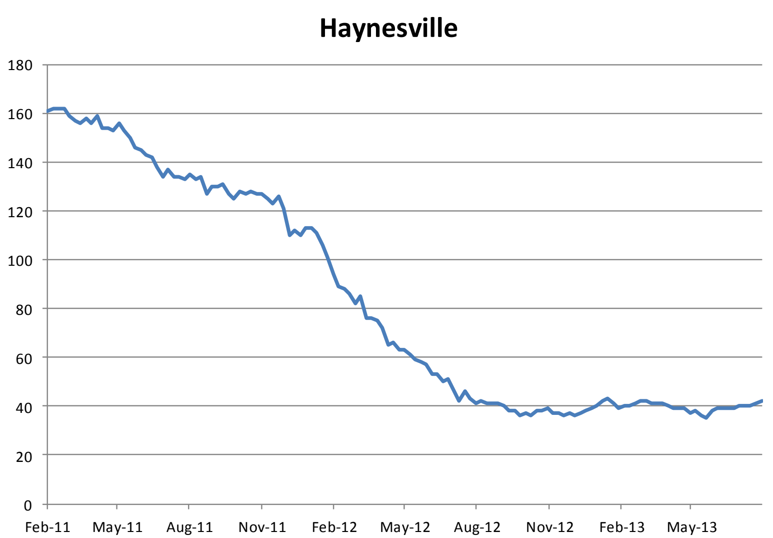



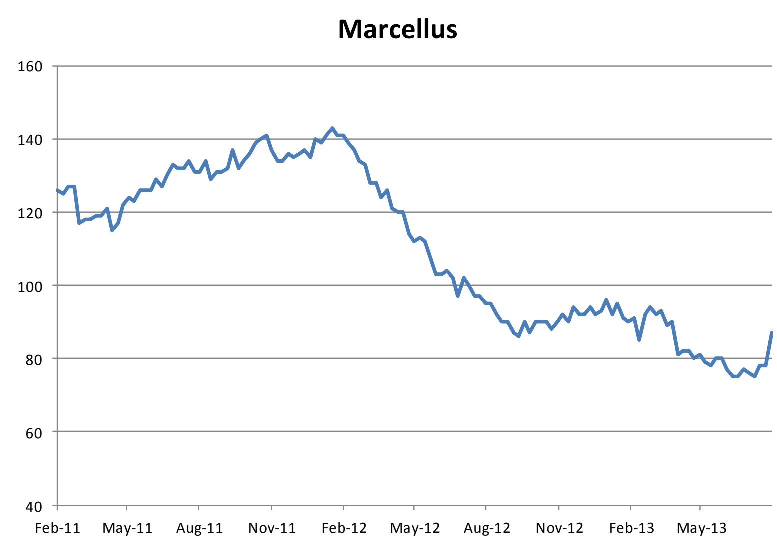

*Source: Baker Hughes*

# Rig Counts

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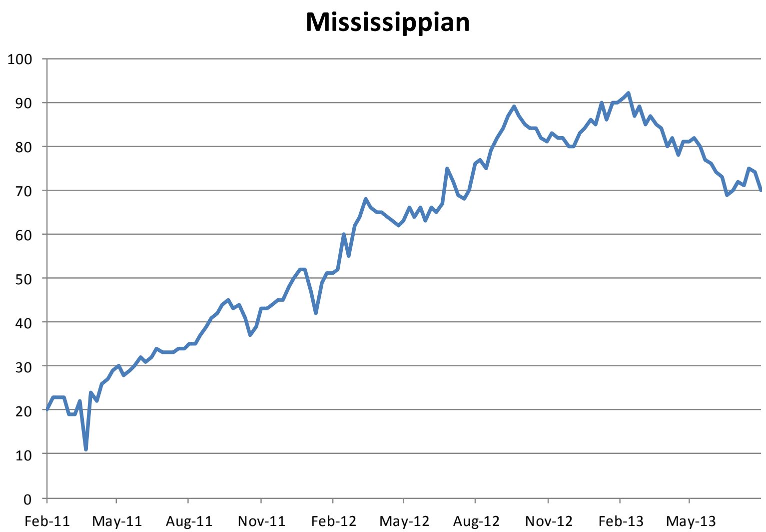
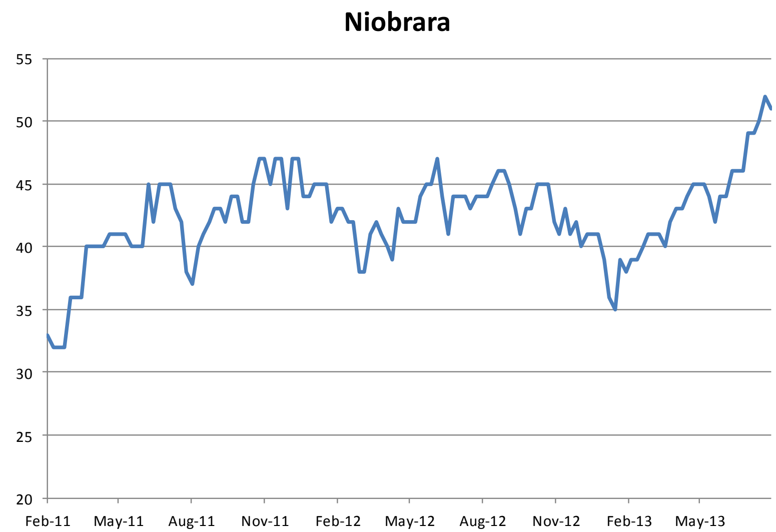
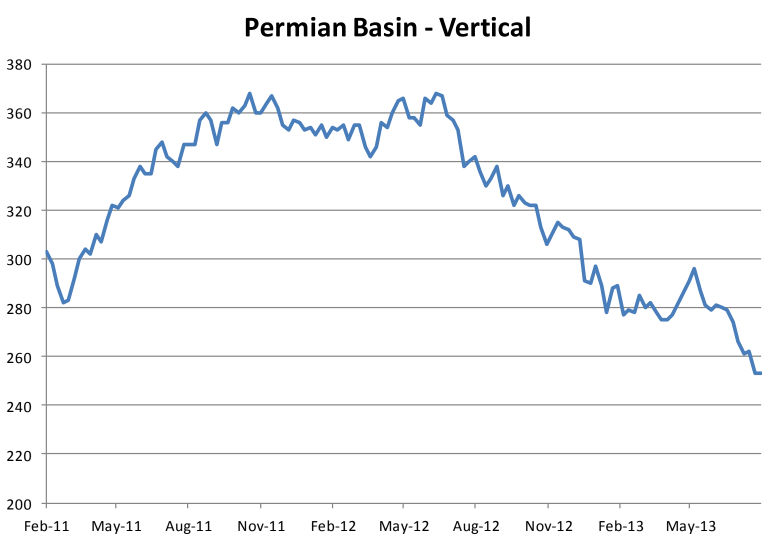
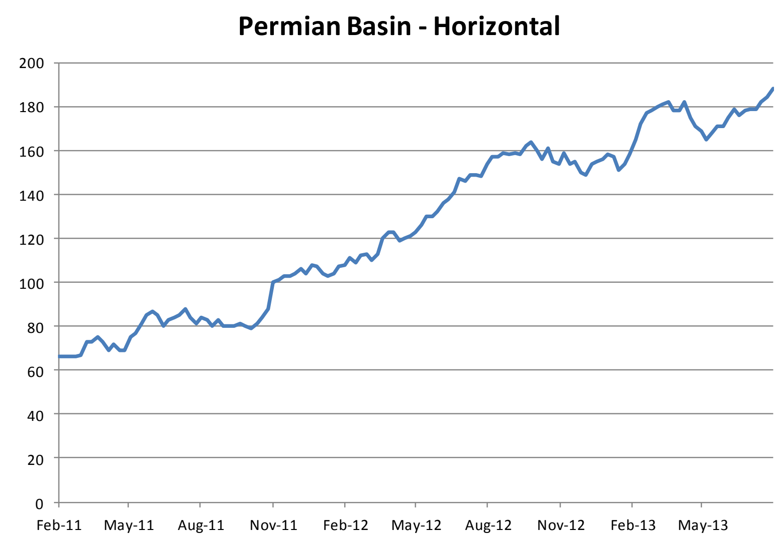


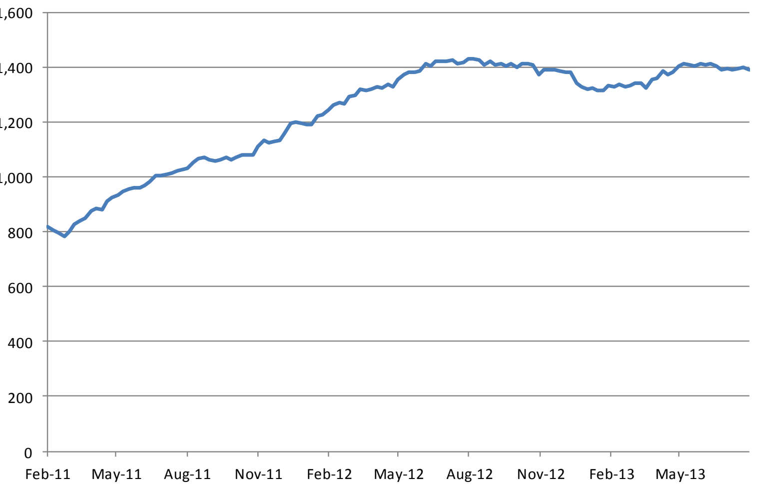




*Source: Baker Hughes*

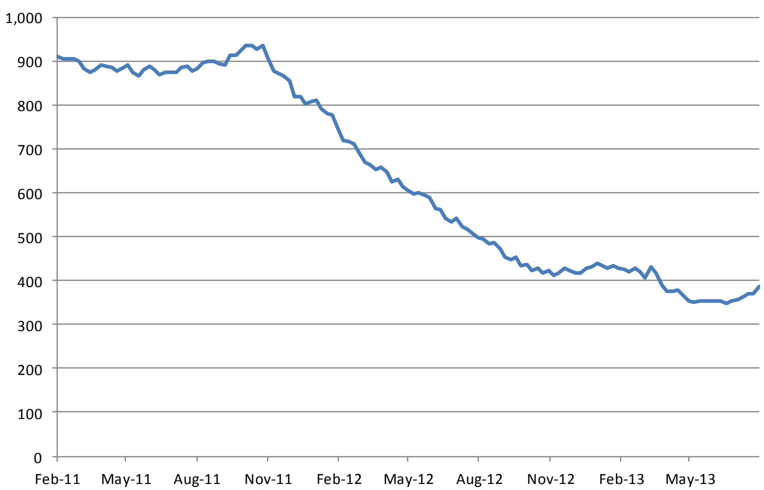
# Rig Counts

Utica

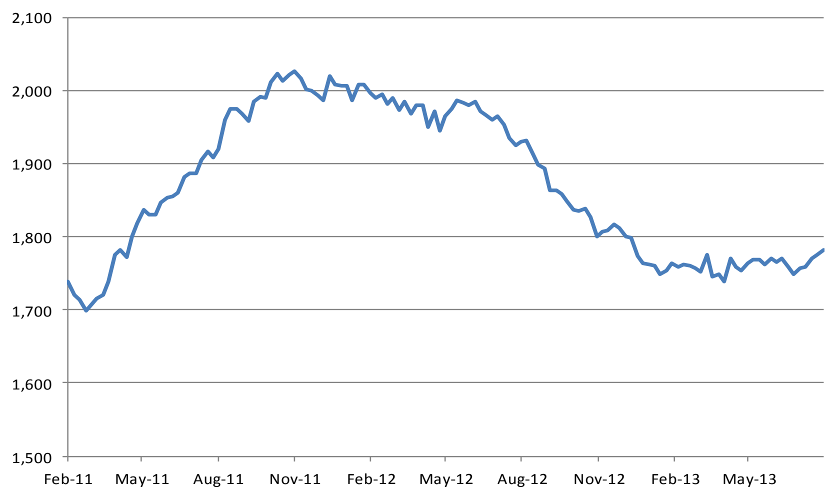

U.S. Oil Rig Count




U.S. Gas Rig Count




U.S. Total Rig Count

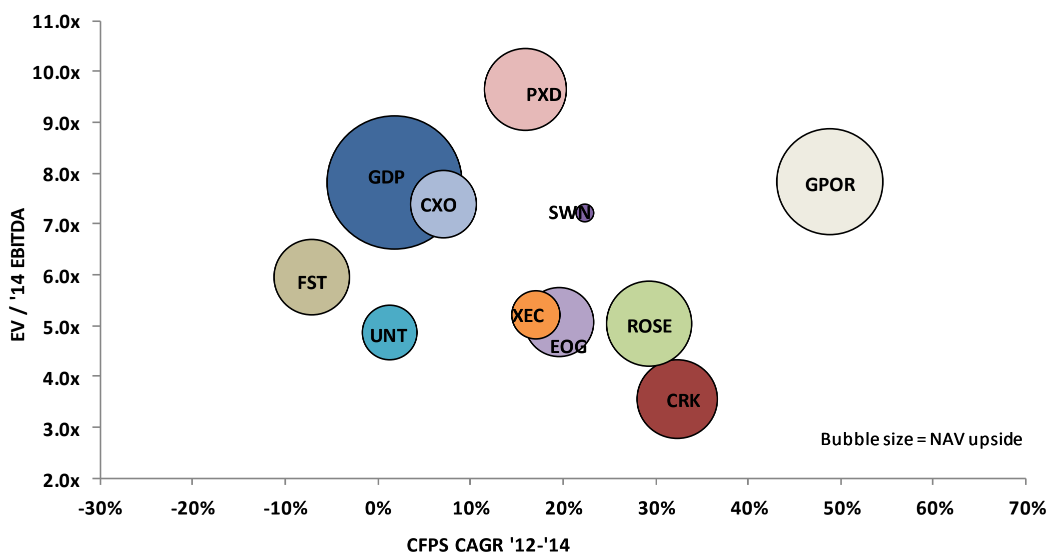



*Source: Baker Hughes*

U.S. Capital Advisors

# Trading Multiples (USCA Coverage)

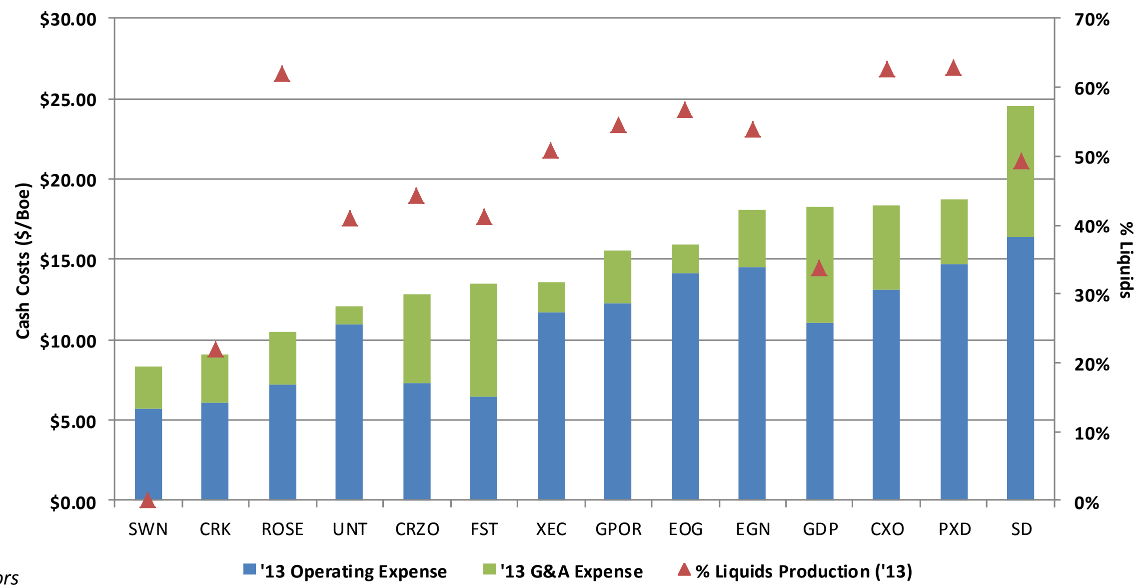
| Company | Ticker | Price | Rating | Net Asset Value | | Adjusted EV/EBITDA | | Price/CFPS | | EV/Proved Reserves | EV/Production ('13) | CFPS CAGR |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | NAV Target | Upside | 2013 | 2014 | 2013 | 2014 | $/Mcfe | $/Mcfepd | 2012-2014 |
| Comstock Resources | CRK | $16.90 | Buy | $20 | 18% | 4.2x | 3.6x | 2.9x | 1.9x | $2.14 | $7,713 | 32% |
| Carrizo Oil & Gas | CRZO | $32.63 | Overweight | $32 | -2% | 5.8x | 5.0x | 4.0x | 3.1x | $3.46 | $13,994 | 35% |
| Concho Resources | CXO | $94.54 | Overweight | $107 | 13% | 8.3x | 7.4x | 7.3x | 6.4x | $4.96 | $24,451 | 7% |
| Energen Corp | EGN | $65.41 | Overweight | $60 | -8% | 6.8x | 6.0x | 5.2x | 4.6x | $3.30 | $16,010 | 16% |
| EOG Resources | EOG | $153.03 | Buy | $175 | 14% | 5.9x | 5.1x | 5.7x | 5.0x | $3.77 | $15,987 | 20% |
| Forest Oil | FST | $5.14 | Hold | $6 | 17% | 6.9x | 5.9x | 2.9x | 2.1x | $1.76 | $10,595 | -7% |
| Goodrich Petroleum | GDP | $19.70 | Buy | $30 | 52% | 9.9x | 7.8x | 8.6x | 5.5x | $4.60 | $19,883 | 2% |
| Gulfport Energy | GPOR | $56.38 | Buy | $75 | 33% | 15.4x | 7.8x | 15.4x | 7.8x | nm | $43,607 | 49% |
| Pioneer Natural Resources | PXD | $181.21 | Buy | $217 | 20% | 11.7x | 9.6x | 11.7x | 9.4x | $4.37 | $25,932 | 16% |
| Rosetta Resources | ROSE | $47.88 | Overweight | $58 | 21% | 5.7x | 5.0x | 4.3x | 3.8x | $1.99 | $12,784 | 29% |
| SandRidge Energy | SD | $5.62 | Hold | $5 | -11% | 6.0x | 7.2x | 4.1x | 4.5x | $1.86 | $11,060 | -5% |
| Southwestern Energy | SWN | $38.65 | Hold | $39 | 1% | 8.5x | 7.2x | 8.0x | 6.7x | $3.86 | $8,808 | 22% |
| Unit Corporation | UNT | $45.93 | Hold | $50 | 9% | 5.0x | 4.9x | 3.9x | 3.6x | $3.25 | $11,217 | 1% |
| Cimarex Energy | XEC | $79.76 | Buy | $85 | 7% | 5.9x | 5.2x | 5.3x | 4.5x | $3.91 | $11,670 | 17% |
| **Average** | | | | | **14%** | **7.6x** | **6.3x** | **6.4x** | **4.9x** | **$3.46** | **$13,389** | **16%** |




*Source: Bloomberg, U.S. Capital Advisors*

# Expense Structure (USCA Coverage)

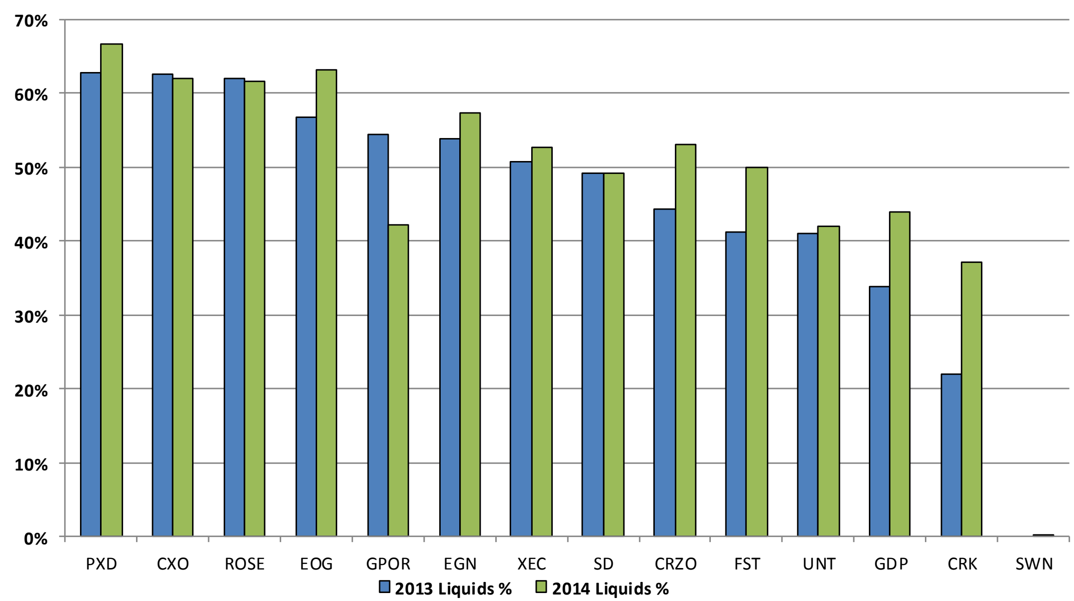
| Company | Ticker | OPEX ($/Boe) | | | G&A ($/Boe) | | | Aggregate OPEX/G&A | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2012A | 2013E | 2014E | 2012A | 2013E | 2014E | 2012A | 2013E | 2014E |
| Comstock Resources | CRK | $5.48 | $6.07 | $5.79 | $2.10 | $3.02 | $2.68 | $7.58 | $9.09 | $8.48 |
| Carrizo Oil & Gas | CRZO | 5.79 | 7.31 | 7.53 | 4.69 | 5.50 | 5.24 | 10.48 | 12.81 | 12.77 |
| Concho Resources | CXO | 12.38 | 13.13 | 12.75 | 4.44 | 5.24 | 4.76 | 16.82 | 18.37 | 17.50 |
| Energen Corporation | EGN | 12.73 | 14.53 | 14.29 | 2.75 | 3.52 | 3.41 | 15.48 | 18.05 | 17.70 |
| EOG Resources | EOG | 12.28 | 14.16 | 15.07 | 1.94 | 1.76 | 1.78 | 14.22 | 15.92 | 16.85 |
| Forest Oil Corp. | FST | 7.30 | 6.47 | 5.37 | 4.51 | 7.06 | 5.25 | 11.81 | 13.53 | 10.62 |
| Goodrich Petroleum | GDP | 9.16 | 11.08 | 9.94 | 5.52 | 7.17 | 7.01 | 14.68 | 18.25 | 16.95 |
| Gulfport Energy | GPOR | 20.88 | 12.28 | 10.49 | 5.37 | 3.24 | 1.86 | 26.24 | 15.52 | 12.35 |
| Pioneer Natural Resources | PXD | 14.80 | 14.68 | 15.82 | 4.41 | 4.04 | 3.64 | 19.21 | 18.73 | 19.46 |
| Rosetta Resources | ROSE | 6.96 | 7.18 | 8.00 | 5.05 | 3.36 | 3.13 | 12.00 | 10.53 | 11.13 |
| SandRidge Energy | SD | 15.63 | 16.37 | 16.57 | 8.29 | 8.17 | 5.83 | 23.91 | 24.54 | 22.40 |
| Southwestern Energy | SWN | 5.53 | 5.73 | 5.82 | 3.40 | 2.65 | 2.53 | 8.94 | 8.38 | 8.35 |
| Unit Corporation | UNT | 10.56 | 10.99 | 9.54 | 1.16 | 1.08 | 0.95 | 11.72 | 12.07 | 10.49 |
| Cimarex Energy | XEC | 10.95 | 11.74 | 13.09 | 2.00 | 1.86 | 1.93 | 12.95 | 13.60 | 15.03 |
| **Median** | | **$10.75** | **$11.41** | **$10.22** | **$4.42** | **$3.44** | **$3.27** | **$13.59** | **$14.56** | **$13.90** |




*Source: Bloomberg, U.S. Capital Advisors*

# Production Growth (USCA Coverage)

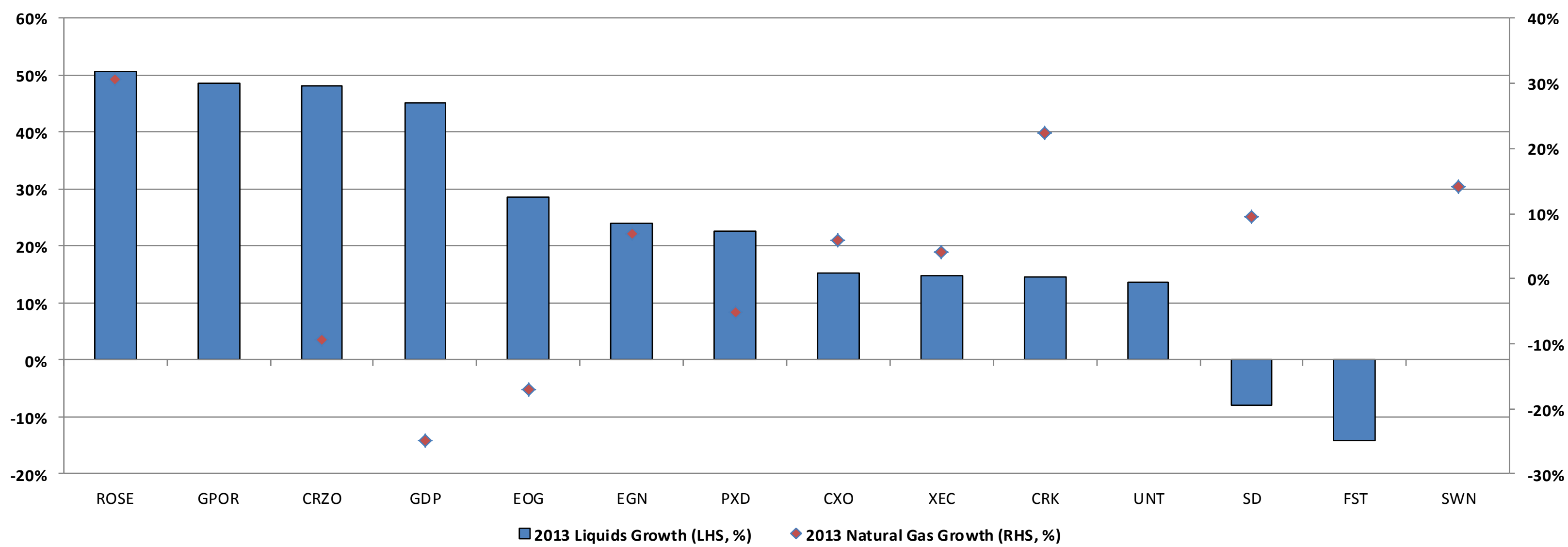
| Company | Ticker | Production (Mmcfepd) | | | Production Growth (%) | | | % Liquids | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2012A | 2013E | 2014E | 2012A | 2013E | 2014E | 2012A | 2013E | 2014E |
| Comstock Resources | CRK | 263 | 197 | 207 | 0% | -25% | 5% | 14% | 22% | 37% |
| Carrizo Oil & Gas | CRZO | 156 | 171 | 179 | 26% | 9% | 5% | 33% | 44% | 53% |
| Concho Resources | CXO | 488 | 544 | 593 | 26% | 11% | 9% | 60% | 63% | 62% |
| Energen Corporation | EGN | 395 | 428 | 456 | 17% | 9% | 7% | 47% | 54% | 57% |
| EOG Resources | EOG | 2,799 | 2,908 | 3,002 | 10% | 4% | 3% | 46% | 57% | 63% |
| Forest Oil Corp. | FST | 330 | 226 | 226 | -13% | -32% | 0% | 33% | 41% | 50% |
| Goodrich Petroleum | GDP | 86 | 77 | 79 | -22% | -10% | 3% | 21% | 34% | 44% |
| Gulfport Energy | GPOR | 42 | 107 | 274 | 10% | 153% | 157% | 93% | 54% | 42% |
| Pioneer Natural Resources | PXD | 923 | 1,073 | 1,265 | 24% | 16% | 18% | 60% | 63% | 67% |
| Rosetta Resources | ROSE | 223 | 318 | 374 | 35% | 42% | 18% | 59% | 62% | 62% |
| SandRidge Energy | SD | 550 | 551 | 530 | 43% | 0% | -4% | 54% | 49% | 49% |
| Southwestern Energy | SWN | 1,544 | 1,761 | 1,878 | 13% | 14% | 7% | 0% | 0% | 0% |
| Unit Corporation | UNT | 235 | 278 | 295 | 18% | 19% | 6% | 43% | 41% | 42% |
| Cimarex Energy | XEC | 628 | 686 | 729 | 6% | 9% | 6% | 48% | 51% | 53% |
| **Total/Median** | **Total** | **8,661** | **9,325** | **10,088** | **22%** | **8%** | **8%** | **46%** | **50%** | **51%** |




*Source: Bloomberg, U.S. Capital Advisors*

# Production Growth (USCA Coverage)

| Company | Ticker | Nat. Gas Production | | Nat. Gas Production (Mmcfd) | | | Growth (%) | | | | | Liquids Production (Mbopd) | | | Growth (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2010 | 2011 | 2012A | 2013E | 2014E | 2012A | 2013E | 2014E | 2010 | 2011A | 2012A | 2013E | 2014E | 2012A | 2013E | 2014E |
| Comstock Resources | CRK | 189 | 248 | 225 | 154 | 130 | -9% | -32% | -16% | 2 | 2 | 6 | 7 | 13 | 175% | 14% | 77% |
| Carrizo Oil & Gas | CRZO | 98 | 110 | 105 | 95 | 84 | -5% | -9% | -12% | 0 | 2 | 9 | 13 | 16 | 288% | 48% | 25% |
| Concho Resources | CXO | 85 | 147 | 193 | 204 | 225 | 31% | 6% | 10% | 28 | 40 | 49 | 57 | 61 | 23% | 15% | 8% |
| Energen Corporation | EGN | 193 | 196 | 209 | 198 | 194 | 6% | -5% | -2% | 19 | 23 | 31 | 38 | 44 | 33% | 24% | 14% |
| EOG Resources | EOG | 1,688 | 1,602 | 1,516 | 1,258 | 1,105 | -5% | -17% | -12% | 105 | 156 | 214 | 275 | 316 | 37% | 29% | 15% |
| Forest Oil Corp. | FST | 339 | 279 | 221 | 133 | 113 | -21% | -40% | -15% | 19 | 17 | 18 | 16 | 19 | 8% | -14% | 21% |
| Goodrich Petroleum | GDP | 90 | 99 | 68 | 51 | 44 | -31% | -25% | -13% | 0 | 2 | 3 | 4 | 6 | 70% | 45% | 33% |
| Gulfport Energy | GPOR | | 2 | 3 | 49 | 158 | 26% | 1505% | 226% | | 6 | 7 | 10 | 19 | 9% | 49% | 99% |
| Pioneer Natural Resources | PXD | 368 | 364 | 374 | 400 | 420 | 2% | 7% | 5% | 53 | 64 | 92 | 112 | 141 | 44% | 23% | 25% |
| Rosetta Resources | ROSE | | 92 | 92 | 121 | 144 | 1% | 31% | 19% | | 12 | 22 | 33 | 38 | 76% | 51% | 17% |
| SandRidge Energy | SD | 209 | 190 | 256 | 280 | 270 | 35% | 9% | -4% | 20 | 32 | 49 | 45 | 43 | 52% | -8% | -4% |
| Southwestern Energy | SWN | 1,106 | 1,368 | 1,543 | 1,759 | 1,876 | 13% | 14% | 7% | 0 | 0.3 | 0.2 | 0.3 | 0.2 | nm | nm | nm |
| Unit Corporation | UNT | 112 | 121 | 135 | 165 | 172 | 12% | 22% | 4% | 8 | 13 | 17 | 19 | 20 | 28% | 14% | 9% |
| Cimarex Energy | XEC | 364 | 329 | 325 | 338 | 345 | -1% | 4% | 2% | 39 | 44 | 51 | 58 | 64 | 15% | 15% | 10% |
| **Total/Median** | **Total** | **4,839** | **5,149** | **5,264** | **5,204** | **5,282** | **2%** | **-1%** | **2%** | **296** | **413** | **566** | **687** | **801** | **37%** | **21%** | **17%** |

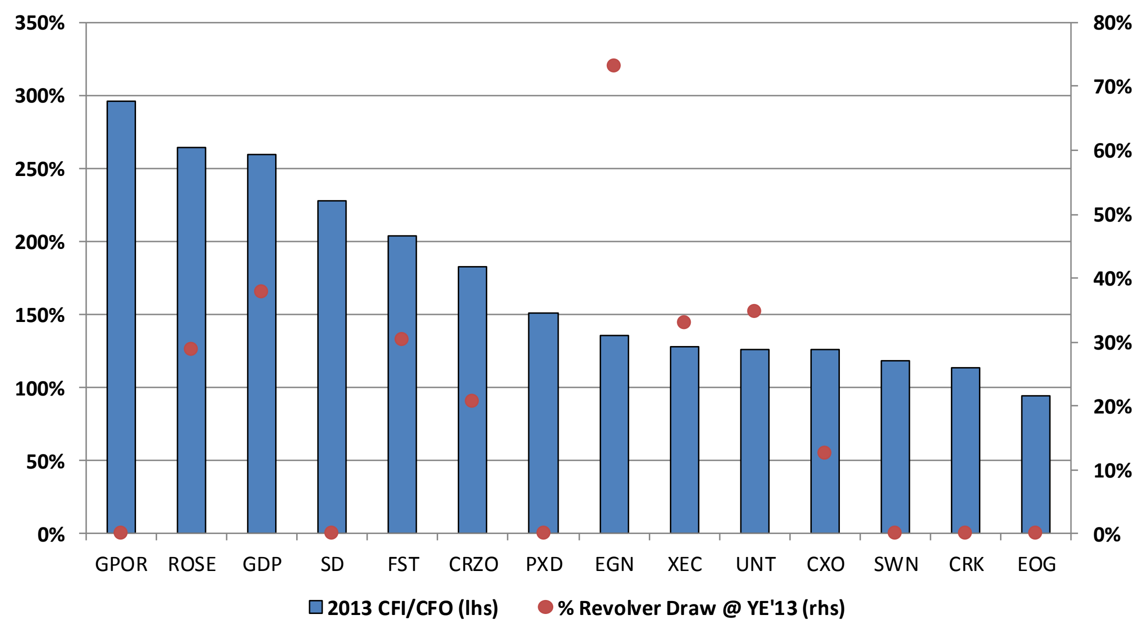



*Source: Bloomberg, U.S. Capital Advisors*

U.S. Capital Advisors

# Leverage/Liquidity (USCA Coverage)

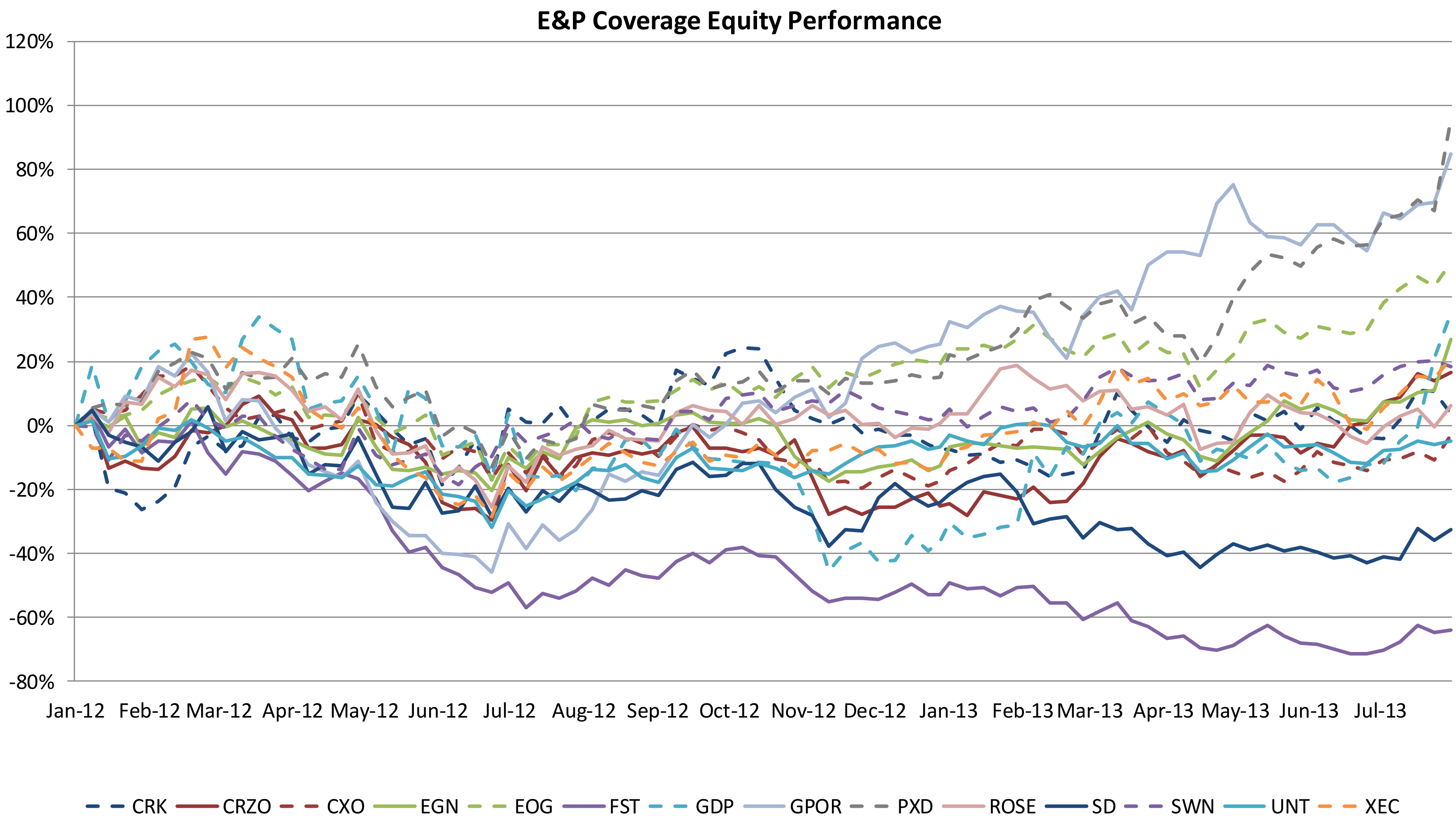
| Company | Ticker | Net Debt to Total Book Cap | | | Net Debt/EBITDA | | | Capex/CFO | | | Revolver Drawn @ YE | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2012A | 2013E | 2014E | 2012A | 2013E | 2014E | 2012A | 2013E | 2014E | 2012A | 2013E | 2014E |
| Comstock Resources | CRK | 58% | 40% | 54% | 4.1x | 2.0x | 2.0x | 224% | 114% | 120% | 84% | 0% | 0% |
| Carrizo Oil & Gas | CRZO | 59% | 60% | 59% | 3.0x | 2.5x | 2.3x | 293% | 182% | 135% | 0% | 21% | 50% |
| Concho Resources | CXO | 47% | 47% | 45% | 2.1x | 2.1x | 1.9x | 220% | 126% | 104% | 12% | 13% | 13% |
| Energen Corporation | EGN | 40% | 43% | 42% | 2.1x | 2.1x | 1.9x | 161% | 135% | 106% | 47% | 73% | 86% |
| EOG Resources | EOG | 28% | 23% | 18% | 0.8x | 0.6x | 0.5x | 129% | 95% | 88% | 0% | 0% | 0% |
| Forest Oil | FST | 102% | 106% | 102% | 4.2x | 5.1x | 4.5x | 194% | 204% | 157% | 7% | 30% | 51% |
| Goodrich Petroleum | GDP | 77% | 88% | 94% | 3.1x | 3.8x | 3.2x | 145% | 260% | 153% | 30% | 38% | 66% |
| Gulfport Energy | GPOR | 12% | 18% | 32% | 0.7x | 0.9x | 0.9x | 380% | 297% | 144% | 0% | 0% | 540% |
| Pioneer Natural Resources | PXD | 36% | 24% | 26% | 1.9x | 1.1x | 1.0x | 150% | 151% | 115% | 26% | 0% | 0% |
| Rosetta Resources | ROSE | 31% | 45% | 45% | 1.0x | 1.6x | 1.6x | 145% | 264% | 128% | 17% | 29% | 58% |
| SandRidge Energy | SD | 49% | 39% | 51% | 3.7x | 2.5x | 3.6x | 274% | 228% | 220% | 0% | 0% | 38% |
| Southwestern Energy | SWN | 34% | 34% | 30% | 1.2x | 1.1x | 0.9x | 127% | 119% | 103% | 0% | 0% | 0% |
| Unit Corporation | UNT | 27% | 29% | 32% | 1.1x | 1.4x | 1.6x | 110% | 126% | 135% | 8% | 35% | 61% |
| Cimarex Energy | XEC | 16% | 22% | 23% | 0.7x | 0.8x | 0.8x | 135% | 128% | 108% | 0% | 33% | 51% |
| **Median/Average** | | **38%** | **40%** | **43%** | **2.0x** | **1.8x** | **1.8x** | **156%** | **143%** | **124%** | **7%** | **17%** | **50%** |




*Source: Bloomberg, U.S. Capital Advisors*

U.S. Capital Advisors

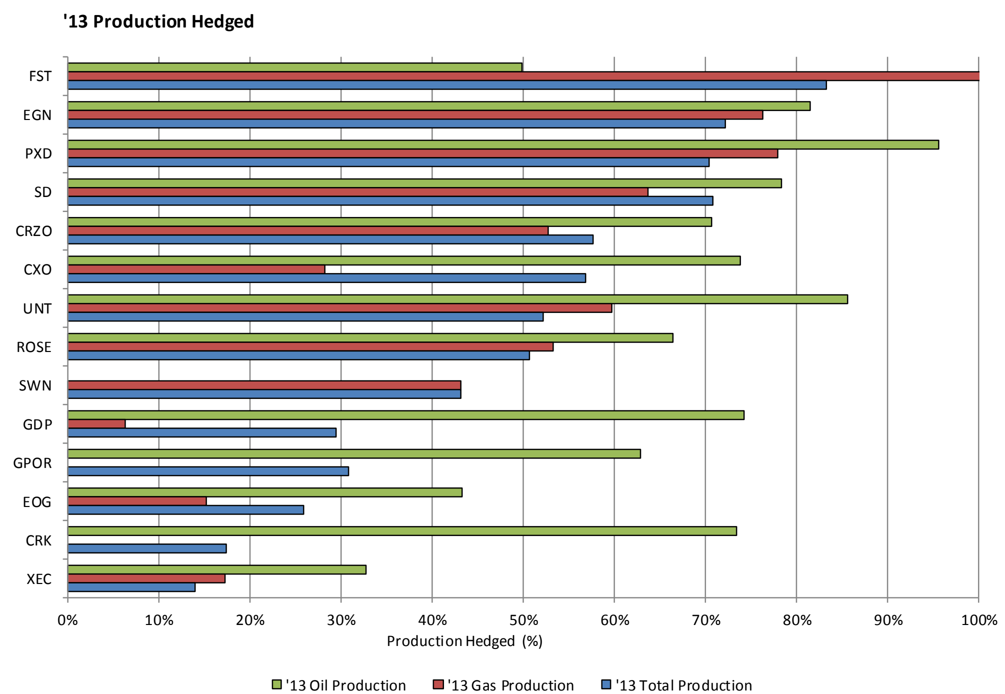
# Price Performance (USCA Coverage)




*Source: Bloomberg, U.S. Capital Advisors*

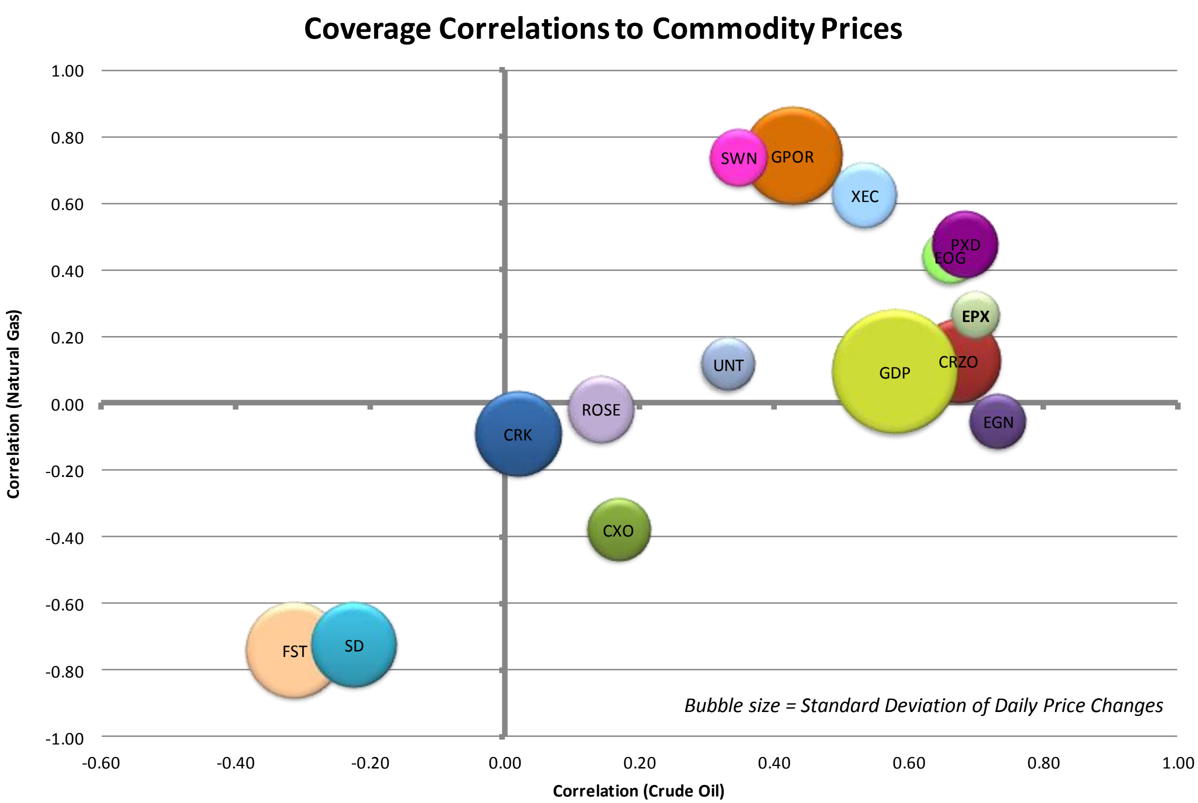
# Hedges (USCA Coverage)

| Company | Ticker | 2013 Oil Production Hedges ($/bbl) | | | | | 2013 Gas Production Hedges ($/mmbtu) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Fixed | Price | Collared | Low | High | Fixed | Price | Collared | Low | High |
| Comstock Resources | CRK | 73% | $98.69 | - | - | - | - | - | - | - | - |
| Carrizo Oil & Gas | CRZO | 24% | $93.57 | 47% | $87.32 | $105.67 | 53% | $4.63 | - | - | - |
| Concho Resources | CXO | 74% | $95.25 | - | - | - | 28% | $4.25 | - | - | - |
| Energen Corporation | EGN | 82% | $90.99 | - | - | - | 75% | $4.65 | - | - | - |
| EOG Resources | EOG | 43% | $98.74 | - | - | - | 15% | $4.73 | - | - | - |
| Forest Oil Corp. | FST | 50% | $95.53 | - | - | - | 129% | $3.98 | - | - | - |
| Goodrich Petroleum | GDP | 74% | $94.50 | - | - | - | 6% | $4.18 | - | - | - |
| Gulfport Energy | GPOR | 63% | $100.55 | - | - | - | - | - | - | - | - |
| Pioneer Natural Resources | PXD | 4% | $81.02 | 92% | $92.26 | $119.89 | 41% | $6.23 | 37% | $4.98 | $6.25 |
| Rosetta Resources | ROSE | 66% | $95.72 | 22% | $80.16 | $115.71 | 24% | $4.11 | 30% | $3.50 | $4.93 |
| SandRidge Energy | SD | 78% | $99.21 | - | - | - | 57% | $4.10 | 7% | $3.78 | $6.71 |
| Southwestern Energy | SWN | - | - | - | - | - | 43% | $4.76 | - | - | - |
| Unit Corporation | UNT | 86% | $97.94 | - | - | - | 60% | $3.67 | - | - | - |
| Cimarex Energy | XEC | 16% | $96.13 | 10% | $85.00 | $102.31 | - | - | 17% | $3.51 | $4.56 |




*Source: Company reports, U.S. Capital Advisors*

# Correlations to Commodity Prices (USCA Coverage)




| Company | Crude Oil (NYMEX) | Natural Gas (NYMEX) |
|---|---|---|
| CRK | 0.02 | -0.09 |
| CRZO | 0.67 | 0.13 |
| CXO | 0.17 | -0.37 |
| EGN | 0.73 | -0.05 |
| EOG | 0.66 | 0.44 |
| FST | -0.31 | -0.74 |
| GDP | 0.58 | 0.10 |
| GPOR | 0.43 | 0.74 |
| PXD | 0.68 | 0.48 |
| ROSE | 0.14 | -0.01 |
| SD | -0.22 | -0.72 |
| SWN | 0.35 | 0.74 |
| UNT | 0.33 | 0.12 |
| XEC | 0.53 | 0.63 |
| EPX | **0.70** | **0.27** |

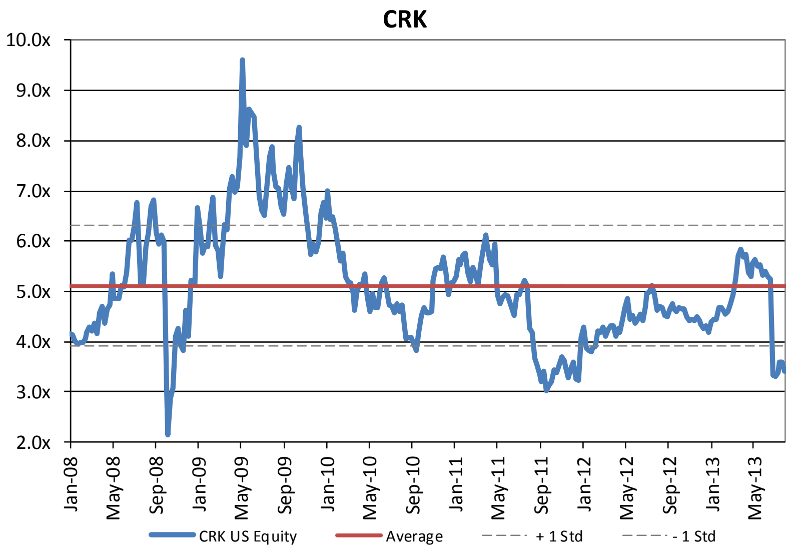
**using daily prices for the past year*

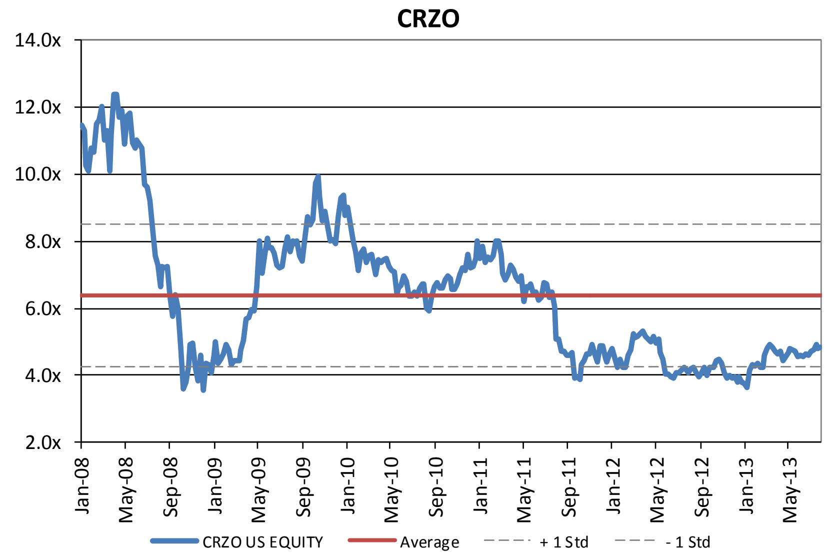


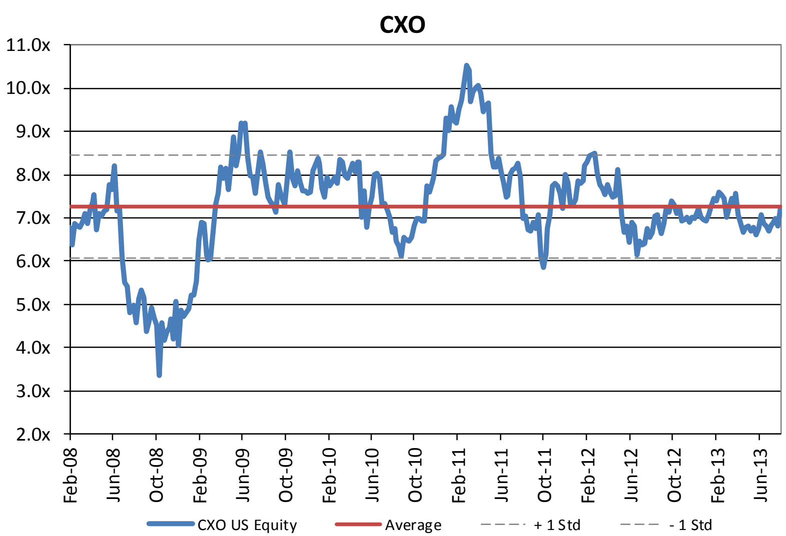
*Source: Bloomberg, U.S. Capital Advisors*

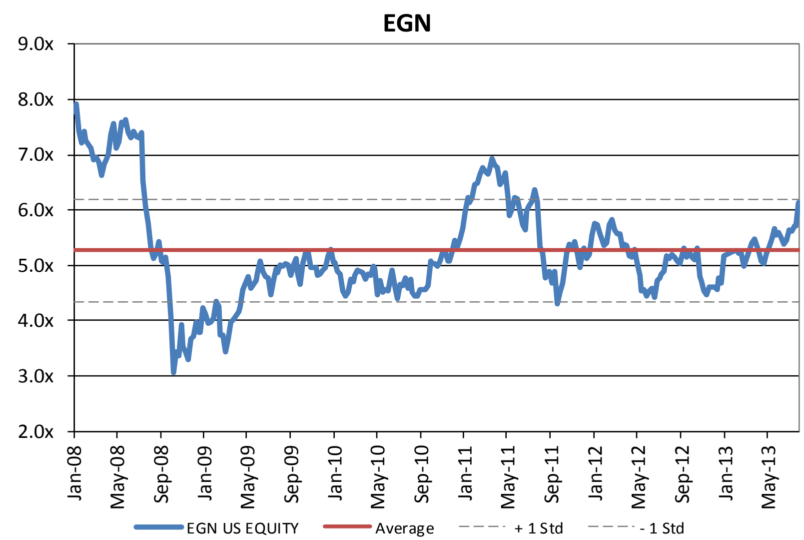
U.S. Capital Advisors

# Historic EV/Forward EBITDA



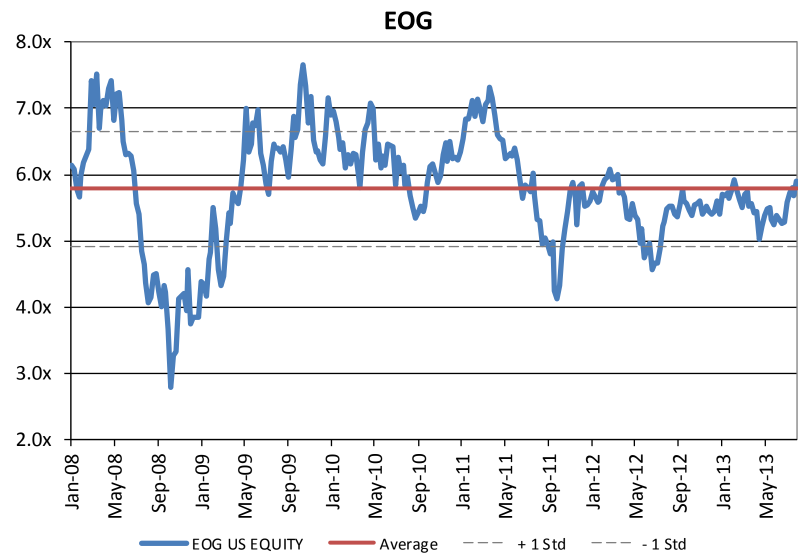



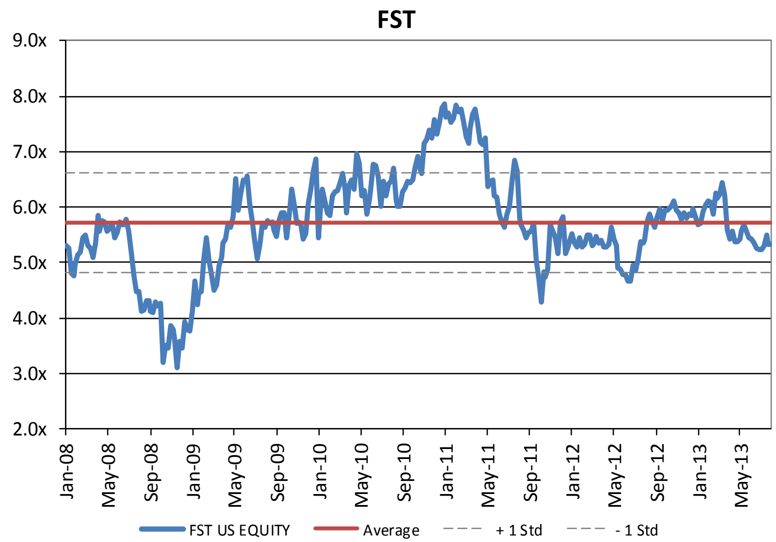



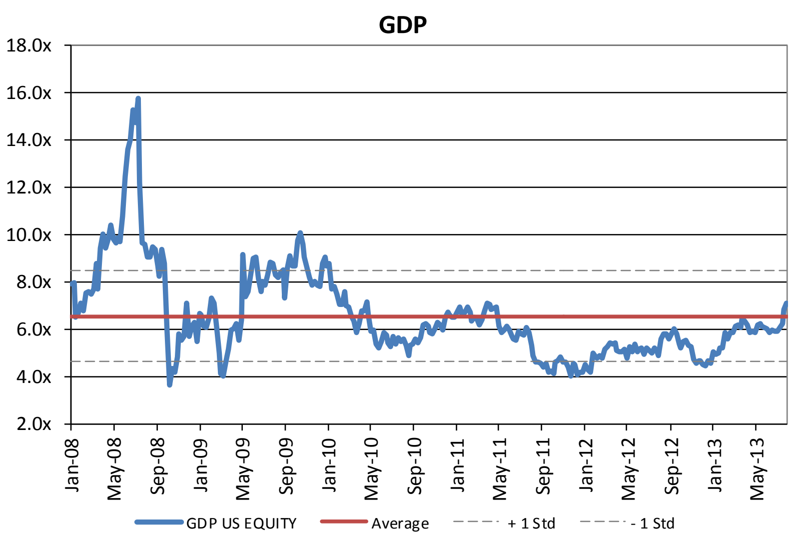

*Source: Bloomberg, U.S. Capital Advisors*

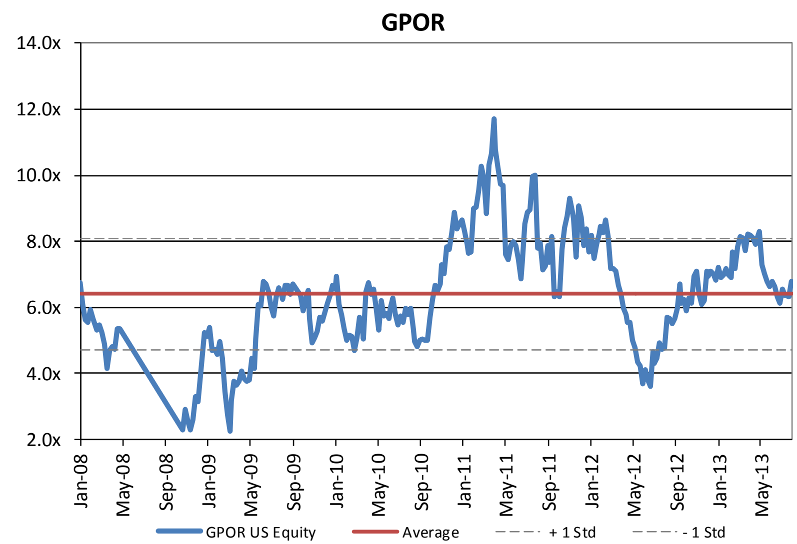
U.S. Capital Advisors

# Historic EV/Forward EBITDA



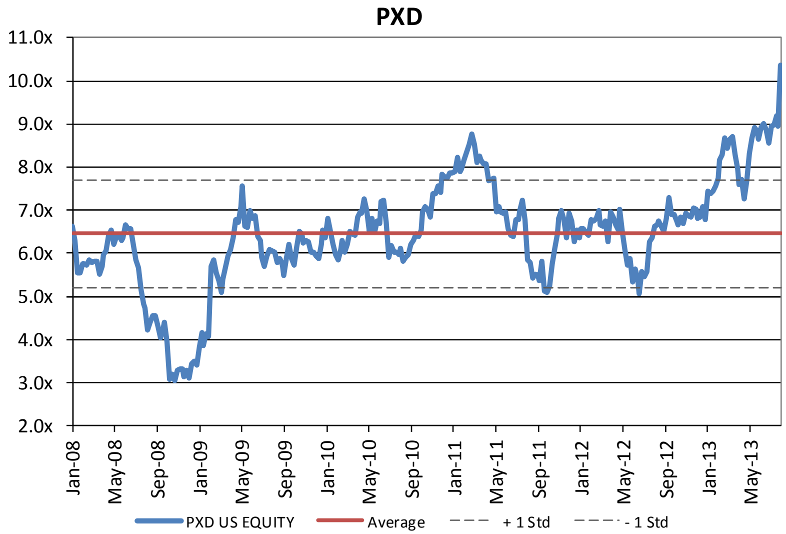



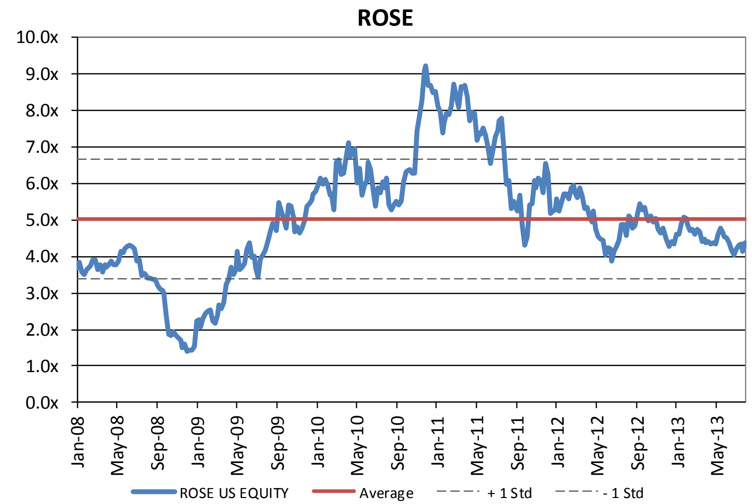



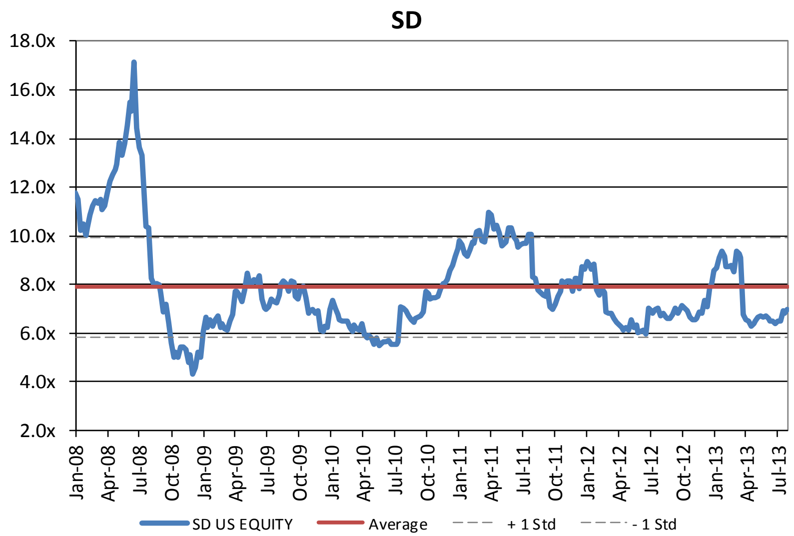



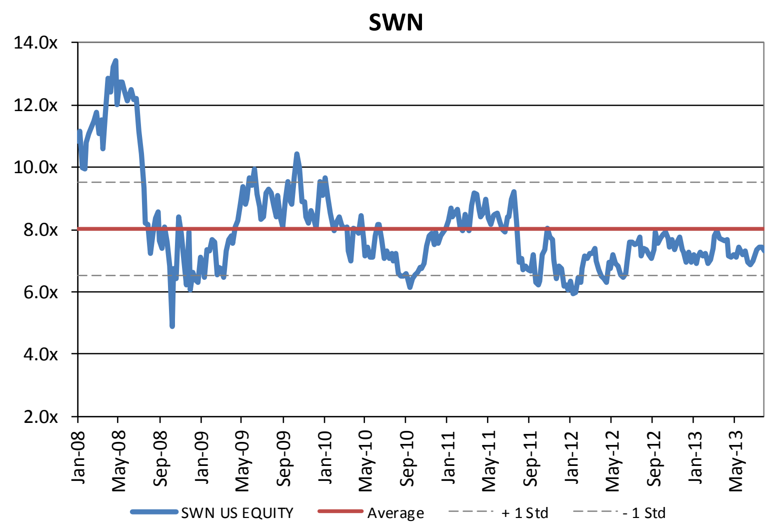

*Source: Bloomberg, U.S. Capital Advisors*

Historic EV/Forward EBITDA



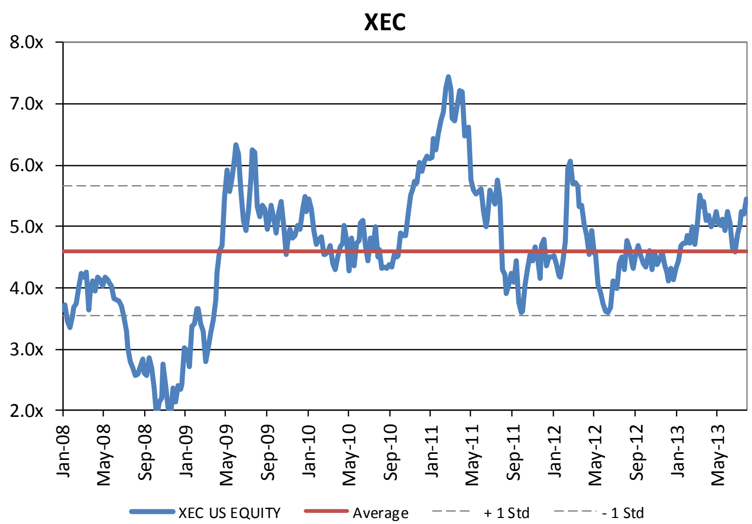



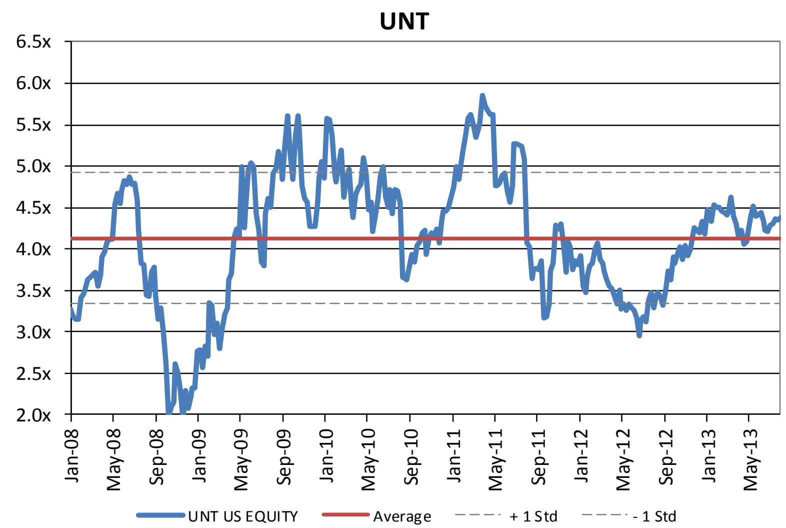



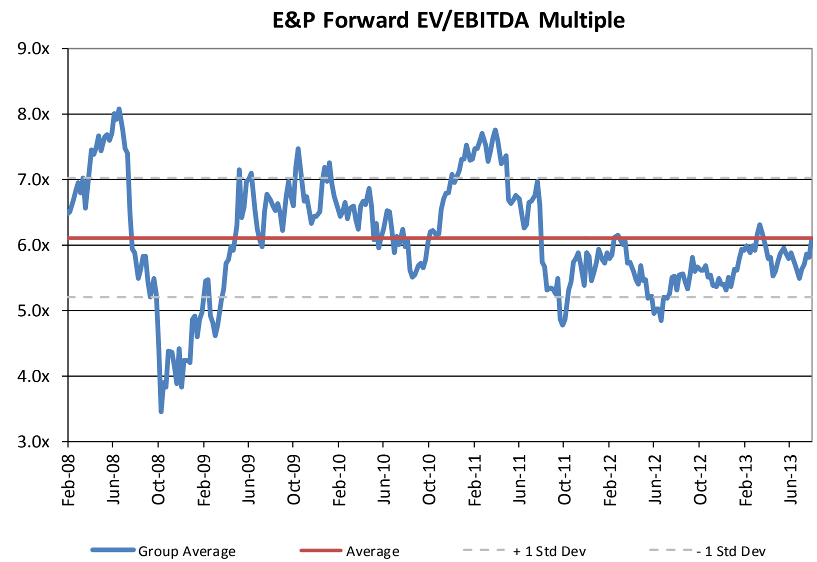




*Source: Bloomberg, U.S. Capital Advisors*

# Historic EV/Forward EBITDA

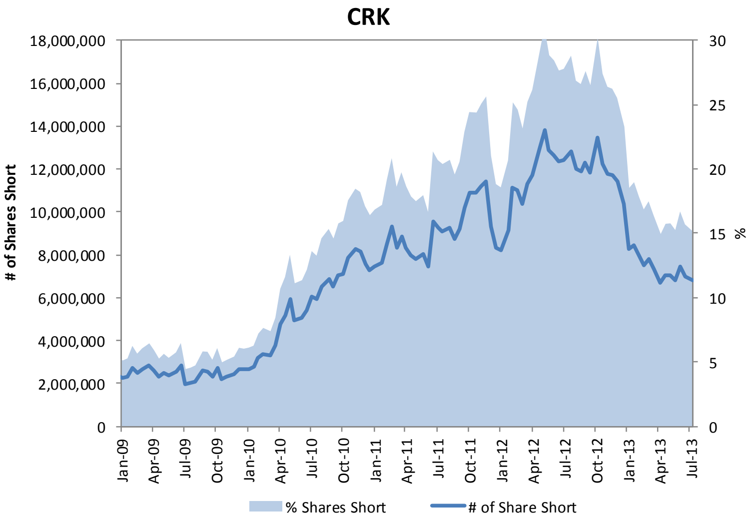


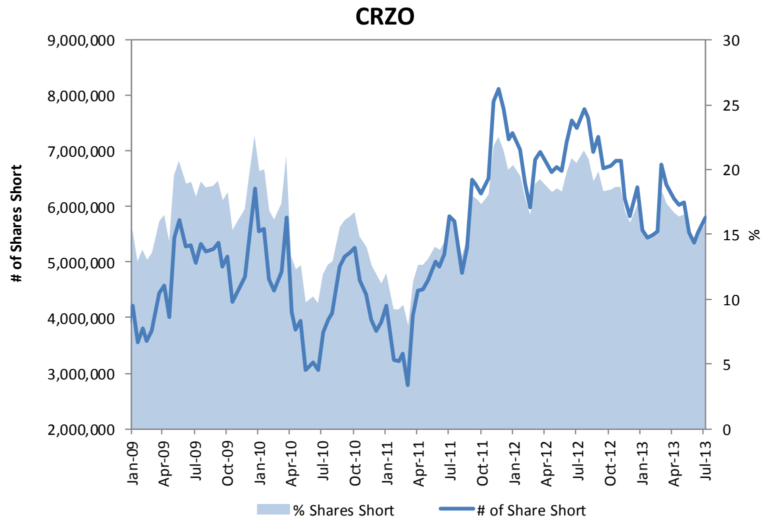



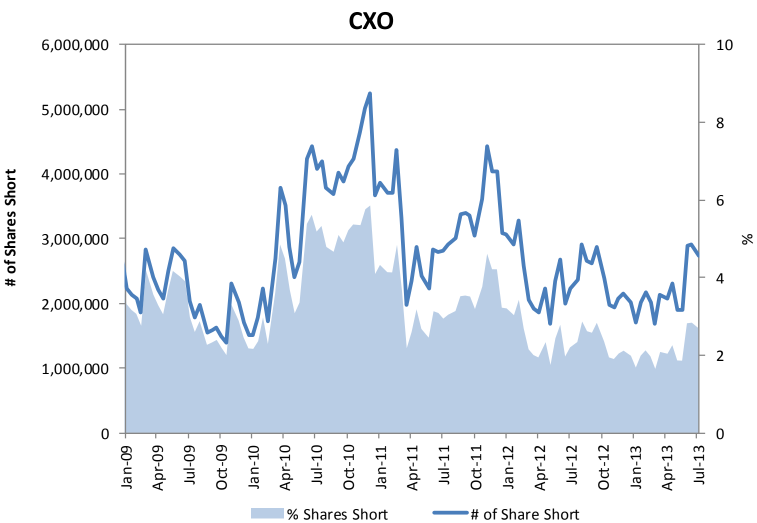



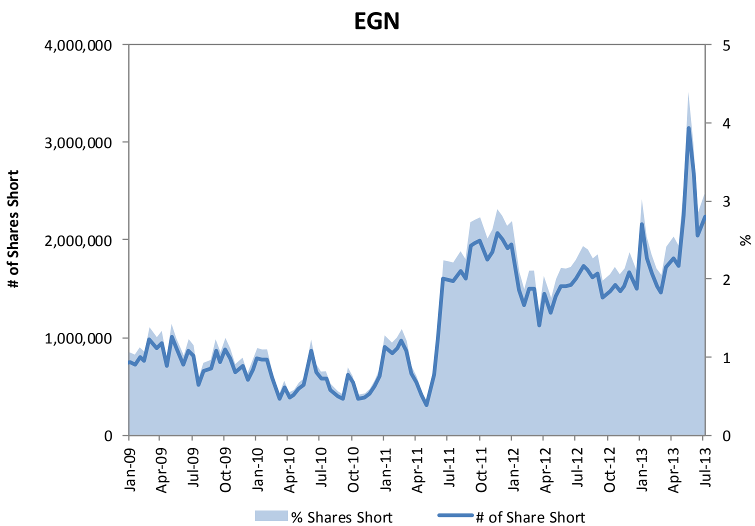

*Source: Bloomberg, U.S. Capital Advisors*

# Historic Short Interest



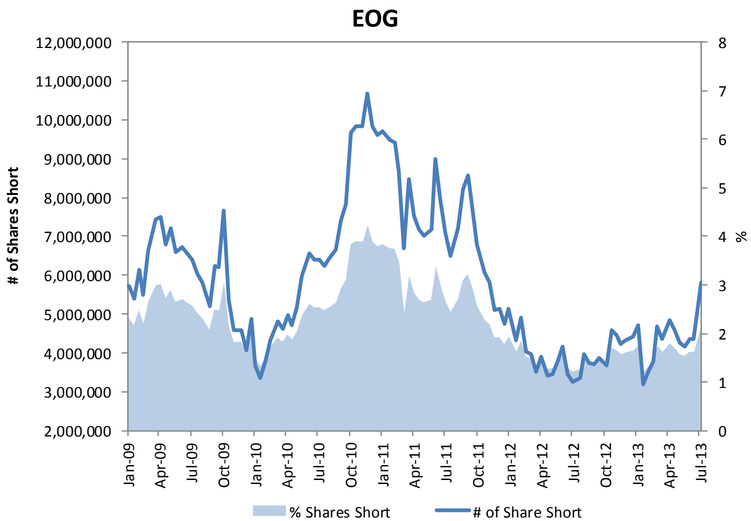



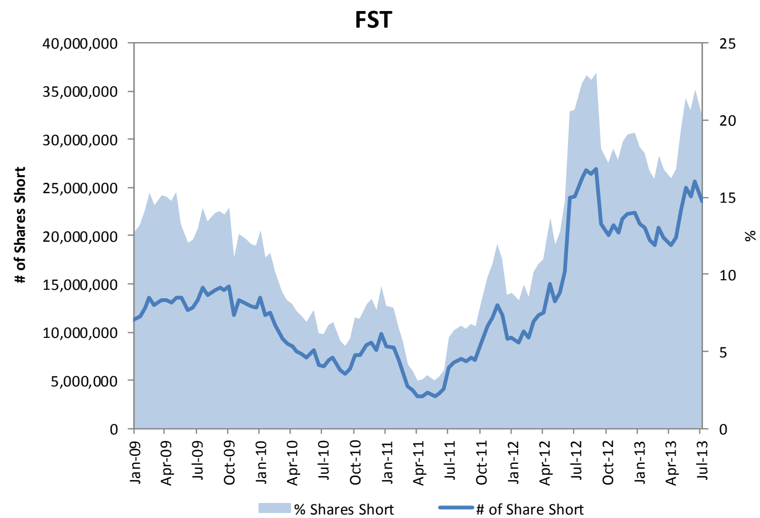



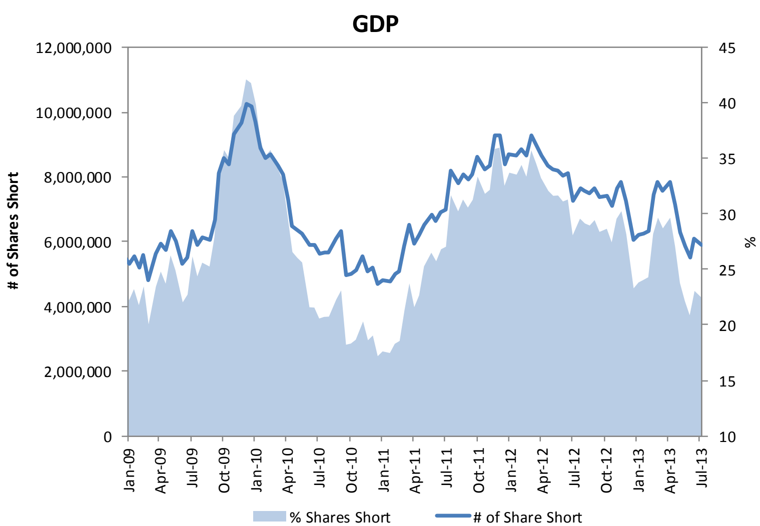



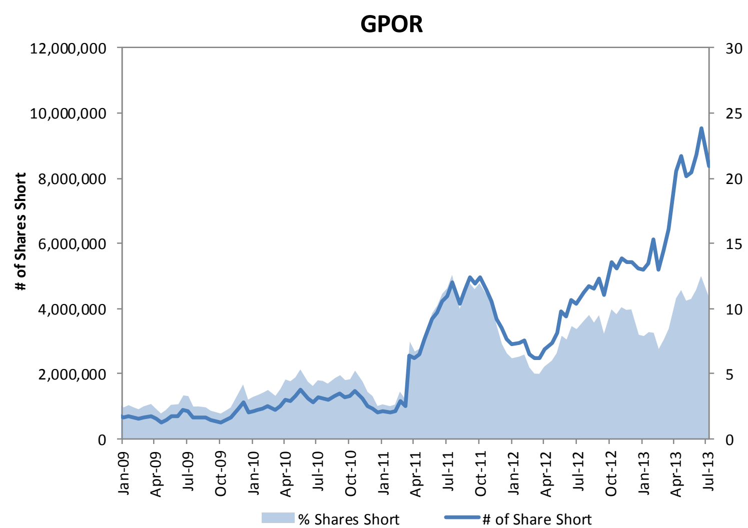

*Source: Bloomberg, U.S. Capital Advisors*

# Historic Short Interest



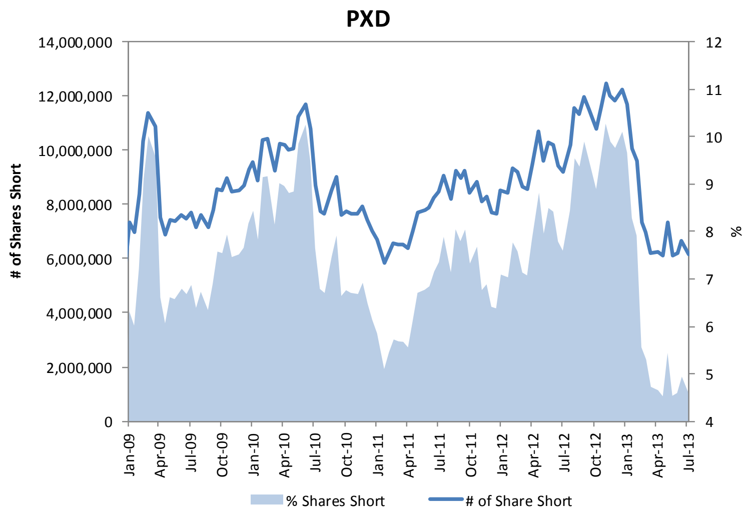



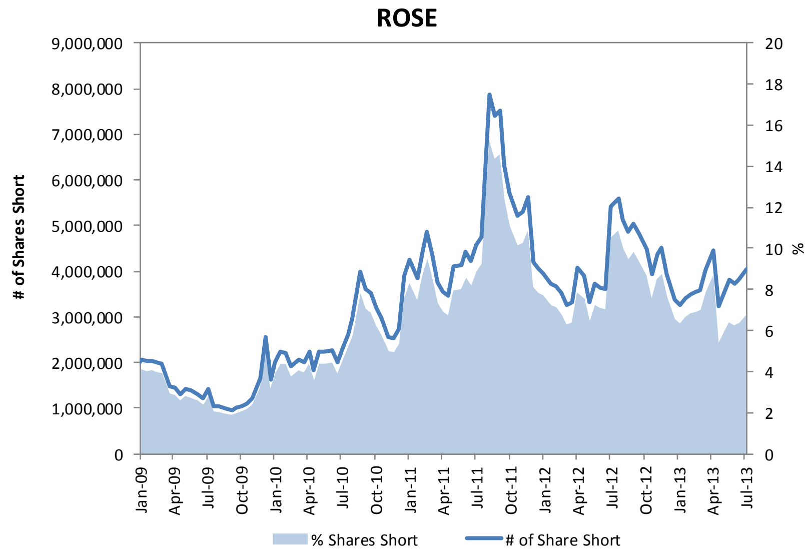



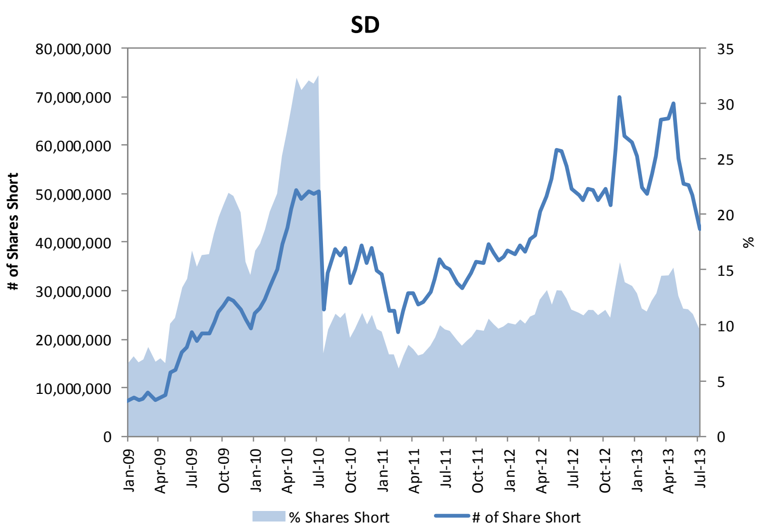



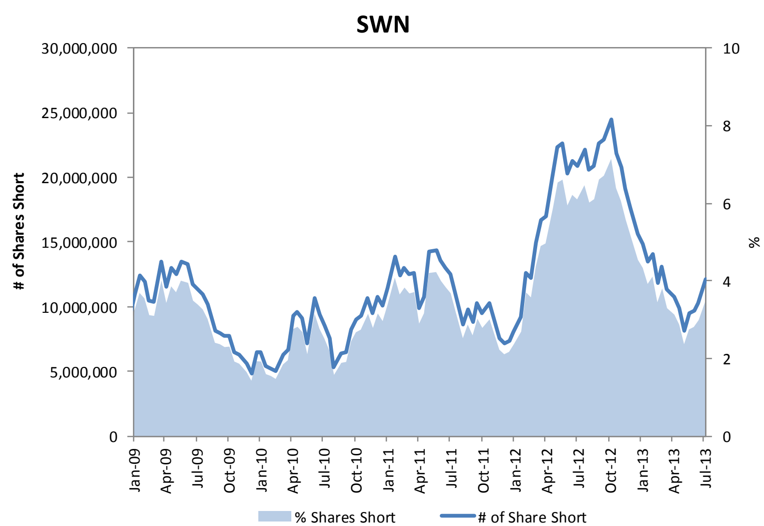

*Source: Bloomberg, U.S. Capital Advisors*

# Historic Short Interest



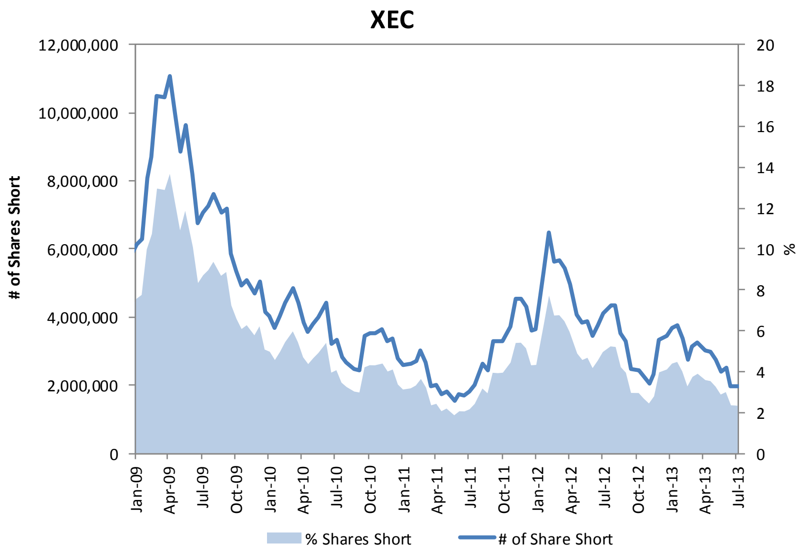



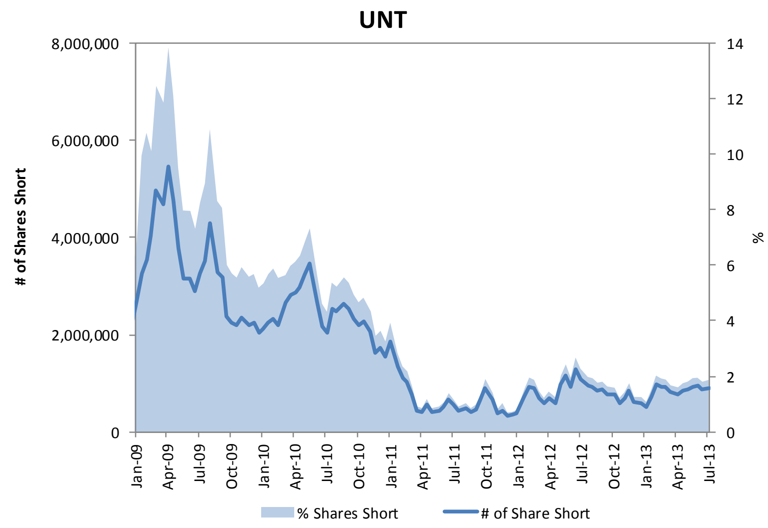



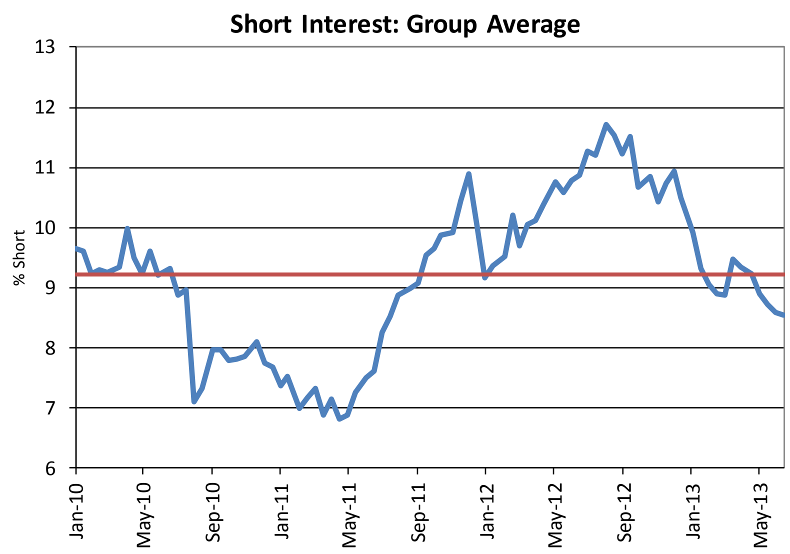




*Source: Bloomberg, U.S. Capital Advisors*

## Historic Short Interest




*Source: Bloomberg, U.S. Capital Advisors*

U.S. Capital Advisors

# E&P Sector Valuation (Consensus Estimates)

| Company Name | Ticker | Share Price | EV/'13 EBITDA | EV/'14 EBITDA | Price/'13 CF | Price/'14 CF | EV/'12 Proved Reserves | EV/Flowing Boepd | EV/Standardized Measure |
|---|---|---|---|---|---|---|---|---|---|
| **Large Cap** | | | | | | | | | |
| Apache | APA | $82.00 | 3.8x | 3.6x | 3.4x | 3.2x | $15.68 | $55,904 | 129% |
| Anadarko Petroleum | APC | $90.46 | 5.8x | 5.2x | 5.6x | 5.1x | $21.97 | $75,876 | 214% |
| Cabot Oil & Gas | COG | $77.18 | 13.5x | 9.3x | 13.9x | 9.4x | $27.11 | $121,804 | 635% |
| Chesapeake Energy | CHK | $24.95 | 6.8x | 6.0x | 3.9x | 3.5x | $13.55 | $52,922 | 242% |
| Continental Resources | CLR | $98.07 | 8.0x | 6.1x | 7.1x | 5.5x | $28.20 | $207,101 | 198% |
| Concho Resources | CXO | $94.54 | 8.1x | 6.7x | 7.0x | 5.7x | $29.53 | $155,838 | 228% |
| Denbury Resources | DNR | $17.91 | 6.7x | 6.5x | 5.3x | 5.1x | $24.22 | $141,447 | 155% |
| Devon Energy | DVN | $55.96 | 5.4x | 4.2x | 4.5x | 3.7x | $9.58 | $41,808 | 215% |
| EOG Resources | EOG | $153.03 | 6.4x | 5.6x | 6.2x | 5.4x | $25.85 | $102,865 | 277% |
| EQT | EQT | $86.87 | 11.1x | 8.8x | 10.6x | 8.2x | $15.90 | $111,896 | 739% |
| Noble Energy | NBL | $64.96 | 7.1x | 5.8x | 6.8x | 5.7x | $22.33 | $102,896 | 202% |
| Occidental Petroleum | OXY | $88.92 | 5.2x | 5.0x | 6.0x | 5.6x | $23.42 | $99,076 | 196% |
| Pioneer Nat. Resources | PXD | $181.21 | 11.4x | 9.7x | 11.6x | 9.7x | $24.76 | $163,077 | 423% |
| QEP Resources | QEP | $30.26 | 5.4x | 4.8x | 3.8x | 3.3x | $13.32 | $57,216 | 288% |
| Range Resources | RRC | $81.36 | 14.8x | 11.3x | 14.1x | 10.5x | $14.98 | $115,425 | 504% |
| Southwestern Energy | SWN | $38.65 | 7.8x | 7.0x | 7.0x | 6.3x | $23.08 | $56,916 | 754% |
| Ultra Petroleum | UPL | $22.36 | 8.4x | 7.2x | 6.8x | 5.7x | $10.33 | $48,637 | 279% |
| Whiting Petroleum | WLL | $52.72 | 4.8x | 4.3x | 3.8x | 3.3x | $22.42 | $98,688 | 157% |
| Cimarex | XEC | $79.76 | 5.8x | 5.2x | 5.3x | 4.7x | $20.58 | $68,689 | 266% |
| | Average | | 7.7x | 6.4x | 7.0x | 5.8x | $20.36 | $98,846 | 321% |

*Source: Bloomberg, U.S. Capital Advisors*

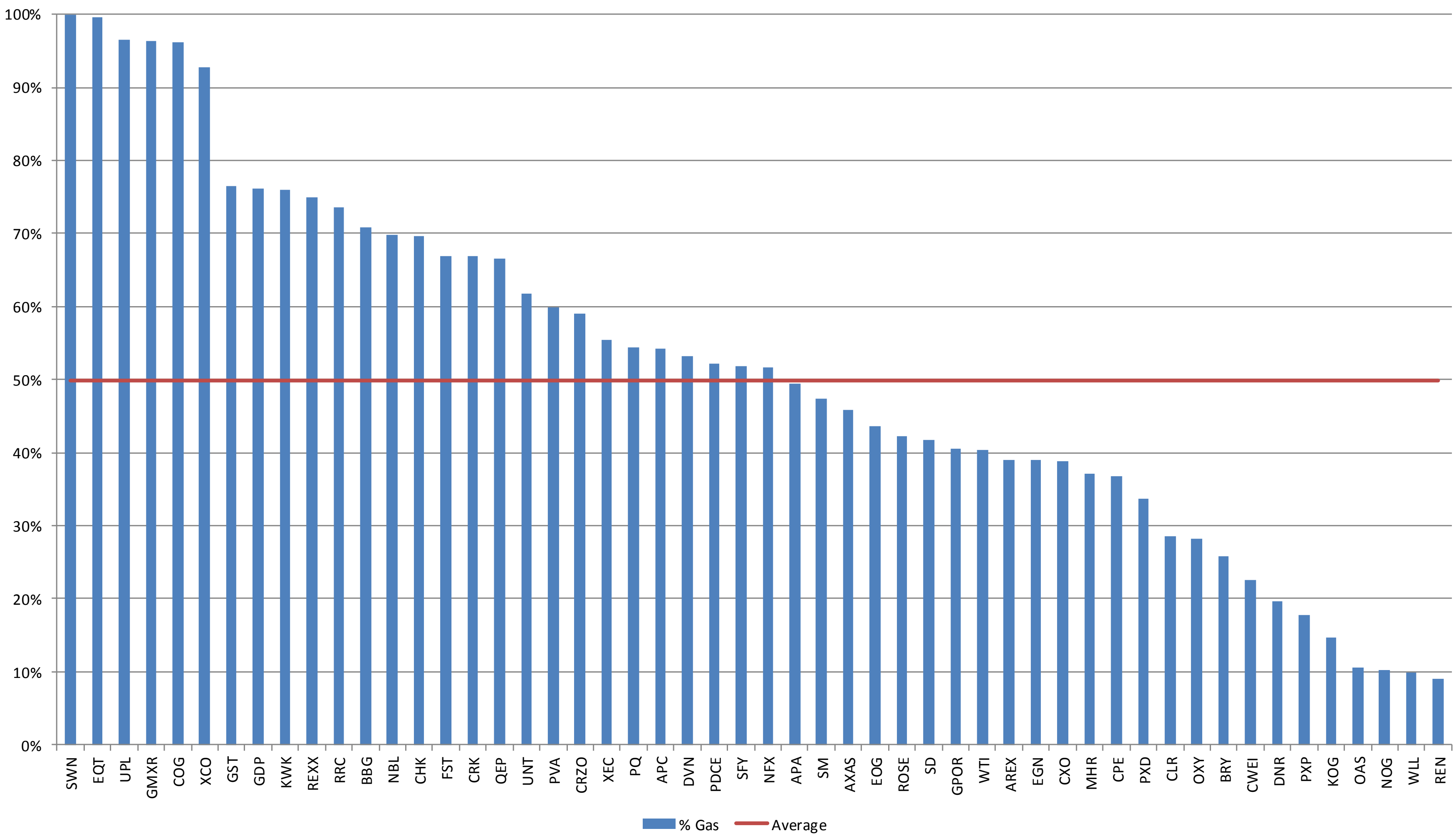
# E&P Sector Valuation (Consensus Estimates)

| Company Name | Ticker | Share Price | EV/'13 EBITDA | EV/'14 EBITDA | Price/'13 CF | Price/'14 CF | EV/'12 Proved Reserves | EV/Flowing Boepd | EV/Standardized Measure |
|---|---|---|---|---|---|---|---|---|---|
| **Mid Cap** | | | | | | | | | |
| Bill Barrett | BBG | $22.26 | 6.4x | 5.0x | 3.5x | 2.8x | $13.45 | $45,773 | 201% |
| Berry Petroleum | BRY | $41.91 | 6.3x | 6.0x | 4.2x | 4.1x | $14.66 | $102,097 | 105% |
| Bonanza Creek | BCEI | $42.11 | 7.0x | 4.5x | 6.7x | 4.4x | $35.53 | $157,067 | 276% |
| Carrizo Oil & Gas | CRZO | $32.63 | 5.5x | 4.5x | 3.8x | 3.1x | $18.29 | $85,667 | 156% |
| Energen Corporation | EGN | $65.41 | 6.8x | 5.7x | 5.2x | 4.6x | $19.27 | $98,762 | 180% |
| Gulfport Energy | GPOR | $56.38 | 12.7x | 5.1x | 12.8x | 5.3x | nm | $670,694 | 1272% |
| Kodiak Oil & Gas | KOG | $9.94 | 6.0x | 4.1x | 4.4x | 3.1x | $42.96 | $211,443 | 253% |
| Laredo Petroleum | LPI | $24.32 | 9.0x | 7.7x | 7.8x | 6.3x | $23.68 | $134,295 | 238% |
| Newfield Exploration | NFX | $24.55 | 4.6x | 4.3x | 2.7x | 2.5x | $11.57 | $50,403 | 148% |
| Oasis Petroleum | OAS | $43.59 | 6.4x | 5.2x | 5.7x | 4.5x | $35.49 | $184,655 | 225% |
| PDC Energy | PDCE | $55.23 | 9.3x | 6.6x | 8.5x | 6.0x | $11.81 | $96,690 | 195% |
| Rosetta Resources | ROSE | $47.88 | 5.1x | 4.0x | 4.5x | 3.8x | $16.82 | $76,215 | 184% |
| SandRidge Energy | SD | $5.62 | 7.2x | 6.8x | 4.9x | 4.7x | $12.05 | $63,851 | 117% |
| SM Energy | SM | $70.52 | 4.5x | 3.9x | 3.6x | 3.2x | $21.63 | $57,732 | 210% |
| Unit | UNT | $45.93 | 4.7x | 4.2x | 3.5x | 3.1x | $19.84 | $66,433 | 275% |
| Exco Resources | XCO | $8.76 | 8.0x | 6.8x | 5.6x | 4.7x | $19.08 | $39,501 | 461% |
| | Average | | 6.8x | 5.3x | 5.5x | 4.1x | $21.08 | $133,830 | 281% |
| **Small Cap** | | | | | | | | | |
| Abraxas Petroleum | AXAS | $2.57 | 7.6x | 5.3x | 5.7x | 3.9x | $12.24 | $83,552 | 133% |
| Approach Resources | AREX | $25.79 | 9.6x | 6.5x | 8.8x | 5.9x | $12.58 | $141,282 | 243% |
| Callon Petroleum | CPE | $4.19 | 5.4x | 3.8x | 3.7x | 2.5x | $21.50 | $75,876 | 131% |
| Comstock Resources | CRK | $16.90 | 4.2x | 3.0x | 2.7x | 1.9x | $12.10 | $37,234 | 183% |
| Clayton Williams | CWEI | $55.39 | 5.7x | 6.2x | 3.5x | 3.8x | $17.55 | $88,108 | 141% |
| Diamondback Energy | FANG | $42.65 | 12.9x | 6.7x | 12.5x | 6.9x | $45.50 | $415,790 | 498% |
| Forest Oil | FST | $5.14 | 6.5x | 4.7x | 2.7x | 1.7x | $9.92 | $43,677 | 161% |
| Goodrich Petroleum | GDP | $19.70 | 8.9x | 6.3x | 7.2x | 4.6x | $24.20 | $109,849 | 376% |
| Gastar Exploration | GST | $3.37 | 5.9x | 5.2x | 3.7x | 2.8x | na | na | na |
| Magnum Hunter | MHR | $4.06 | 9.8x | 6.9x | 4.6x | 3.4x | na | na | na |
| Northern Oil & Gas | NOG | $13.56 | 4.6x | 3.7x | 3.4x | 2.8x | $19.16 | $119,230 | 124% |
| PetroQuest | PQ | $4.65 | 4.0x | 2.8x | 2.9x | 2.1x | $8.26 | $30,441 | 210% |
| Penn Virginia | PVA | $5.07 | 2.9x | 2.2x | 1.2x | 0.9x | $8.38 | $60,196 | 191% |
| Resolute Energy | REN | $8.71 | 9.0x | 6.9x | 4.7x | 3.6x | $20.91 | $146,929 | 170% |
| Quicksilver Resources | KWK | $1.56 | 12.6x | 12.7x | 4.3x | 4.6x | $9.71 | $41,598 | 332% |
| Rex Energy | REXX | $19.73 | 9.3x | 6.4x | 8.7x | 5.7x | $12.55 | $104,917 | 326% |
| Swift Energy | SFY | $12.09 | 4.2x | 3.9x | 1.8x | 1.7x | $8.07 | $44,906 | 83% |
| Stone Energy | SGY | $25.30 | 3.2x | 3.4x | 2.2x | 2.4x | $14.90 | $42,669 | 127% |
| Triangle Petroleum | TPLM | $7.50 | 21.3x | 6.3x | 17.2x | 4.7x | na | na | na |
| W&T Offshore | WTI | $17.03 | 3.7x | 3.8x | 2.4x | 2.4x | $19.82 | $47,537 | 126% |
| | Average | | 7.6x | 5.3x | 5.2x | 3.4x | $16.31 | $96,105 | 209% |

*Source: Bloomberg, U.S. Capital Advisors*

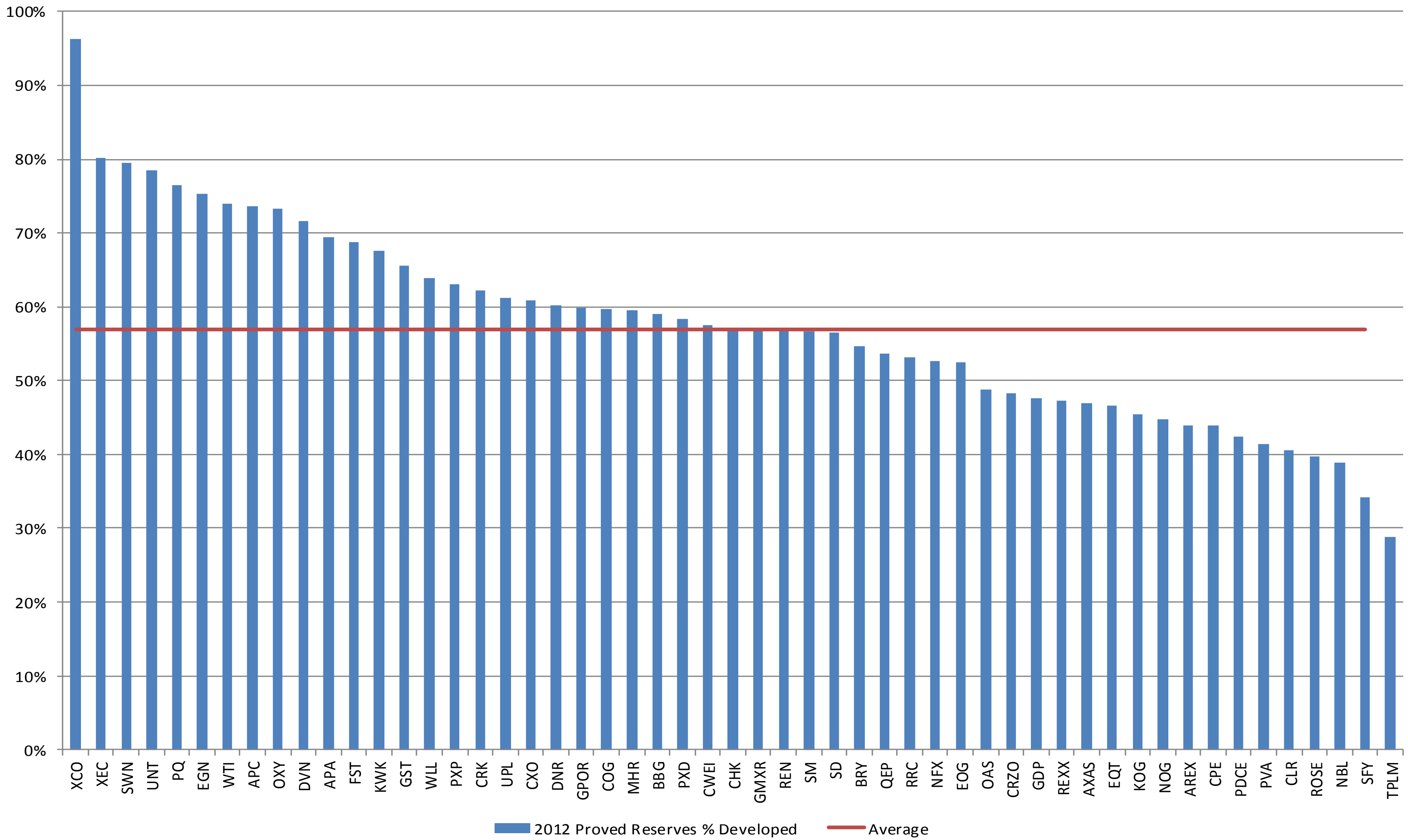
U.S. Capital Advisors

# 2012 Reserves: % Natural Gas




*Source: Bloomberg*

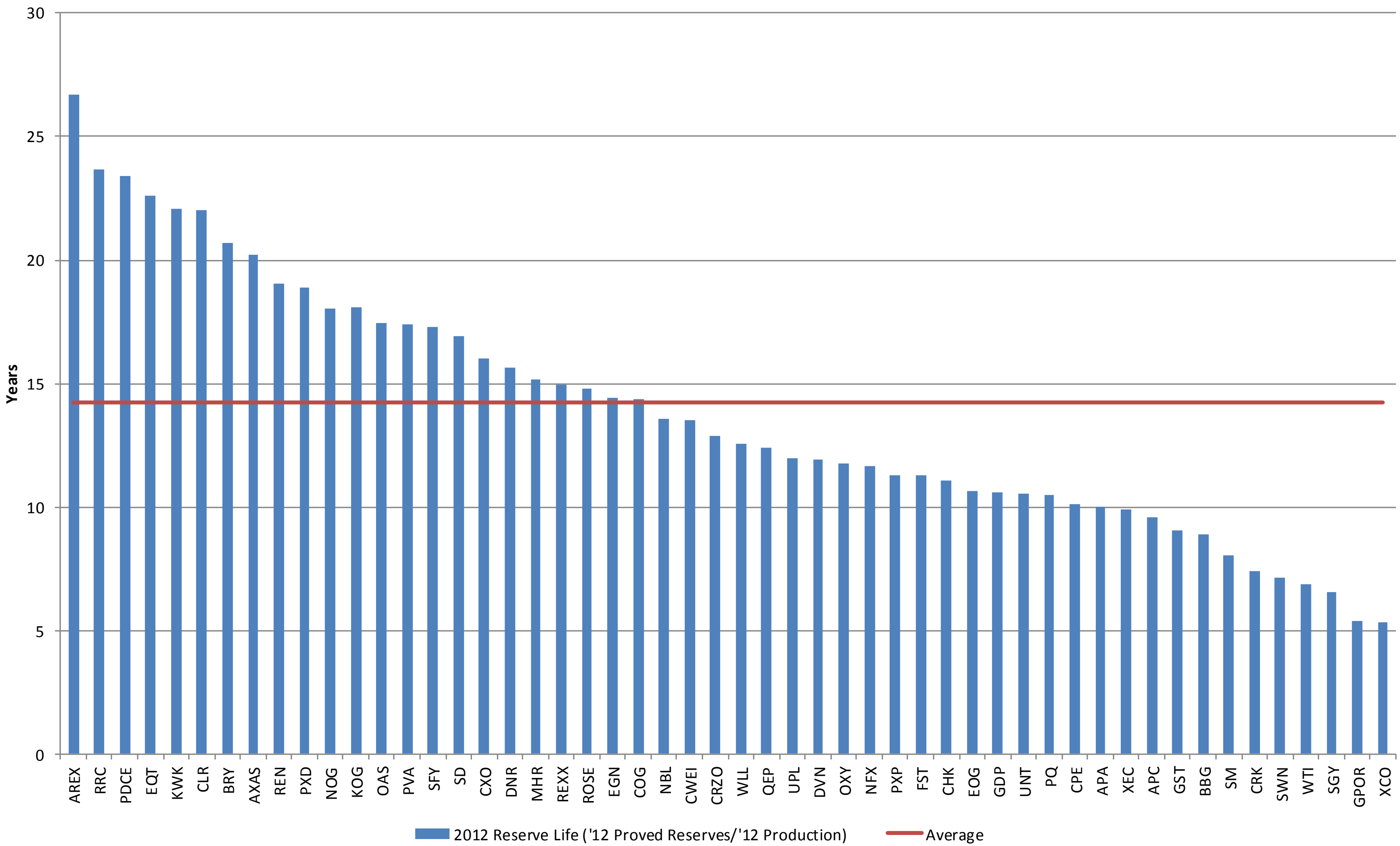
## 2012 Reserves: % Developed




*Source: Bloomberg*

U.S. Capital Advisors

# 2012 Reserves: Reserve Life




*Source: Bloomberg*

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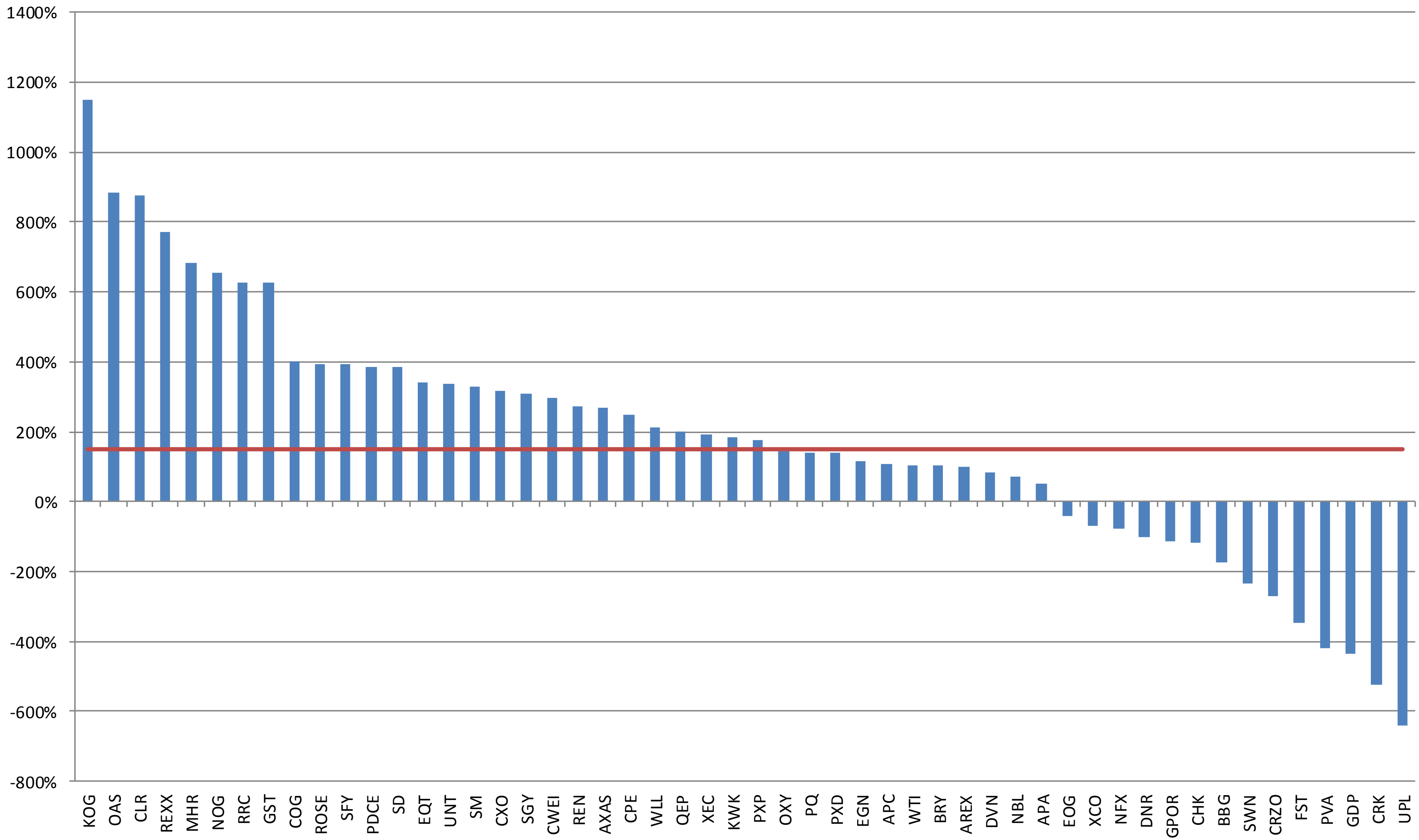
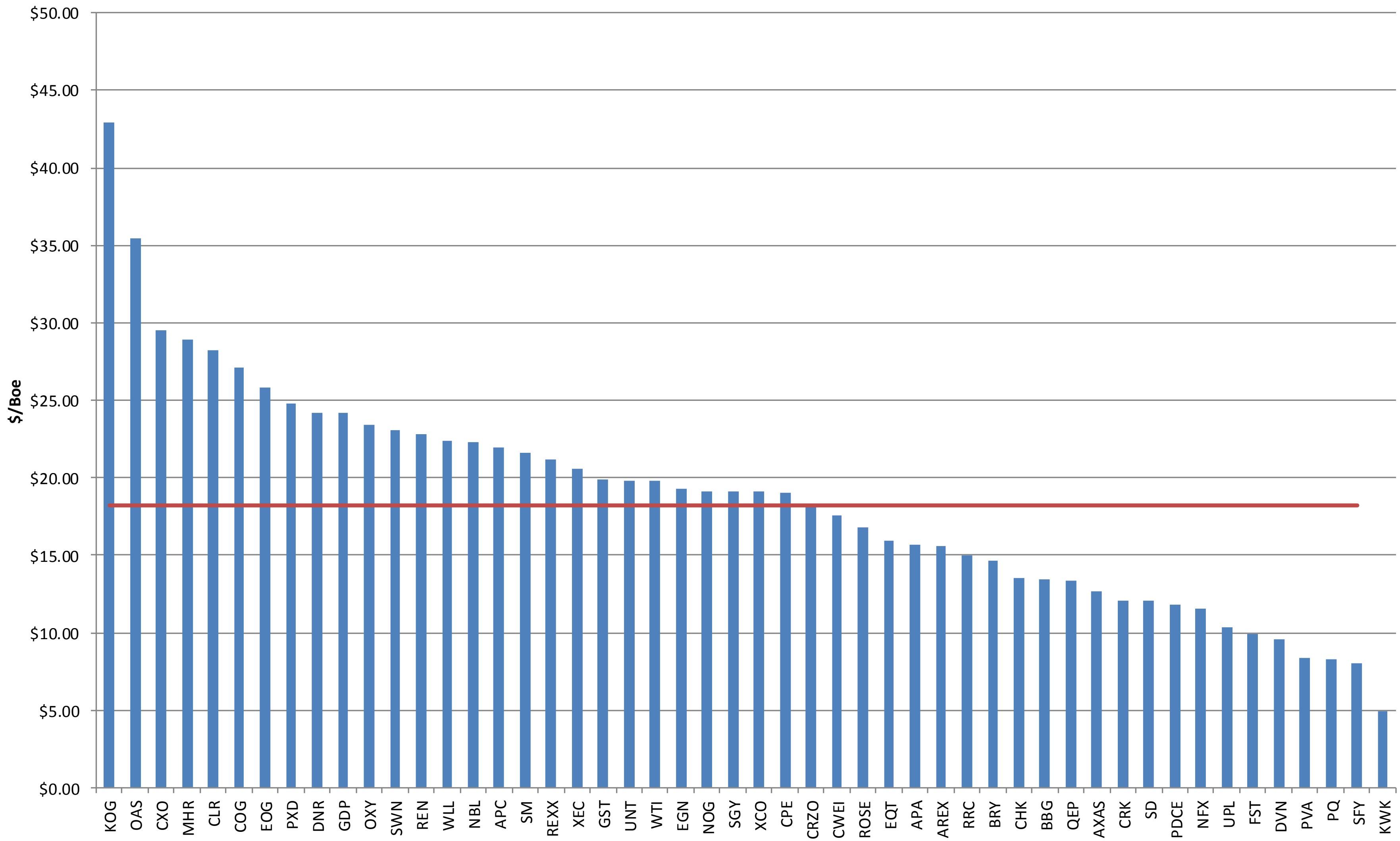
# 2012 Reserves: Reserve Replacement




*Source: Bloomberg*

# Enterprise Value / BOE of Proved Reserves




*Source: Bloomberg*

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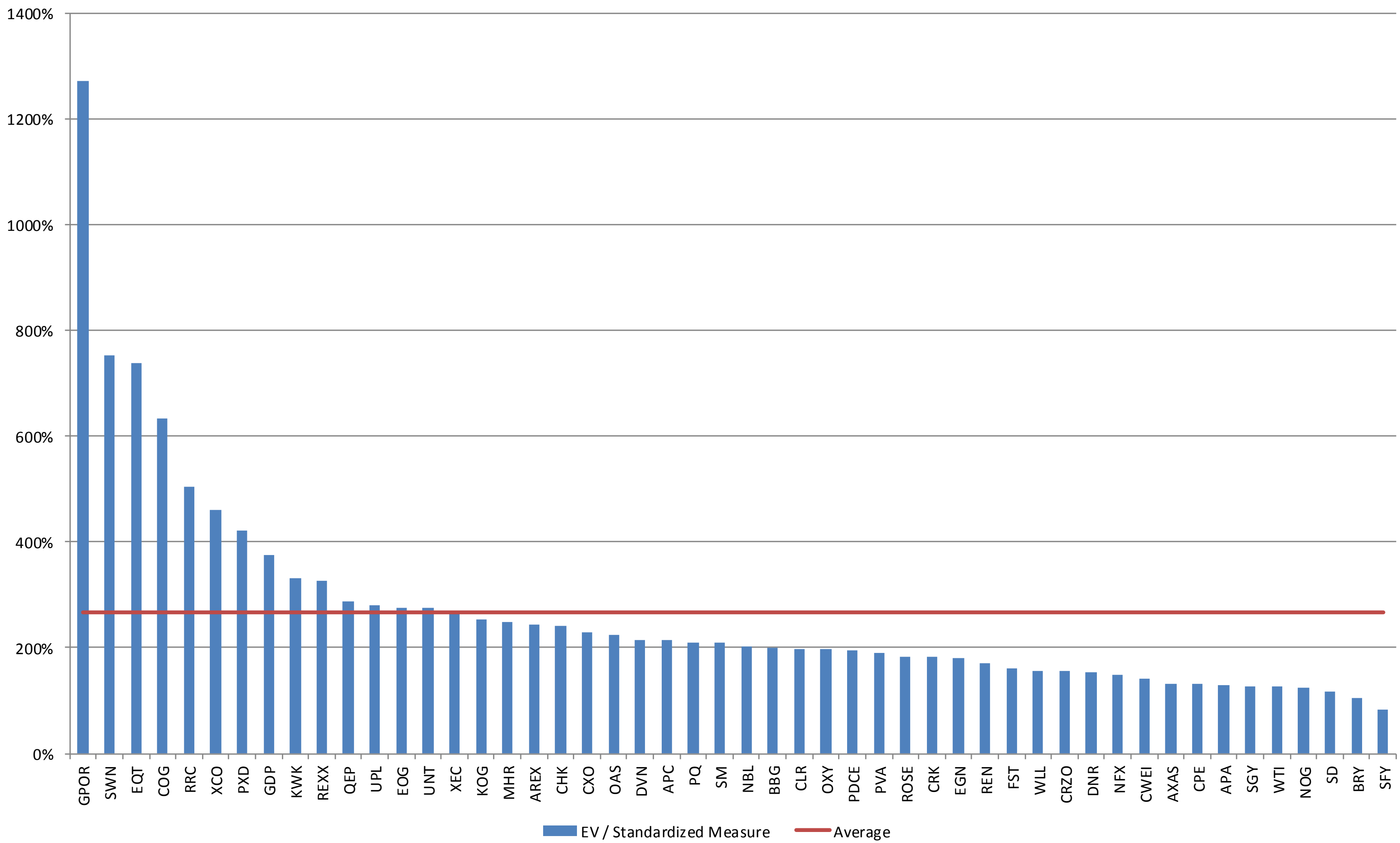
# Enterprise Value / Standardized Measure of DCF




*Source: Bloomberg*

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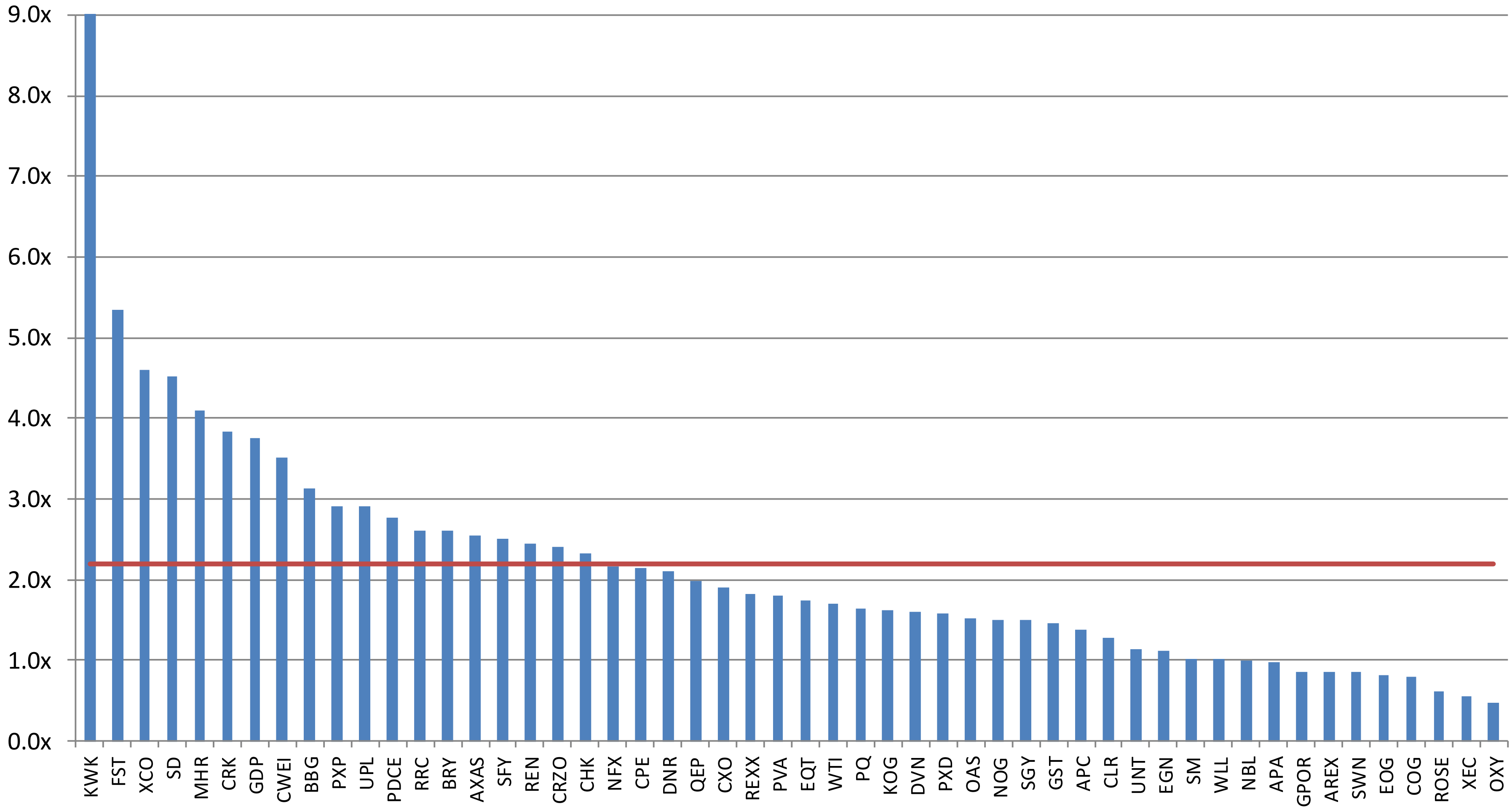
## Debt / '13 EBITDA




*Source: Bloomberg*

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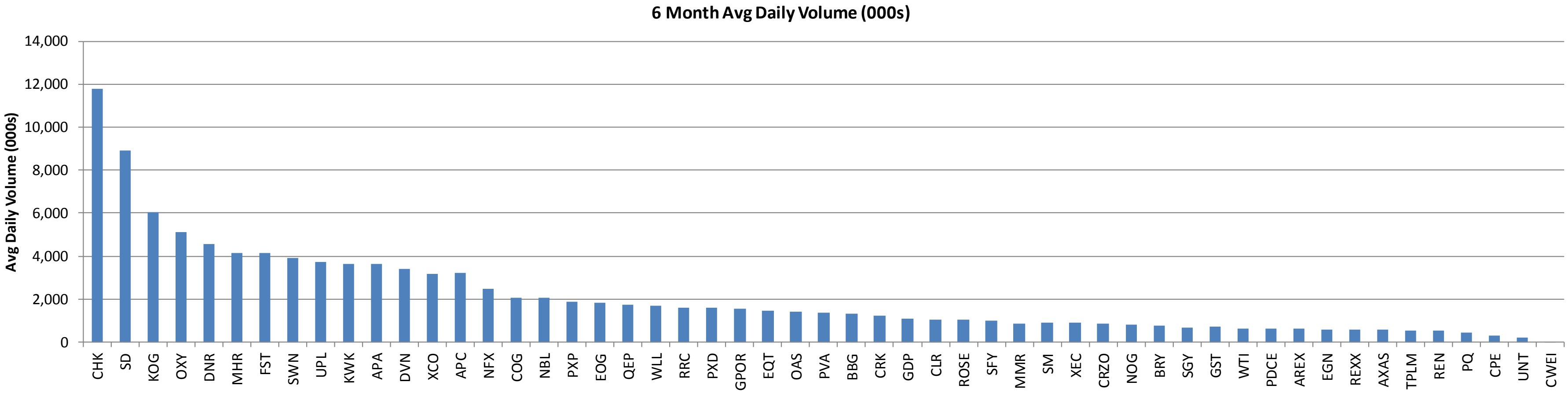
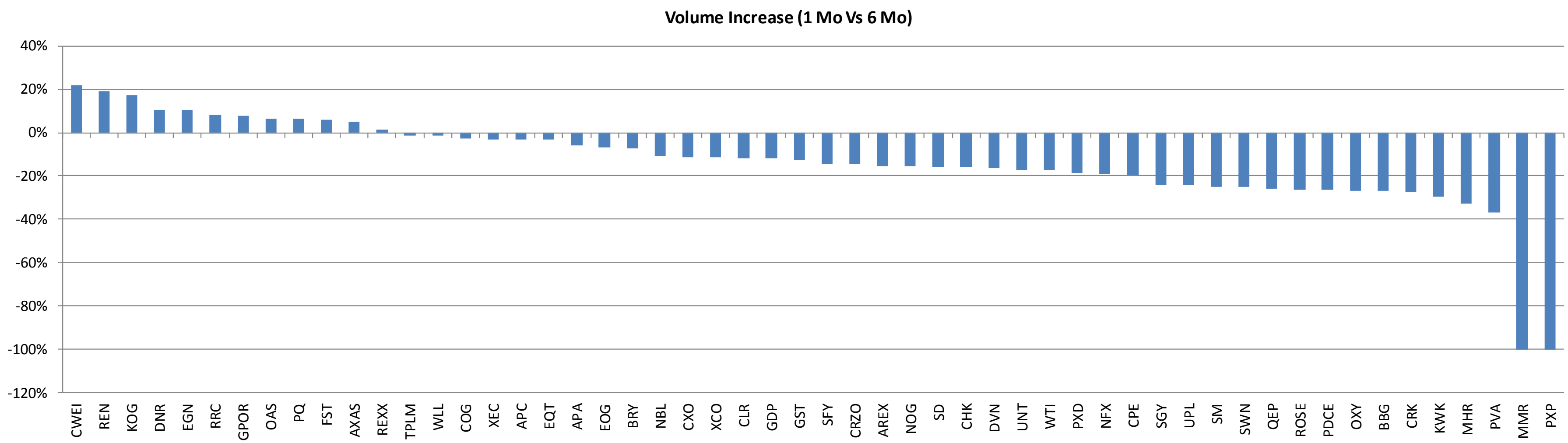
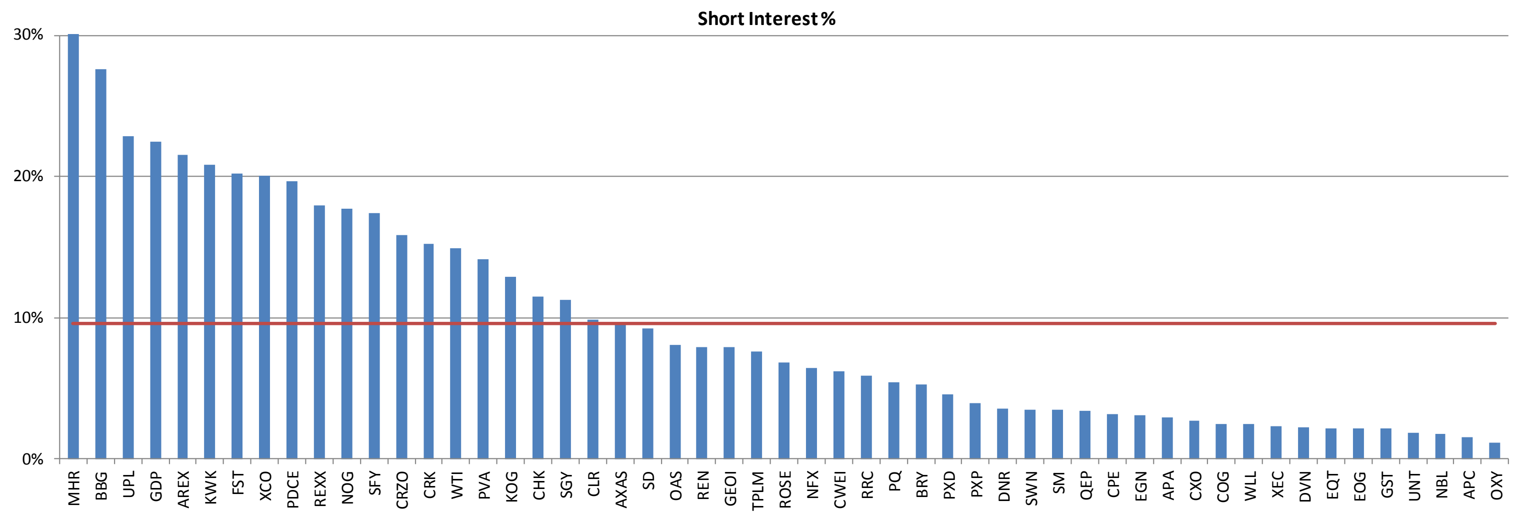
# Trading Volumes

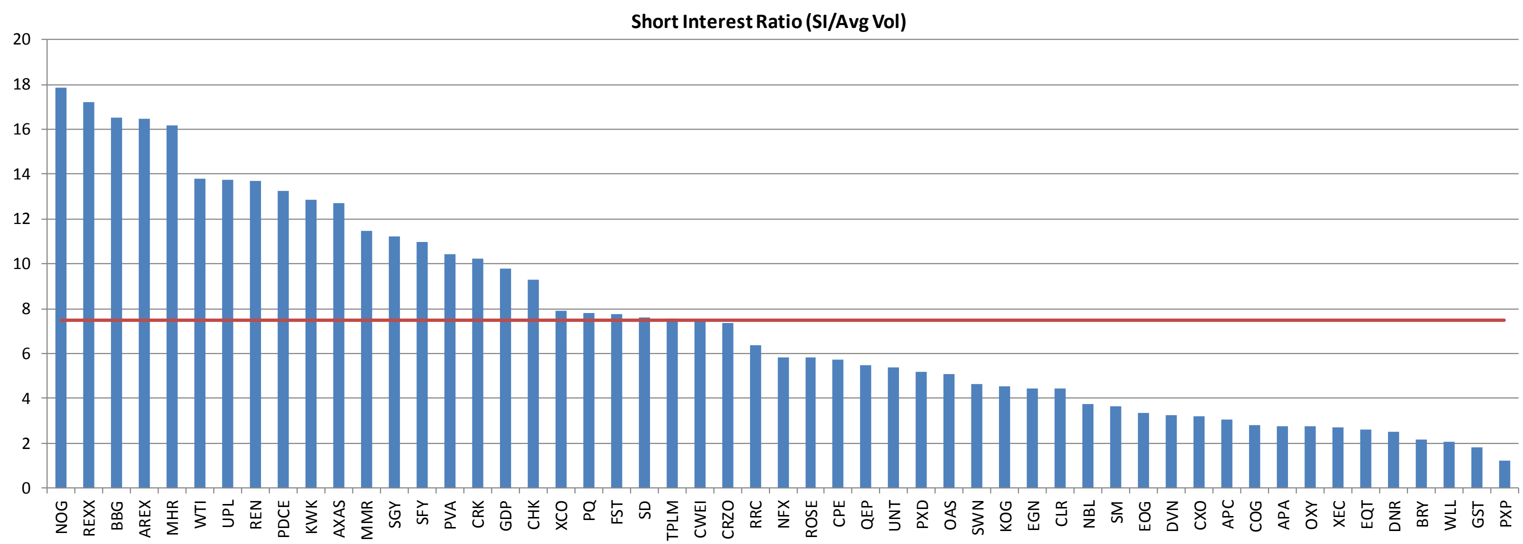



*Source: Bloomberg, U.S. Capital Advisors*

# Short Interest




*Source: Bloomberg*

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**BUY** - The stock has among the best combination of risk/reward and positive company specific catalysts within the sector. Stock is expected to trade higher on an absolute basis and be a top performer relative to peer stocks over the next 12 months.

**OVERWEIGHT** - The stock has above average risk/reward and is expected to outperform peer stocks over the next 12 months.

**HOLD** - The stock has average risk/reward and is expected to perform in line with peer stocks over the next 12 months.

**UNDERWEIGHT** - The stock has below average risk/reward and is expected to underperform peer stocks over the next 12 months.

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**Risks that may impede achievement of price target(s):**
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For E&Ps, our price targets are based on a Net Asset Value calculation that uses discounted cash flow analysis to assess the value of producing out a company's proved developed producing reserves. We then assign value to proved undeveloped, probable and possible reserves using acreage, spacing assumptions, current and projected rig counts, EURs and decline curves. Additionally, for companies with material, non-E&P assets, we apply a comparable multiple to our forward EBITDA estimate for the non-E&P segment. We then net against projected out-year debt, working capital deficit/surplus and the present value of future G&A expense to arrive at our price target.

**USCA Glossary:**
http://www.uscallc.com/assets/pdf/Glossary.pdf

**Distribution of Ratings (as of August 5, 2013):**

| Recommendation | Count | Percent | Investment Banking Relationship | Count | Percent |
|---|---|---|---|---|---|
| Overweight/Buy | 29 | 51% | Overweight/Buy | 1 | 3% |
| Hold | 27 | 47% | Hold | 1 | 4% |
| Underweight/Sell | 1 | 2% | Underweight/Sell | 0 | 0% |

USCA Rating and Price Target History

For a hard copy of our price target/ratings history, call 888-601-8722, or write to U.S. Capital Advisors, 1330 Post Oak Blvd., Suite 900, Houston, TX, 77056.

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