July 8, 2013

# USCA Weekly E&P Update


U.S. Capital Advisors

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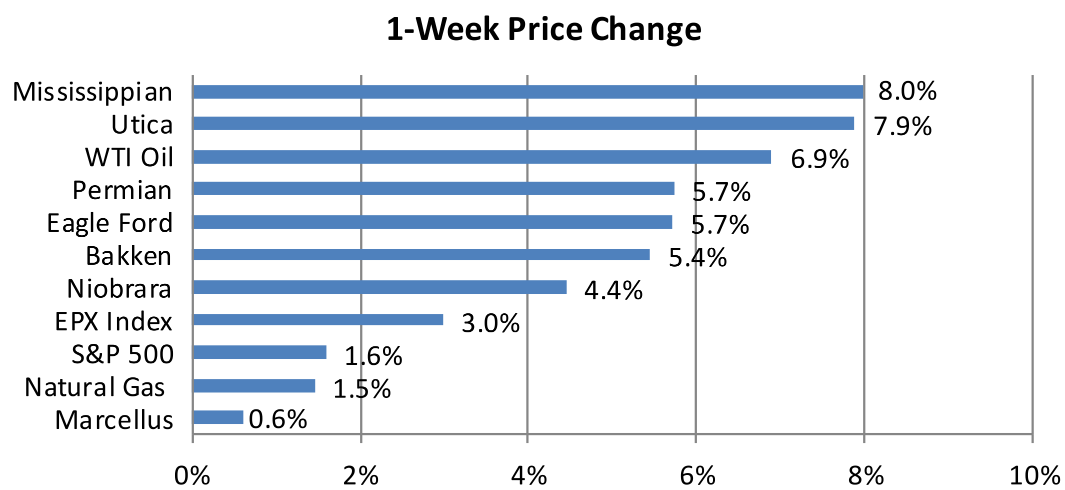
Best performers:

- GST: +13%
- PQ +12%
- PDCE: +10%

Worst performers:

- BRY: -6%
- KWK: -2%
- APA: -2%



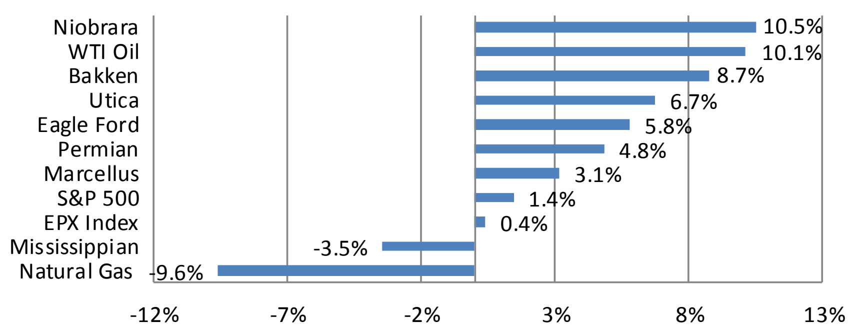

*Source: Bloomberg, U.S. Capital Advisors*

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

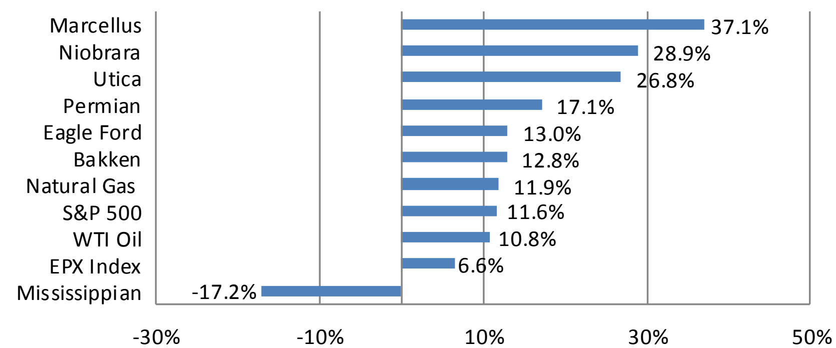
U.S. Capital Advisors

# Equity Performance By Play

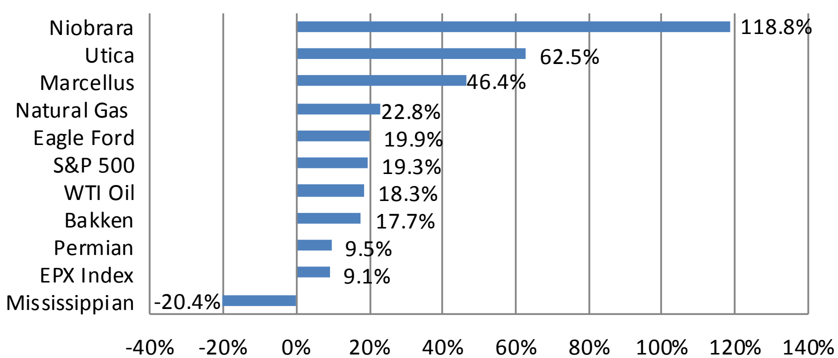
## 1-Month Price Change



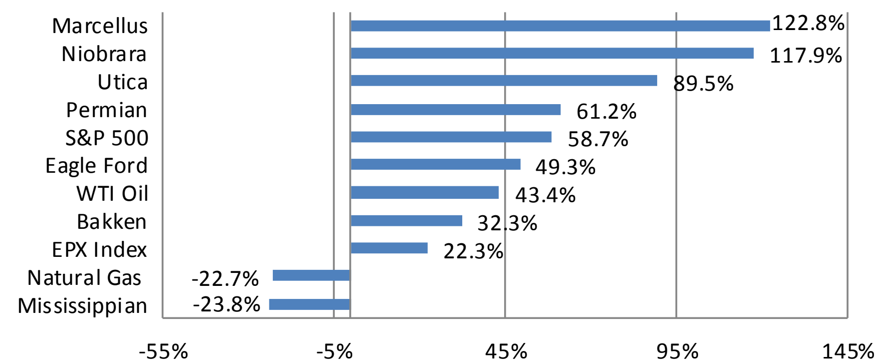

## YTD Price Change




## 1-Year Price Change




## 3-Year Price Change




***__Group compositions:__***

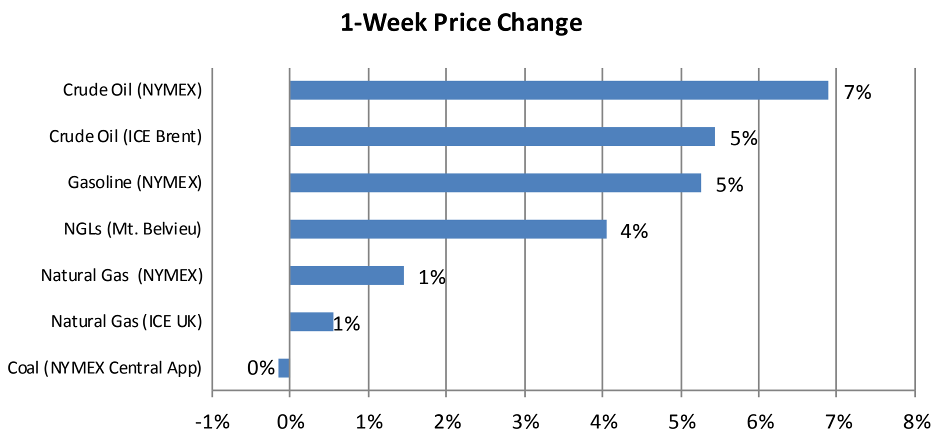
*Bakken: CLR, KOG, NOG, OAS, TPLM, WLL*
*Eagle Ford: CRK, CRZO, EOG, GDP, MRO, PVA, ROSE, SM*
*Marcellus: COG, EQT, RRC*
*Mississippian: PQ, SD*
*Niobrara: BCEI, NBL, PDCE*
*Permian: AREX, CXO, EGN, LPI, PXD, XEC*
*Utica: CHK, GPOR, REXX*

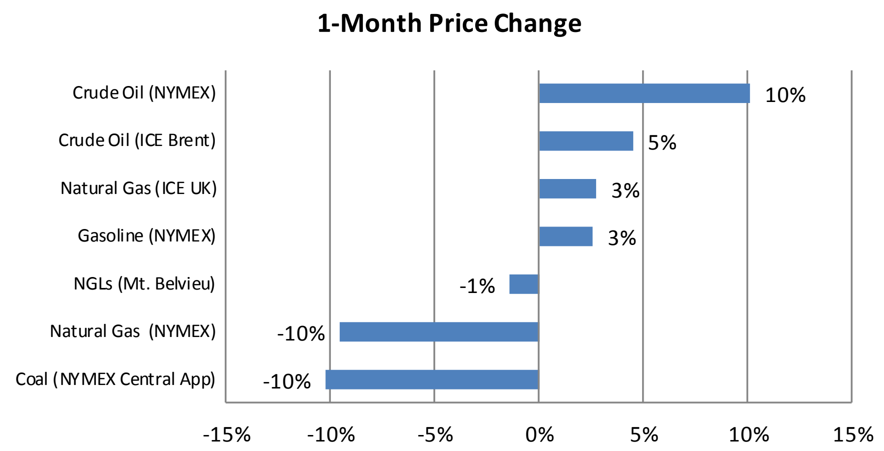
*Note: Calculated as median share price change*

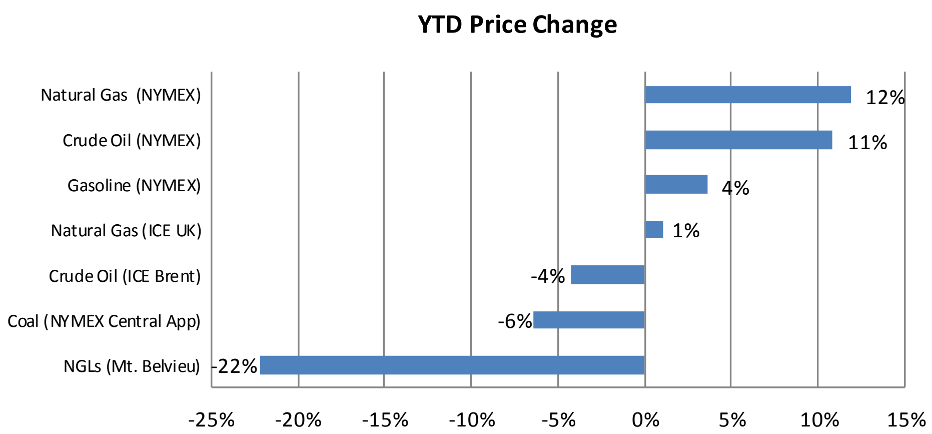
*Source: Bloomberg, U.S. Capital Advisors*

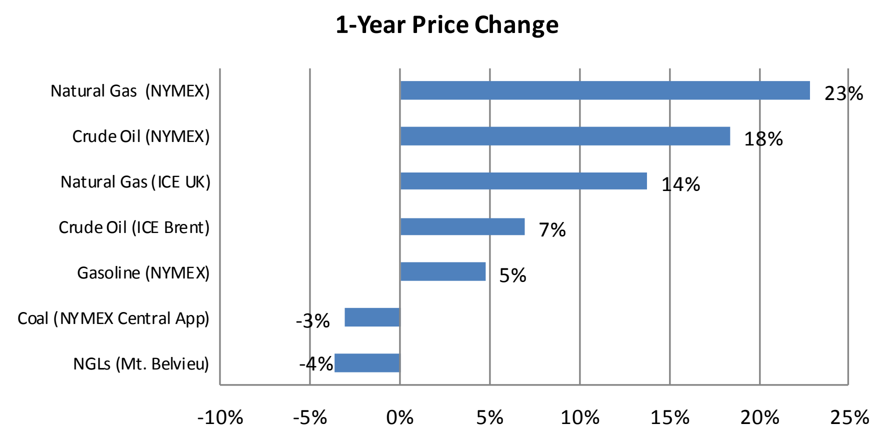
*Past performance does not guarantee future results*

## Commodity Price Changes

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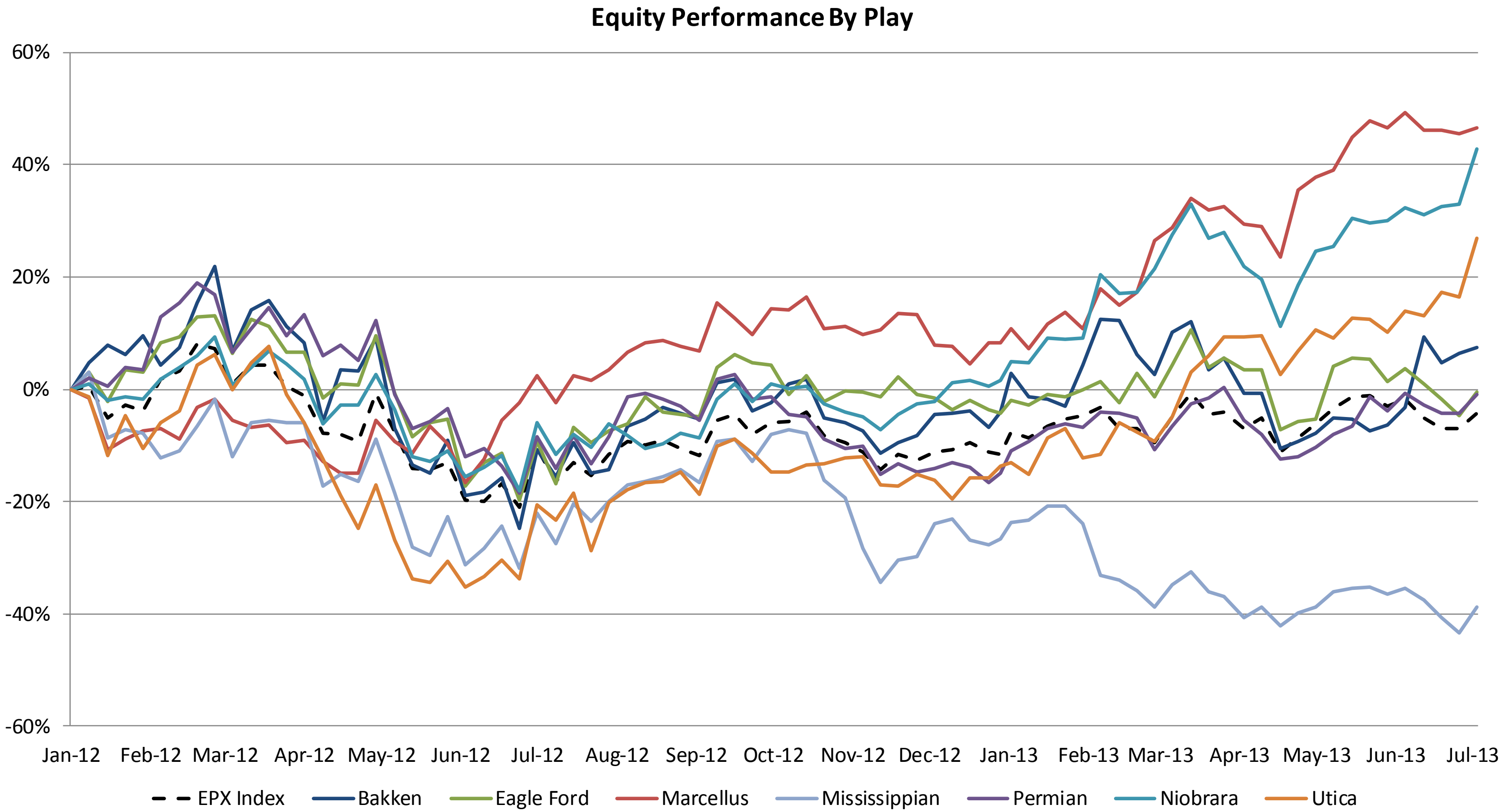
# Equity Performance By Play

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*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*

# 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 | $163.02 | -4% | 23% | 2% | 1% | 5% | 19% | 14% | 13% | -1% |
| Crude Oil, WTI | CL1 | $103.22 | 0% | 23% | 7% | 10% | 11% | 18% | 12% | -7% | 11% |
| Crude Oil, Brent | CO1 | $107.72 | -10% | 11% | 5% | 5% | 1% | 7% | -3% | 3% | 15% |
| Natural Gas | NG1 | $3.62 | -19% | 40% | 1% | -10% | -8% | 23% | 8% | 12% | -36% |
| SIG Oil E&P Index | EPX | $418.55 | -6% | 17% | 3% | 0% | 5% | 9% | 8% | -8% | -10% |
| | Median | | -6% | 23% | 3% | 1% | 5% | 18% | 8% | 3% | -1% |
| **Large Cap** | | | | | | | | | | | |
| Apache | APA | $82.17 | -13% | 21% | -2% | -3% | 10% | -7% | 5% | -13% | -26% |
| Anadarko Petroleum | APC | $88.38 | -4% | na | 3% | 2% | 5% | 32% | 19% | -3% | 0% |
| Cabot Oil & Gas | COG | $71.45 | -4% | 90% | 1% | 2% | 11% | 79% | 44% | 31% | 102% |
| Chesapeake Energy | CHK | $21.04 | -8% | 30% | 3% | -2% | 9% | 7% | 27% | -25% | -15% |
| Continental Resources | CLR | $91.66 | -2% | 50% | 7% | 13% | 14% | 30% | 25% | 10% | 16% |
| Concho Resources | CXO | $87.07 | -15% | 13% | 4% | -1% | -3% | 0% | 8% | -14% | 7% |
| Denbury Resources | DNR | $17.50 | -11% | 31% | 1% | -4% | -2% | 16% | 8% | 7% | -21% |
| Devon Energy | DVN | $54.56 | -15% | 7% | 5% | -4% | 2% | -6% | 5% | -16% | -21% |
| EOG Resources | EOG | $140.40 | 0% | 58% | 7% | 9% | 14% | 53% | 16% | 23% | 7% |
| EQT | EQT | $79.94 | -5% | 53% | 1% | 3% | 22% | 46% | 36% | 8% | 22% |
| Noble Energy | NBL | $62.71 | 0% | 52% | 4% | 11% | 11% | 45% | 23% | 8% | 12% |
| Occidental Petroleum | OXY | $90.83 | -5% | 25% | 2% | -3% | 11% | 5% | 19% | -18% | -3% |
| Pioneer Nat. Resources | PXD | $152.55 | -3% | 86% | 5% | 11% | 29% | 73% | 43% | 19% | 2% |
| QEP Resources | QEP | $29.30 | -13% | 13% | 5% | -1% | -1% | 0% | -3% | 3% | -2% |
| Range Resources | RRC | $77.62 | -7% | 37% | 0% | 6% | 1% | 26% | 24% | 1% | 38% |
| Southwestern Energy | SWN | $37.91 | -6% | 26% | 4% | 1% | 6% | 18% | 13% | 5% | -15% |
| Whiting Petroleum | WLL | $49.15 | -10% | 28% | 7% | 8% | 6% | 14% | 13% | -7% | -20% |
| Cimarex | XEC | $69.43 | -13% | 39% | 7% | -2% | 0% | 26% | 20% | -7% | -30% |
| | Median | | -6% | 31% | 4% | 1% | 7% | 22% | 19% | 2% | -1% |

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# 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 | $21.27 | -21% | 37% | 5% | -3% | 8% | -3% | 20% | -48% | -14% |
| Berry Petroleum | BRY | $39.92 | -19% | 32% | -6% | -10% | -13% | -1% | 19% | -20% | -5% |
| Bonanza Creek | BCEI | $36.95 | na | 146% | 4% | 0% | 3% | 119% | 33% | 122% | na |
| Carrizo Oil & Gas | CRZO | $30.06 | -1% | 54% | 6% | 15% | 23% | 26% | 44% | -21% | -22% |
| Diamondback Energy | FANG | $35.89 | na | na | 8% | 6% | 43% | na | 88% | na | na |
| Energen Corporation | EGN | $55.43 | -2% | 34% | 6% | 3% | 11% | 19% | 23% | -10% | -2% |
| Gulfport Energy | GPOR | $50.80 | -6% | 180% | 8% | 7% | 10% | 151% | 33% | 30% | 45% |
| Kodiak Oil & Gas | KOG | $9.28 | -7% | 28% | 4% | 8% | 12% | 8% | 5% | -7% | 46% |
| Laredo Petroleum | LPI | $20.55 | na | na | 0% | 7% | 19% | -6% | 13% | -19% | na |
| Newfield Exploration | NFX | $24.51 | -31% | 25% | 3% | 5% | 14% | -18% | -8% | -29% | -47% |
| Oasis Petroleum | OAS | $41.48 | -3% | 77% | 7% | 9% | 18% | 64% | 30% | 9% | 79% |
| PDC Energy | PDCE | $56.69 | -1% | 144% | 10% | 15% | 23% | 120% | 71% | -5% | -14% |
| Rosetta Resources | ROSE | $44.78 | -18% | 25% | 5% | -2% | -2% | 14% | -1% | 4% | 14% |
| SandRidge Energy | SD | $4.93 | -37% | 9% | 4% | -1% | 2% | -25% | -22% | -22% | 11% |
| SM Energy | SM | $64.31 | -2% | 63% | 7% | 5% | 14% | 31% | 23% | -29% | 25% |
| Ultra Petroleum | UPL | $19.89 | -19% | 30% | 0% | -10% | 5% | -11% | 10% | -39% | -37% |
| Unit | UNT | $44.41 | -11% | 28% | 4% | -1% | 5% | 16% | -1% | -3% | 1% |
| Exco Resources | XCO | $8.15 | -10% | 37% | 7% | -1% | 22% | 9% | 20% | -35% | -46% |
| | Median | | -10% | 35% | 5% | 4% | 11% | 14% | 20% | -19% | -2% |
| **Small Cap** | | | | | | | | | | | |
| Abraxas Petroleum | AXAS | $2.08 | -38% | 34% | -1% | -10% | -2% | -37% | -5% | -34% | -24% |
| Approach Resources | AREX | $26.89 | -23% | 21% | 9% | 7% | 12% | -2% | 8% | -15% | 26% |
| Callon Petroleum | CPE | $3.64 | -44% | 14% | 8% | 1% | 6% | -18% | -23% | -5% | -16% |
| Comstock Resources | CRK | $15.64 | -26% | 22% | -1% | -5% | 7% | -7% | 3% | -1% | -36% |
| Clayton Williams | CWEI | $45.39 | -26% | 29% | 4% | 10% | 13% | -9% | 13% | -47% | -6% |
| Forest Oil | FST | $4.24 | -55% | 12% | 4% | 1% | -11% | -40% | -37% | -51% | -49% |
| Goodrich Petroleum | GDP | $12.84 | -21% | 65% | 0% | 6% | -13% | -9% | 38% | -32% | -24% |
| Gastar Exploration | GST | $3.03 | -7% | 333% | 13% | 38% | 48% | 51% | 150% | -62% | -27% |
| Magnum Hunter | MHR | $3.95 | -25% | 67% | 8% | 4% | -1% | -6% | -1% | -26% | -25% |
| Northern Oil & Gas | NOG | $13.88 | -30% | 16% | 4% | 5% | 3% | -17% | -17% | -30% | -9% |
| PetroQuest | PQ | $4.45 | -37% | 25% | 12% | -6% | 11% | -16% | -10% | -25% | -6% |
| Penn Virginia | PVA | $5.04 | -35% | 42% | 7% | 10% | 37% | -31% | 14% | -17% | -70% |
| Quicksilver Resources | KWK | $1.65 | -72% | 8% | -2% | -20% | -31% | -71% | -42% | -57% | -55% |
| Resolute Energy | REN | $8.12 | -30% | 10% | 2% | 1% | -21% | -14% | 0% | -25% | -27% |
| Rex Energy | REXX | $19.14 | 0% | 70% | 9% | 13% | 20% | 62% | 47% | -12% | 12% |
| Swift Energy | SFY | $12.55 | -47% | 10% | 5% | -14% | -8% | -34% | -18% | -48% | -26% |
| Stone Energy | SGY | $23.16 | -17% | 34% | 5% | 3% | 17% | -11% | 13% | -22% | 20% |
| Triangle Petroleum | TPLM | $7.23 | -9% | 49% | 3% | 26% | 17% | 22% | 21% | 0% | -10% |
| W&T Offshore | WTI | $15.12 | -26% | 42% | 6% | 4% | 17% | -5% | -6% | -24% | 18% |
| | Median | | -28% | 27% | 5% | 4% | 7% | -12% | 2% | -25% | -24% |

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

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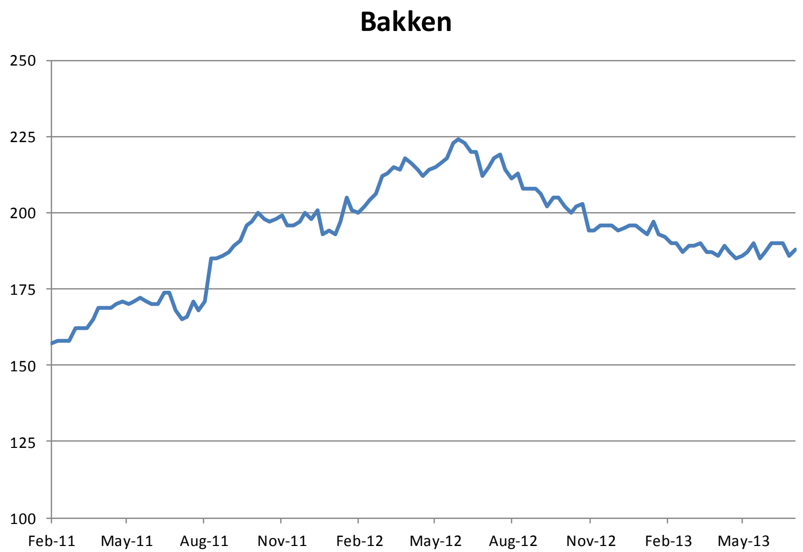
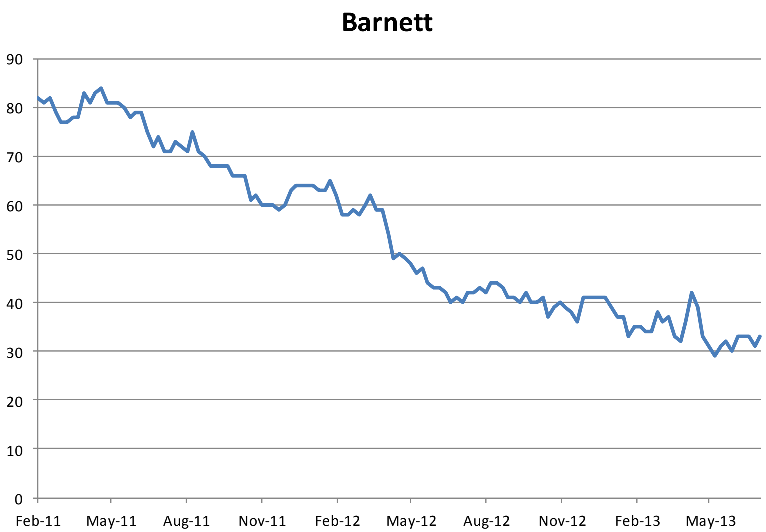
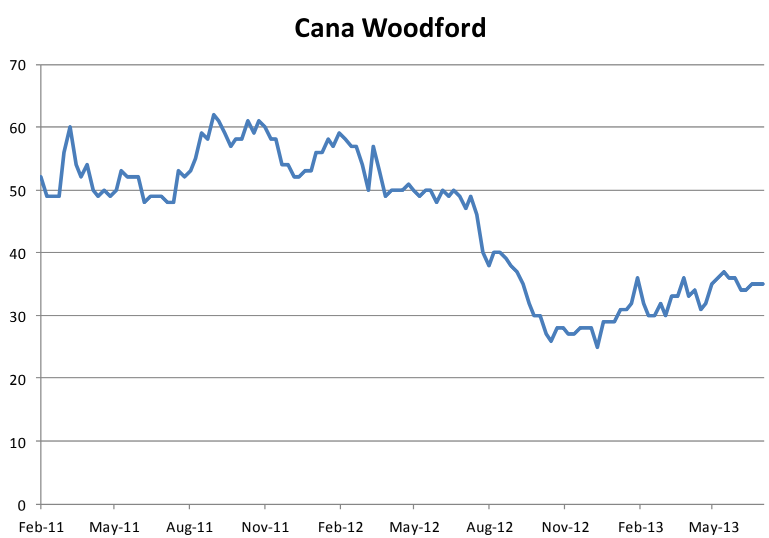
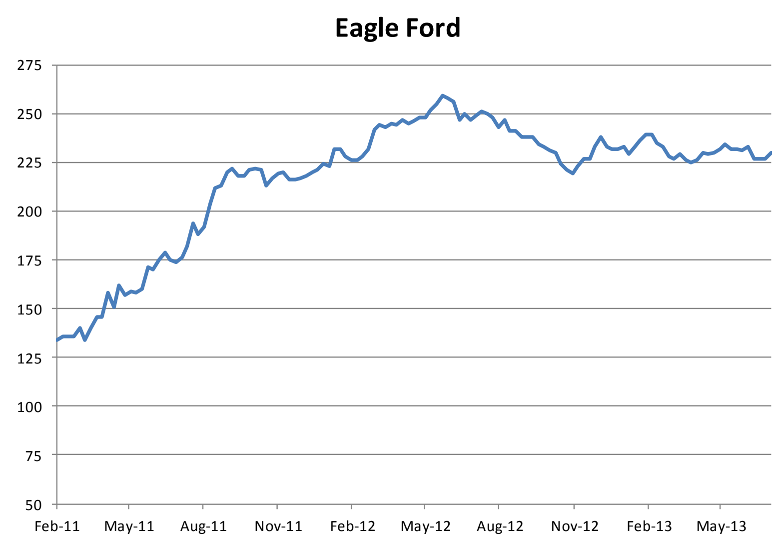
## Rig Counts



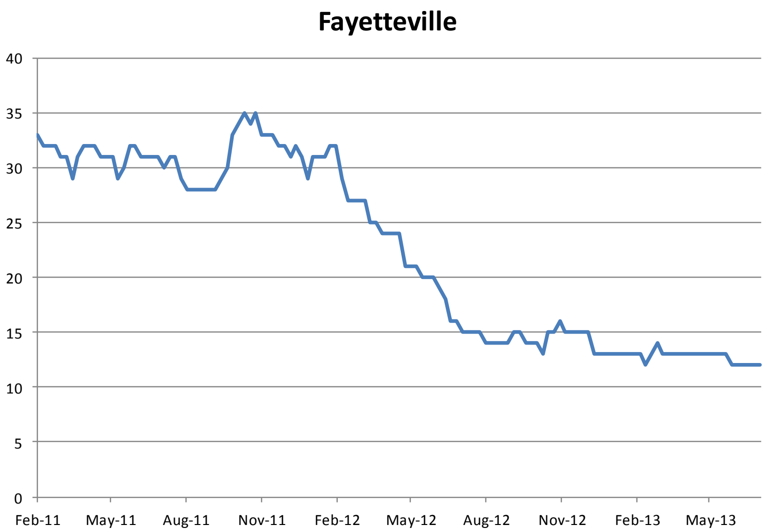



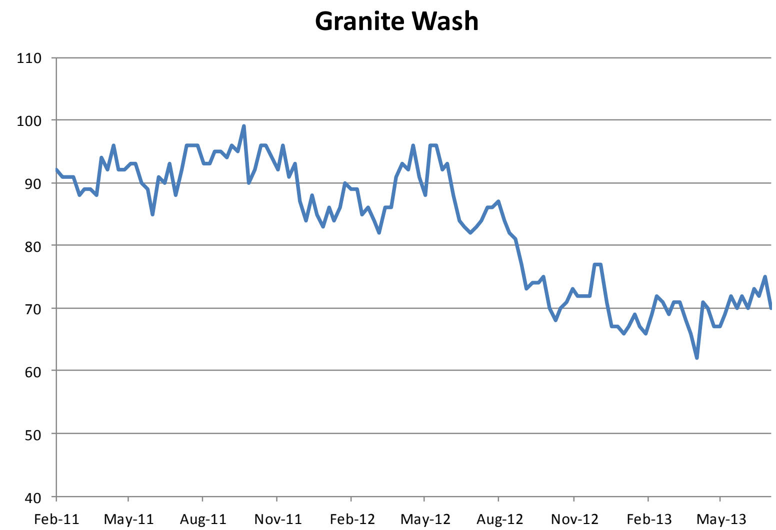



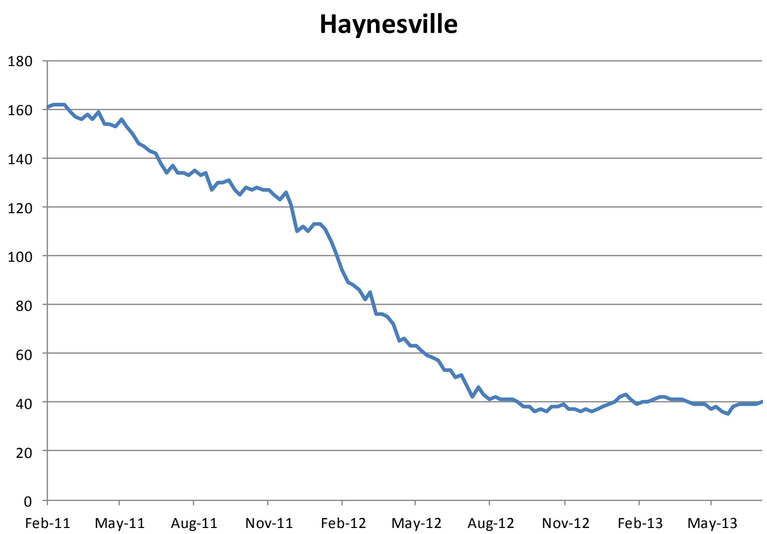



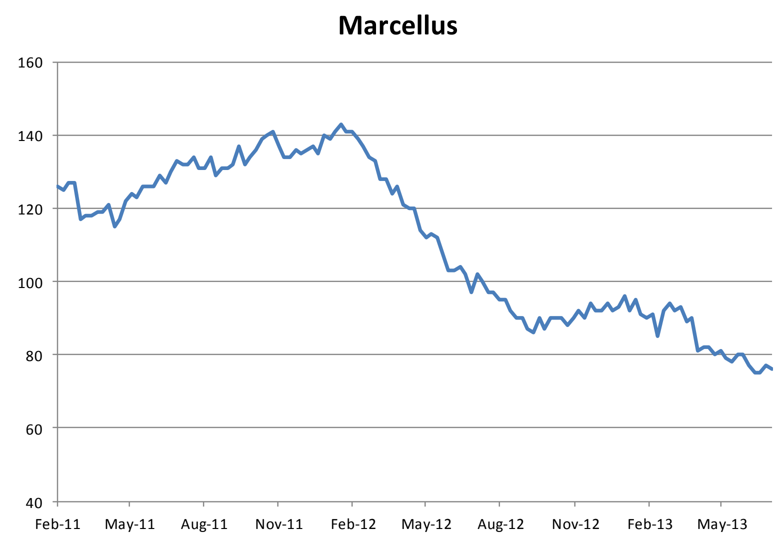

*Source: Baker Hughes*

## Rig Counts

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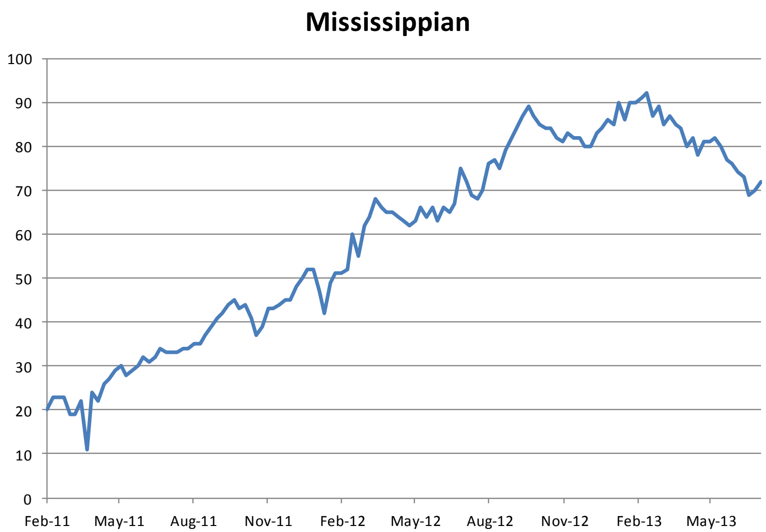


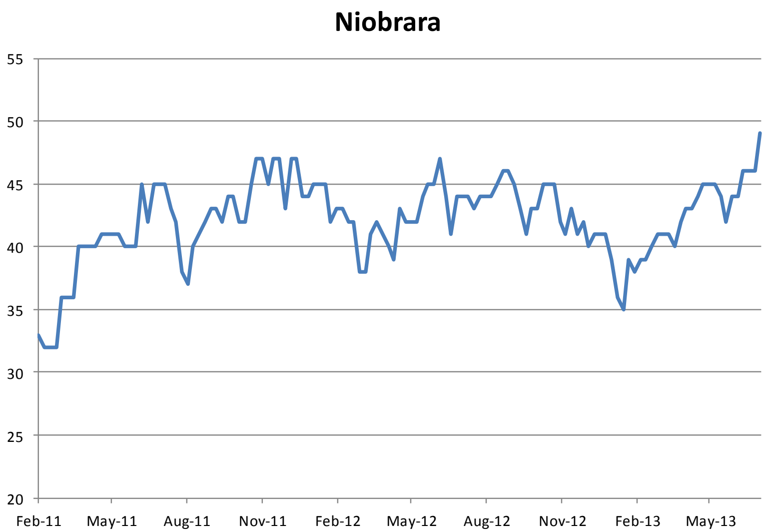


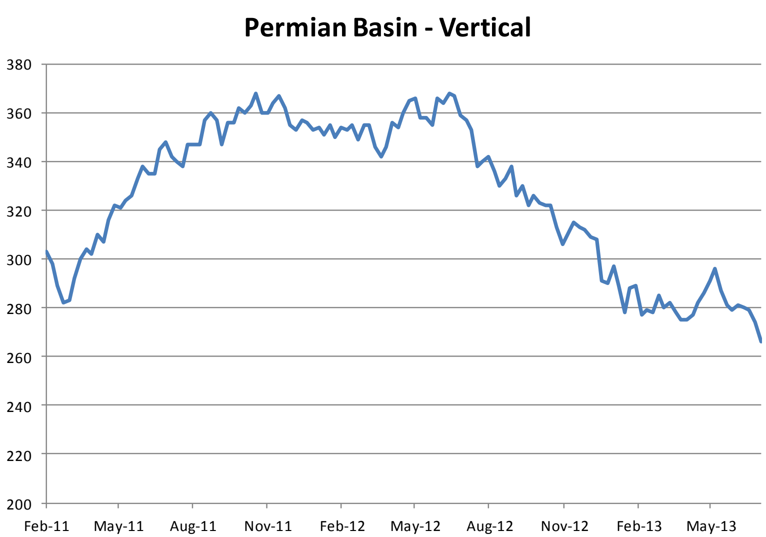


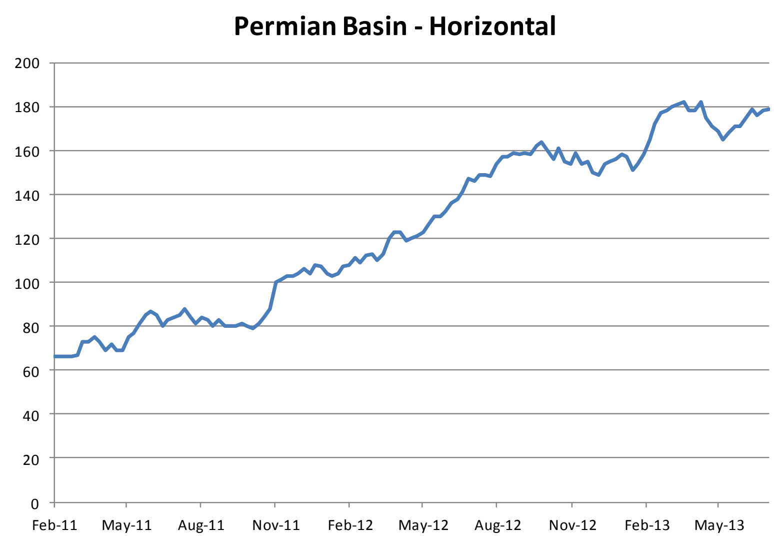


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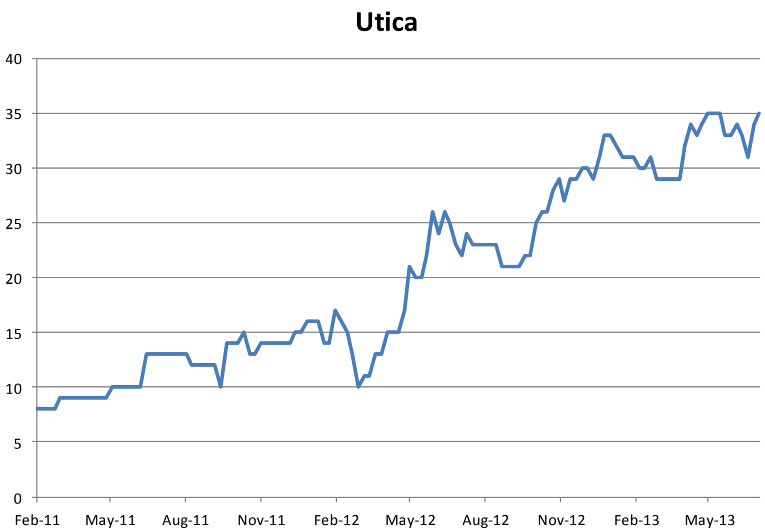
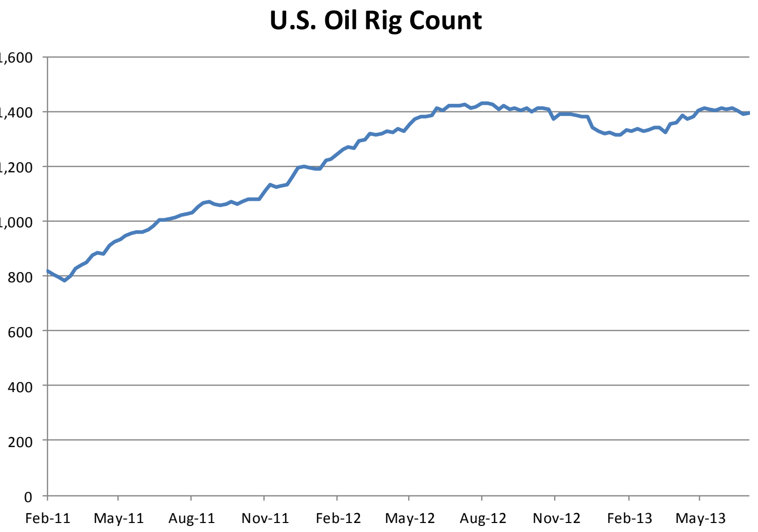
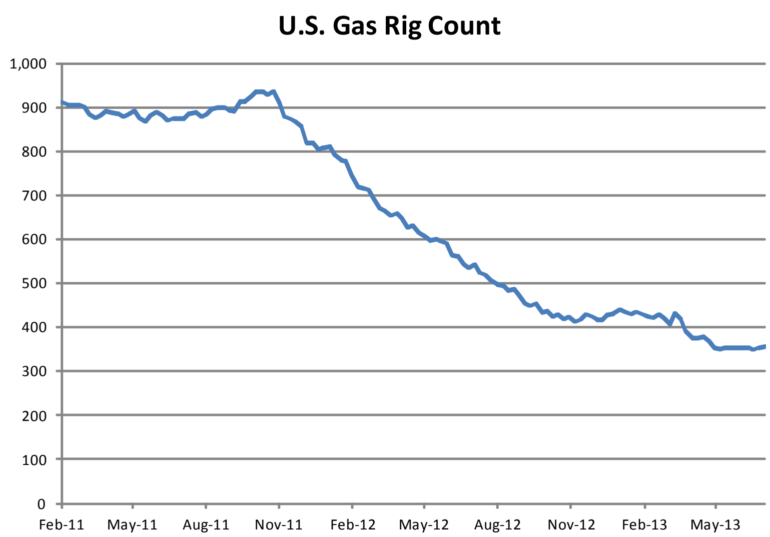
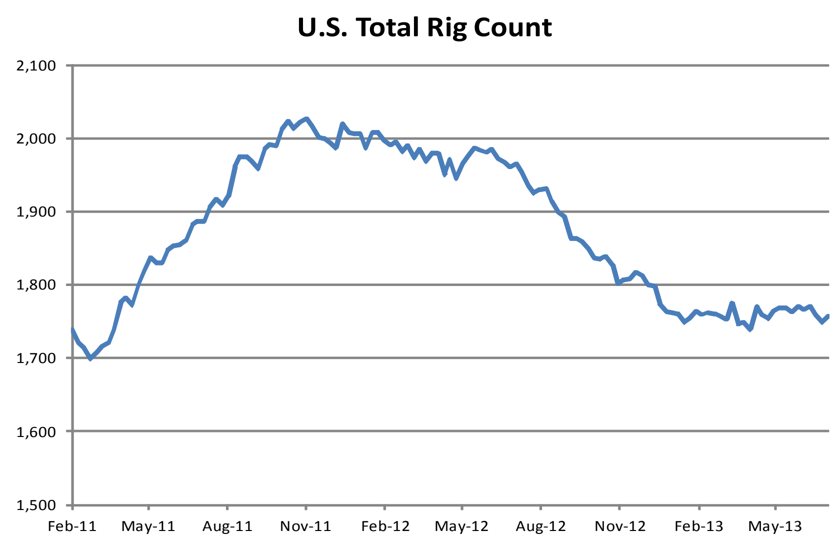


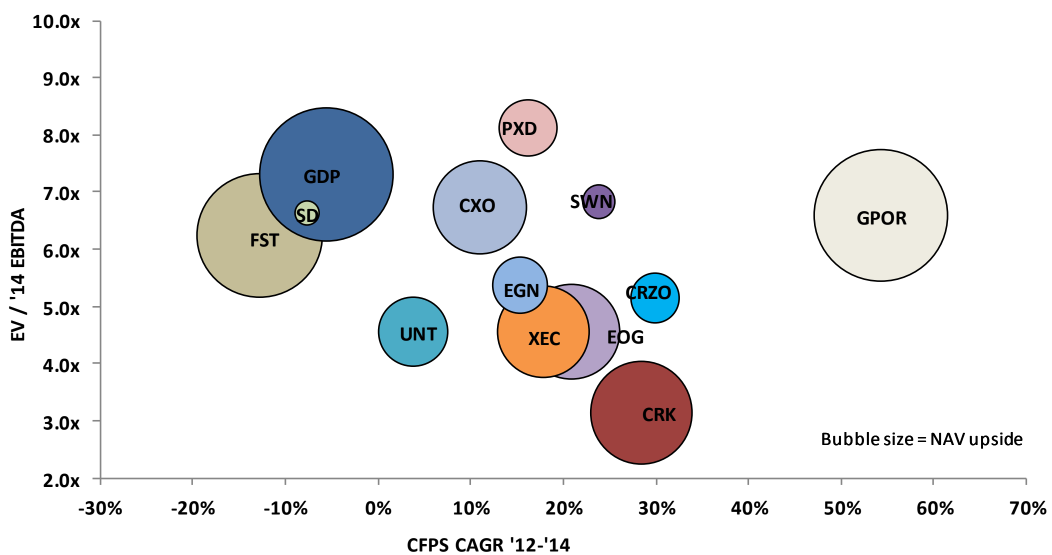




*Source: Baker Hughes*

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 | $15.64 | Buy | $20 | 28% | 4.0x | 3.1x | 2.8x | 1.9x | $2.00 | $7,019 | 28% |
| Carrizo Oil & Gas | CRZO | $30.06 | Overweight | $32 | 6% | 5.7x | 5.1x | 3.8x | 3.1x | $3.33 | $13,742 | 30% |
| Concho Resources | CXO | $87.07 | Overweight | $107 | 23% | 7.8x | 6.7x | 6.7x | 5.8x | $4.66 | $22,728 | 11% |
| Energen Corp | EGN | $55.43 | Overweight | $60 | 8% | 6.1x | 5.4x | 4.5x | 3.9x | $2.91 | $14,123 | 15% |
| EOG Resources | EOG | $140.40 | Buy | $175 | 25% | 5.3x | 4.6x | 5.1x | 4.5x | $3.48 | $14,486 | 21% |
| Forest Oil | FST | $4.24 | Hold | $6 | 42% | 6.5x | 6.3x | 2.3x | 1.9x | $1.67 | $10,094 | -13% |
| Goodrich Petroleum | GDP | $12.84 | Buy | $19 | 48% | 8.5x | 7.3x | 5.9x | 4.2x | $3.85 | $16,714 | -6% |
| Gulfport Energy | GPOR | $50.80 | Buy | $75 | 48% | 12.7x | 6.6x | 12.5x | 6.5x | nm | $38,040 | 54% |
| Pioneer Natural Resources | PXD | $152.55 | Buy | $166 | 9% | 9.1x | 8.1x | 9.0x | 7.9x | $3.66 | $21,501 | 16% |
| SandRidge Energy | SD | $4.93 | Hold | $5 | 1% | 5.7x | 6.6x | 3.6x | 3.8x | $1.76 | $10,248 | -8% |
| Southwestern Energy | SWN | $37.91 | Hold | $39 | 3% | 7.7x | 6.8x | 7.3x | 6.4x | $3.72 | $8,616 | 24% |
| Unit Corporation | UNT | $44.41 | Hold | $50 | 13% | 4.9x | 4.6x | 3.7x | 3.3x | $3.24 | $11,479 | 4% |
| Cimarex Energy | XEC | $69.43 | Buy | $85 | 22% | 5.1x | 4.6x | 4.5x | 3.9x | $3.46 | $10,259 | 18% |
| **Average** | | | | | **22%** | **6.9x** | **5.8x** | **5.5x** | **4.4x** | **$3.40** | **$13,742** | **16%** |

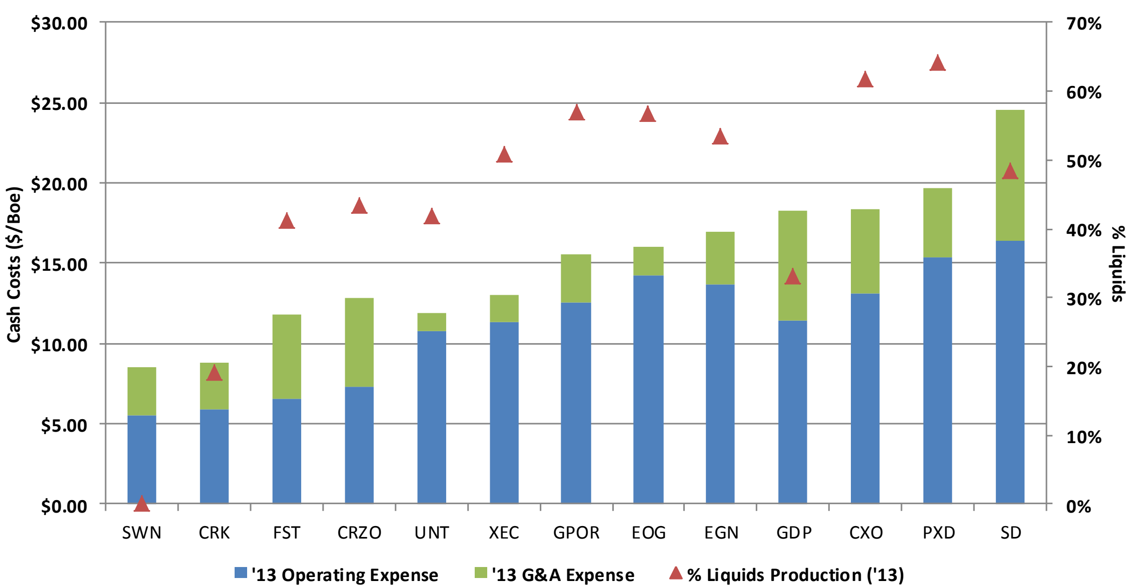





*Source: Bloomberg, U.S. Capital Advisors*

# Expense Structure (USCA Coverage)

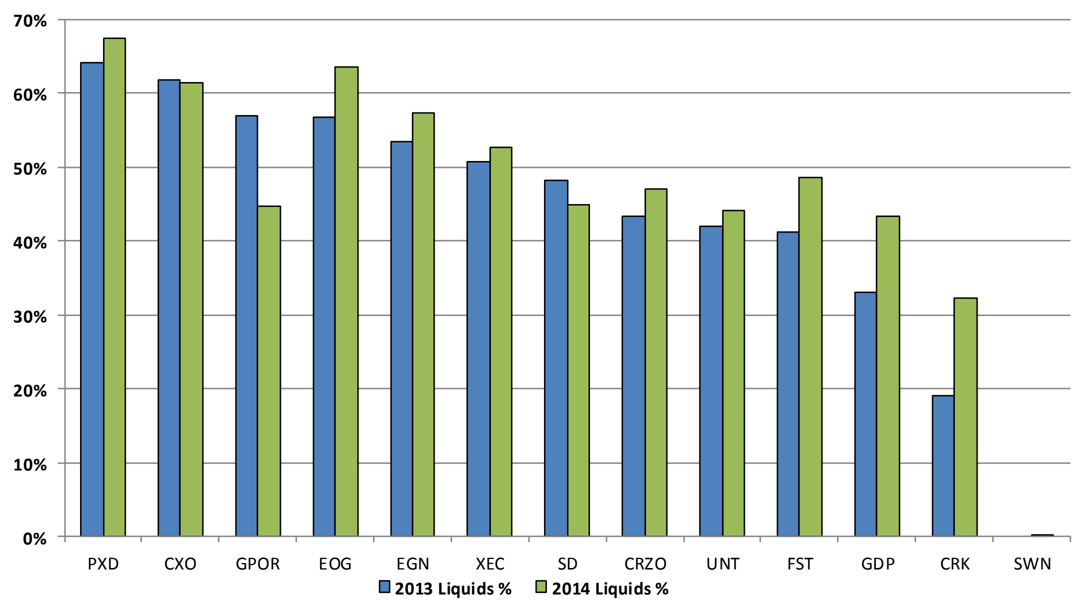
| Company | Ticker | OPEX ($/Boe) | | | G&A ($/Boe) | | | Aggregate OPEX/G&A | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2012A | 2013E | 2014E | 2012A | 2013E | 2014E | 2012A | 2013E | 2014E |
| Comstock Resources | CRK | $5.48 | $5.93 | $5.24 | $2.10 | $2.89 | $2.64 | $7.58 | $8.83 | $7.88 |
| 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 | 13.14 | 12.60 | 4.44 | 5.24 | 4.76 | 16.82 | 18.38 | 17.35 |
| Energen Corporation | EGN | 12.73 | 13.68 | 13.44 | 2.75 | 3.24 | 3.71 | 15.48 | 16.92 | 17.15 |
| EOG Resources | EOG | 12.28 | 14.23 | 15.49 | 1.94 | 1.82 | 1.87 | 14.22 | 16.05 | 17.36 |
| Forest Oil Corp. | FST | 7.30 | 6.57 | 5.47 | 4.51 | 5.20 | 4.03 | 11.81 | 11.77 | 9.49 |
| Goodrich Petroleum | GDP | 9.16 | 11.39 | 11.42 | 5.52 | 6.86 | 6.89 | 14.68 | 18.25 | 18.31 |
| Gulfport Energy | GPOR | 20.88 | 12.56 | 11.26 | 5.37 | 3.01 | 1.86 | 26.24 | 15.57 | 13.12 |
| Pioneer Natural Resources | PXD | 14.80 | 15.39 | 16.10 | 4.41 | 4.25 | 4.18 | 19.21 | 19.63 | 20.28 |
| 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 | 5.52 | 5.67 | 3.40 | 3.00 | 2.82 | 8.93 | 8.52 | 8.50 |
| Unit Corporation | UNT | 10.56 | 10.80 | 9.86 | 1.16 | 1.14 | 1.02 | 11.72 | 11.94 | 10.89 |
| Cimarex Energy | XEC | 10.95 | 11.33 | 12.42 | 2.00 | 1.70 | 1.77 | 12.95 | 13.02 | 14.19 |
| **Median** | | **$10.95** | **$11.39** | **$11.42** | **$4.41** | **$3.24** | **$3.71** | **$14.22** | **$15.57** | **$14.19** |




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 | 203 | 204 | 0% | -23% | 1% | 14% | 19% | 32% |
| Carrizo Oil & Gas | CRZO | 156 | 167 | 180 | 26% | 7% | 8% | 33% | 43% | 47% |
| Concho Resources | CXO | 488 | 551 | 611 | 26% | 13% | 11% | 60% | 62% | 62% |
| Energen Corporation | EGN | 395 | 429 | 456 | 17% | 9% | 6% | 47% | 53% | 57% |
| EOG Resources | EOG | 2,799 | 2,960 | 3,041 | 10% | 6% | 3% | 46% | 57% | 64% |
| Forest Oil Corp. | FST | 330 | 226 | 217 | -13% | -32% | -4% | 33% | 41% | 49% |
| Goodrich Petroleum | GDP | 86 | 77 | 75 | -22% | -11% | -2% | 21% | 33% | 43% |
| Gulfport Energy | GPOR | 42 | 112 | 259 | 10% | 164% | 132% | 93% | 57% | 45% |
| Pioneer Natural Resources | PXD | 923 | 1,083 | 1,205 | 24% | 17% | 11% | 60% | 64% | 67% |
| SandRidge Energy | SD | 550 | 561 | 571 | 43% | 2% | 2% | 54% | 48% | 45% |
| Southwestern Energy | SWN | 1,544 | 1,733 | 1,826 | 13% | 12% | 5% | 0% | 0% | 0% |
| Unit Corporation | UNT | 235 | 271 | 291 | 18% | 15% | 7% | 43% | 42% | 44% |
| Cimarex Energy | XEC | 628 | 690 | 737 | 6% | 10% | 7% | 48% | 51% | 53% |
| **Total/Median** | **Total** | **8,438** | **9,063** | **9,676** | **13%** | **13%** | **7%** | **46%** | **48%** | **47%** |

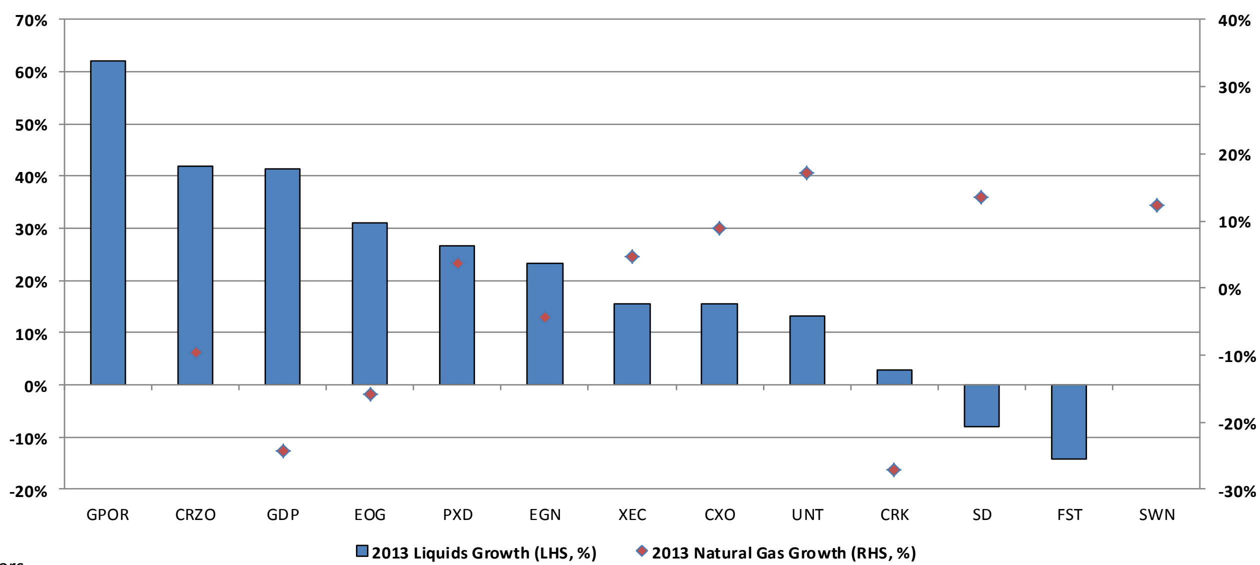



*Source: Bloomberg, U.S. Capital Advisors*

U.S. Capital Advisors

# Production Growth (USCA Coverage)

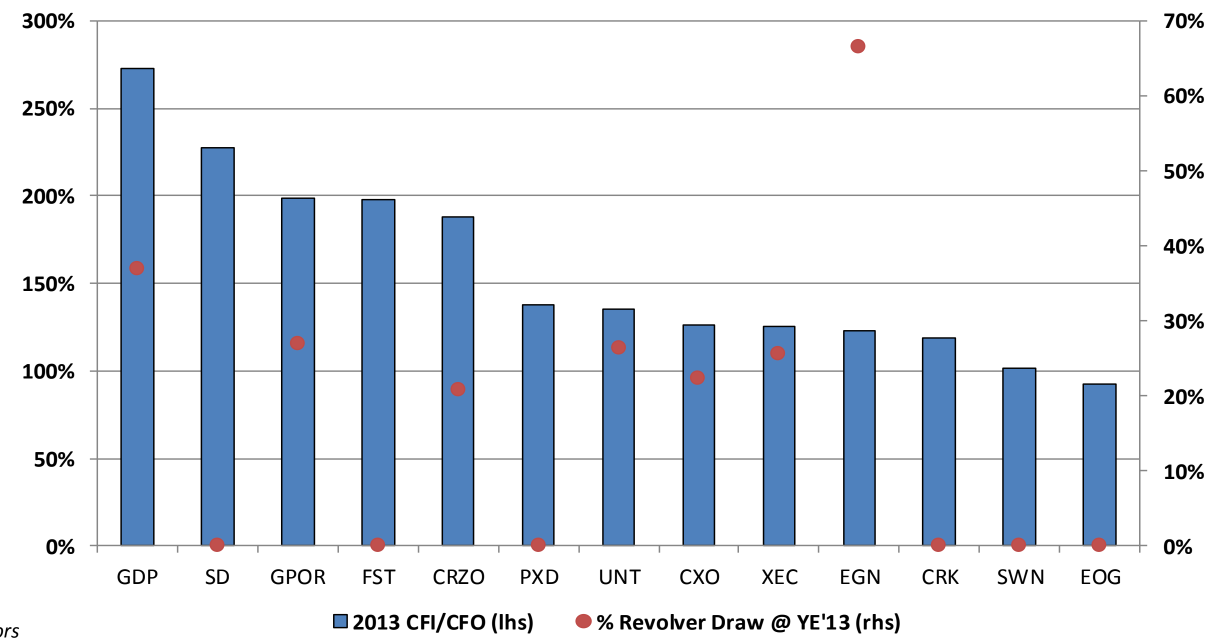
| Company | Ticker | Nat. Gas Production (Mmcfd) | | | Growth (%) | | | Liquids Production (Mbopd) | | | Growth (%) | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2012A | 2013E | 2014E | 2012A | 2013E | 2014E | 2012A | 2013E | 2014E | 2012A | 2013E | 2014E |
| Comstock Resources | CRK | 225 | 164 | 138 | -9% | -27% | -16% | 6 | 6 | 11 | 175% | 3% | 69% |
| Carrizo Oil & Gas | CRZO | 105 | 95 | 95 | -5% | -10% | 1% | 9 | 12 | 14 | 288% | 42% | 17% |
| Concho Resources | CXO | 193 | 210 | 235 | 31% | 9% | 12% | 49 | 57 | 63 | 23% | 15% | 10% |
| Energen Corporation | EGN | 209 | 199 | 194 | 6% | -4% | -3% | 31 | 38 | 44 | 33% | 23% | 14% |
| EOG Resources | EOG | 1,516 | 1,277 | 1,110 | -5% | -16% | -13% | 214 | 280 | 322 | 37% | 31% | 15% |
| Forest Oil Corp. | FST | 221 | 133 | 112 | -21% | -40% | -16% | 18 | 16 | 18 | 8% | -14% | 13% |
| Goodrich Petroleum | GDP | 68 | 51 | 43 | -31% | -24% | -17% | 3 | 4 | 5 | 70% | 41% | 29% |
| Gulfport Energy | GPOR | 3 | 48 | 143 | 26% | 1488% | 197% | 7 | 11 | 19 | 9% | 62% | 82% |
| Pioneer Natural Resources | PXD | 374 | 387 | 393 | 2% | 4% | 2% | 92 | 116 | 135 | 44% | 27% | 17% |
| SandRidge Energy | SD | 256 | 290 | 314 | 35% | 14% | 8% | 49 | 45 | 43 | 52% | -8% | -5% |
| Southwestern Energy | SWN | 1,543 | 1,731 | 1,825 | 13% | 12% | 5% | 0.2 | 0.3 | 0.2 | nm | nm | nm |
| Unit Corporation | UNT | 135 | 158 | 163 | 12% | 17% | 3% | 17 | 19 | 21 | 28% | 13% | 13% |
| Cimarex Energy | XEC | 325 | 340 | 349 | -1% | 5% | 3% | 51 | 58 | 65 | 15% | 15% | 11% |
| **Total/Median** | **Total** | **5,172** | **5,084** | **5,115** | **2%** | **-2%** | **1%** | **544** | **663** | **760** | **36%** | **22%** | **15%** |




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

## Leverage/Liquidity (USCA Coverage)

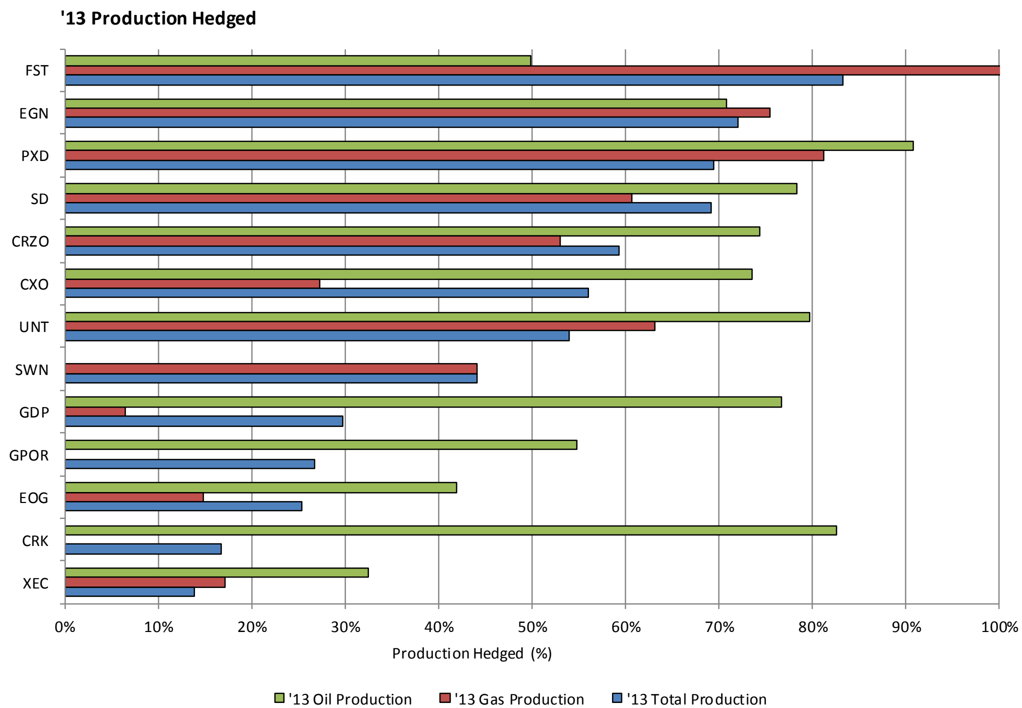
| Company | Ticker | Net Debt to Total Book Cap | | | Net Debt/EBITDA | | | Capex/CFO | | | Revolver Drawn @ YE | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2012A | 2013E | 2014E | 2012A | 2013E | 2014E | 2012A | 2013E | 2014E | 2012A | 2013E | 2014E |
| Comstock Resources | CRK | 58% | 38% | 44% | 4.1x | 1.9x | 1.6x | 224% | 119% | 117% | 74% | 0% | 0% |
| Carrizo Oil & Gas | CRZO | 59% | 61% | 60% | 3.0x | 2.6x | 2.6x | 293% | 188% | 136% | 0% | 21% | 50% |
| Concho Resources | CXO | 47% | 47% | 44% | 2.1x | 2.1x | 1.8x | 220% | 126% | 101% | 12% | 22% | 23% |
| Energen Corporation | EGN | 40% | 42% | 41% | 2.1x | 2.1x | 1.9x | 161% | 123% | 107% | 47% | 67% | 74% |
| EOG Resources | EOG | 28% | 22% | 16% | 0.8x | 0.6x | 0.4x | 129% | 93% | 86% | 0% | 0% | 0% |
| Forest Oil | FST | 102% | 106% | 102% | 4.2x | 5.0x | 5.0x | 194% | 198% | 175% | 7% | 0% | 6% |
| Goodrich Petroleum | GDP | 77% | 88% | 96% | 3.1x | 3.9x | 3.6x | 145% | 273% | 179% | 33% | 37% | 75% |
| Gulfport Energy | GPOR | 12% | 20% | 30% | 0.7x | 0.9x | 0.8x | 380% | 198% | 134% | 0% | 27% | 429% |
| Pioneer Natural Resources | PXD | 36% | 22% | 24% | 1.9x | 0.9x | 1.0x | 150% | 137% | 115% | 26% | 0% | 0% |
| SandRidge Energy | SD | 49% | 39% | 51% | 3.7x | 2.5x | 3.5x | 274% | 227% | 211% | 0% | 0% | 17% |
| Southwestern Energy | SWN | 34% | 30% | 26% | 1.2x | 0.9x | 0.8x | 127% | 101% | 101% | 0% | 0% | 0% |
| Unit Corporation | UNT | 27% | 30% | 32% | 1.1x | 1.5x | 1.6x | 110% | 135% | 129% | 4% | 26% | 47% |
| Cimarex Energy | XEC | 16% | 22% | 22% | 0.7x | 0.8x | 0.8x | 135% | 125% | 107% | 0% | 26% | 48% |
| **Median/Average** | | **40%** | **38%** | **41%** | **2.1x** | **1.9x** | **1.6x** | **161%** | **135%** | **117%** | **4%** | **21%** | **23%** |




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

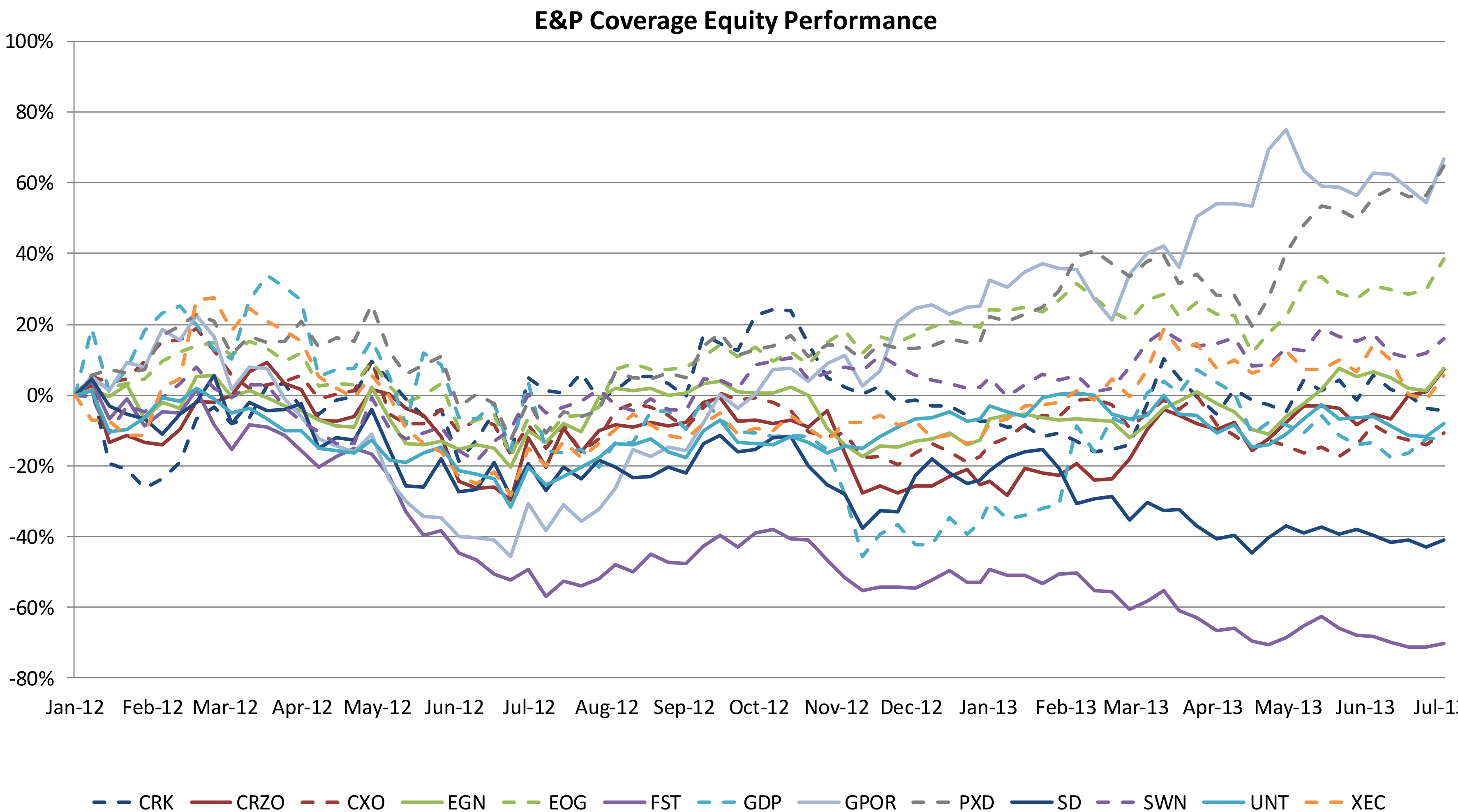
# Hedges (USCA Coverage)

| 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 | 83% | - | - | - | - | - | $120.00 | - | $2.15 | $3.94 |
| Carrizo Oil & Gas | CRZO | 25% | $93.57 | 49% | $87.32 | $105.67 | 53% | $4.63 | - | - | - |
| Concho Resources | CXO | 74% | $95.25 | - | - | - | - | - | - | - | - |
| Energen Corporation | EGN | 81% | $90.99 | - | - | - | 74% | $4.65 | - | - | - |
| EOG Resources | EOG | 42% | $98.85 | - | - | - | 15% | $4.73 | - | - | - |
| Forest Oil Corp. | FST | 50% | $95.53 | - | - | - | 129% | $3.98 | - | - | - |
| Goodrich Petroleum | GDP | 77% | $94.50 | - | - | - | 6% | $4.18 | - | - | - |
| Gulfport Energy | GPOR | 55% | $100.55 | - | - | - | - | - | - | - | - |
| Pioneer Natural Resources | PXD | 4% | $81.02 | 87% | $92.26 | $119.89 | 43% | $6.23 | 38% | $4.98 | $6.25 |
| SandRidge Energy | SD | 78% | $99.21 | - | - | - | 54% | $4.10 | 7% | $3.78 | $6.71 |
| Southwestern Energy | SWN | - | - | - | - | - | 44% | $4.76 | - | - | - |
| Unit Corporation | UNT | 80% | $97.94 | - | - | - | 63% | $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*

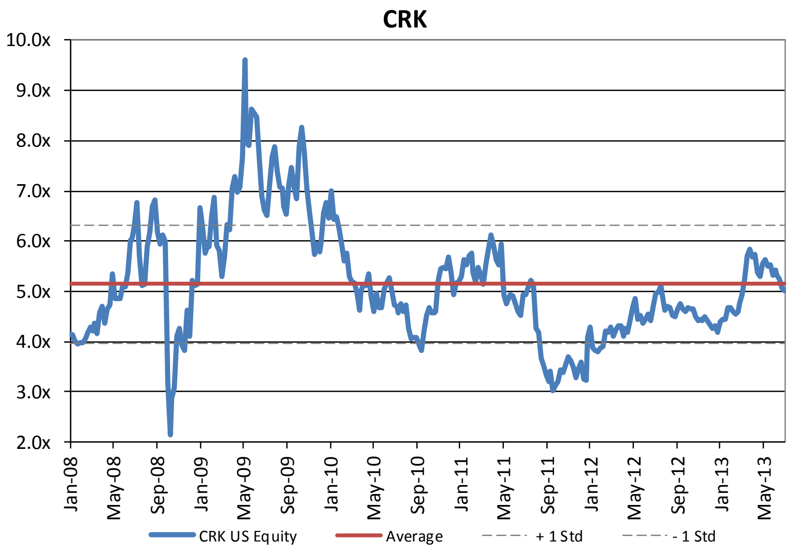
## Price Performance (USCA Coverage)

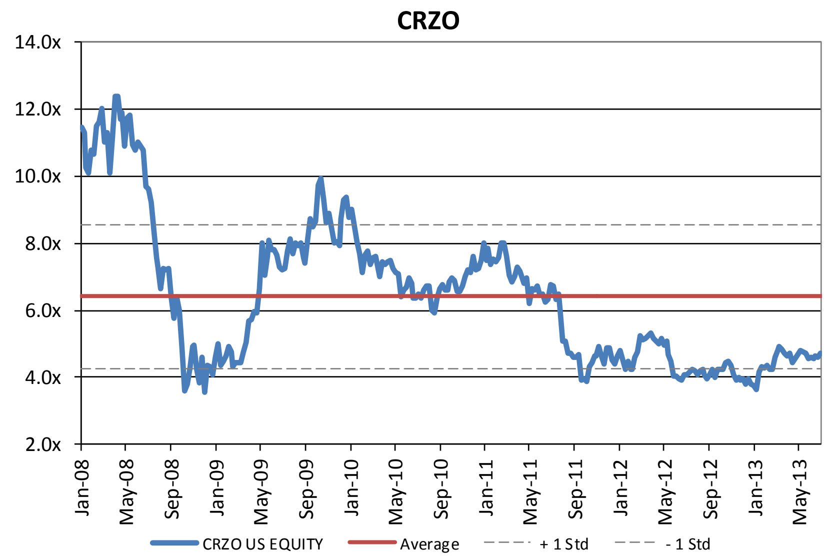


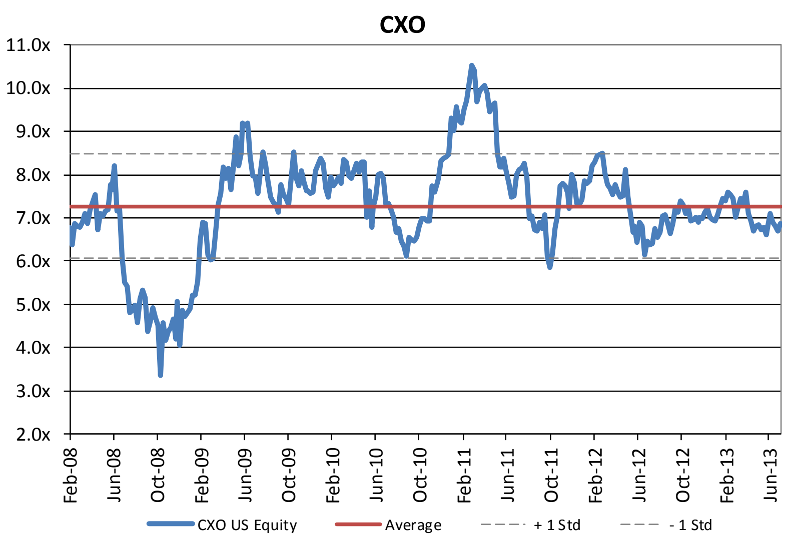

*Source: Bloomberg, U.S. Capital Advisors*

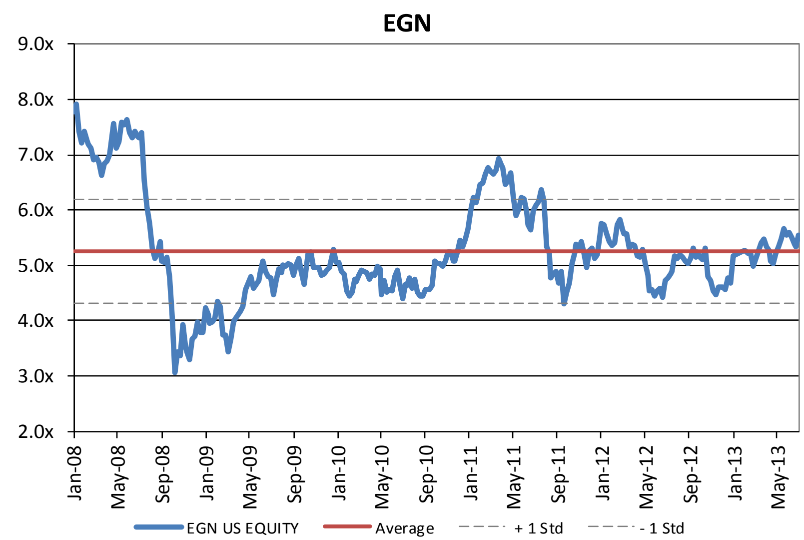
U.S. Capital Advisors

# Historic EV/Forward EBITDA



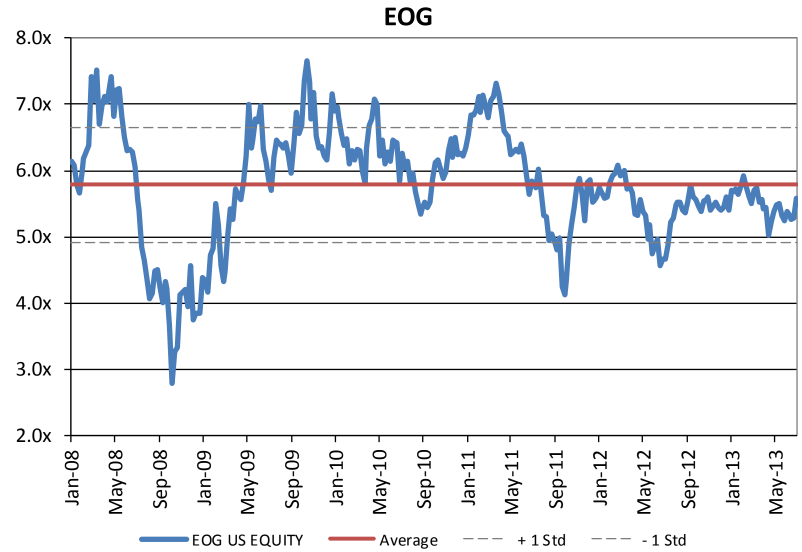



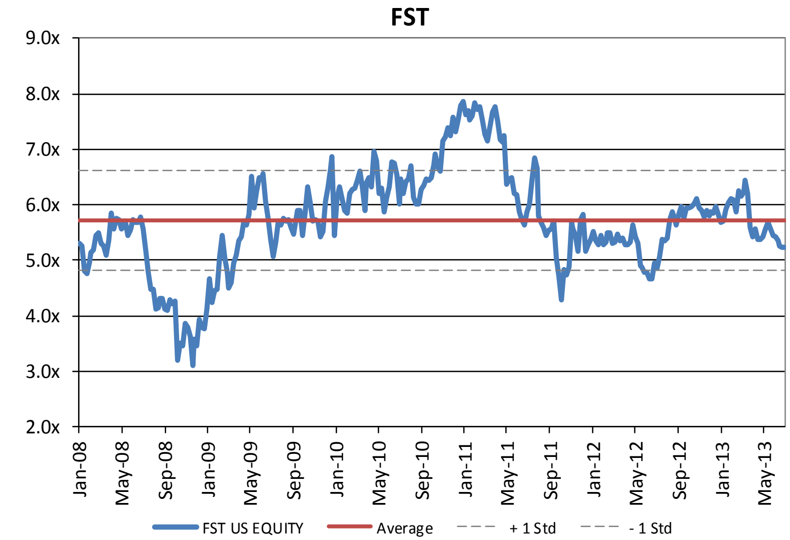


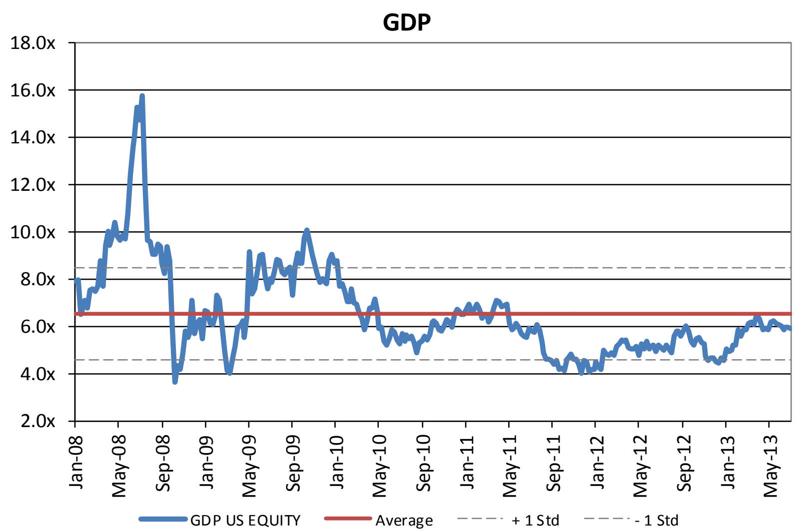

*Source: Bloomberg, U.S. Capital Advisors*

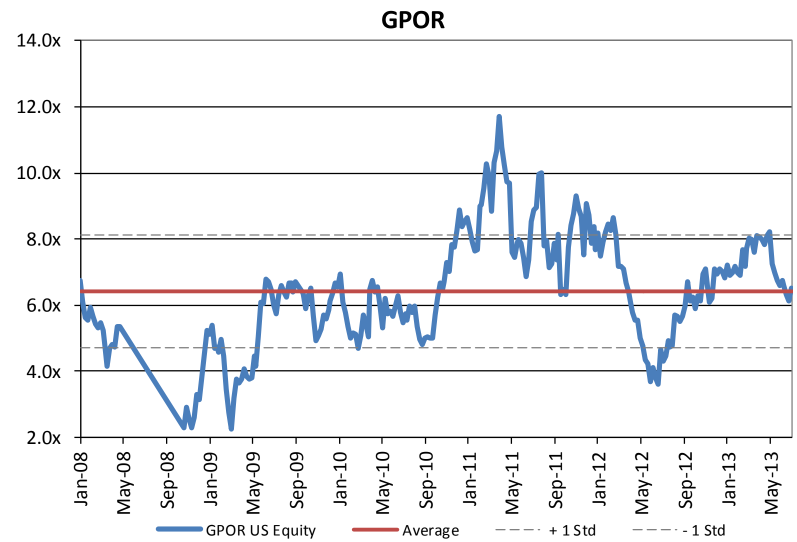
U.S. Capital Advisors

# Historic EV/Forward EBITDA



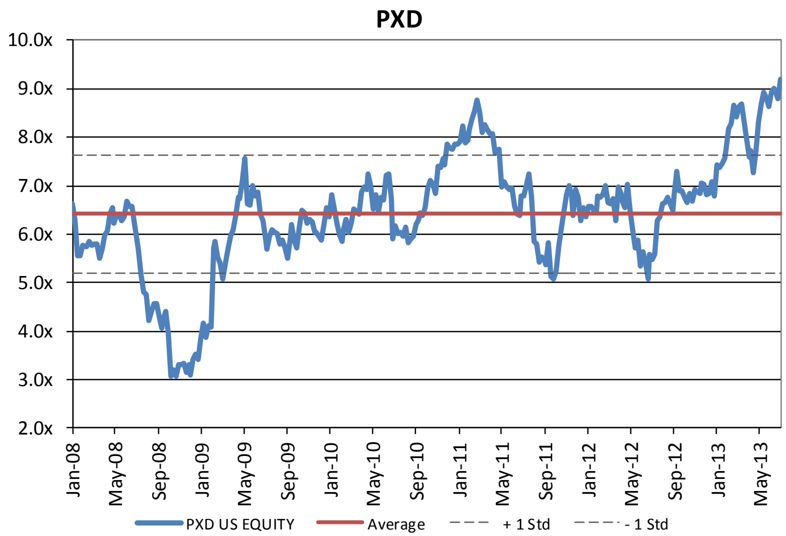



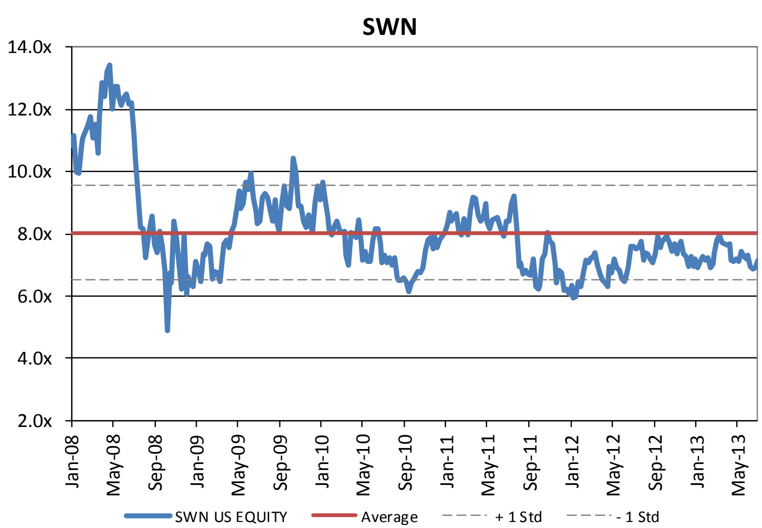

*Source: Bloomberg, U.S. Capital Advisors*

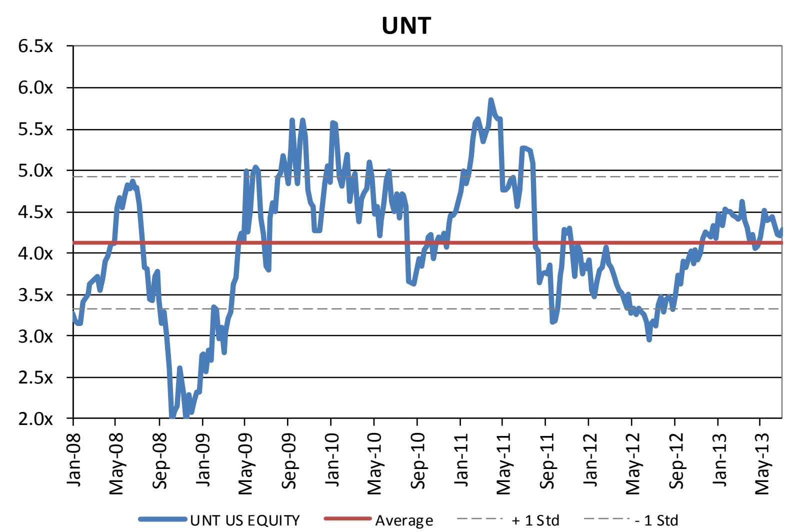
U.S. Capital Advisors

# Historic EV/Forward EBITDA



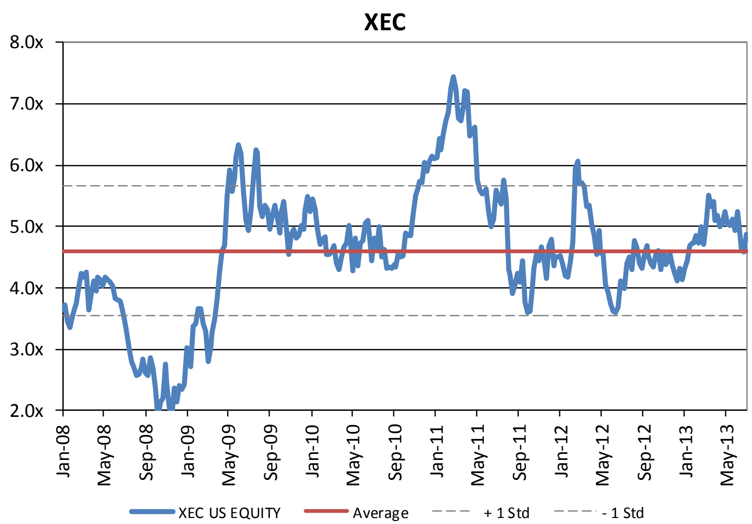


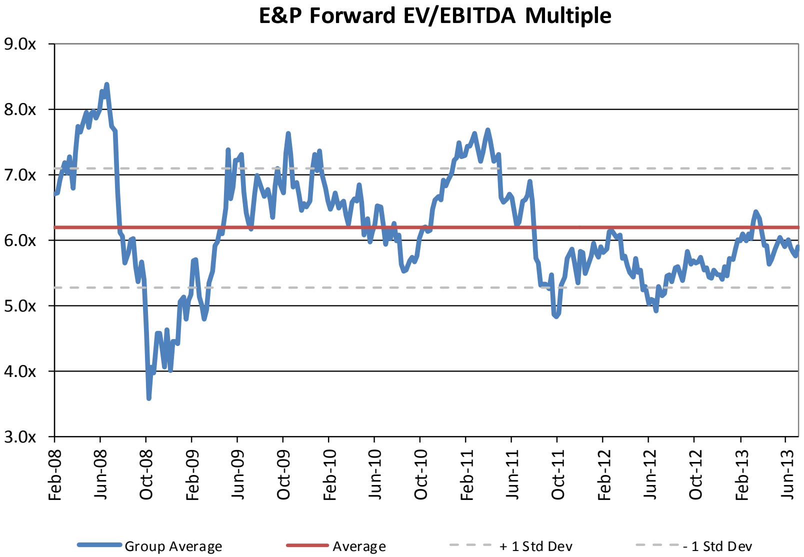



*Source: Bloomberg, U.S. Capital Advisors*

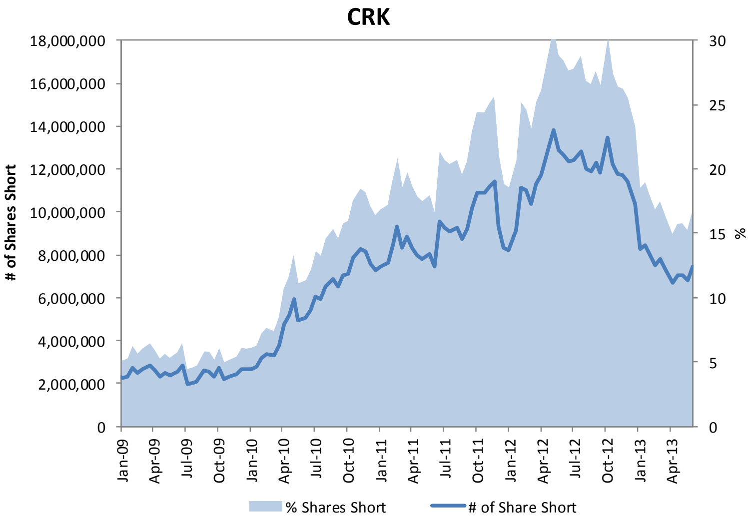
# Historic EV/Forward EBITDA

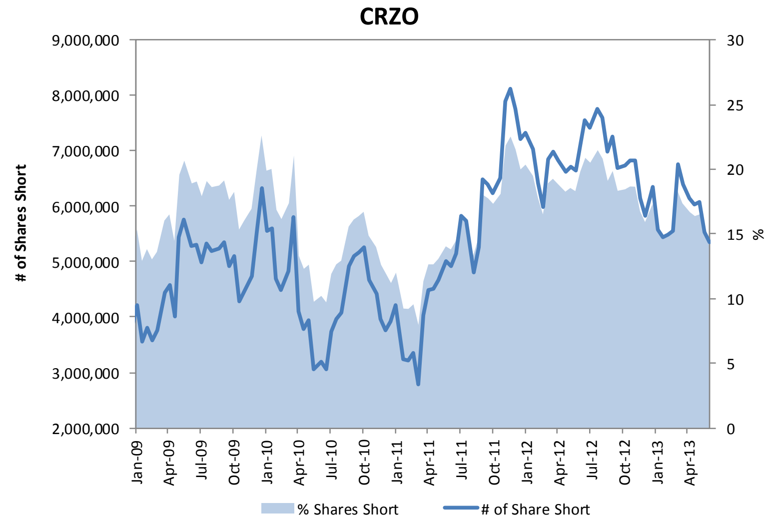


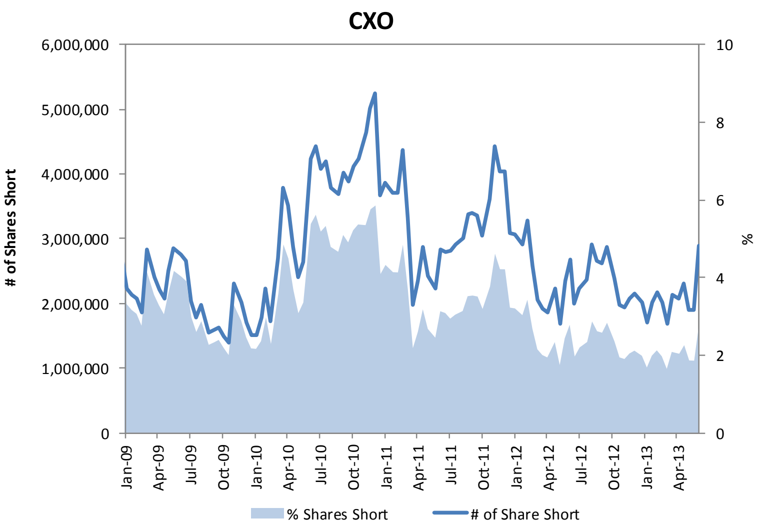



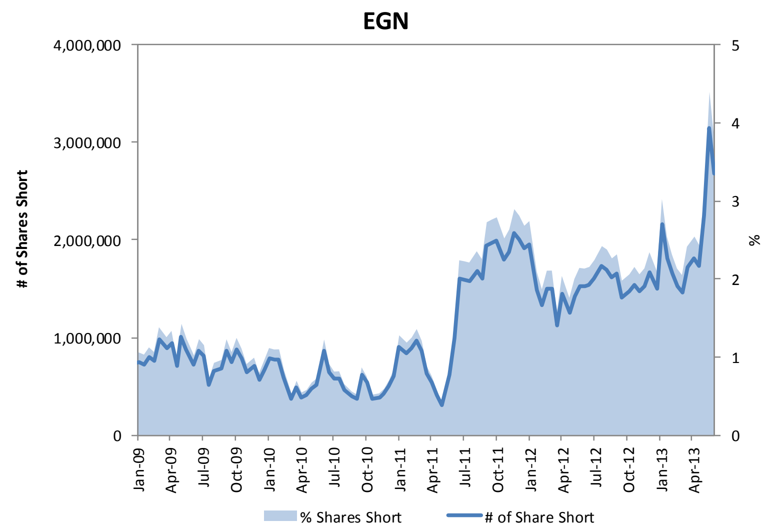

*Source: Bloomberg, U.S. Capital Advisors*

# Historic Short Interest



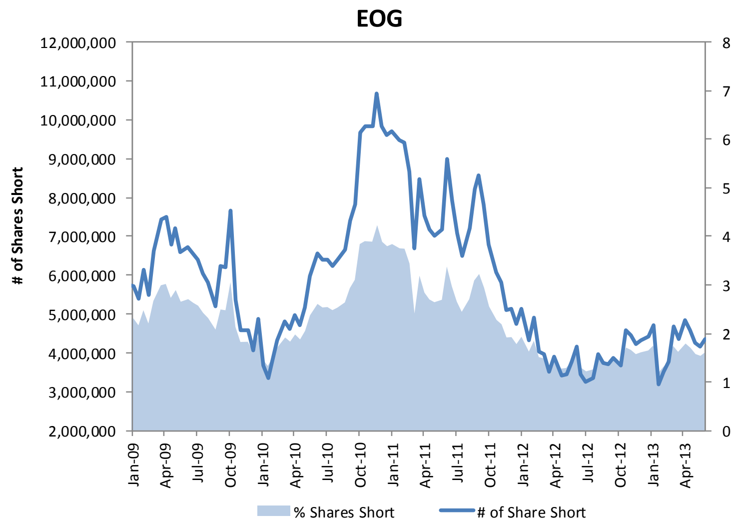



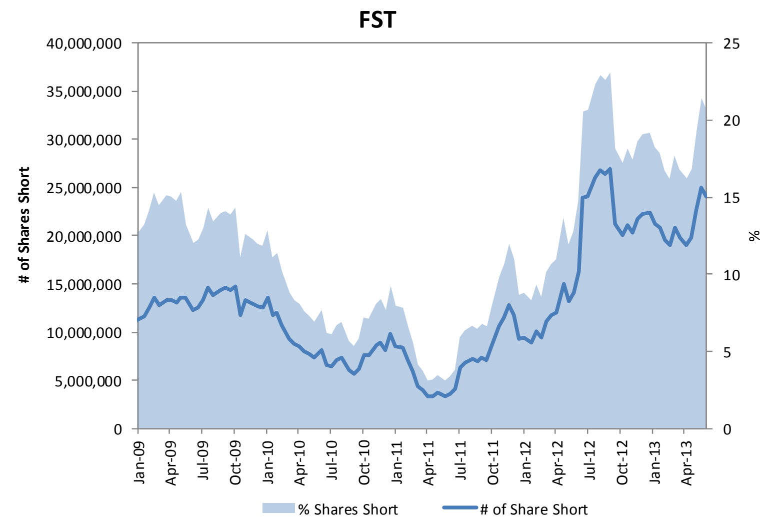



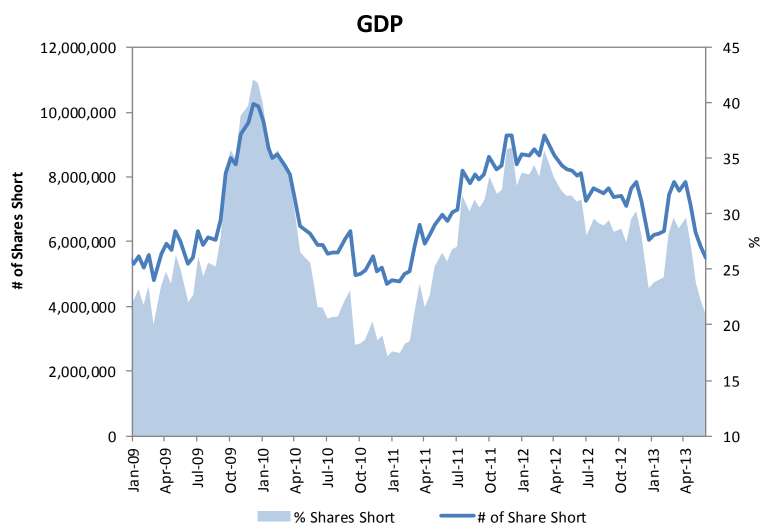



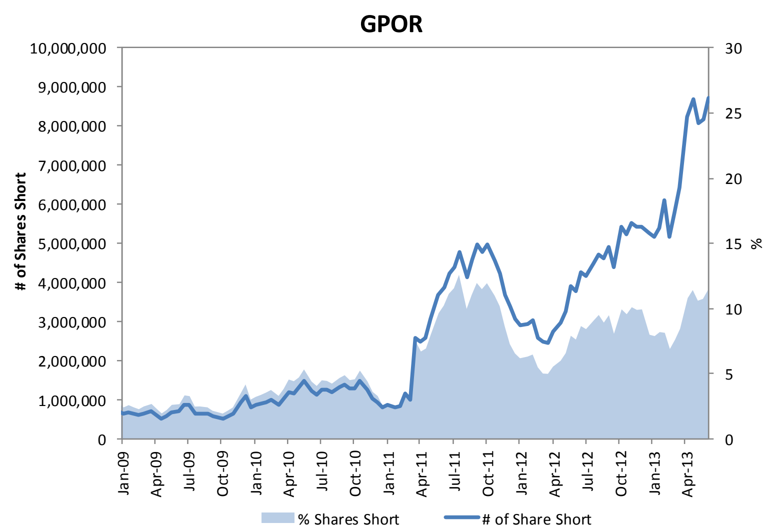

*Source: Bloomberg, U.S. Capital Advisors*

## Historic Short Interest



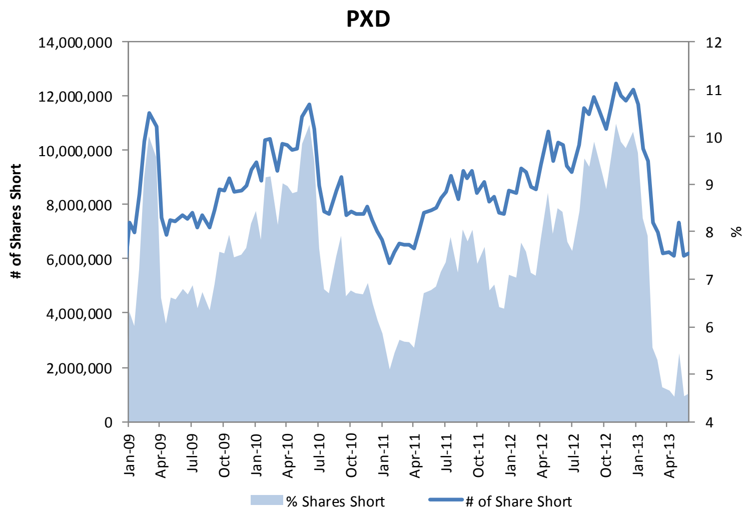



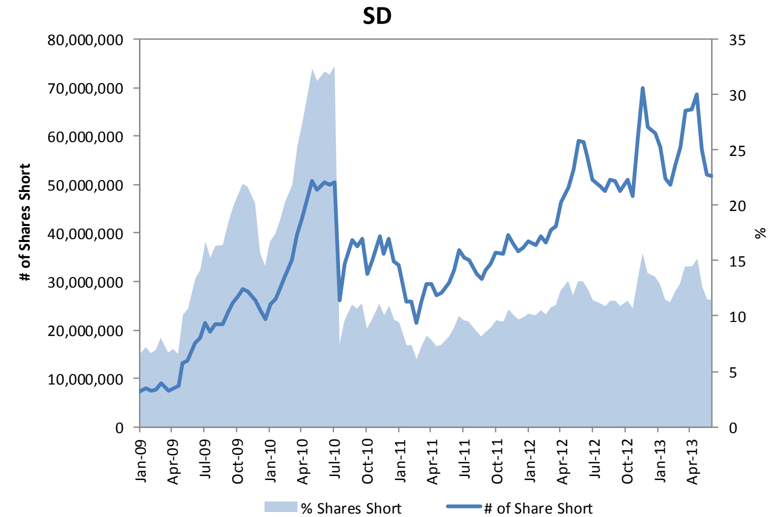



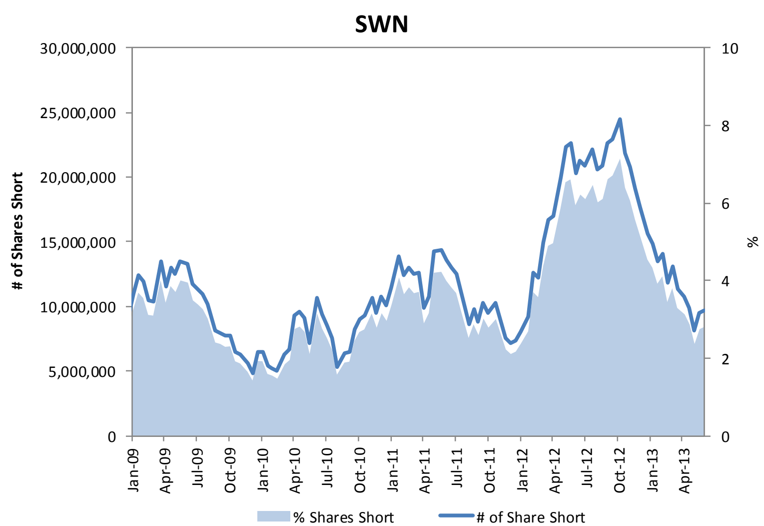



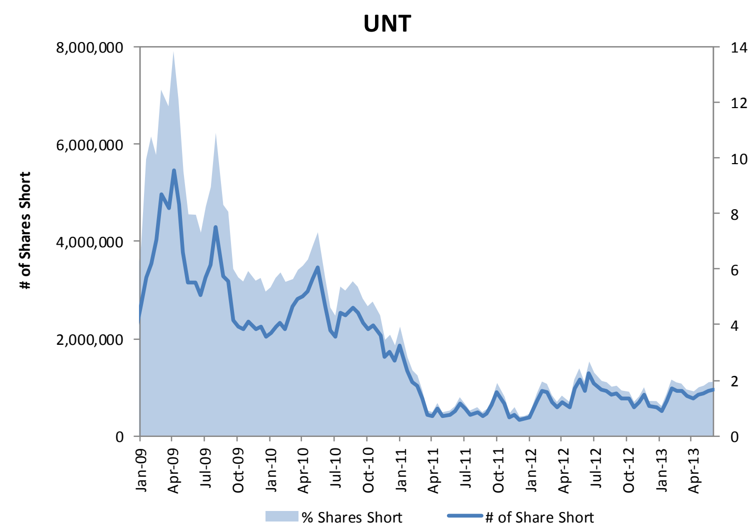

*Source: Bloomberg, U.S. Capital Advisors*

# Historic Short Interest

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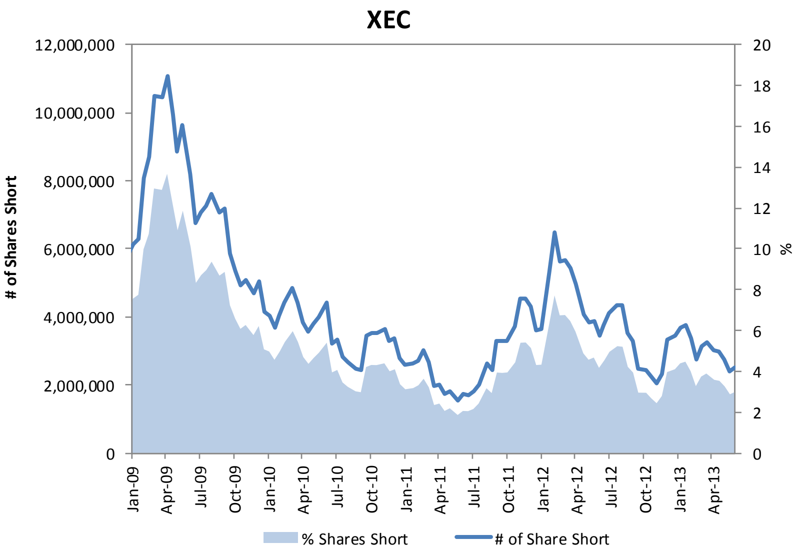
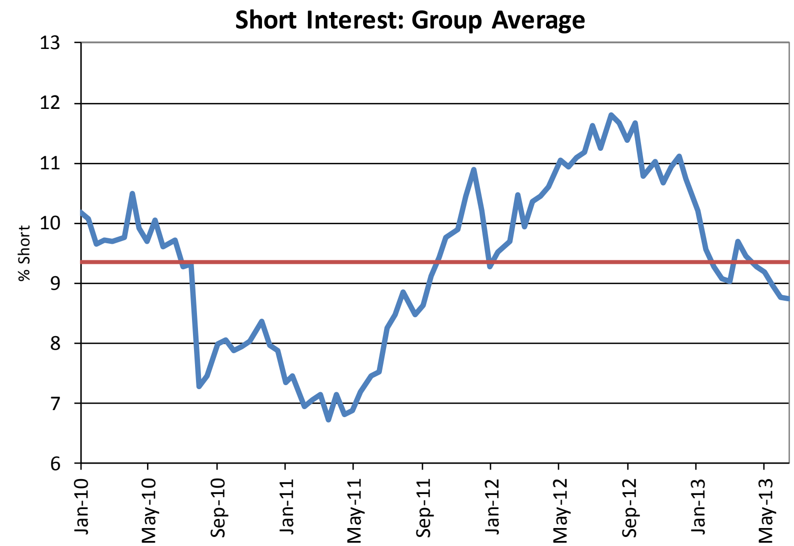
# Historic Short Interest




*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 |
|---|---|---|---|---|---|---|---|---|---|
| **Large Cap** | | | | | | | | | |
| Apache | APA | $82.17 | 3.8x | 3.5x | 3.3x | 3.0x | $16.01 | $57,071 | 132% |
| Anadarko Petroleum | APC | $88.38 | 5.7x | 5.0x | 5.5x | 4.8x | $21.83 | $75,388 | 212% |
| Cabot Oil & Gas | COG | $71.45 | 12.7x | 9.0x | 12.9x | 9.1x | $25.20 | $113,204 | 590% |
| Chesapeake Energy | CHK | $21.04 | 6.5x | 5.6x | 3.4x | 3.0x | $12.55 | $49,028 | 224% |
| Continental Resources | CLR | $91.66 | 7.6x | 5.8x | 6.7x | 5.1x | $26.68 | $195,963 | 187% |
| Concho Resources | CXO | $87.07 | 7.5x | 6.3x | 6.4x | 5.2x | $27.78 | $146,605 | 215% |
| Denbury Resources | DNR | $17.50 | 6.6x | 6.4x | 5.2x | 5.0x | $23.85 | $139,265 | 152% |
| Devon Energy | DVN | $54.56 | 5.3x | 4.1x | 4.4x | 3.6x | $9.38 | $40,970 | 210% |
| EOG Resources | EOG | $140.40 | 6.0x | 5.2x | 5.7x | 5.0x | $23.96 | $95,319 | 256% |
| EQT | EQT | $79.94 | 10.7x | 8.5x | 10.0x | 7.7x | $14.65 | $103,061 | 680% |
| Noble Energy | NBL | $62.71 | 6.6x | 5.4x | 6.7x | 5.5x | $20.98 | $96,653 | 190% |
| Occidental Petroleum | OXY | $90.83 | 5.2x | 4.9x | 5.9x | 5.7x | $23.88 | $101,051 | 200% |
| Pioneer Nat. Resources | PXD | $152.55 | 10.1x | 8.5x | 9.7x | 8.0x | $21.74 | $143,190 | 371% |
| QEP Resources | QEP | $29.30 | 5.4x | 4.9x | 3.7x | 3.2x | $13.21 | $56,751 | 286% |
| Range Resources | RRC | $77.62 | 13.8x | 10.4x | 12.8x | 9.6x | $14.38 | $110,817 | 484% |
| Southwestern Energy | SWN | $37.91 | 7.6x | 6.8x | 6.8x | 6.1x | $22.39 | $55,215 | 731% |
| Ultra Petroleum | UPL | $19.89 | 8.0x | 6.8x | 6.1x | 5.2x | $9.68 | $45,572 | 262% |
| Whiting Petroleum | WLL | $49.15 | 4.6x | 4.1x | 3.7x | 3.3x | $20.83 | $91,725 | 146% |
| Cimarex | XEC | $69.43 | 5.2x | 4.6x | 4.7x | 4.1x | $18.20 | $60,770 | 236% |
| | Average | | 7.3x | 6.1x | 6.5x | 5.4x | $19.33 | $93,559 | 303% |

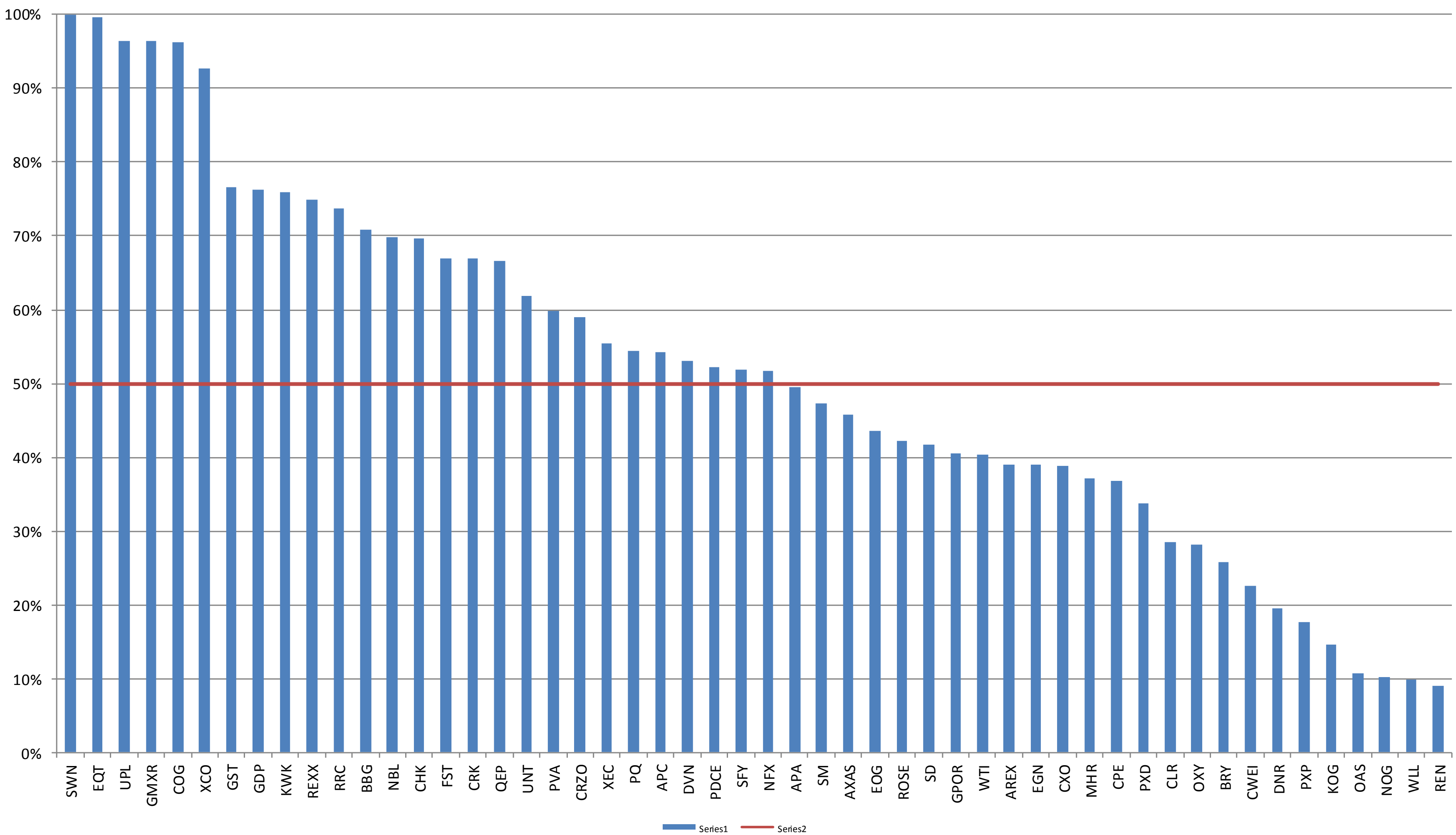
*Source: Bloomberg, U.S. Capital Advisors*

# 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 | $21.27 | 5.7x | 4.5x | 3.2x | 2.5x | $12.46 | $42,409 | 186% |
| Berry Petroleum | BRY | $39.92 | 6.0x | 5.8x | 4.0x | 3.8x | $14.27 | $99,361 | 102% |
| Bonanza Creek | BCEI | $36.95 | 6.3x | 4.1x | 5.9x | 4.0x | $31.61 | $139,745 | 245% |
| Carrizo Oil & Gas | CRZO | $30.06 | 5.3x | 4.3x | 3.5x | 2.9x | $17.43 | $81,652 | 149% |
| Energen Corporation | EGN | $55.43 | 6.0x | 5.1x | 4.5x | 3.9x | $16.89 | $86,549 | 158% |
| Gulfport Energy | GPOR | $50.80 | 11.3x | 4.6x | 11.5x | 4.7x | nm | $605,409 | 1148% |
| Kodiak Oil & Gas | KOG | $9.28 | 5.5x | 3.9x | 4.1x | 2.9x | $39.15 | $192,697 | 231% |
| Laredo Petroleum | LPI | $20.55 | 8.0x | 6.8x | 6.6x | 5.3x | $21.09 | $119,632 | 212% |
| Newfield Exploration | NFX | $24.51 | 4.3x | 4.1x | 2.6x | 2.5x | $11.16 | $48,594 | 142% |
| Oasis Petroleum | OAS | $41.48 | 6.2x | 5.0x | 5.5x | 4.3x | $34.11 | $177,488 | 216% |
| PDC Energy | PDCE | $56.69 | 10.4x | 6.9x | 8.5x | 5.9x | $12.48 | $102,102 | 206% |
| Rosetta Resources | ROSE | $44.78 | 4.8x | 3.7x | 4.3x | 3.4x | $15.88 | $71,944 | 173% |
| SandRidge Energy | SD | $4.93 | 6.5x | 6.5x | 4.3x | 4.0x | $11.45 | $60,658 | 111% |
| SM Energy | SM | $64.31 | 4.2x | 3.6x | 3.4x | 2.9x | $19.74 | $52,680 | 192% |
| Unit | UNT | $44.41 | 4.6x | 4.1x | 3.3x | 2.8x | $19.34 | $64,763 | 268% |
| Exco Resources | XCO | $8.15 | 8.5x | 8.3x | 6.4x | 6.9x | $18.29 | $37,868 | 442% |
| | Average | | 6.5x | 5.1x | 5.1x | 3.9x | $19.69 | $123,972 | 261% |
| **Small Cap** | | | | | | | | | |
| Abraxas Petroleum | AXAS | $2.08 | 6.7x | 4.8x | 4.6x | 3.3x | $10.73 | $73,258 | 116% |
| Approach Resources | AREX | $26.89 | 9.7x | 6.4x | 9.0x | 6.1x | $12.53 | $140,717 | 242% |
| Callon Petroleum | CPE | $3.64 | 5.0x | 3.5x | 3.2x | 2.2x | $19.94 | $70,377 | 121% |
| Comstock Resources | CRK | $15.64 | 6.0x | 4.3x | 2.4x | 1.7x | $17.56 | $54,017 | 266% |
| Clayton Williams | CWEI | $45.39 | 6.4x | 6.9x | 2.9x | 3.2x | $18.29 | $91,837 | 147% |
| Diamondback Energy | FANG | $35.89 | 11.1x | 6.0x | 10.7x | 6.0x | $38.41 | $351,014 | 421% |
| Forest Oil | FST | $4.24 | 6.2x | 4.5x | 2.1x | 1.4x | $9.45 | $41,595 | 154% |
| Goodrich Petroleum | GDP | $12.84 | 7.0x | 5.1x | 4.4x | 3.0x | $19.66 | $89,234 | 305% |
| Gastar Exploration | GST | $3.03 | 5.5x | 4.8x | 3.3x | 2.6x | na | na | na |
| Magnum Hunter | MHR | $3.95 | 9.0x | 6.8x | 5.0x | 3.5x | na | na | na |
| Northern Oil & Gas | NOG | $13.88 | 4.6x | 3.8x | 3.4x | 2.8x | $19.47 | $121,108 | 126% |
| PetroQuest | PQ | $4.45 | 4.3x | 3.0x | 2.9x | 2.1x | $8.04 | $29,638 | 205% |
| Penn Virginia | PVA | $5.04 | 3.0x | 2.2x | 1.2x | 0.9x | $8.36 | $60,072 | 191% |
| Resolute Energy | REN | $8.12 | 8.9x | 6.9x | 4.4x | 3.5x | $20.25 | $142,286 | 164% |
| Quicksilver Resources | KWK | $1.65 | 11.8x | 11.9x | 5.0x | 5.0x | $9.77 | $41,876 | 334% |
| Rex Energy | REXX | $19.14 | 9.1x | 6.3x | 8.2x | 5.5x | $12.25 | $102,368 | 318% |
| Swift Energy | SFY | $12.55 | 4.3x | 3.8x | 1.9x | 1.7x | $7.97 | $44,340 | 82% |
| Stone Energy | SGY | $23.16 | 3.0x | 3.3x | 2.1x | 2.3x | $14.07 | $40,293 | 120% |
| Triangle Petroleum | TPLM | $7.23 | 20.7x | 6.2x | 16.6x | 5.1x | na | na | na |
| W&T Offshore | WTI | $15.12 | 3.4x | 3.6x | 2.1x | 2.1x | $18.60 | $44,604 | 118% |
| | Average | | 7.3x | 5.2x | 4.8x | 3.2x | $15.61 | $90,508 | 202% |

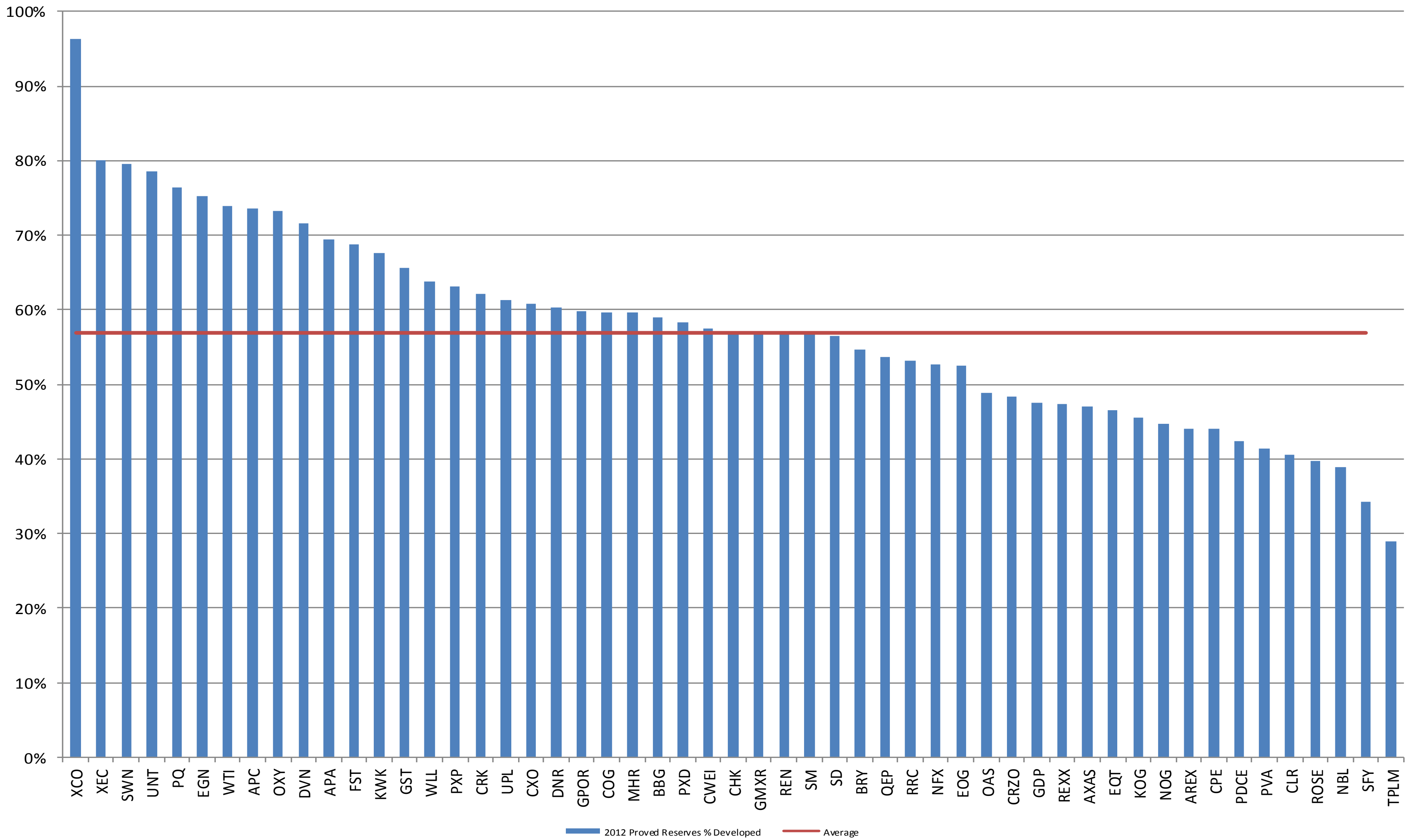
*Source: Bloomberg, U.S. Capital Advisors*

## 2012 Reserves: % Natural Gas



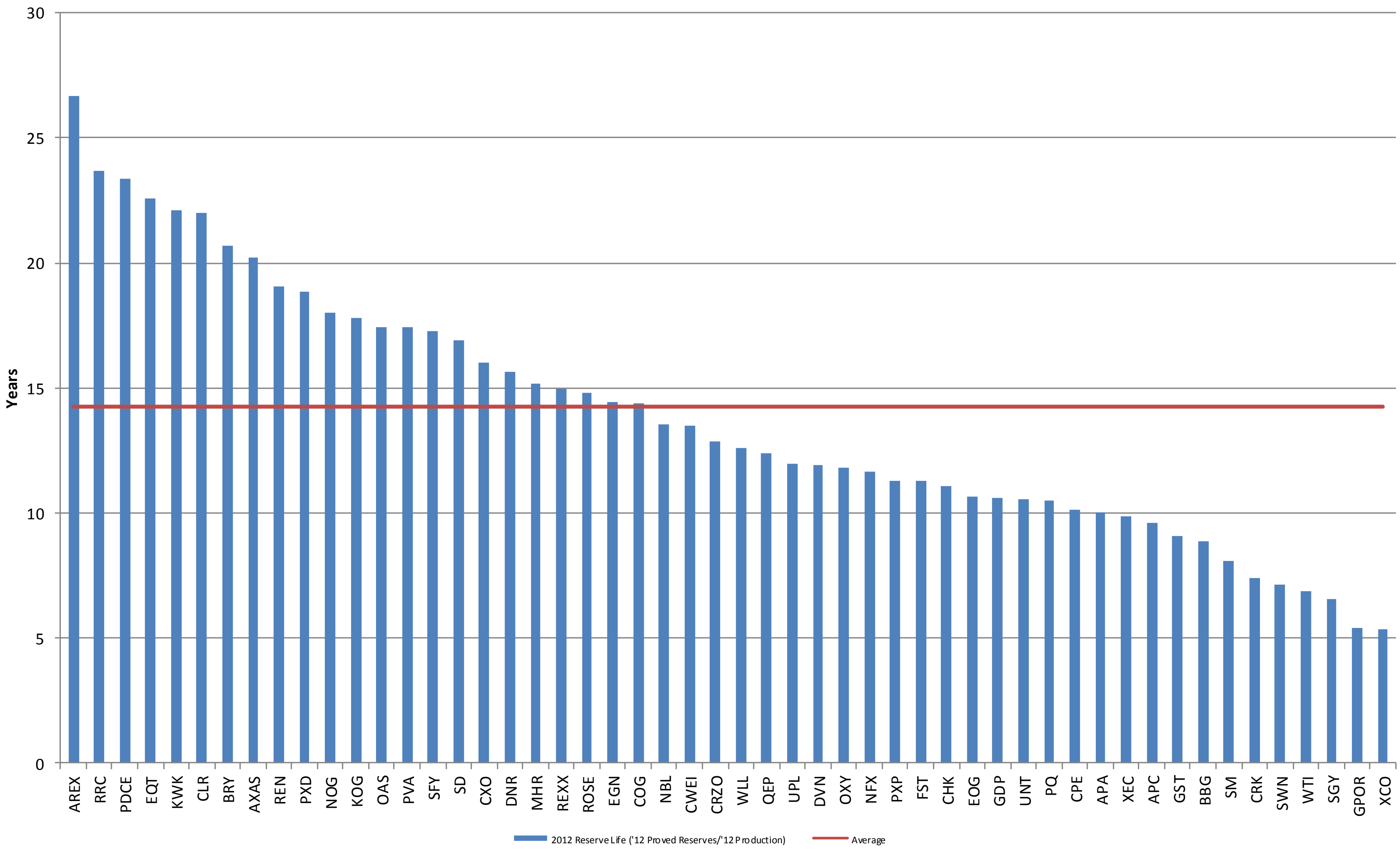

*Source: Bloomberg*

# 2012 Reserves: % Developed



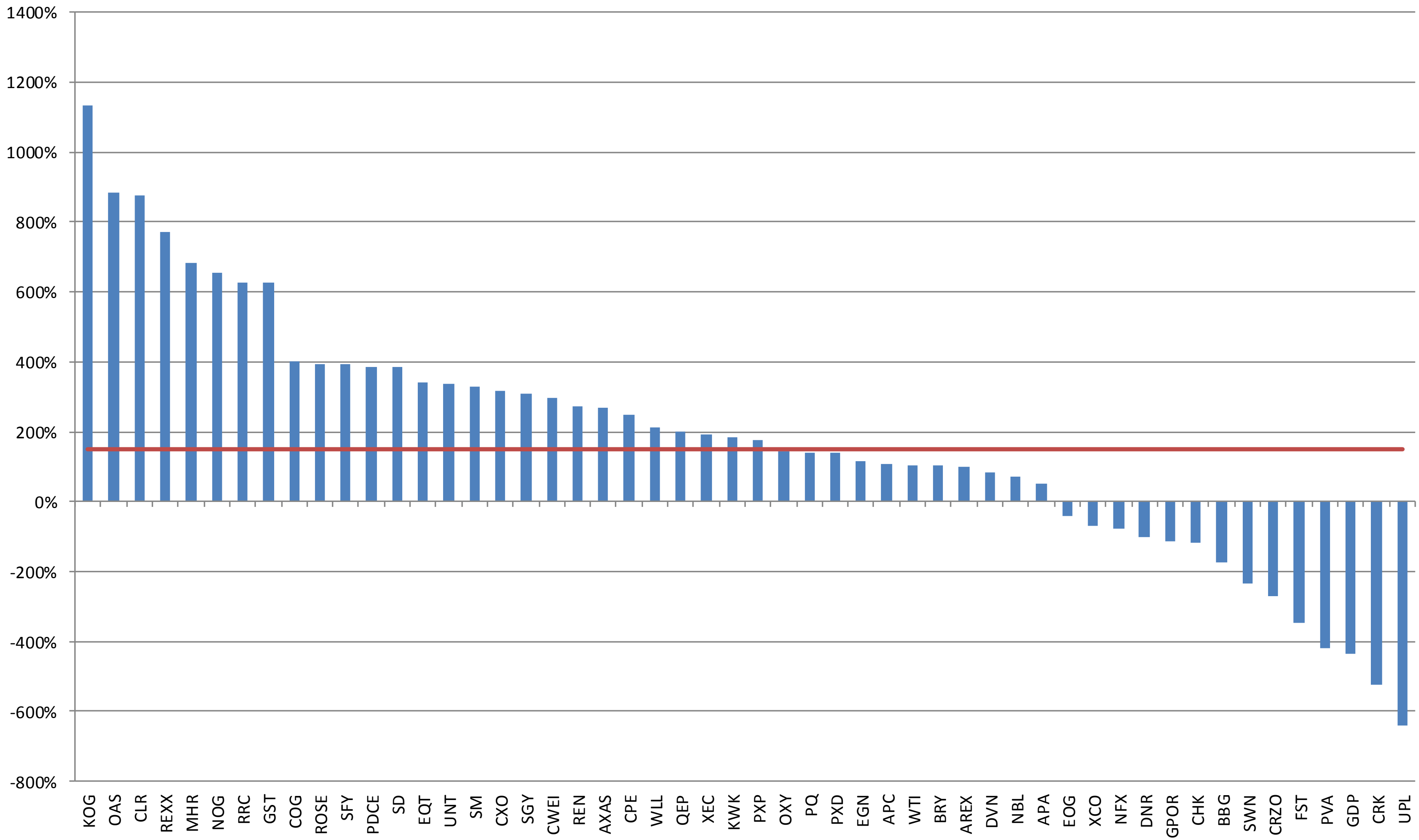

*Source: Bloomberg*

## 2012 Reserves: Reserve Life



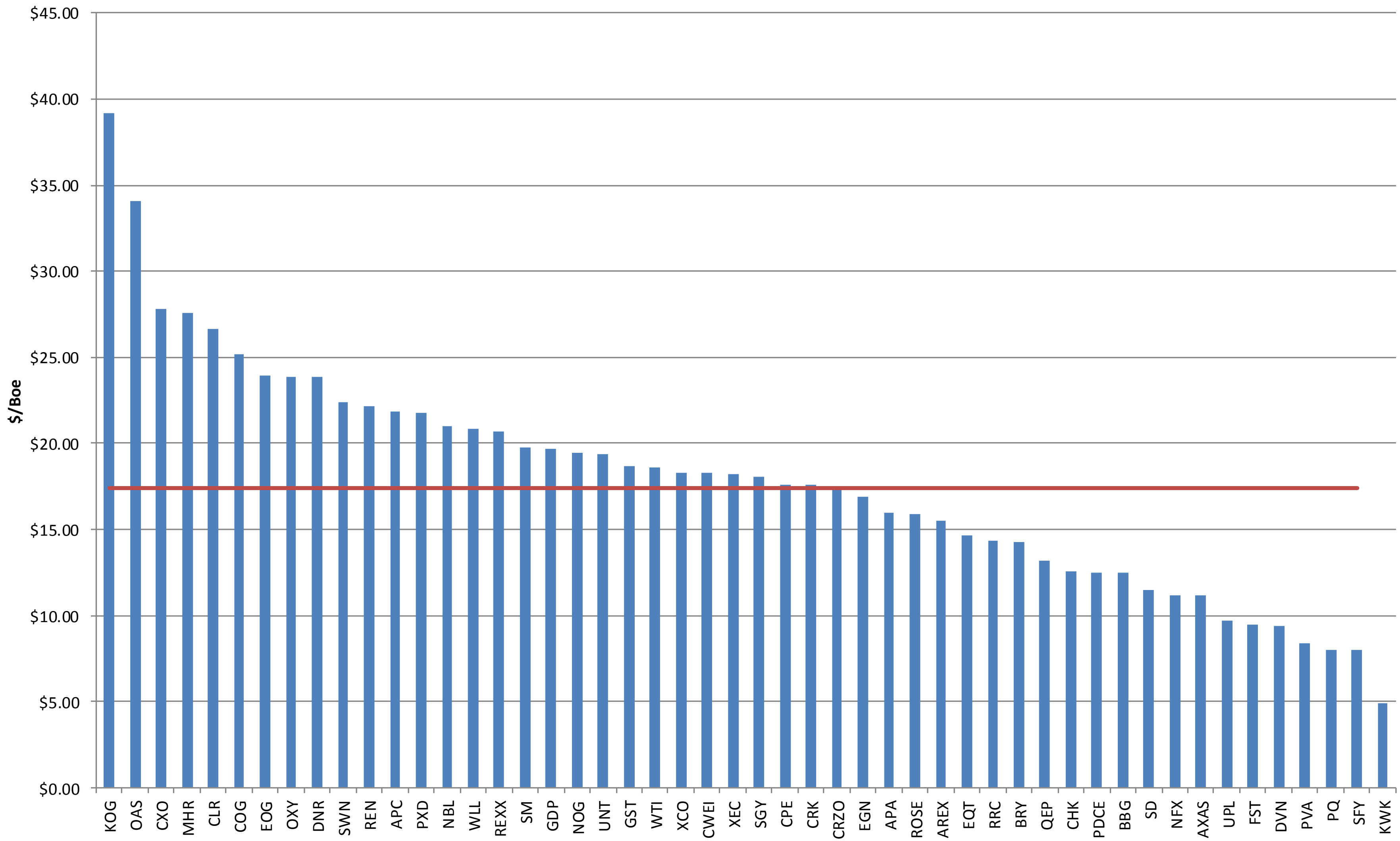

*Source: Bloomberg*

# 2012 Reserves: Reserve Replacement



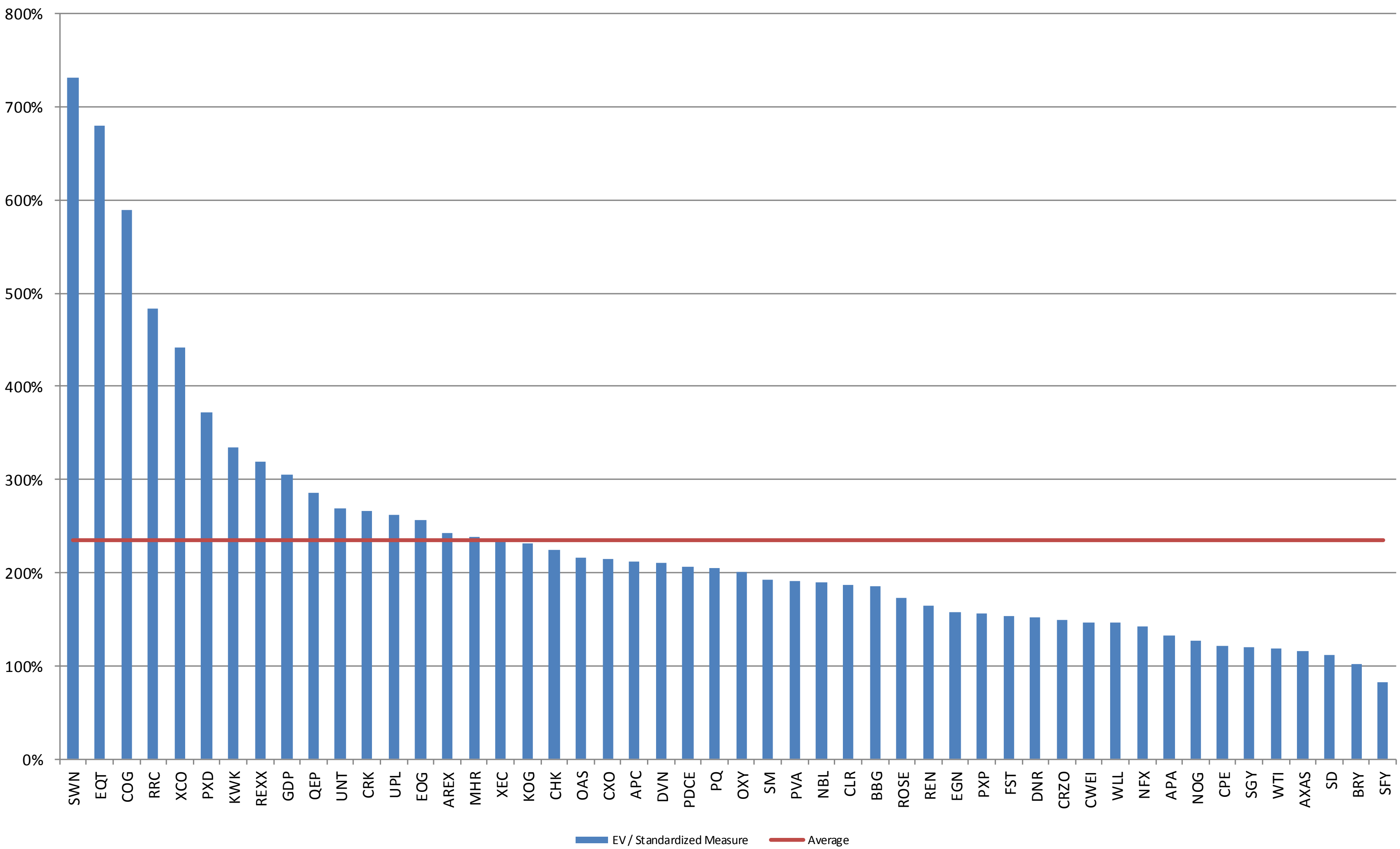

*Source: Bloomberg*

# Enterprise Value / BOE of Proved Reserves



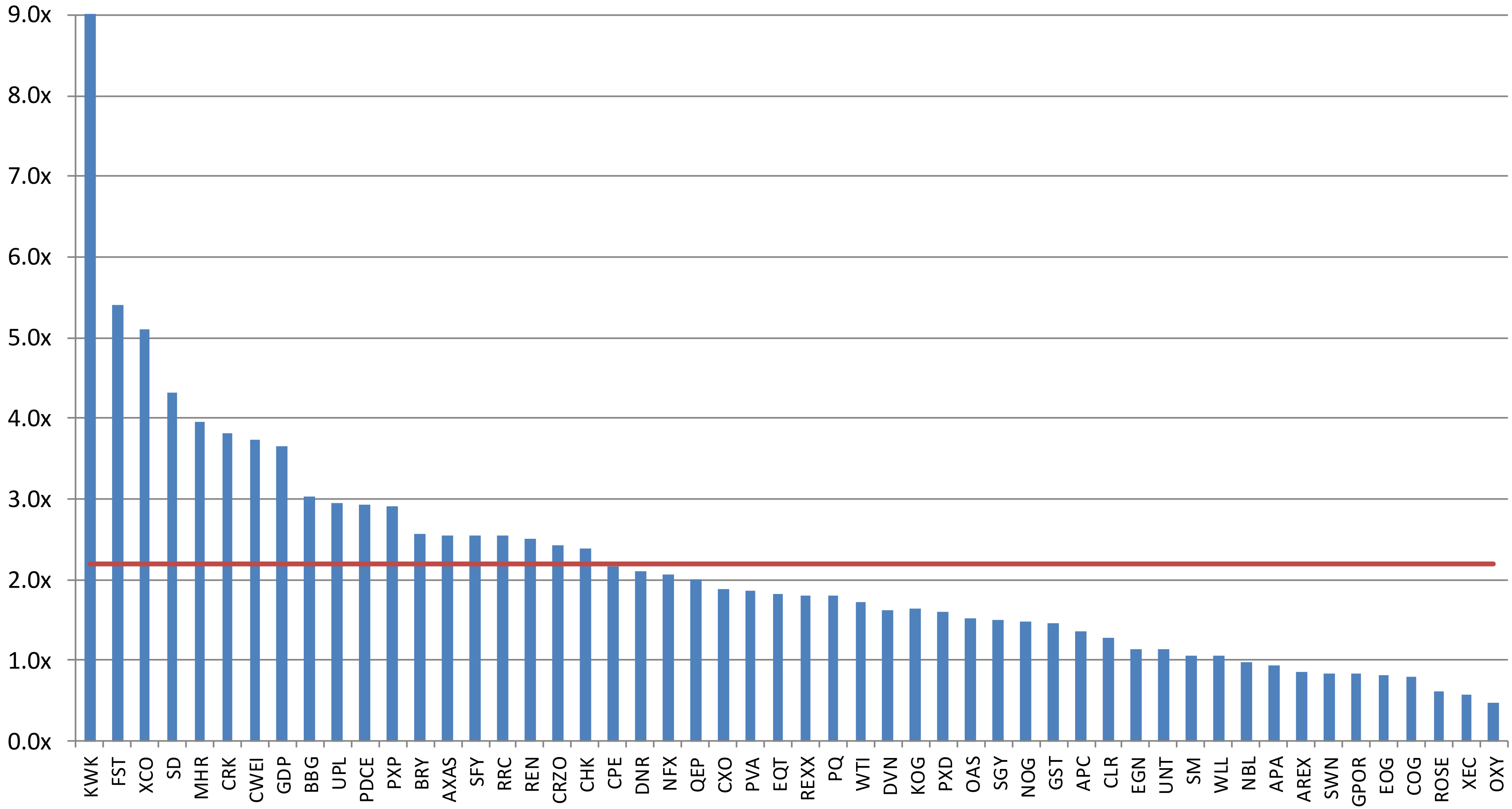

*Source: Bloomberg*

# Enterprise Value / Standardized Measure of DCF




*Source: Bloomberg*

# Debt / '13 EBITDA




*Source: Bloomberg*

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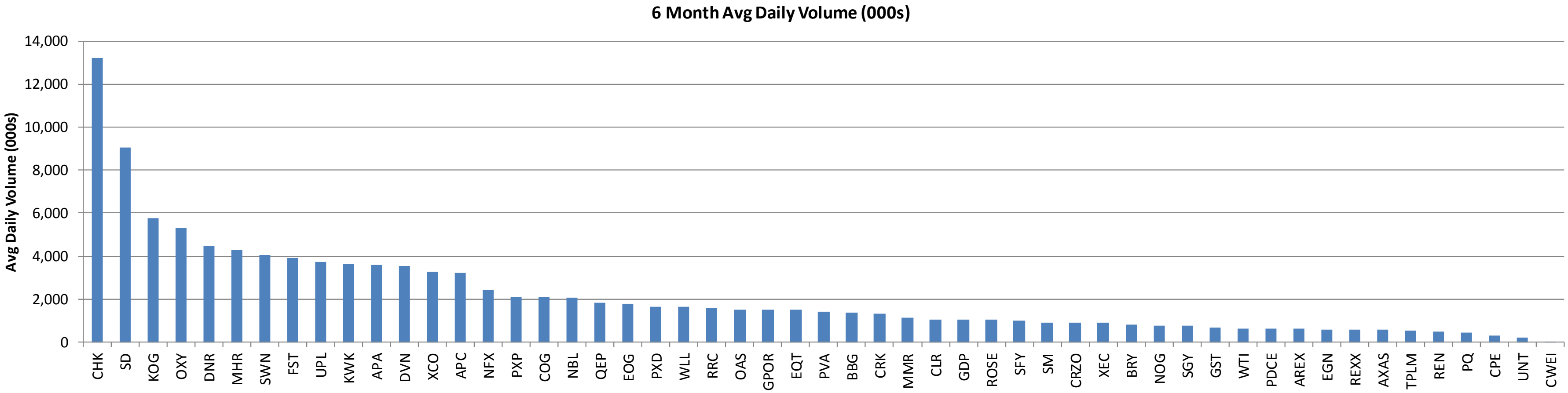
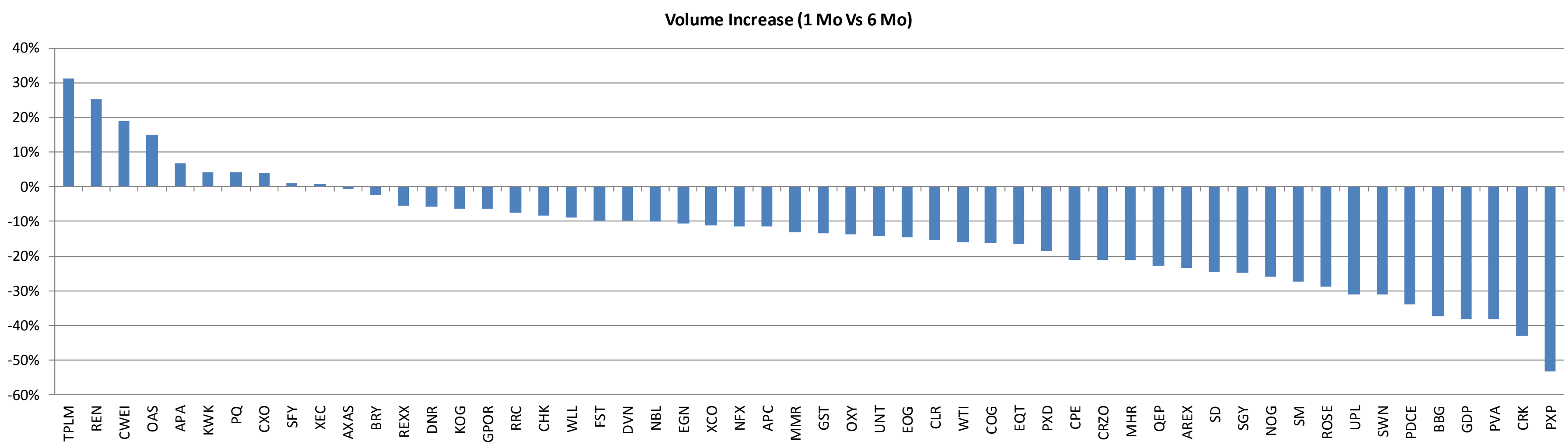
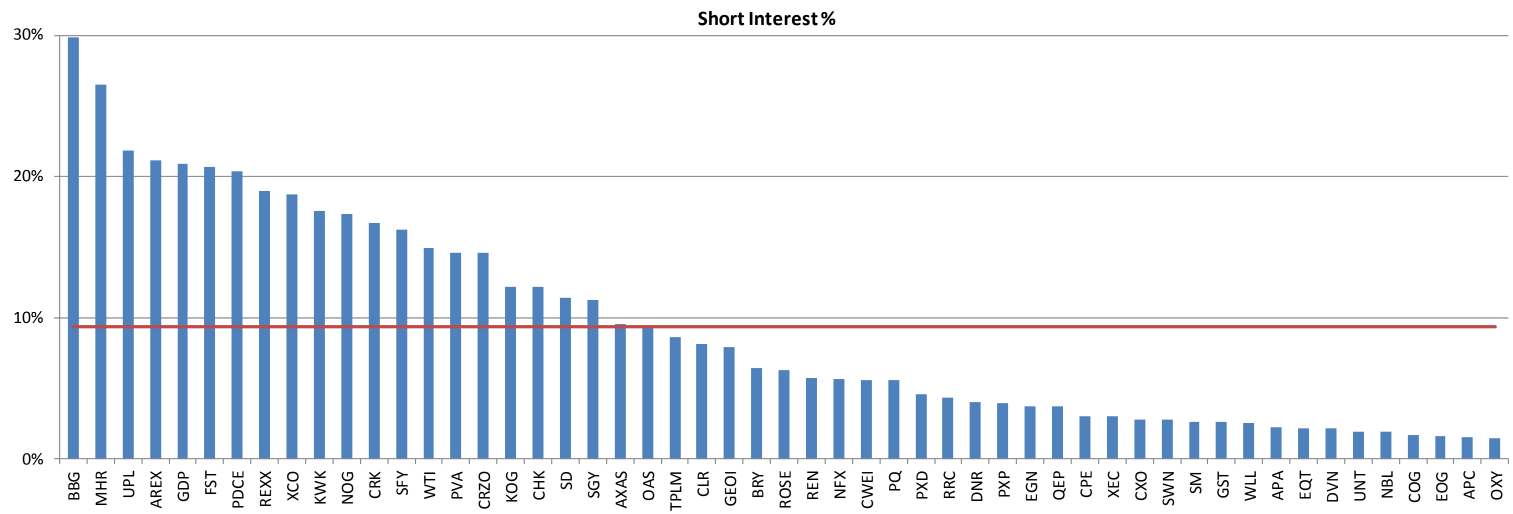
# Trading Volumes

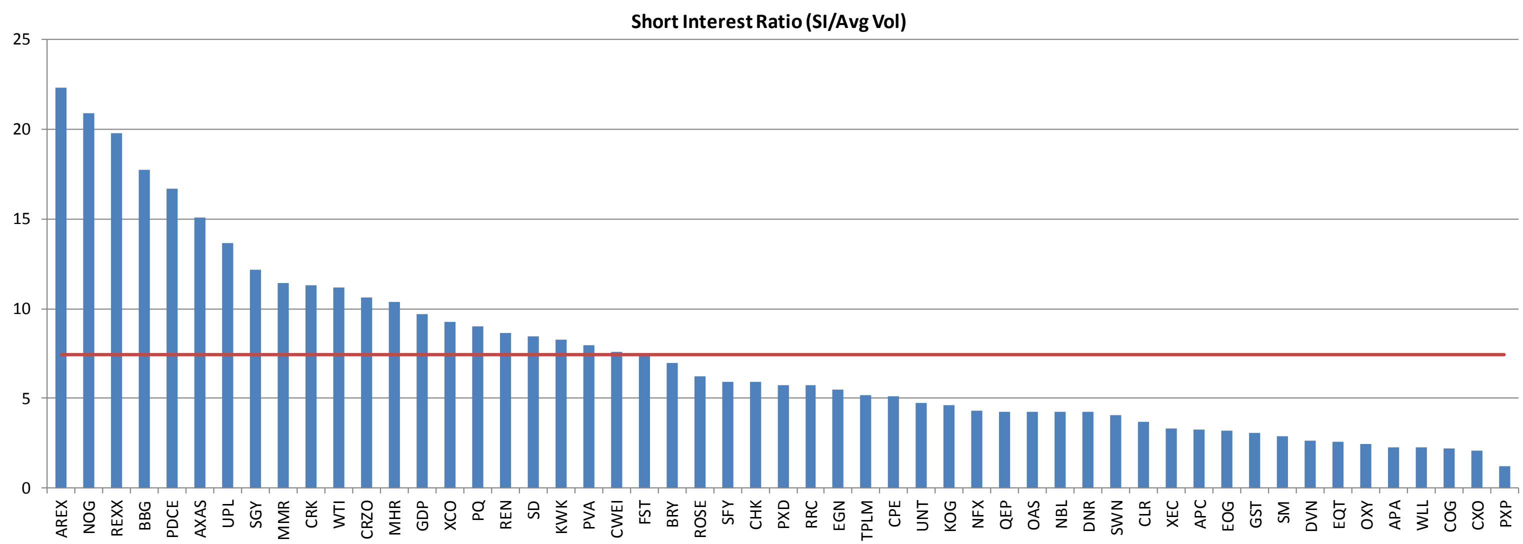



*Source: Bloomberg, U.S. Capital Advisors*

# Short Interest




*Source: Bloomberg*

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**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):**
Industry wide risks include but are not limited to changes in oil and gas prices, uncertainty in reserve calculations, competition for securing leasehold, midstream bottlenecks, upward pressure on oilfield service costs, negative environmental and regulatory rulings/orders.

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**USCA Glossary:**
[http://www.uscallc.com/assets/pdf/Glossary.pdf](http://www.uscallc.com/assets/pdf/Glossary.pdf)

**Distribution of Ratings (as of July 8, 2013):**

| Recommendation | Count | Percent | Investment Banking Relationship | Count | Percent |
|---|---|---|---|---|---|
| Overweight/Buy | 27 | 50% | Overweight/Buy | 1 | 3% |
| Hold | 26 | 48% | Hold | 0 | 0% |
| 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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U.S. Capital Advisors

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