ENERGY INVESTMENT BANKING

2020 Year-End Energy Review

December 2020

Jefferies

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Jefferies Oil & Gas Practice

Unmatched Track Record & Expertise

Key Points

- One of the largest energy investment banking teams in the world
- Has served 40 of the 50 largest worldwide energy companies
- Foremost advisor in oil and gas transactions in unconventional basins
- Professionals with expertise across a wide spectrum
  - Corporate M&A
  - Acquisitions & Divestitures
  - Equity Capital Markets
  - Leveraged Finance
  - Restructuring and Recapitalization
  - Engineering, Geology, Petrophysics and Other Industry Experience

Energy Investment Banking

Ralph Eads III, *Chairman*

- Extensive network of relationships from high-profile roles in energy and finance
- Significant M&A experience includes working on over $200 Bn in merger transactions
- Broad-based background in structured energy finance
- Previous positions at El Paso Corporation; Donaldson, Lufkin & Jenrette; S.G. Warburg; and Merrill Lynch

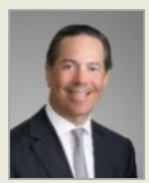
Peter Bowden, *Global Head of Energy Investment Banking*

- Global Head of Energy Investment Banking; joined Jefferies in 2012
- Previously a Managing Director at Morgan Stanley, where he was Head of Midstream
- Lead advisor on over $225 Bn of Energy M&A

Upstream

Guy Oliphint
Co-Head of Upstream, Americas

Greg Chitty
Co-Head of Upstream, Americas



Midstream

Brian Conner
Co-Head of Midstream

Brian Bravo
Co-Head of Midstream

Oilfield Services

Daniel Anderson
Head of Oilfield Services

Corporate Finance / A&D

- Bill Marko
- Conrad Gibbins
- John Antel
- Andrew Picoli
- Simon Wu
- Schuyler Evans
- Ananth Shankar
- Brody Rollins
- Chris Howey
- Ryan Gitomer
- Raymond Brickey

Engineers / Geoscientists

- Carson Carruthers
- Pablo Madrid
- Earl Wells
- Travis Call
- Jordan Smith

Energy Capital Markets

Leveraged Finance

- Paul Cugno (Co-Head)
- Robert Anderson (Co-Head)
- Michael Singer

International

- Richard Kent (Chair)
- Paul Wheeler (Head)
- Simon Frost
- Hartley Clay

Jefferies Advised on Several Transformative Transactions in the Energy Sector in 2020

M&A and Capital Markets Leadership

Largest E&P Private Debt Financing

September 2020

CALLON PETROLEUM

$300,000,000

Private Placement of Second Lien Secured Notes

Sole Financial Advisor

Largest E&P Private Capital Transaction

October 2020

DIVERSIFIED GAS & OIL PLC

$1,000,000,000

Joint Venture with **Oaktree Capital Management L.P.**

Sole Financial Advisor

Largest Appalachian A&D Transaction

Pending

October 2020

EQT

$735,000,000

Acquisition of Appalachia assets from **Chevron Corporation**

Sole Financial Advisor

Largest Storage Transaction since 2006

Pending

Nov 2020

RIVERSTONE

$2,685,000,000

Acquisition of **International-Matex Tank Terminals**

Sole Financial Advisor

Dec 2020

IMTT

$500,000,000

Senior Secured Term Loan to Finance Acquisition by **Riverstone Holdings**

Lead Left Arranger

Largest Energy Term Loan B in 2020

Largest LNG M&A Transaction in History

August 2020

Blackstone

$7,000,000,000

Sale of 42% stake in **Cheniere Energy Partners**

Lead Financial Advisor

Largest Oilfield Services Restructuring

Pending

VALARIS

$7,096,300,000

Restructuring Financial Advisor to the **Official Committee of Unsecured Creditors**

Jefferies' Recent International Experience

Up to the minute buyer knowledge informed by recent experience spanning multiple geographies, asset type, and deal size

Current
ExxonMobil
Sale of UK CNS and NNS portfolio
Financial Advisor to the Seller

Sale of a material non-operated UK portfolio

- Interaction with the key buyer universe for material non-operated North Sea portfolios
- Commercially complex structure
- c. 40 mboe/d & 170 mmboe reserves[(1)]
- Bids due end October 2020

Current
Marubeni
Sale of Marubeni UK
Financial Advisor to the Seller

Sale of a robust non-operated UK CNS production hub

- Material working interest in a collection of well-established producing fields in the Central North Sea
- Long life, oil-weighted producing hub with a well diversified reserve base across nine fields

Current
BlackRock
Hav Energy
vår energi
Potential acquisition of the Jotun FPSO
Financial Advisor to Hav Energy and BlackRock

Acquisition of an FPSO in one of the Largest Redevelopments in the North Sea

- Jefferies advised the BlackRock / Hav Energy consortium on the potential acquisition and leaseback of an FPSO in the North Sea
- FPSO requires significant refurbishment capex to be funded by the buyer

Current
APEX
Advising on acquisition of Shell's Western Desert Portfolio
Financial Advisor to the Buyer

Acquisition of Shell onshore upstream assets in Egypt

- Material operated, producing portfolio with significant exploration potential
- Attractive E&P investment terms – one of the most competitive fiscal terms in the region
- Large, experienced operating team with strong track record of reserves replacement

Current
PHAROS ENERGY
Potential Farm Down of Egyptian Western Desert Position
Financial Advisor to the Seller

Farm-down of Large Oil-Weighted Producing Concessions in Egypt

- Producing field with material development upside accessed through 57 infill wells
- Concessions includes material low-cost exploration acreage with a vast number of identified targets

Current
8 RIVERS
Private placement of equity
Financial Advisor to the Company

Private Placement For Leading ESG-Technology Company

- Technology portfolio includes "net zero" carbon solutions ranging from zero-emission electricity / hydrogen, H_2S Sour Gas to Sweet Gas, Direct Air Capture of CO_2 to carbon capture

Current
TOTAL
Potential sale of interest in Sarsangfield, Kurdistan
Financial Advisor to the Seller

A strategic onshore oil field in Kurdistan

- Non-operated stake in a high quality producing field onshore Kurdistan with significant future development potential
- Gross remaining reserves of ~400 mmbbls
- Production forecast to increase from current level ~30 mbbls/d to ~70 mbbls/d (gross)

Current
ping petroleum
Sale of Ping Petroleum
Financial Advisor to the Seller

Sale of a UK production platform

- Platform sale comprising producing and development assets in the Central North Sea
- Interaction with a wide array of potential buyers
- Over 30 CAs signed with potential purchasers
- HoA for a transaction with DNeX announced August 2020

Current
OMV Petrom
Sale of Kazakhstan Portfolio
Financial Advisor to the Seller

Sale of an operated, producing portfolio in Kazakhstan

- Operatorship of assets in one of Kazakhstan's most prolific basins
- Experienced management team with decades of operational knowledge operating the assets
- Material oil volumes in place with scope to increase recovery factors significantly

Pending October 2020
PremierOil
Merger of Premier Oil and Chrysaor to create the largest independent oil and gas company listed on the LSE
CHRYSAOR
Joint Corporate Broker to Premier Oil

Creating the largest listed independent in the UK

- Combined production > 250mboe/d and 2P reserves of 717mmboe; H1 revenue of \$1.76bn and H1 EBITDAX of \$1.27bn
- Diversified portfolio, significant growth projects and resilient restructured balance sheet

Pending July 2020
Cairn
Sale of interest in SNE development offshore Senegal
Woodside
\$400,000,000
Financial Advisor to the Seller

One of the largest African developments

- 5 bnbbls of in-place resources with 500 mmbbls and 0.5 tcf recoverable
- Phase 1 production >100 mbbls/d
- Additional development phases, nearby discoveries and exploration potential adds resource potential in excess of 1bnbbls

October 2020
IDEMITSU
\$125,000,000
Sale of interests in the Wisting and Alta discoveries in the Barents Sea, Norway
Lundin Energy
Financial Advisor to the Seller

Sale of two of the largest development assets in the North Sea

- The largest Barents Sea transaction in over a decade
- c.70 mmboe net contingent resources
- Reduction of c. \$1bn capex exposure for Idemitsu Norge

November 2019
Chevron
Sale of Chevron's interest in the ACG field and the BTC pipeline to
MOLGROUP
\$1,570,000,000
Financial Advisor to the Seller

Sale of the world class ACG asset in Azerbaijan

- 5th largest offshore field in the world
- 3 bnbbls of gross remaining reserves with 16 bnbbls of STOIIP
- Gross daily production of c. 600 mbbls/d with additional phases of development planned

October 2019
SINOCHEM
Sale of Non-Operated Indonesian Interests to:
SRB
Undisclosed
Financial Advisor to Seller

Sale of a Chinese SOE's Indonesian portfolio

- Producing assets in one of Indonesia's most prolific onshore basin
- Stable current production with the potential to double current rates through workovers and an infill drilling campaign

September 2019
ExxonMobil
\$4,500,000,000
Sale of Norway Upstream Portfolio to
vår energi
Sole Financial Advisor to the Seller

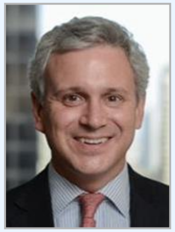
Largest ever Upstream deal in Norway

- Largest ever divestment by ExxonMobil
- Sale of a 25-field non-operated portfolio possessing over 500 mmboe of reserves
- Creates the largest independent E&P company in Norway

(1) Based on Wood Mackenzie

Addition of Oil & Gas Dedicated Debt Advisory & Restructuring Practice

Michael O'Hara – Biography & Experience



Michael O'Hara

US Co-Head

Debt Advisory & Restructuring

- Joined Jefferies in September 2020 from PJT Partners, where he was a Partner in the Restructuring and Special Situations Group
- Mr. O'Hara assists in advising on a variety of restructuring and special situation assignments for companies, creditors, corporate board committees, and acquirers and sellers of distressed assets
- He has served as a guest lecturer at the University of Chicago Booth School, Columbia Business School, the Wharton School at the University of Pennsylvania and many industry conferences
- Before joining PJT, Mr. O'Hara worked in the M&A groups at Wasserstein Perella & Co. and Stephens Inc.
- Mr. O'Hara holds a BS in Finance from Georgetown University and an MBA from Columbia Business School

Oil & Gas Credentials

Ascent Resources
Atlas Resource Partners, L.P.
Chaparral Energy
Connacher
EP Energy
EXCO
Gulfport Energy
NewGulf Resources
Penn Virginia Corporation
Quicksilver Resources
Jupiter Resources
nexen (re: Opti Canada)
preferred sands
RockPile Energy Services
Samson Resources
Southland Royalty Company LLC
Triangle Petroleum Corporation
Ultra Petroleum
Vanguard Natural Resources, LLC
XOG Extraction Oil & Gas

Other Notable Clients

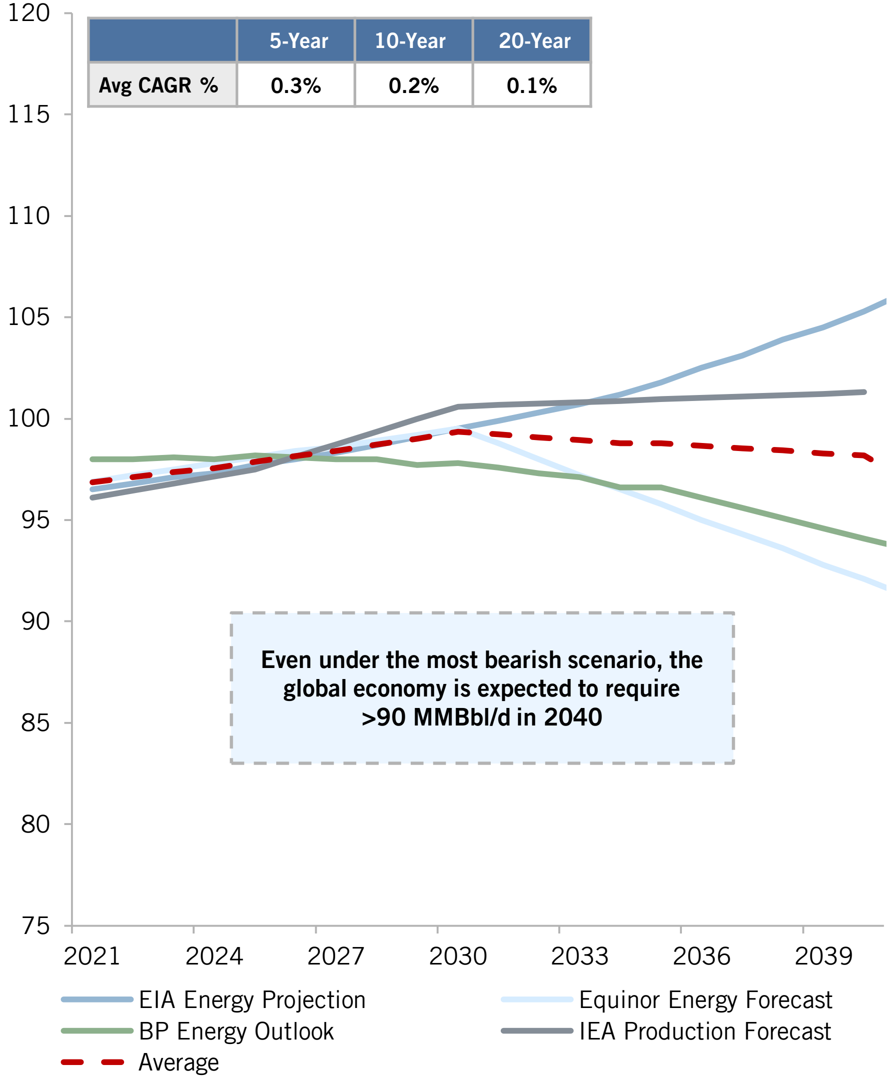
AAM
AIG
Delphi
Energy Future Holdings
Sovereign Advisory
Kodak
Sovereign Advisory
Mallinckrodt
Travelport
Lehman Brothers
Washington Mutual

Oil and Gas Macro Outlook

Long-Term Forecasts Indicate Oil and Gas Will Continue to Play a Foundational Role for Decades

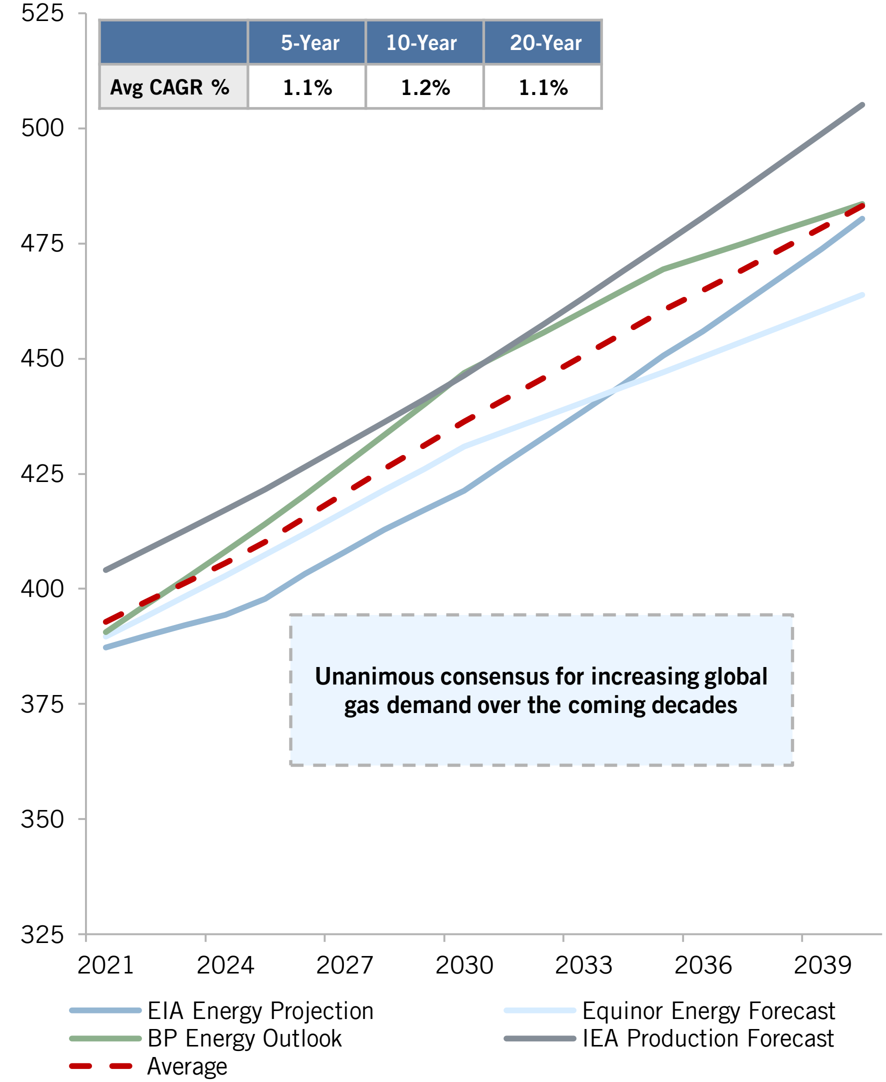
Long-Term Global Oil Production Forecast (MMBbl/d)

	5-Year	10-Year	20-Year
Avg CAGR %	0.3%	0.2%	0.1%



Long-Term Global Gas Production Forecast (Bcf/d)

	5-Year	10-Year	20-Year
Avg CAGR %	1.1%	1.2%	1.1%



Sources: EIA, BP Energy Outlook, IEA, and Equinor Forecast.

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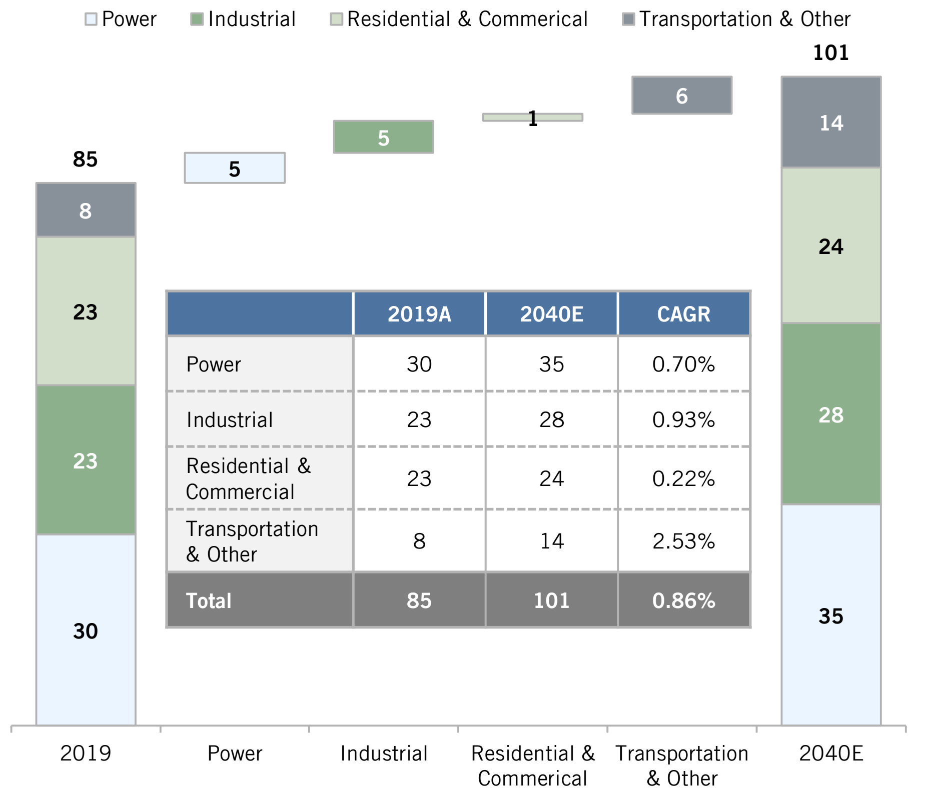
Market Dynamics Support Long-Term Growth in Lower 48 Gas Production

Key Points

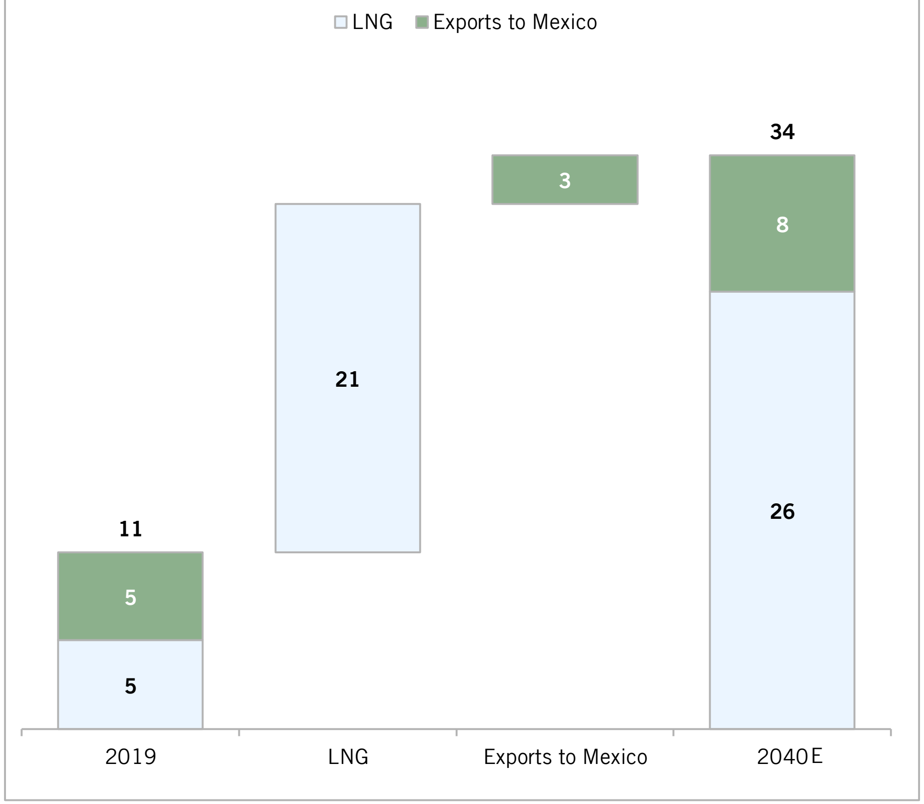
- While the transition toward increased use of renewable energy is underway and the cost of large-scale solar and wind technologies continues to decrease, there remains a multi-decade secular growth story for natural gas within the United States
- Adding to the long-term need for continued Lower 48 natural gas production growth is rapidly increasing demand from LNG exports and pipeline exports to Mexico, of which almost all will flow from Texas and specifically, the Permian Basin

Domestic Gas Consumption (Bcf/d)



	2019A	2040E	CAGR
Power	30	35	0.70%
Industrial	23	28	0.93%
Residential & Commercial	23	24	0.22%
Transportation & Other	8	14	2.53%
Total	**85**	**101**	**0.86%**

U.S. Gas Net Exports (Bcf/d)



Source: EIA & Wall Street Research.

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International Trends in 2021

Theme		Jefferies' Commentary
Commodity Macro	*Known Unknowns?*	▪ Sustained oil price recovery to \$55-\$60/bbl, with scope for a price spike – Medium term oil price is caught between \$1 trillion dollars of underinvestment in supply and 2021 non-OECD demand recovery, catalyzed by a vaccine, and already evident in China ▪ Gas market will tighten in 2021-2024, although not as much as oil, as LNG projects are delayed from COVID and LNG demand resumes 4-5% annual growth. – After 2024, c.105 mmtpa of new volumes from Qatar, Mozambique and US cap the market
Diverging Corporate Strategies	*Investors have a choice in the next cycle*	▪ European Majors focus on M&A with utilities and securing renewable project exposure – Material disconnect in relative valuations, scarcity of opportunities and legacy coal, nuclear or city heating portfolios in many utilities ▪ US big oil gets bigger – Balance sheet used to drive portfolio high grading; cost synergies and enhanced ability to return capital ▪ Formation of a class of super independents with scale, differentiated attributes (regional and/or technical), ROACE focus and ESG narrative (e.g. CCUS) – E&P consolidation continues in the US and picks up internationally ▪ Palpable sense of mini-majors and smaller independents being left behind in the recovery
Decarbonisation Momentum	*Ironically, the Green Transition Needs a Higher Oil Price*	▪ Irreversible commitments have been made by the Majors, even with improving commodity macro – Improvement in share price will be an enabler of acquisitions or mergers with utilities (and avoid Class One transaction complexity) ▪ A higher oil price will be an enabler for divestments to fund the transition ▪ Inconceivable for European Majors to make large upstream acquisitions
Divestments	*It Takes Two*	▪ Global deal pipeline is \$160bn ▪ Despite making a big push in early 2020 to capitalize on COVID disruption, the Asian NOCs have not been successful in major M&A; nonetheless, they tend to perform better as pro-cyclical buyers and activity levels are still high. Many also have a home country advantage ▪ Poor returns and focus on ESG have made new energy private equity capital formation difficult – A trend already established in 2019 when, on average, funds closed at 40% of initial target level; for the limited raises attempted in 2020 could be as low as 25% ▪ Reduced RBL availability particularly in Africa and LatAm – Outside of the North Sea, the bank market for borrowing base facilities is markedly reduced as banks struggle with volatile prices, US E&P bankruptcies (40 to end Q3), ESG headwinds and higher syndication risk

Upstream Market Outlook

Current Themes in Upstream M&A and Capital Markets

1	**Capital Budgets Are Not Expected to Increase**	▪ With E&P companies generally focused on reinvestment rates less than 80% and developing only their highest returning inventory, capital budgets in 2021 are expected to remain slightly below 2020 levels ▪ A sustained decrease in capital budgets presents a material tailwind for commodity prices in 2021
2	**Companies Have Shifted Focus to FCF Generation**	▪ While S&P 500 valuations are at all-time highs primarily driven by the tech sector and an expectation of a broad economic recovery, E&P valuations have remained reasonable and have the most potential upside in a recovery as a result of the industry's transition to a FCF focused model ▪ Cash return to shareholders is expected to increase with the industry focused on FCF generation over production growth
3	**Capital Is Slowly Returning to the Sector**	▪ Both private capital and the high yield market is slowly returning to the E&P sector with an emphasis on supporting growth for disciplined public and private operators and reducing RBL exposure
4	**Commercial Lenders Sharply Reducing Exposure**	▪ Since Q1 2020, Bank of America, Citi, JPMorgan and Wells Fargo have in aggregate reduced their energy loan exposure by ~$12 Bn ▪ Over time, RBL replacement capital will become a large portion of E&P company funding ▪ Jefferies has had active dialogue with the institutional market and believes an RBL replacement financing underpinned by strong asset coverage and structural protection is viable today

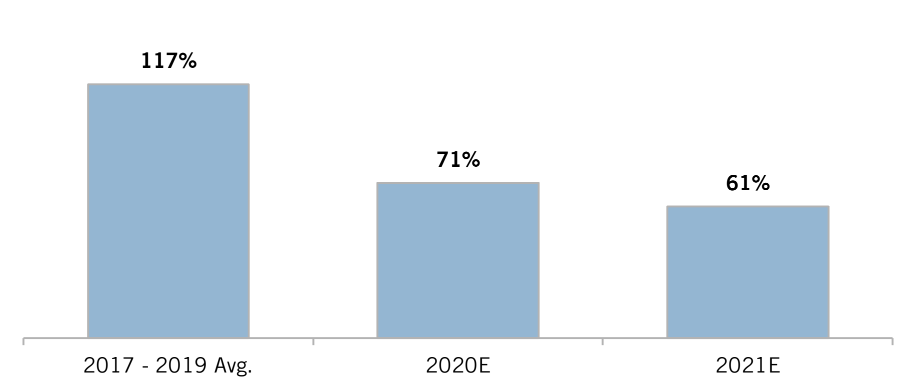
We Expect the Above Themes to Set Up a More Constructive Upstream Industry Backdrop in 2021

Low Capital Investment Will Remain in 2021

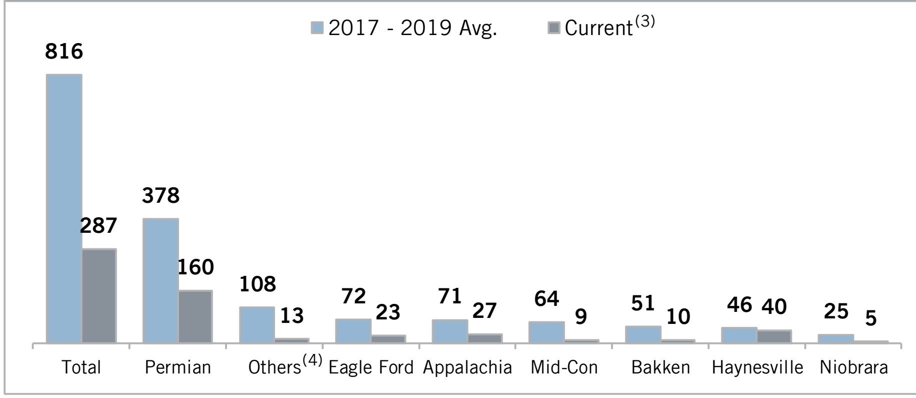
1 Capital Cuts Remain | 2 FCF Model Emerging | 3 Capital Returning | 4 Commercial Lenders Retreating

Capital Cuts to Remain in Order to Facilitate Higher Cash Returns to Investors

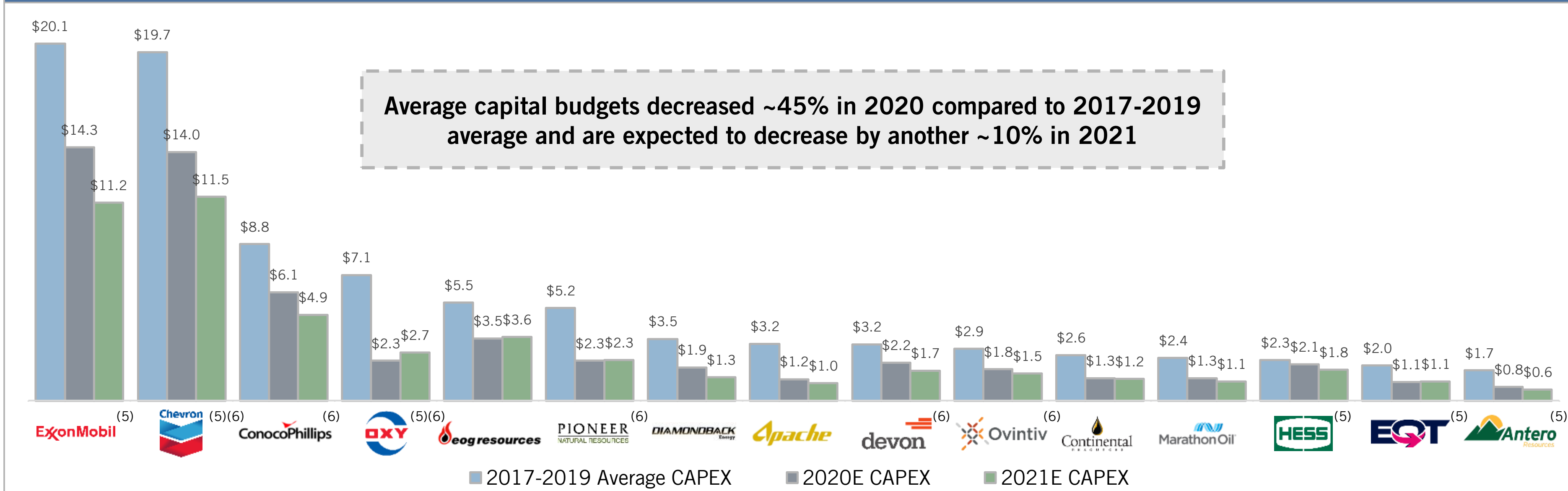
Upstream E&P Sector Reinvestment Rate [1][2]



U.S. Lower 48 Horizontal Rig Count Remains Low



Significant Reduction in Capital in 2020 Is Likely to Remain ($ Bn)



Source: Baker Hughes, CapIQ estimates.
(1) Includes North America E&P companies >$0.5 B TEV and publicly traded since 2017.
(2) Estimate as of 12/14/2020. Calculated as EBITDA / CAPEX for respective time period.
(3) Baker Hughes Rig Count as of 12/04/20.
(4) Includes Powder River Basin, Barnett, Fayetteville, California and other non-core regions.
(5) Historicals and estimates reflect upstream capital only.
(6) Pro forma for material mergers including historical years prior to transaction close date.

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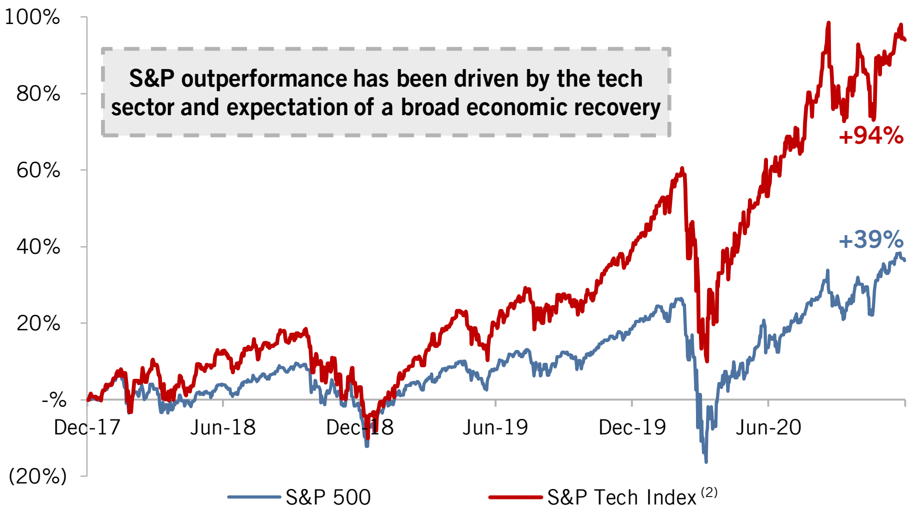
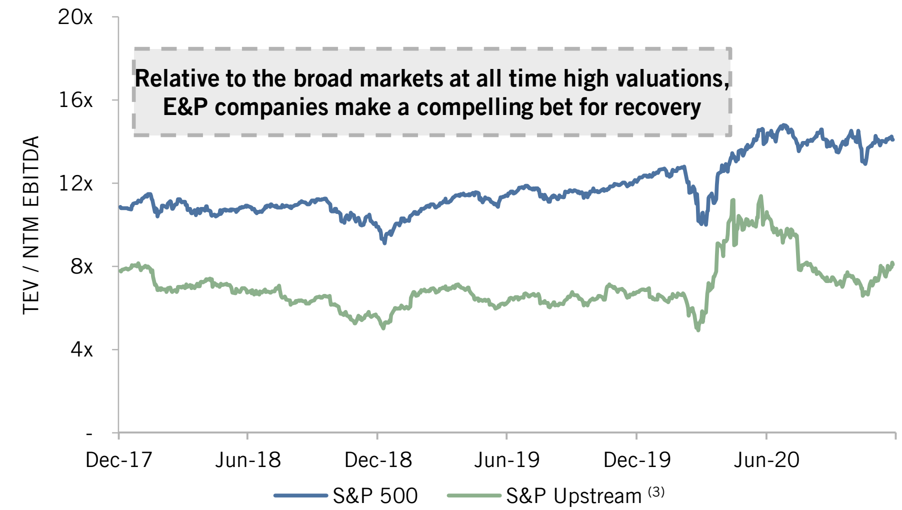
Upstream Transitions to Free Cash Flow Model as Tech Boom Drags Broader Valuations Higher

1 Capital Cuts Remain | **2 FCF Model Emerging** | 3 Capital Returning | 4 Commercial Lenders Retreating

S&P Performance Last Three Years [1]



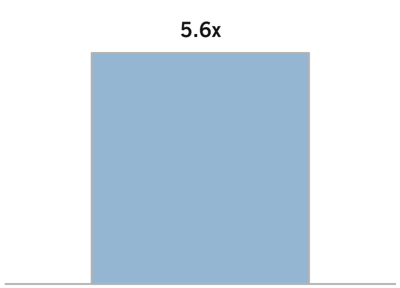
S&P Valuation at All Time Highs [1]



E&P Companies Well Positioned for 2021

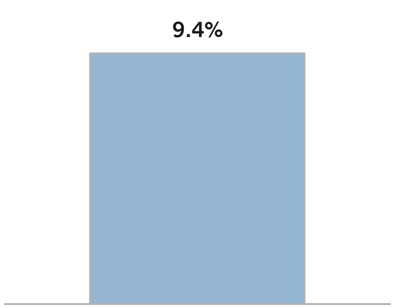
Constructive Valuations

TEV / 2021E EBITDA



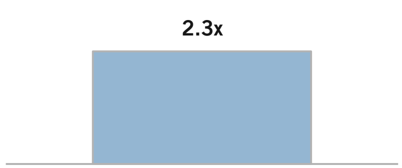
Free Cash Flow Generation

2021E FCF Yield



Sustainable & Improving Capital Structures

Net Debt / 2021E EBITDA



Companies have generated free cash flow and reduced leverage, while still trading at attractive valuations

Source: CapIQ, Company filings.
(1) Market data as of 12/14/2020.
(2) S&P Tech Index defined as components and holdings of XLK index.
(3) S&P Upstream includes integrated and pure-play E&Ps in S&P 500 index; XOM, CVX, COP, EOG, PXD, OXY, HES, CXO, FANG, COG, DVN, APA and MRO. Index is market cap weighted.

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Companies Adopting (& Validating) the Free Cash Flow-Focused Business Model…

1 Capital Cuts Remain | **2 FCF Model Emerging** | 3 Capital Returning | 4 Commercial Lenders Retreating

	Contango	Diversified Gas & Oil PLC	Magnolia Oil & Gas
Background	▪ Employing cash flow roll-up strategy ▪ Current management team began in August 2018	▪ Long-life, low decline production model that mitigates downside, while protecting upside; aggressive financing strategy	▪ Early adopter of FCF focused, modest reinvestment rate business model
Financings (Since 2018)	✓ *Support from Shareholders / Capital Markets*		
Transaction Volume	**7** **(5 Common Equity / 1 Preferred / ATM Program)**	**7** **(3 ABS Issuances / 3 Follow-On Offerings / Acquisition Joint Venture)**	**3** **(Issued shares to sellers for two acquisitions / High Yield offering)**
Proceeds / Commitments	**~$220 MM**	**~$2,050 MM**	**~$505 MM**
M&A (Since 2018)	✓ *Active in M&A*		
Transaction Volume	**7 (1)**	**8**	**5**
Transaction Value	**$342 MM**	**~$1,623 MM**	**~$402 MM**
Market Statistics			
Market Capitalization (2)	$370 MM	$1,049 MM	$1,885 MM
Enterprise Value(2)	$547 MM	$1,791 MM	$2,136 MM
Select Metrics	✓ *Attractive Valuations*		
2020 YTD Reinvestment Rate	39.5%	8.0%(3)	65.0%
LQA FCF Yield (2)	17.2%	21.3%(3)	10.1%

(1) Includes fee for service strategy and initial partnership with MCEP ($4 MM / year service fee and warrants struck at $4.00).
(2) Market data as of 12/14/2020.
(3) DGOC metrics based on 1H 2020 metrics.

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Capital Slowly Returning to the E&P Sector

Bank Disintermediation

- RBL lenders all in various speeds of reducing/eliminating oil and gas exposure
- RBL extensions are universally more difficult and significant paydowns are being required to get to desired outcomes in many cases
- Over time, RBL replacement capital will become a large portion of company funding

Case Study

- Callon issued $300 MM of Senior Second Lien Notes and sold an ORRI to Kimmeridge Energy for $140 MM(1)
- The Company used the proceeds to repay borrowings under its credit facility

September 2020

CALLON PETROLEUM

Private Placement of Second Lien Secured Notes and Royalty Interest Sale

$300,000,000
$140,000,000

Sole Financial Advisor
Joint Financial Advisor (ORRI)

Private Growth Capital

- Growth capital is available to disciplined public and private operators with a proven track record
- Significant opportunity exists to aggregate high-quality, production-weighted assets

Case Study

- Diversified ("DGO") and Oaktree formed an acquisition joint venture to focus on mature, PDP assets across the Lower 48
- DGO will acquire the assets on a 50% basis and earn an upfront and back-end promote

October 2020

DIVERSIFIED GAS & OIL PLC

Joint Venture with
Oaktree Capital Management L.P.

$1,000,000,000

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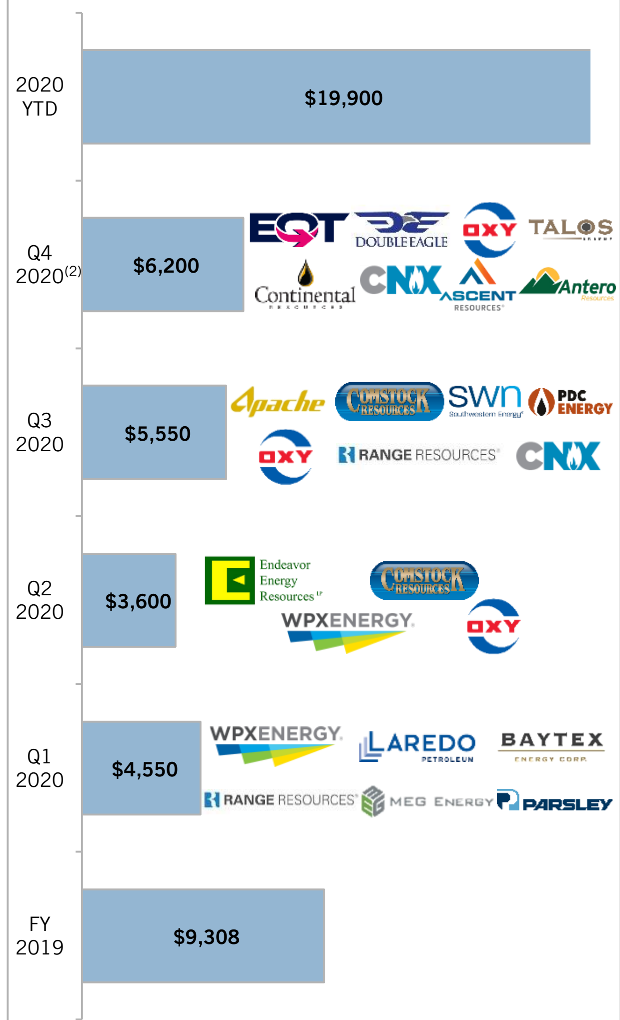
High Yield

New Issue Activity Continues to Build ($MM)



(1) The Senior Second Lien Notes included at the market warrants exercisable for approximately 15% of the Company's pro forma issued and outstanding common stock.
(2) Inclusive of Talos Energy which is currently in-market.

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Commercial Lenders Have Been Swiftly Reducing Energy Exposure

Key Points

- Bank capital availability to upstream companies is meaningfully constrained as a result of the significant losses, the prospect of future capital markets fees being unclear and ESG considerations
- Banks have made a concerted effort to reduce their energy (and specifically E&P) exposure since the last downturn
  - Energy funded loans as a percent of total loans decreased ~38% and ~35% for large cap and mid cap / regional banks, respectively [1][2]
  - E&P funded loans as a percent of total loans decreased ~31% for mid cap / regional banks, while large cap banks seek to reduce visibility of lending practices to the sector [1][2]
- Bank of America, Citi, JPMorgan and Wells Fargo have been the most aggressive in reducing energy exposure in 2020 having ~$12 Bn of reduction in aggregate from Q1 to Q3 2020

At a recent conference hosted by the Dallas and Kansas City Federal Reserves, Wells Fargo Managing Director for Energy Credit and Risk Management Chris Holmgren said banks had essentially shut off the upstream segment after years of disappointment.

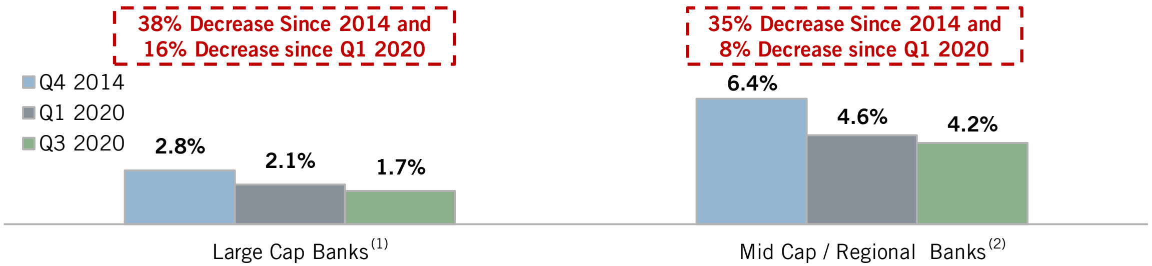
"The core reserve-based lending model began to break down. It became not successful in grasping the risks involved in shale development," he said. "Lenders began to realize that they made decisions based on exaggerated potential."

WELLS FARGO

S&P Global Market Intelligence December 7, 2020

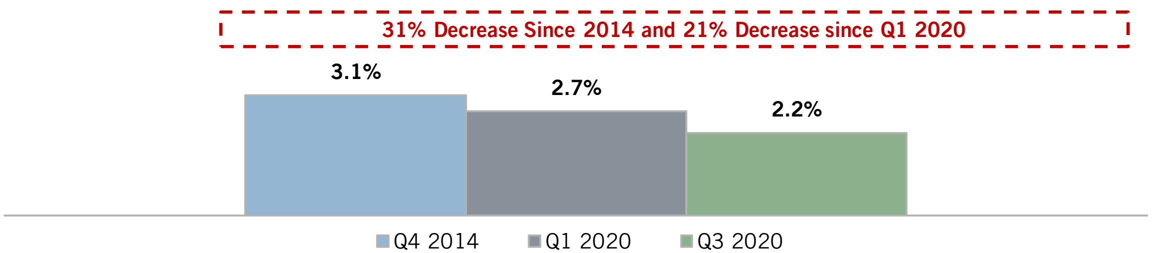
Bank's Energy Exposure Continues to Sharply Decline

Funded Exposure % of Total Loans



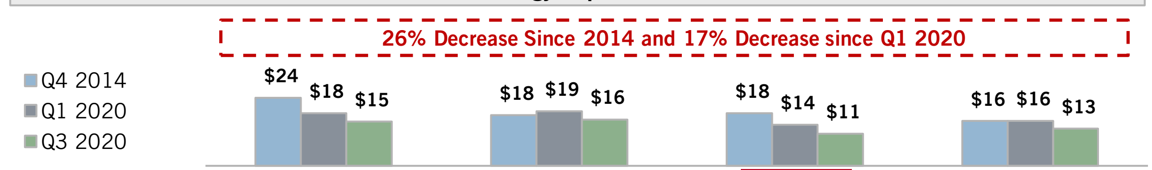
E&P Exposure Has Been Reduced the Most in 2020

Mid Cap / Regional Banks Funded Exposure % of Total Loans (2)



The Largest Lenders Have Pulled Back the Most in 2020

Funded Energy Exposure - $ Bn (3)



% of Total Loans	Bank of America	Citi (4)	Wells Fargo	JPMorgan
Q4 2014	4.7%	2.7%	2.1%	2.1%
Q1 2020	2.5%	2.8%	1.4%	1.5%
Q3 2020	2.4%	2.4%	1.2%	1.3%

Source: Company filings, presentations and earnings calls.
(1) Large Cap Banks include as BAC, C, WFC, JPM, PNC, GS.
(2) Mid Cap and Regional Banks include CMA, RF, ZION, BOK, FITB, CFR, HWC, CIT, TCBI, CADE and PB.
(3) Energy Exposure defined as "Energy" of Bank of America, "Energy and Commodities" for Citigroup, "Oil, Gas and Pipelines" for Wells Fargo and "Oil & Gas" for JP Morgan.
(4) Does not include energy-related exposures classified in other industries.

Midstream Market Outlook

Current Themes in the Midstream M&A and Capital Markets

1	**Broad-based Volumetric Declines**	Midstream industry grappling with excess capacity in the face of broad-based volumetric declines, including – for the first time in over a decade – the Permian
2	**Utilities Exiting Midstream**	Once a reliable buyer of high quality midstream assets, utilities are now focused on trimming midstream exposure and divesting their asset portfolios
3	**Decreased M&A Activity**	The total number of midstream M&A transactions was far fewer than in any year in recent memory, and those that did occur tended to be larger in size and tilted toward demand-pull businesses rather than those with wellhead exposure. The market continues to expect significant consolidation but meaningful activity has not yet materialized
4	**Investors Focused on Cash Flow Certainty**	Public and private midstream investors have increasingly transitioned away from yield-based valuations and focused on free cash flow generation; companies responded with meaningful cost reductions and lower capital budgets
5	**Growth in LNG**	Global LNG regasification capacity under construction hit a 10-year high at 144 mtpa in 2020 and U.S. LNG exports hit at all-time high in early-December 2020 of ~11.5 Bcf/d

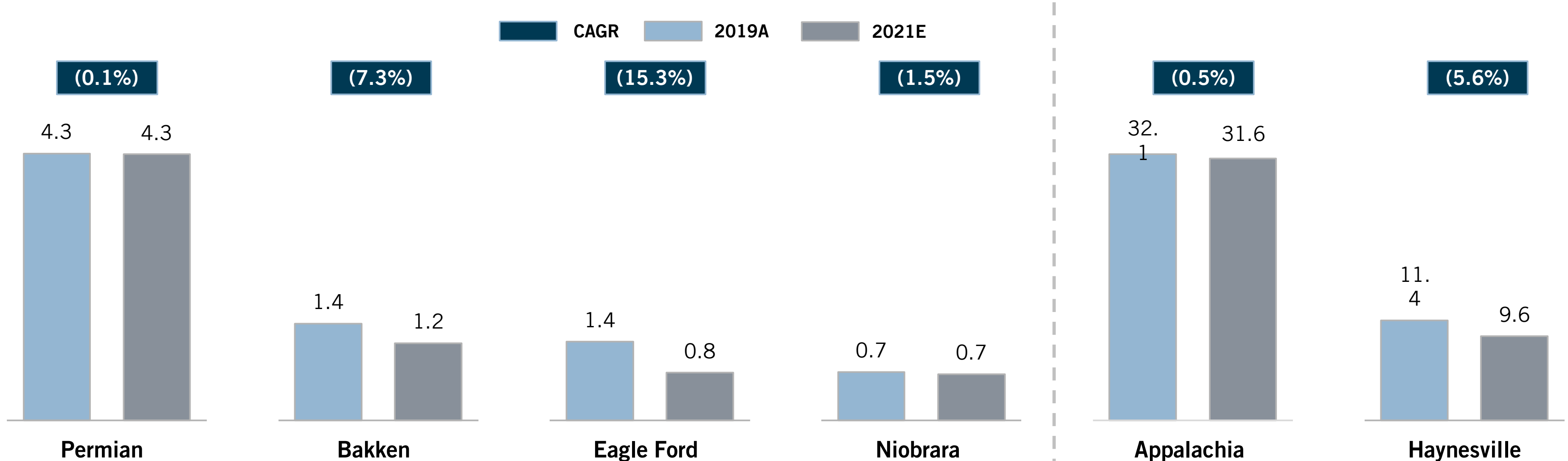
We Expect the Above Themes to Set Up a More Constructive Midstream Industry Backdrop in 2021

Jefferies

Declining Production Across All Basins Resulting in Under Utilization of Midstream Assets

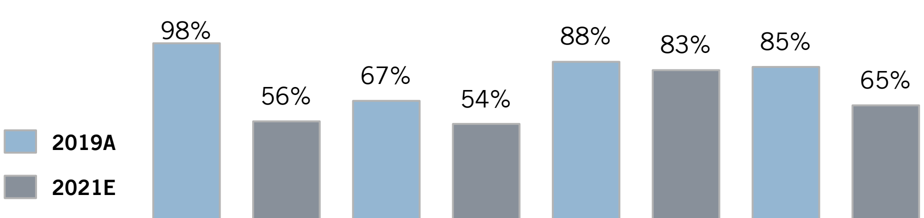
U.S. Production Forecast by Basin

Crude Oil (MMBbl/d) | **Natural Gas (Bcf/d)**



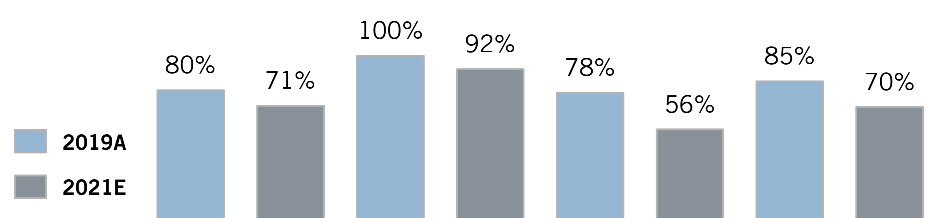
Forecasted Long-Haul Crude Pipeline and Natural Gas Processing Plant Utilization

Crude Oil Long-Haul (MMBbl/d)



Year	Permian		Eagle Ford		Bakken		DJ	
Volumes	4.4	4.3	1.8	1.4	1.4	1.3	1.1	0.9
Capacity	4.5	7.7	2.6	2.6	1.6	1.5	1.3	1.4

Natural Gas Processing (Bcf/d)



Year	Permian		Northeast		DJ		Bakken	
Volumes	15.1	15.7	10.9	10.9	2.8	2.5	2.2	2.5
Capacity	19.0	22.2	10.9	11.8	3.6	4.4	2.6	3.6

Source: Wall Street research, investor presentations and SEC filings.

U.S. Utilities, Once Midstream Buyers, Now Exiting

1 Volumetric Decline	2 Utilities as Sellers	3 Decreased M&A	4 Reliable Cash Flows	5 LNG Growth

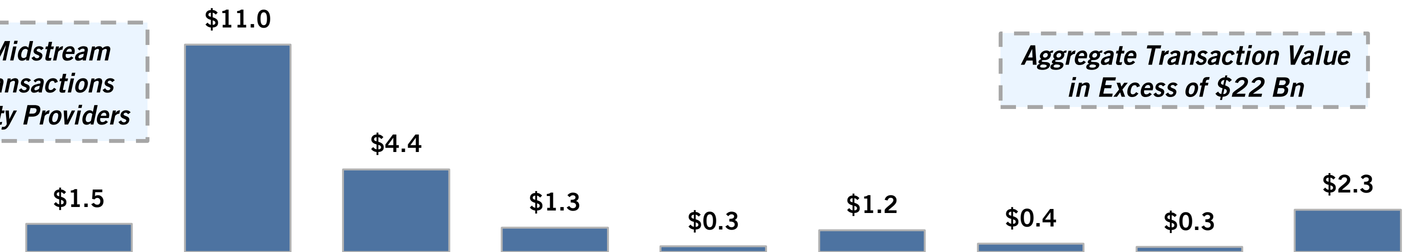
Key Points

- Given their inherent short of natural gas, utilities sought to acquire natural gas midstream assets to vertically integrate their business
- Between 2012 and 2019, Dominion, DTE Energy and OGE and CenterPoint acquired billions of dollars worth of midstream assets
  - More recently, their midstream segments have come to be viewed as being at odds with ESG mandates in addition to weighing on earnings and creating unnecessary volatility

Utilities Were Historically An Active Acquiror in the Midstream M&A Market…

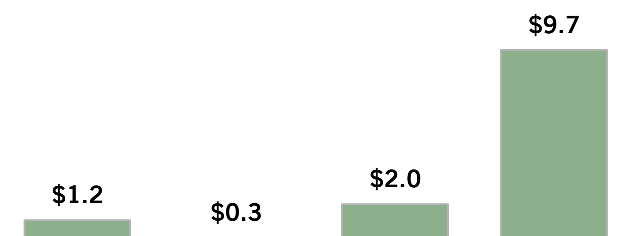
Select Midstream M&A Transactions with Utility Providers

Aggregate Transaction Value in Excess of $22 Bn



Year	**2012**	**2013**	**2016**	**2016**	**2017**	**2018**	**2018**	**2019**	**2019**
Company	Dominion Energy	Enable Midstream Partners; OGE; CenterPoint Energy	Dominion Energy	DTE Energy	Enable Midstream Partners; OGE; CenterPoint Energy	Dominion Energy	Enable Midstream Partners; OGE; CenterPoint Energy	DTE Energy	DTE Energy
Description	Dominion forms Blue Racer a JV with Caiman II	CenterPoint, OGE, & ArcLight combine assets to form Enable Midstream	Dominion acquires Questar Energy	DTE acquires M3's Appalachia assets	Enable acquires Align Midstream	Dominion acquires remaining 39.1% stake in Dominion Midstream	Enable acquires Velocity Holdings	DTE acquires WGL's interest in the Stonewall Gas Gathering	DTE acquires Haynesville gathering system from M5 and Indigo

…Recently Utilities Have Been Decreasing Midstream Exposure and, in Certain Cases, Affecting Full Midstream Exits



Year	**2018**	**2019**	**2019**	**2020**
Company	Dominion Energy	Sempra Energy	Dominion Energy	Dominion Energy
Description	Dominion sells 50% stake in Blue Racer Midstream to First Reserve	Sempra sells non-utility US natural gas storage assets to ArcLight	Dominion Sells 25% Stake in Cove Point	Dominion sells gas transmission and storage assets to Berkshire Hathaway

Company	OGE; CenterPoint Energy	Dominion Energy	Sempra Energy
Date	October 20, 2020	October 27, 2020	December 2, 2020
Announcement	Working towards minimizing exposure to midstream and weighing sale of Enable	Midstream Spin-off	Intends to sell a non-controlling interest in midstream and LNG business

*"**I don't expect we'll be making any further investments in those types of gas transmission assets.** We made those investments five to seven years ago, and at that time we – and frankly many others – viewed natural gas as having a fairly large role in the transition to the clean energy economy. That view has largely changed, and **natural gas, while it can provide emissions reductions, is no longer… part of the longer-term view.**"*

conEdison, inc.

– Chairman, President and CEO John McAvoy

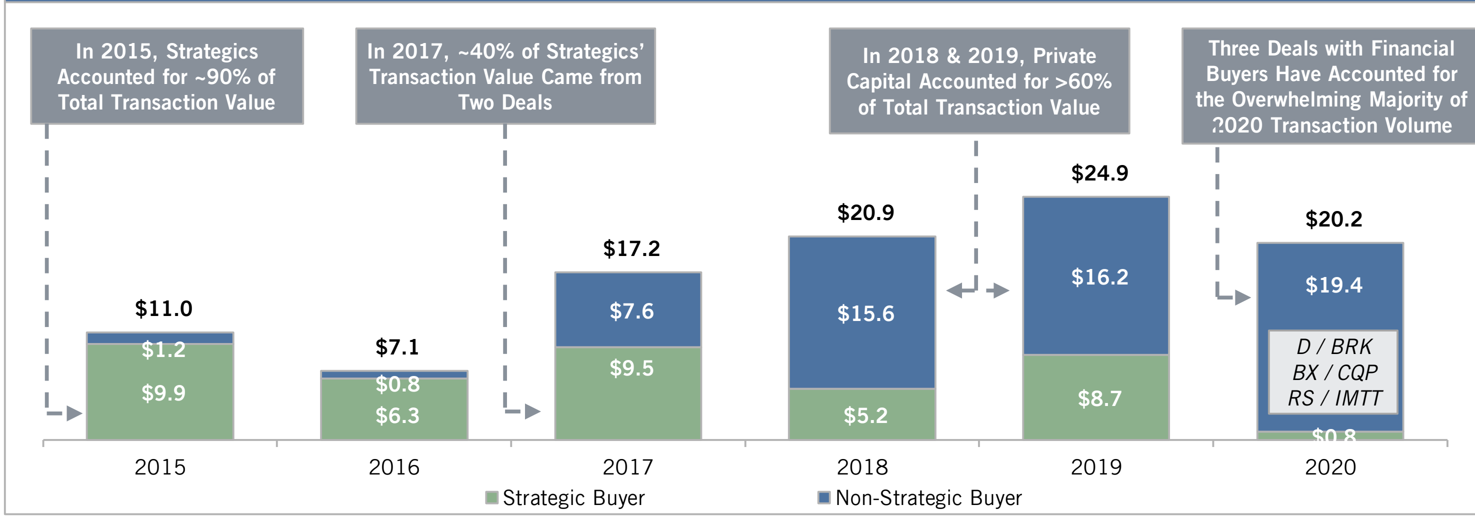
Jefferies

2020 Midstream M&A Was Dominated by a Few Large Transactions with Financial Buyers

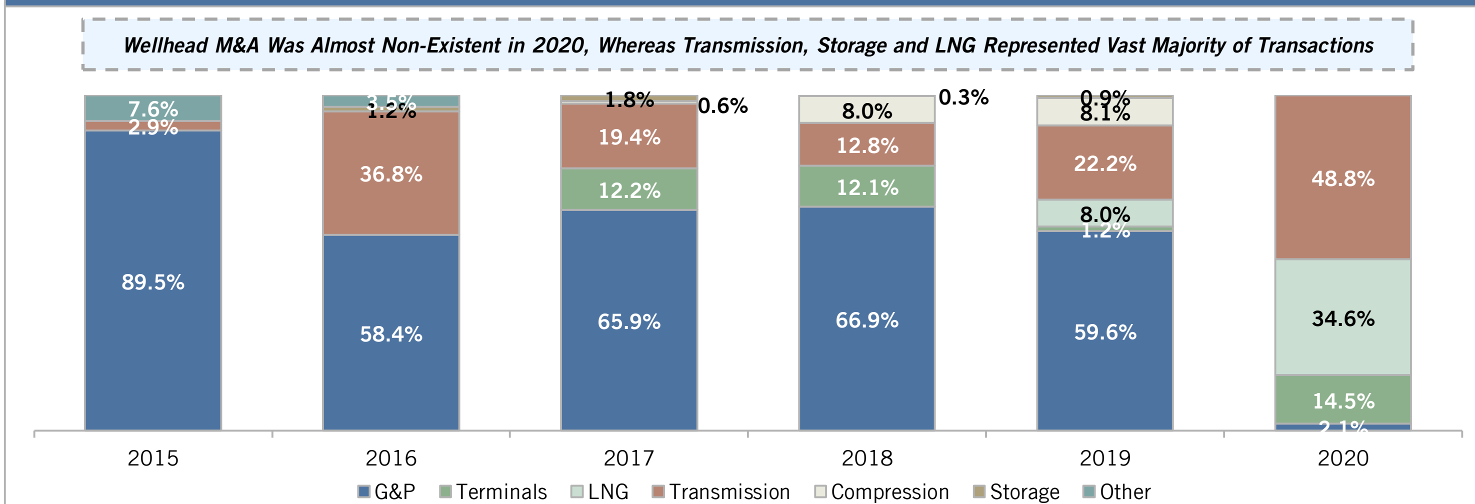
Key Points

- 2020 experienced a fundamental shift in the types of buyers for midstream assets and the types of assets that have drawn investor interest
  - Strategics have largely spent the year on the sidelines
  - Three deals with financial buyers account for >95% of 2020 M&A volume
    - Berkshire Hathaway's acquisition of Dominion's midstream assets for $10 Bn
    - Brookfield / Blackstone Infrastructure's acquisition of Blackstone Energy's ~42% interest in Cheniere Energy Partners for $7 Bn
    - Riverstone's acquisition of IMTT for $2.7 Bn
- Dramatic shift to demand-pull assets in 2020, with very few G&P asset transactions

Asset-Level Midstream Transactions by Buyer Type ($ Bn)



Asset-Level Midstream Transactions by Asset Type (%)

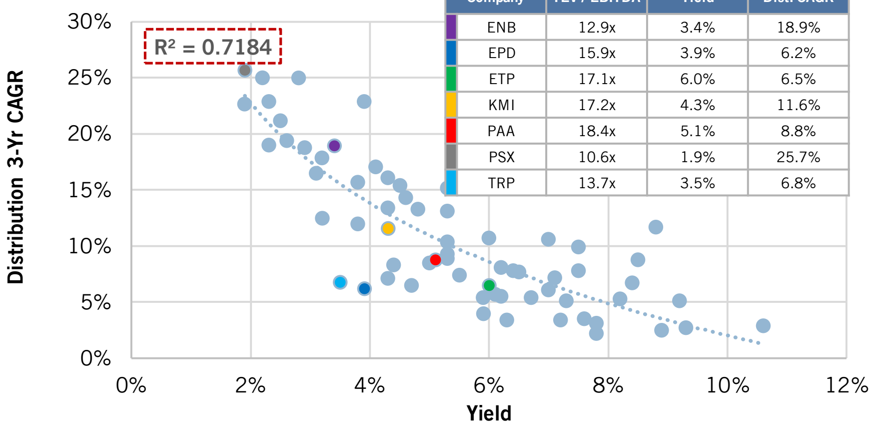


Jefferies

Investors No Longer Rewarding Growth; Increasingly Focused Cash Flow Quality

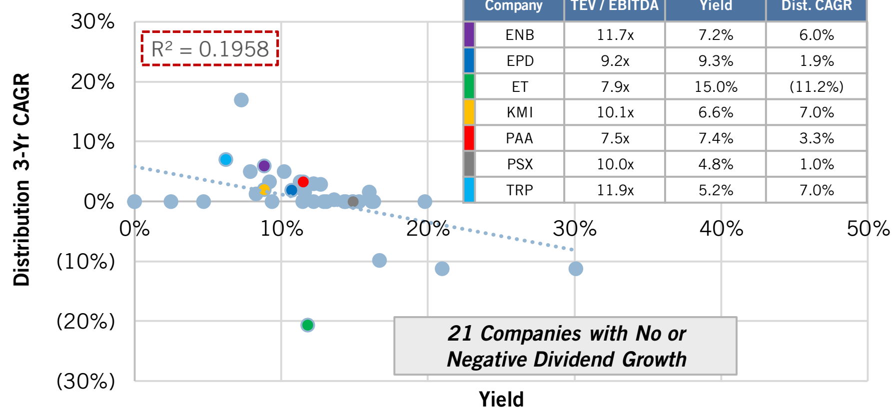
The Relationship Between Distribution Growth and Yield Has Faded

2014 [(1)]



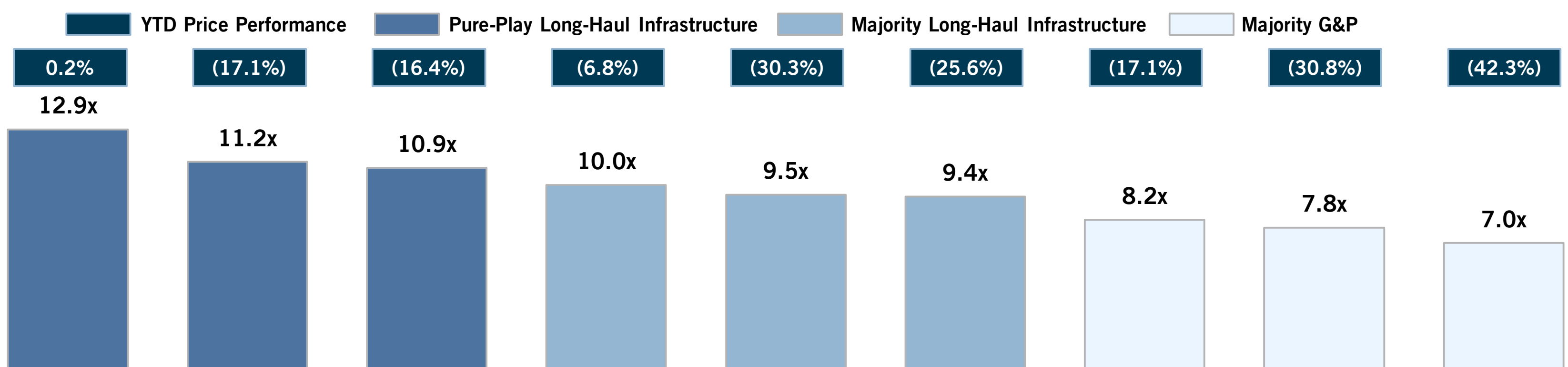
Company	TEV / EBITDA	Yield	Dist. CAGR
ENB	12.9x	3.4%	18.9%
EPD	15.9x	3.9%	6.2%
ETP	17.1x	6.0%	6.5%
KMI	17.2x	4.3%	11.6%
PAA	18.4x	5.1%	8.8%
PSX	10.6x	1.9%	25.7%
TRP	13.7x	3.5%	6.8%

2020 [(1)]



Company	TEV / EBITDA	Yield	Dist. CAGR
ENB	11.7x	7.2%	6.0%
EPD	9.2x	9.3%	1.9%
ET	7.9x	15.0%	(11.2%)
KMI	10.1x	6.6%	7.0%
PAA	7.5x	7.4%	3.3%
PSX	10.0x	4.8%	1.0%
TRP	11.9x	5.2%	7.0%

Expectations for Lower Production Growth Have Compressed Multiples for Volumetrically Exposed Midstream



Company	Cheniere	Enbridge	TC Energy	Williams	Kinder Morgan	Enterprise Products	DCP Midstream	EnLink Midstream	Enable Midstream Partners
% Take or Pay	91%	77%	80%	44%	70%	55%	14%	28%	35%

Source: Wall Street research.
(1) Other companies include, but are not limited to: MMP, NS, CAPL, SUN, USAC, PBFX, CEQP, DKL, MPLX, HEP, NGL, WES, WMB, OKE, ENBL, DCP, GEL, etc.

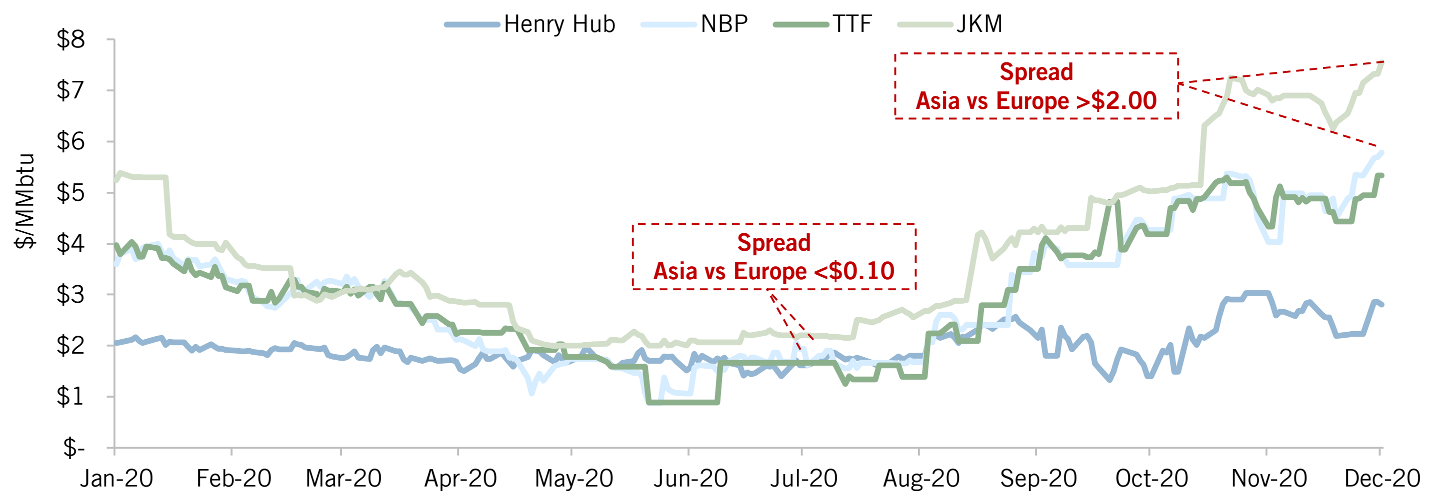
Jefferies

Global LNG Demand Normalizing to Pre-COVID Levels

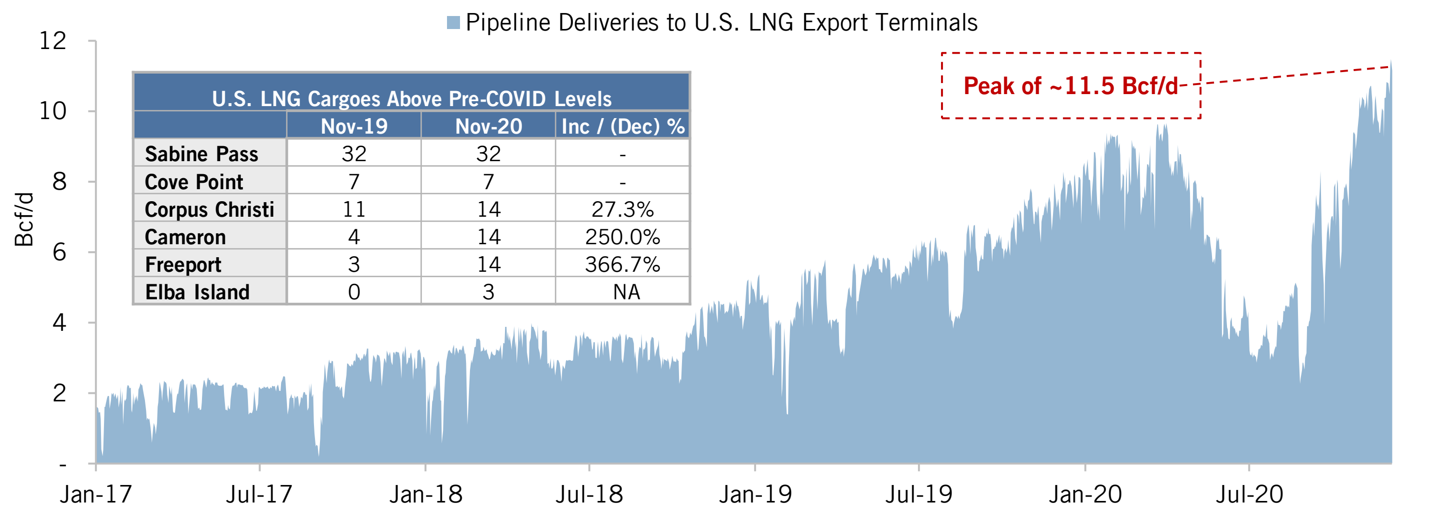
Key Points

- After significant cargo cancellations due to COVID-19 amidst an overall decline in international demand, US LNG is quickly recovering to pre-COVID levels
- International pricing spreads have widened, allowing for marketing arms to take advantage of pricing arbitrages
  - As a result, both LNG inlet volumes and number of cargoes delivered recently hit all-time highs

Gas Price by Region



Record Overseas Demand for American Gas



U.S. LNG Cargoes Above Pre-COVID Levels

	Nov-19	Nov-20	Inc / (Dec) %
Sabine Pass	32	32	-
Cove Point	7	7	-
Corpus Christi	11	14	27.3%
Cameron	4	14	250.0%
Freeport	3	14	366.7%
Elba Island	0	3	NA

Source: Bloomberg and EIA.

Jefferies

Significant Capital Investment and Public Policy Steps Support Long-Term LNG Demand

1 Volumetric Decline	2 Utilities as Sellers	3 Decreased M&A	4 Reliable Cash Flows	5 LNG Growth

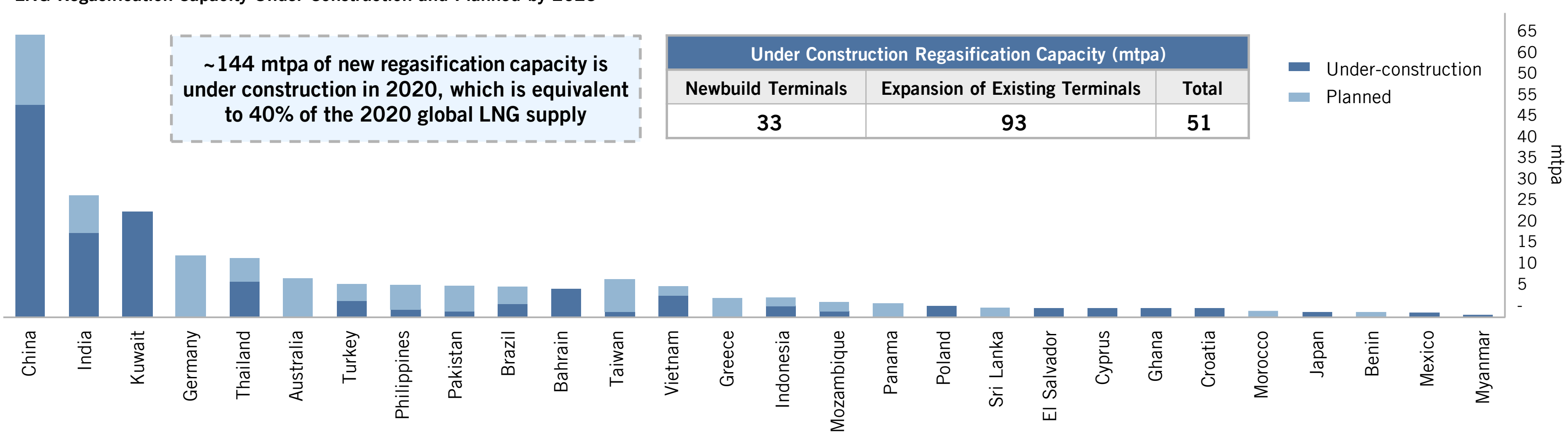
Market	Population	Gas as % of Total Primary Energy Demand	Regas Capacity	Pipeline Infrastructure Plans	Coal to Gas Conversion
China	1.4 Bn	2019A: 7.8%; 2030E: 15.0%	2019A: 120; 2025E: 165	Double by 2025	19.7 GW gas-fired plants under construction to replace coal-fired plants
India	1.4 Bn	2019A: 6.0%; 2030E: 15.0%	2019A: 33; 2025E: 57	Double by 2024	100 million metric tons converted to natural gas by 2030
South Korea	52 MM	2019A: 16.3%; 2030E: 25.5%	2019A: 126; 2025E: 130	N/A	5.7 GW of gas-fired plants to replace coal-fired plants by 2034

Despite the Economic Challenges of 2020, Global LNG Regasification Capacity Additions are the Highest in Ten Years

LNG Regasification Capacity Under Construction and Planned by 2025

~144 mtpa of new regasification capacity is under construction in 2020, which is equivalent to 40% of the 2020 global LNG supply

Under Construction Regasification Capacity (mtpa)		
Newbuild Terminals	Expansion of Existing Terminals	Total
33	93	51



Source: Bloomberg, World Bank, International Gas Union and Cheniere investor presentations.

Jefferies

Oilfield Services Market Outlook

Current Themes in the Oilfield Services

1	**Commodity Price Volatility and Macro Outlook**	Notwithstanding the recent oil price rally, E&P operators continue to work through a volatile commodity price environment that continuously balances an anticipated economic recovery driven by the proliferation of COVID-19 vaccinations and a "return to normal" against the threat of economic disruptions from rising infections and potential economic shutdowns
2	**Significant Reduction in E&P Capital Spending and Oilfield Service Activity**	In response to sharply lower commodity prices, E&Ps rapidly reduced capital spending programs resulting in a new "lower for longer" activity environment that most acutely impacted U.S. shale; market currently anticipating a recovery to take hold in 2H 2021
3	**Restructuring Underway and More to Come**	Diminished cash flow profiles, significant debt maturities and limited capital markets access accelerated Q2 and Q3 2020 corporate restructurings; outlook suggests distress likely to continue into 2021, which risks another wave of bankruptcies given 2021 and 2022 debt maturity wall
4	**M&A Activity Has Lagged But Expected to Accelerate**	Against this challenging backdrop, oilfield services M&A activity has suffered, but consolidation is expected to accelerate in 2021 as service providers seek to enhance scale, rationalize oversupplied markets and drive synergies in a difficult operating environment that includes an increasingly consolidated customer base
5	**ESG and Energy Transition Initiatives Have Begun In Earnest**	The recent downturn has accelerated oilfield service providers' participation in the energy transition movement in an effort to repurpose valuable expertise, replace shrinking traditional oil and gas revenue and satisfy key stakeholder concerns

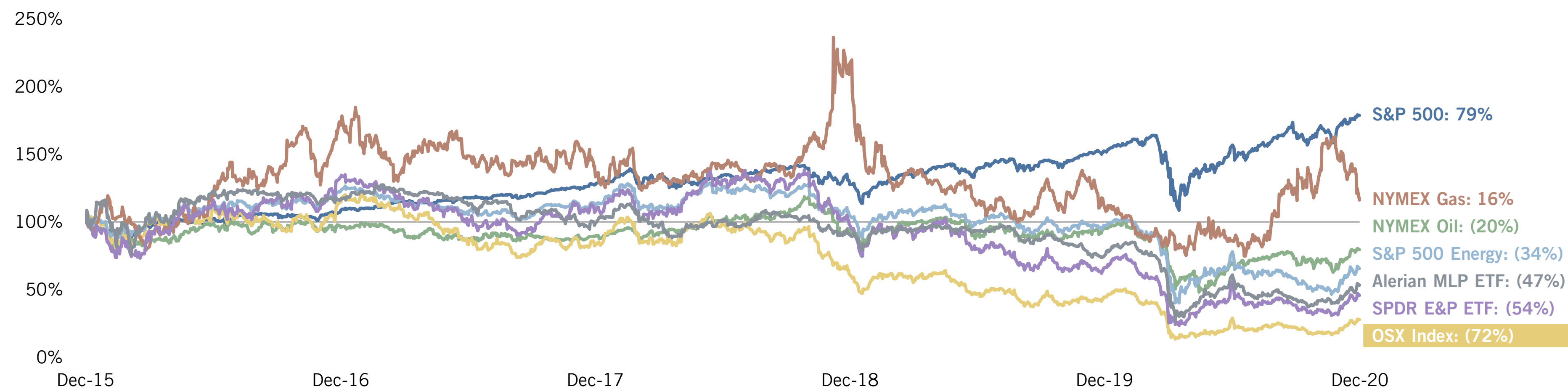
We Expect the Above Themes to Set Up a More Constructive OFS Industry Backdrop in 2021

Oilfield Service Price Performance

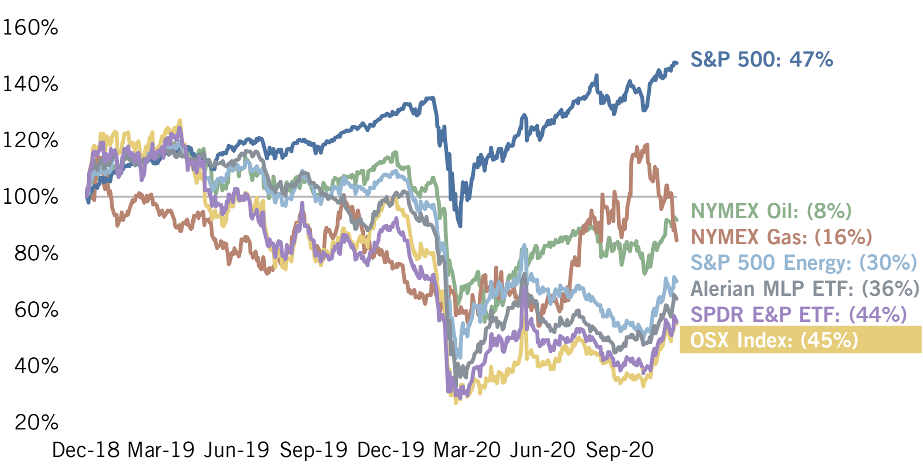
1 Macro Outlook | 2 Decline in Activity | 3 Restructuring Underway | 4 Decreased M&A Activity | 5 Increase in ESG Initiatives

Over the last five years, oilfield services has broadly underperformed commodity prices as well as the upstream and midstream subsectors

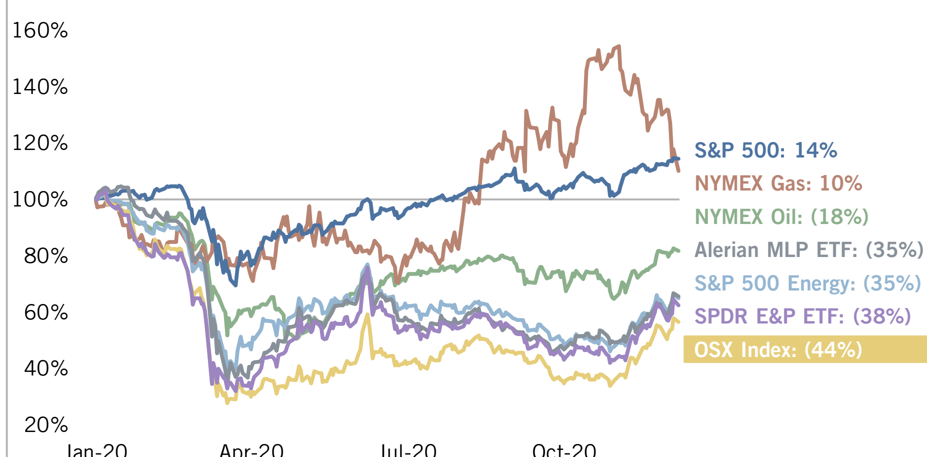
OSX Price Performance vs. Various Indices – Last 5 Years



OSX Price Performance vs. Various Indices – 2019 to Present



OSX Price Performance vs. Various Indices – YTD



Source: CapitalIQ database. Market data as of 12/07/20.

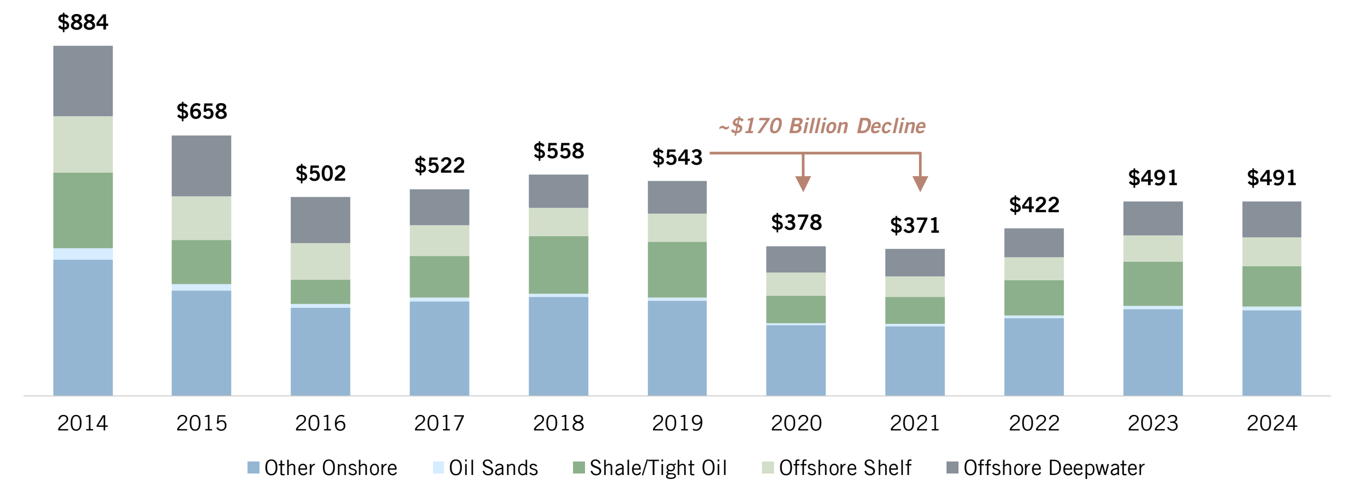
E&P Capital Spending Outlook

Currently the Market Expects 2021 E&P Capital Budgets to be Relatively Flat Compared to 2020 levels, however Budgets remain ~ $150 Billion below 2019 Spending

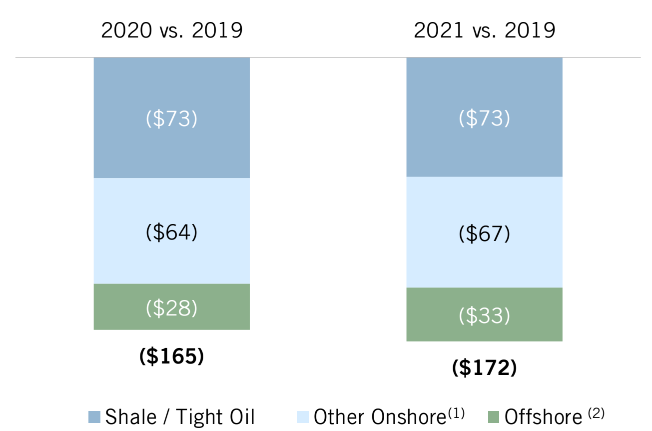
Key Points

- In response to the precipitous crude oil price decline, E&Ps dramatically reduced 2020 capital budgets by ~$165 billion and are expected to cut 2021 budgets by a further ~$10 billion
  - Current outlook suggests modest recovery in 2022 with E&P spending remaining below pre-pandemic levels through 2024
- Cuts most acutely focused on U.S. shale which have fallen ~$75 billion from 2019 levels, a year-on-year decline of more than 50%
- Offshore to see more moderate cutbacks ($25 – $35 billion), with reductions mainly to exploration and infill drilling programs

Upstream Investment by Supply Source ($ Billions)



Upstream Investment vs. 2019 Levels



Upstream Investment by Supply Source

	2020 vs. 2019	2019 - 2024 CAGR
Offshore Deepwater	(18.4%)	2.2%
Offshore Shelf	(17.8%)	0.6%
Oil Sands	(40.3%)	(0.1%)
Other Onshore	(25.3%)	(2.0%)
Shale / Tight Oil	(51.7%)	(6.4%)

Source: Rystad Energy.
(1) Includes Oil Sands and Other Onshore.
(2) Includes Offshore Shelf and Offshore Deepwater.

Jefferies

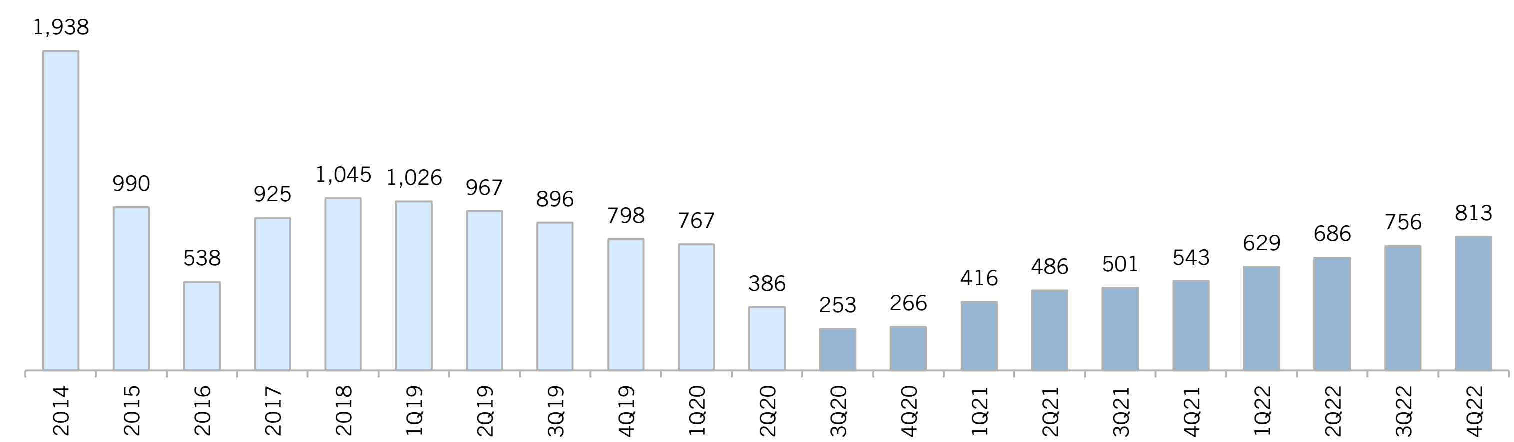
U.S. Onshore Drilling Rig Outlook

1 Macro Outlook	2 Decline in Activity	3 Restructuring Underway	4 Decreased M&A Activity	5 Increase in ESG Initiatives

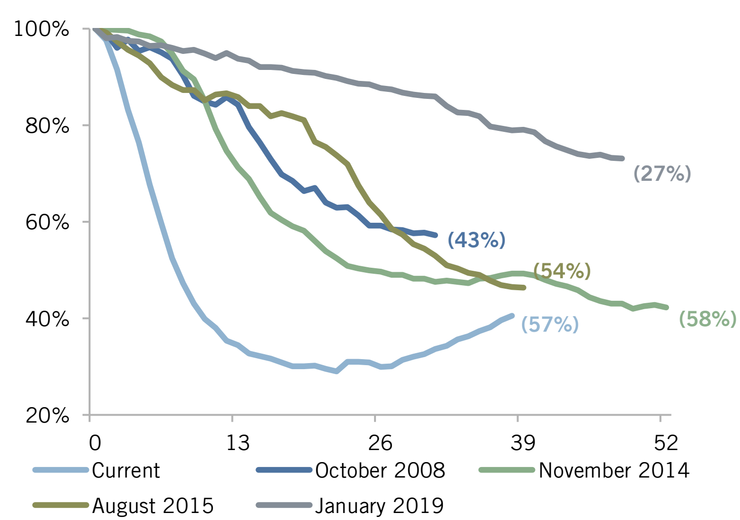
Key Points

- U.S. rig count now stands at 323, falling ~450 rigs since mid-March, which represents the steepest and deepest rig count decline in the unconventional era
  - However, U.S. rig count has steadily recovered since early September
  - Rig Count has increased by 79 rigs by mid-December from August lows, and has experienced 13 straight weekly increases[2]
- The near-term onshore drilling outlook remains challenged under a range of scenarios
  - Initial declines surpassed original downside expectations
  - Outlook for rig count to remain depressed in Q4 2020 with a more meaningful recovery occurring in Q1 2021 and beyond

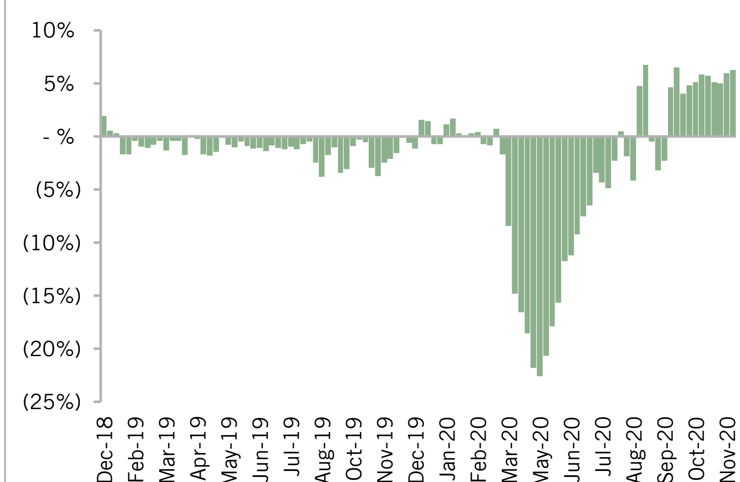
U.S. Onshore Rig Count[1]



Comparison of Horizontal Rig Count Declines from Peak



Horizontal Rig Count Rolling 2-Week Percent Change



Source: Rystad Energy ShaleIntel, Baker Hughes Rig Count, Spears and Associates and company filings and presentations.

(1) Forecast represents Rystad Energy Base Case which includes 2020, 2021 and 2022 WTI prices of $37/Bbl, $44/Bbl and $66/Bbl, respectively.

(2) Per Baker Hughes rig count as of December 11, 2020.

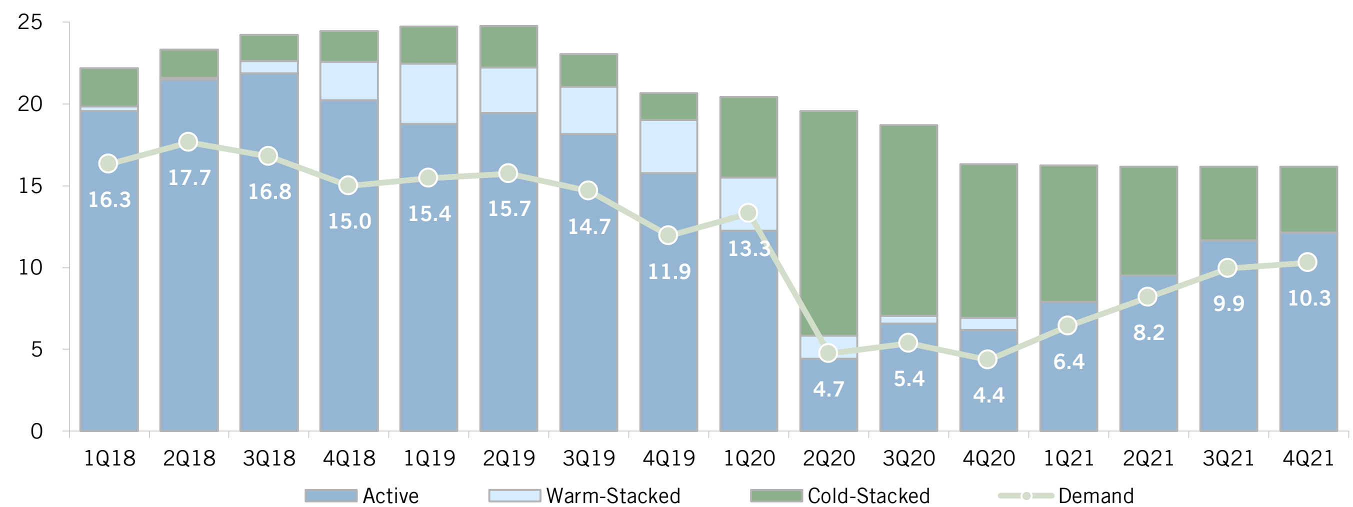
Jefferies

U.S. Completion and Pressure Pumping Outlook

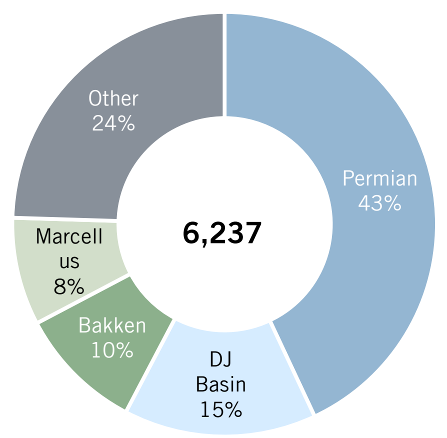
Key Points

- Completion activity has rebounded from the April / May 2020 trough, as operators elected to accelerate completion of DUC inventories after instituting a "frac holiday" in Q2 2020
  - However, current and future activity levels expected to remain well below pre-pandemic levels
- Completion activity likely to outpace drilling activity due to drawdown of DUC inventory
- Outlook for pressure pumping demand to increase more meaningfully, beginning in Q1 2021 as operators reset their capital budgets

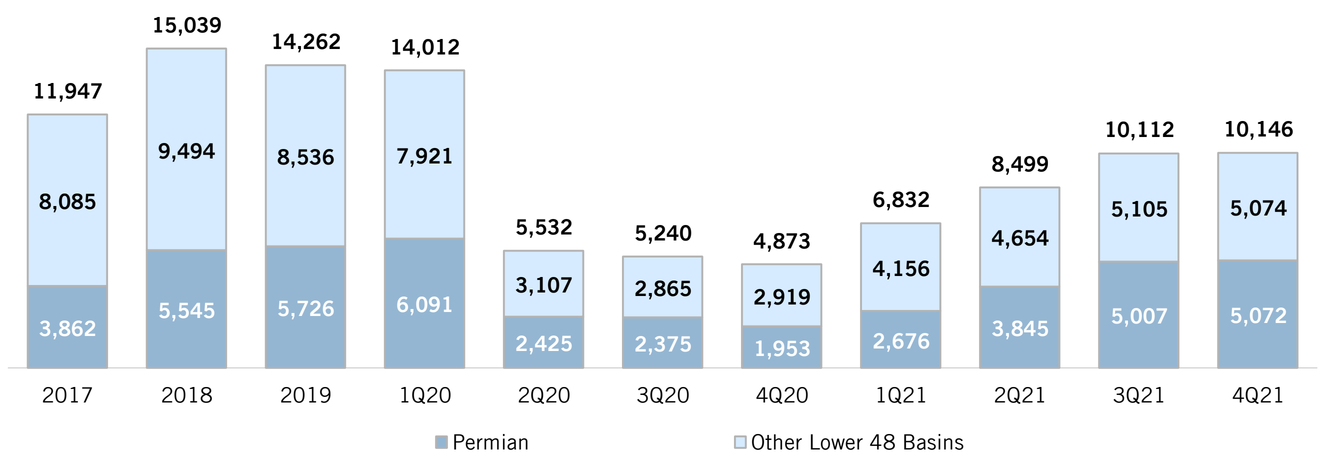
Pressure Pumping Horsepower Supply vs. Demand (MM HHP)



Q4 2020 Hz DUC Inventory



Lower 48 Horizontal Wells Frac'd [1]



Source: EIA and Rystad Energy ShaleIntel.
(1) Base case assumes WTI prices of $37/Bbl and $44/Bbl in 2020 and 2021, respectively. Quarterly figures were annualized for comparison purposes.

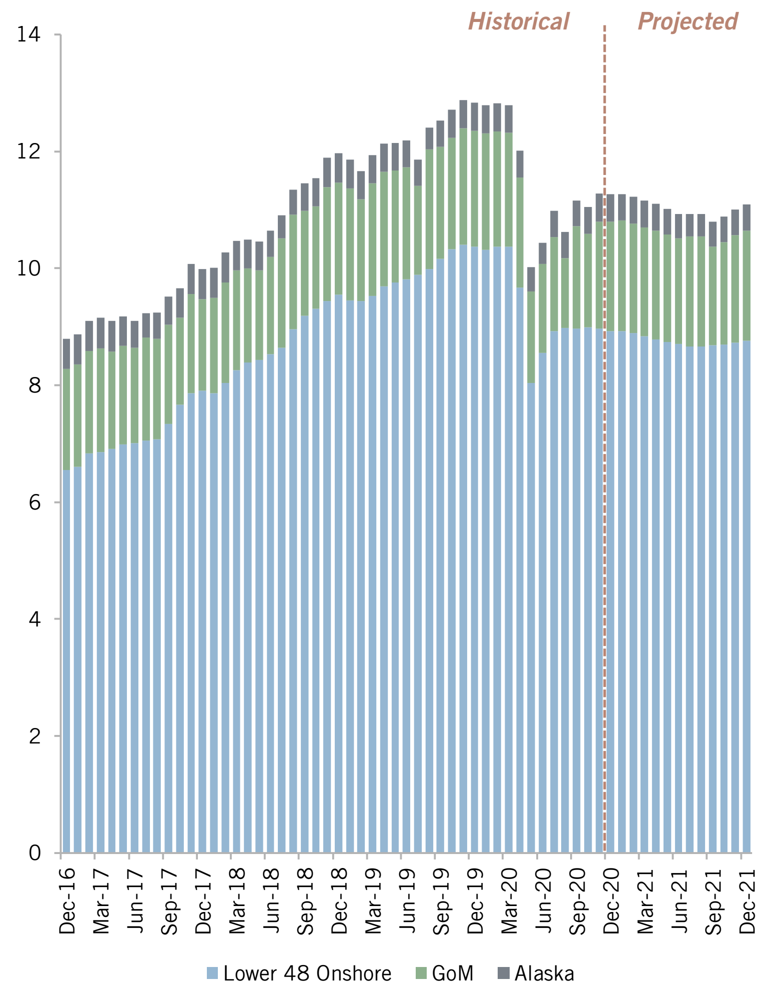
Lower 48 Well Count and Production Outlook

1 Macro Outlook | **2 Decline in Activity** | 3 Restructuring Underway | 4 Decreased M&A Activity | 5 Increase in ESG Initiatives

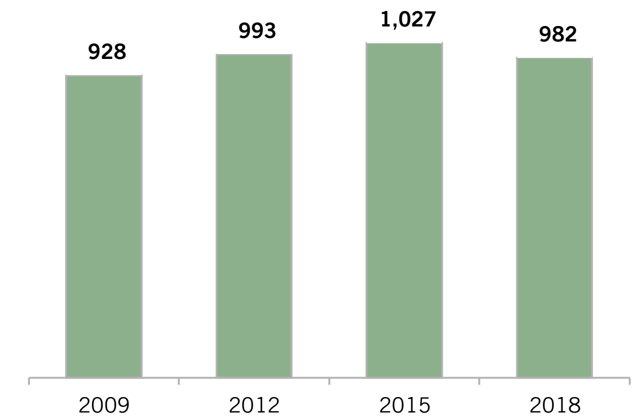
Key Points

- U.S. oil production remains relatively resilient and is expected to largely maintain current production levels, depending on the commodity price outlook
- In September, the domestic oil product rebounded to nearly 11MMBbl/d as production growth from the GoM outpaced modest production declines from Lower 48 onshore sources
  - Since then, production has held flat around 11MMbbl/d
- Expectations for Lower 48 onshore production to remain in the 8.5 – 9.0MMBbl/d range through 2021
  - Similar outlook for GoM and Alaska production which are expected to maintain current levels of 1.7 – 2.0MMbbl/d and ~0.5MMBbl/d, respectively
- Outlook suggests a more constructive environment for production focused services versus those that are more drilling & completion-driven
  - Supported by installed base of nearly one million producing wells

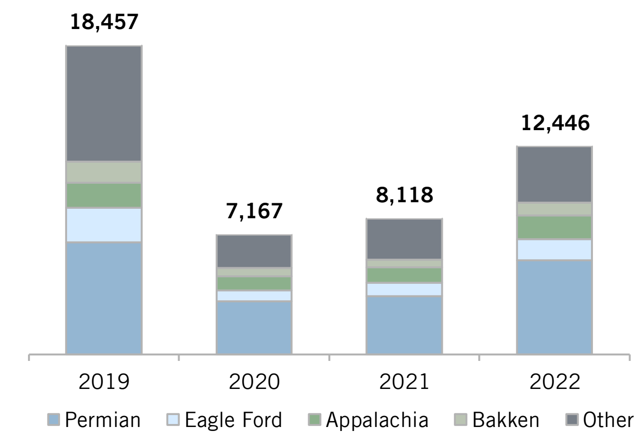
U.S. Oil Production



Installed Base of Producing Wells (000s)



New Wells Drilled – Lower 48 by Play



Source: Company filings, Wall Street research, EIA and Rystad Energy ShaleIntel.

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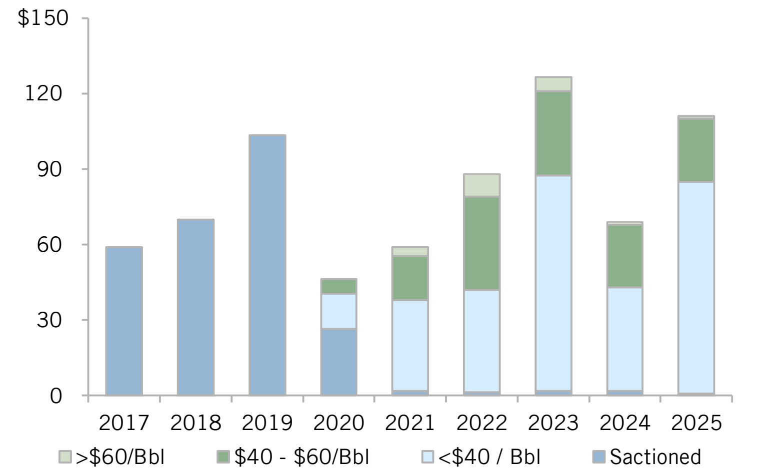
Offshore Project Outlook

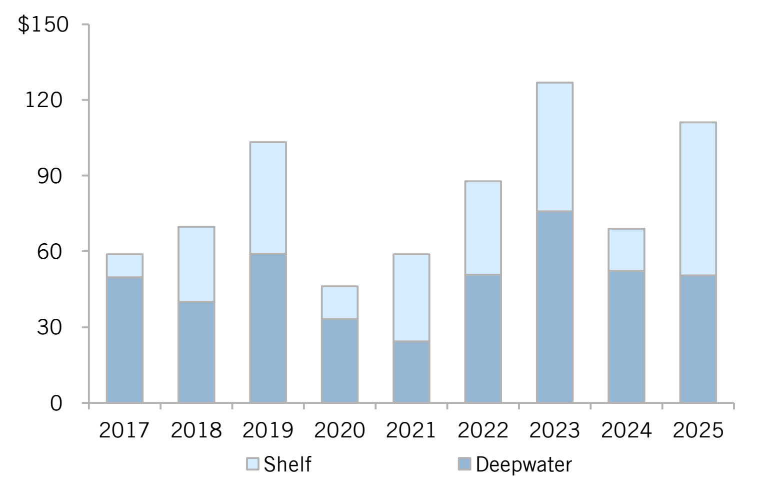
Key Points

- In response to recent headwinds, E&Ps quickly reduced capital budgets, which included delaying certain projects expected to be sanctioned in 2020
  - 19 high profile projects have already been postponed
  - Operators reworking development plans to optimize costs for the new commodity price regime
- Meanwhile, several projects sanctioned in early 2019 are likely to move forward, although timelines may be delayed not only by reworked project parameters but also by social distancing restrictions slowing construction and drilling
- Expectation for 2020 FIDs to total approximately $25Bn versus more than $100Bn of new project investments in 2019
- Increasing probability that activity will improve in 2021; however, likely to require Brent prices above $45/Bbl
  - Current outlook suggests FIDs recover to $70Bn in 2021

Global Offshore Commitments by Breakeven Price ($Bn)



Global Offshore Commitments by Depth ($Bn)



FIDs – Delayed / Postponed

Asset	Country	Operator
Atlanta FDS	Brazil	Enauta
Barossa	Australia	Santos
Bay du Nord	Canada	Equinor
Browse	Australia	Woodside
Cambo (Phase 1)	U.K.	Siccar Point
Claire South	U.K.	BP
Crux	Australia	Shell
Jackdaw	U.K.	Shell
Neptun Deep	Romania	ExxonMobil
North Platte	U.S.	Total
Pecan	Ghana	Aker Energy
Platypus	U.K.	KNOC / Dana
Pluto Train 2	Australia	Woodside
Rovuma LNG (Area 4)	Mozambique	ExxonMobil
Scarborough	Australia	Woodside
Sea Lion	Falkland Islands	Premier Oil
Shenandoah	U.S.	LLOG
Structure A and E	Libya	Eni
Whale	U.S.	Shell

Source: Wall Street research and Rystad Energy.

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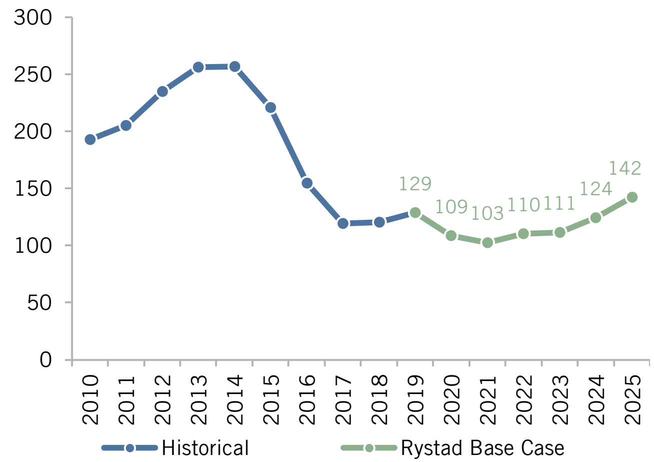
Offshore Activity Outlook

1 Macro Outlook | **2 Decline in Activity** | 3 Restructuring Underway | 4 Decreased M&A Activity | 5 Increase in ESG Initiatives

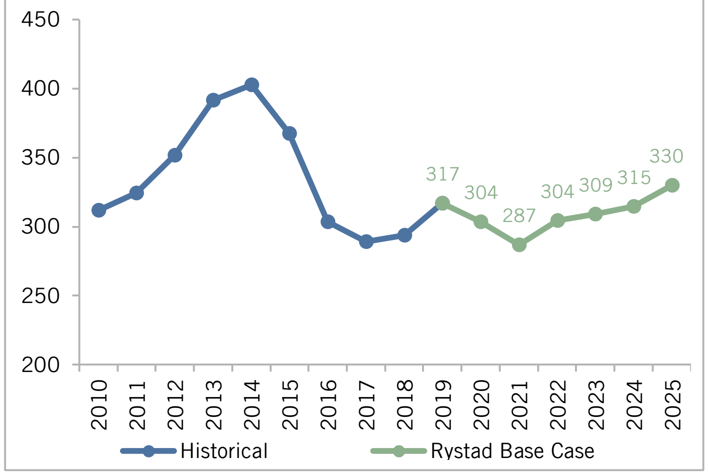
Key Points

- While many FIDs have been delayed, a significant amount of development activity is expected to move forward in 2021, providing a demand floor until a potential recovery
  - Operators restriction of exploration spending in 2020 expected to continue in 2021
- Outlook for floater demand to decline to nearly 100 rigs years, differing opinions regarding timing (trough reached in 2021 vs. 2022)
  - In the near-term, activity to skew towards mid- and deepwater projects
- Outlook for jackup demand reflects a similar dynamic and is expected to decline to nearly 285 rigs years in 2021 and slowly recover thereafter
  - As was the case during the prior downturn, the jackup market saw a shallower demand decline due to the resilient nature of shallow water projects; benefit from existing infrastructure, shorter development cycles and lower costs
  - Jackup demand also benefits from strong NOC demand, which tends to be less cyclical, helping to stabilize utilization in key markets (i.e., Middle East, Asia Pacific, Mexico)

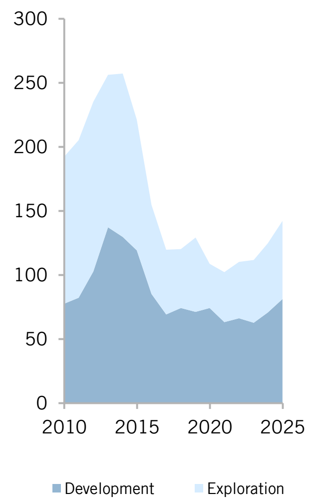
Floater Market Outlook – Floaters Demand (Rig Years)



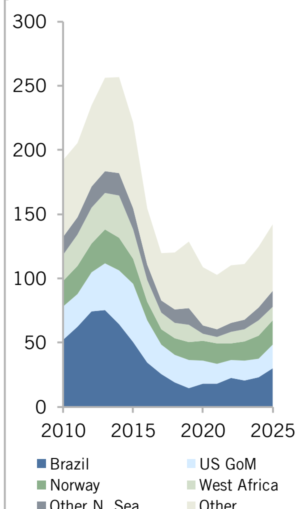
Jackup Market Outlook – Jackup Demand (Rig Years)



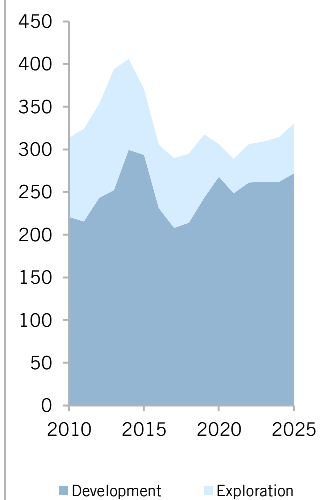
Floater Dem. by Activity[1]



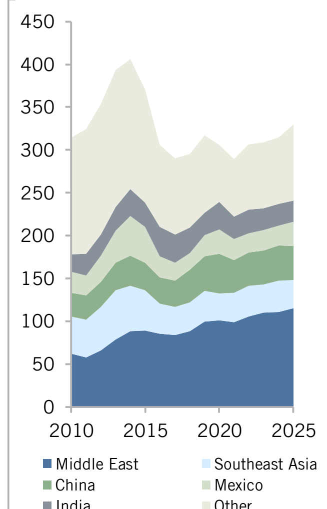
Floater Dem. by Geography[1]



Jackup Dem. by Activity[1]



Jackup Dem. by Geography[1]



Source: Wall Street research and Rystad Energy.
(1) Per Rystad Energy Base Case forecast.

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Summary of Distressed OFS Situations

1 Macro Outlook | 2 Decline in Activity | **3 Restructuring Underway** | 4 Decreased M&A Activity | 5 Increase in ESG Initiatives

Key Points

- Through November, ~$41Bn of total oilfield services liabilities filed for bankruptcy in 2020
  - Compares to ~$13Bn in 2016 and ~$35Bn in 2017 total liabilities restructured
- Pace of bankruptcy filings accelerated in Q2 and Q3 2020, which saw 11 and 27 oilfield services bankruptcies, respectively
- Diminished cash flows as a result of a "lower for longer" activity environment, risks another wave of bankruptcies given the sector's 2021 and 2022 debt maturity wall

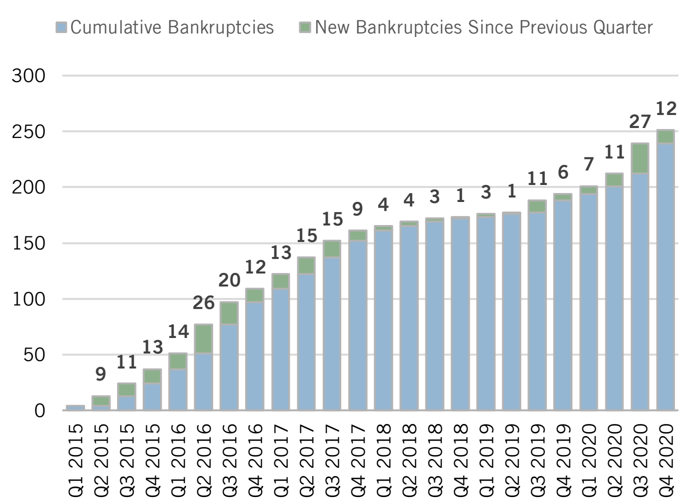
Selected Reorganizations in Progress

BJ
Diamond Offshore
Hornbeck Offshore HOS
Pacific Drilling
Valaris

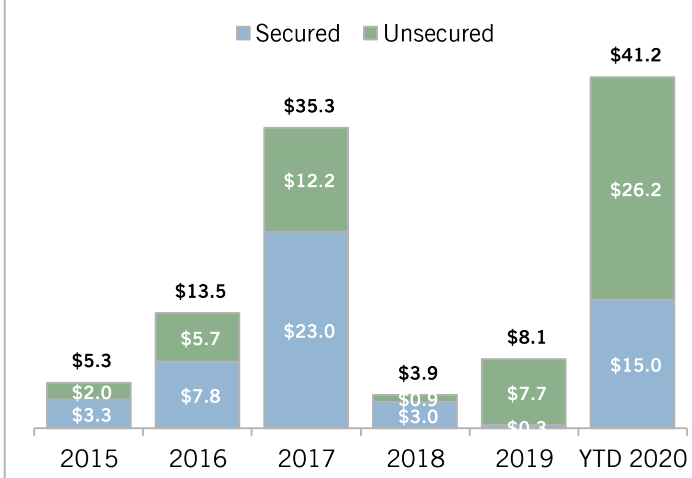
Emerged / Auctioned

CWS Calfrac
CARBO
Hi-Crush
FTS International
KCA Deutag
McDermott
Noble
Pioneer
SAExploration
UTEX

Number of Oilfield Services Bankruptcies



Value of Oilfield Services Bankruptcies ($Bn)



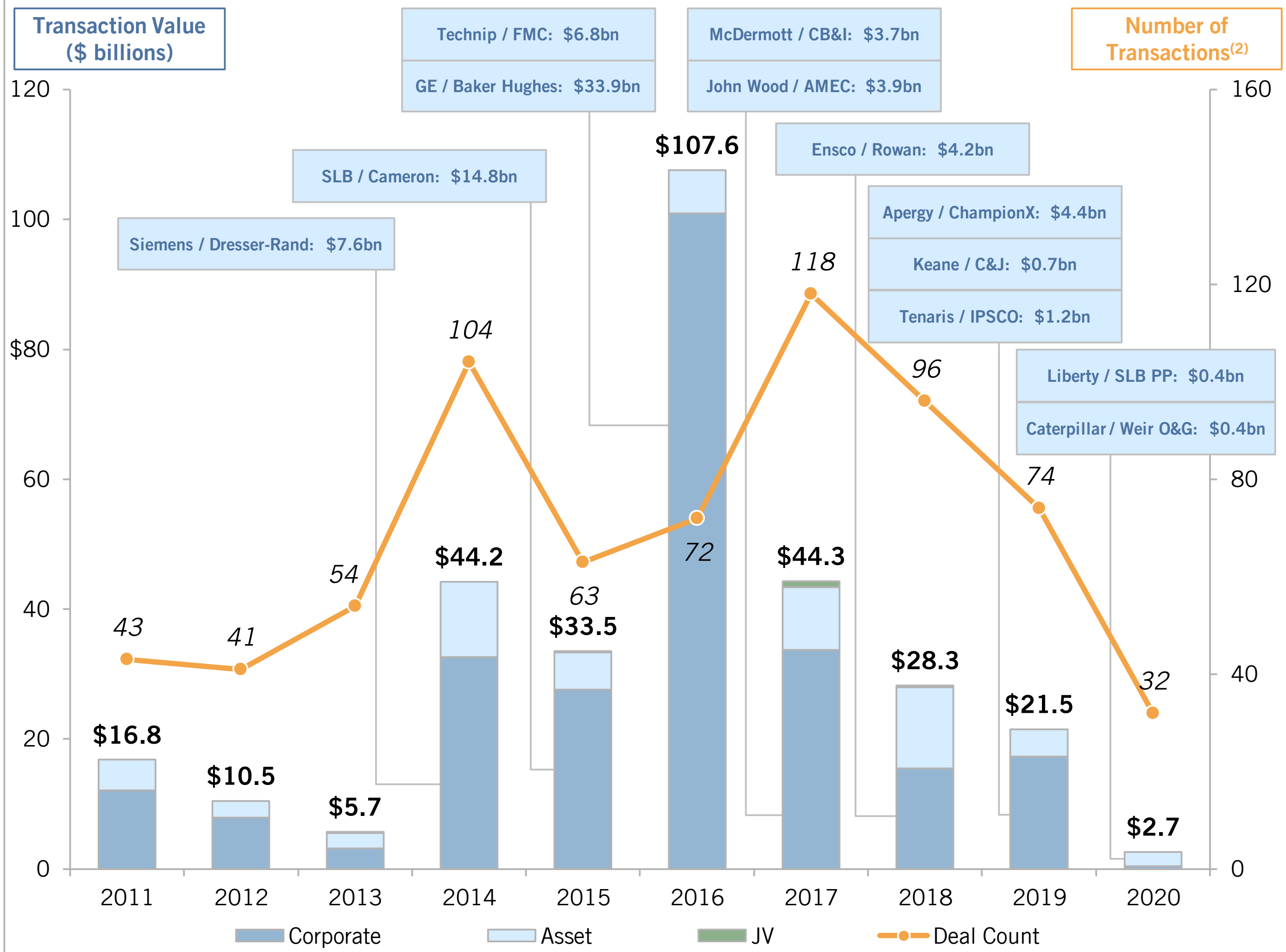
Source: Haynes & Boone, LLP Oilfield Services Bankruptcy Tracker (November 2020) and company filings.

Significant Slowdown in Oilfield Services M&A Activity

Key Points

- Oilfield Service M&A transaction volume decreased for the third straight year to the lowest level in recent history
  - 32 transactions greater than $10 million announced in 2020 vs. 74 in 2019 and 96 in 2018
- Largest 2019 OFS transactions include:
  - Apergy / Ecolab's ChampionX ($4.4Bn)
  - Tenaris / IPSCO ($1.2Bn)
  - Keane / C&J ($0.7Bn)
  - DP World / Topaz Energy and Marine ($1.1Bn)
- Largest 2020 OFS transactions include:
  - Liberty / Schlumberger Pressure Pumping ($0.4Bn)
  - Caterpillar / Weir Oil & Gas ($0.4Bn)
- Expectations for rebound in Oilfield Service M&A activity in 2021 as restructured companies emerge from bankruptcy

Oilfield Services M&A Activity[1]



Source: PLS database.
(1) Includes water services and infrastructure transactions.
(2) Includes transactions with reported transaction values greater than $10 million.

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Oilfield Service Participation in ESG and Energy Transition

Key Points

- Oilfield services companies have begun to strategically ramp up clean energy initiatives
- Given applied expertise in EPCI and O&M support, oilfield service providers are uniquely positioned to actively participate in the energy transition
- Several companies have recognized the potential to supplement shrinking upstream revenue with emerging clean energy projects
- Most immediately, the industry can participate in the energy transition through two primary avenues:
  1. Improved operational efficiency and solutions for legacy hydrocarbon development
  2. Application of seasoned expertise to clean energy infrastructure development
- Stemming from initial ESG initiatives, several oilfield services companies have pledged meaningful long-term carbon footprint reduction targets

1 ESG Initiatives for Legacy Hydrocarbon Development

Focus Area	Select Companies	Commentary
Minimizing Flaring, Venting & Fugitives	Flogistix	▪ Flaring, venting and leaks account for more than half of oil-related emissions ▪ To reduce flaring, eliminate venting and pinpoint fugitive emissions, OFS companies have begun developing advanced sensing, control and capture technologies
Utilizing Wellhead Gas as Fuel Source	Evolution Well Services USWS U.S. Well Services	▪ The provision of fuel is one of the principle costs facing well service operators ▪ Recognizing the financial and environmental implications of diesel fuel, OFS companies have started to use wellhead gas to fuel operations at a well site, most clearly evidenced by the proliferation of electric frac equipment
Recycling of Water	Breakwater Energy Partners Select Energy Services XRI	▪ Unconventional development has rapidly expanded the industry's water footprint ▪ To mitigate issues of sustained freshwater sourcing and wastewater treatment, service providers have started to treat and reuse wastewater ▪ With the surge in freshwater prices, recycling produced and flowback water can also lower costs

2 Energy Transition and the Intersection with Oilfield Service Companies

Focus Area	Select Companies	Commentary
Carbon Capture and Storage ("CCUS")	Aker Carbon Capture Baker Hughes 8 Rivers	▪ Carbon capture technologies are a critical component to reaching long-term emissions targets ▪ With expertise in gas compression & processing, pipelines, petroleum EPCI and geoscience, oilfield service providers are qualified to execute CCUS projects at an industrial scale
Offshore Wind	Shane Guidry Offshore Windfarm Services Seajacks Subsea 7	▪ Wind provides a unique opportunity for unlocking supplemental revenue streams, especially for offshore service providers that have experienced substantial activity reductions from prior peak ▪ Due to the overlap of equipment, engineering & construction and operations & maintenance, OFS companies have begun to spearhead EPCI and O&M projects for commercial scale offshore wind projects
EPCI and O&M for Solar Installations	Array Technologies IEA REIG	▪ Oilfield EPCI and O&M expertise also translates well to the solar market ▪ The overlap of equipment, including converter & inverters, switchgear and electrical equipment, well positions OFS companies to assist in the develop solar infrastructure ▪ Certain service companies have undertaken EPCI roles in solar project development

Source: Rystad Energy and other publicly available information.

Leveraged Finance and Restructuring Outlook

Current State of Liability Management Transactions

1 Bonds Remain Primarily in the Hands of Long-Term, Real-Money Investors

- Unlike previous credit cycles, large asset managers continue to hold the majority of the outstanding stressed and distressed notes outstanding
- With limited investor turnover, basis remains elevated thus increasing the difficulty to execute liability management transactions

2 Investors are Unwilling to Crystallize a Loss and Take a Discount to Solely Benefit the Equity

- Investors will entertain par exchanges which may be enhanced by equity upside
- There is a willingness to aid companies with a large, transformational recapitalization; however, these are complicated transactions and require significant coordination

3 Ad Hoc Creditor Groups are Forming Quickly and are Holding Their Ground

- Given the number of stressed and distressed credits along with investor connectivity, Ad Hoc credit groups are forming quickly
- The creditor groups have been reticent to break rank once formed

4 Alternative Capital Providers Offer Flexible Solutions via Asset and Equity Consideration

- Alternative capital providers are willing to take a creative approach to create mutually-attractive financing solutions
- The ability to pair cash flowing assets and equity / equity-like securities is an appealing path to create value for investors while reducing the cost of capital to issuers

Source: Jefferies Restructuring Group.

Key Recent Upstream Contract Rejections / Renegotiations

- Distressed upstream businesses increasingly looking to midstream providers for concessions in various forms including: (i) rate reductions, (ii) volume commitment changes and (iii) drill incentives, among others
- Midstream businesses have started to actively negotiate with upstream companies and potential buyers in a number of situations as an alternative to litigation
- The significant in court issue remains the argument regarding contracts that have covenants running with the land such as Chesapeake, Extraction, and Southland and the different jurisdictions that the law is being interpreted
- Additionally, interstate pipelines regulated by FERC have been rejected in several cases and are currently on appeal

E&P Operator	Southland Royalty Company	Ultra Petroleum	XOG Extraction Oil & Gas	Chesapeake Energy	Gulfport Energy
Midstream Service Provider	Williams	Tallgrass Energy Pinedale Natural Gas	Williams NGL Energy Partners LP	Williams Energy Transfer	Tallgrass Energy Energy Transfer TC PipeLines, LP Cheniere
Date Filed	1/27/2020	5/14/2020	6/14/2020	6/28/2020	11/13/20
Court	Delaware	Texas	Delaware	Texas	Texas
Judge	Karen Owens	Marvin Isgur	Chris Sontchi	David Jones	David Jones
Description	▪ 2 G&P agreements with minimum volume commitment	▪ Firm transportation contract on the Rockies Express pipeline that shipped gas east ▪ G&P contract with Pinedale LGS that gathered infield volumes; assets previously owned by UPL	▪ Extraction attempting to reject numerous contracts in bankruptcy ▪ Focus thus far has been on oil gathering and transportation agreements (Grand Mesa/NGL, Elevation, and ARB Midstream)	▪ ETC inter-state firm transportation contract for Haynesville assets ▪ Williams (Access) gathers and processes volumes across the Chesapeake legacy asset base	▪ Immediately moved to reject 6 of 17 long-haul gas transportation contracts across 4 different midstream operators as well as 3 G&P agreements
Commentary	▪ Week long trial in Delaware court in September ▪ Of the two gathering agreements, Southland is trying to reject the contract with less-favorable terms ▪ Bank syndicate arguing to reject the contract as it has transferred value to Williams that would otherwise be subject to liens from their loan	▪ Two key elements of the rejection include: (i) satisfaction of the business judgement standard (estate better off) and (ii) no interruption of gas supply to customers as a result of the rejection ▪ Rockies Express contract was rejected ▪ Pinedale LGS contract (structured as a leaseback financing) was due to be rejected, however, the system was acquired by UPL in bankruptcy for $18 MM (original lease required annual payments of $20 MM through 2027) ▪ FERC has filed two appeals: (i) related to the ruling and (ii) related to the bankruptcy courts ability to reject FERC-regulated contracts	▪ On October 14, Judge Sontchi ruled that Grand Mesa (NGL), Platte River/DJ South (ARB Midstream), and Elevation contracts do not create covenants "running with the land" ▪ On November 2, Judge Sontchi granted Extraction's motion to reject its transportation services agreements, applying the deferential business judgment standard instead of a heightened public interest standard that was requested by midstream counterparties ▪ Extraction rejected its Grand Mesa and Platte River contracts; however, the company reached an agreement with Elevation prior to ruling that included a settlement with a damage claim	▪ On October 28, Judge Jones approved CHK's motion to reject its gas purchase agreement with ETC, ruling that the contract does not establish a covenant "running with the land" ▪ Decision currently on appeal ▪ On December 17, Williams received court approval of a global resolution it reached with Chesapeake to end litigation	▪ Plan approval conditioned on 50% reduction of firm transportation reservation fees ▪ Rejected long-haul contracts include Rockies Express (Tallgrass/P66), ANR Pipeline (TCP), two Texas Gas contracts (TCP), and Rover (ET) ▪ Filed an adversary proceeding against Midship (Cheniere) seeking punitive damages for an improper draw of letters of credit ▪ Rejected G&P agreements includes Rice Olympus Midstream (Equitarns), Strike Force (Equitrans), and DCP NGL Services (DCP)