



MERCER CAPITAL

2022 Energy Purchase Price Allocation Study

October 2022



BUSINESS VALUATION &
FINANCIAL ADVISORY SERVICES

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About Mercer Capital

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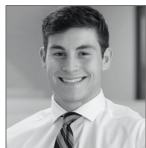
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Industry Segments

- Exploration & Production
- Oilfield Services
- Midstream
- Refining & Marketing

Oil & Gas Team



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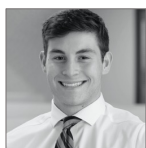
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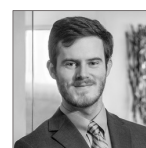
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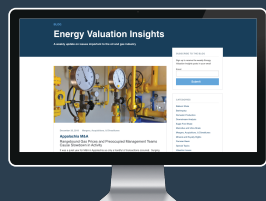


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Oil and Gas Industry Resources

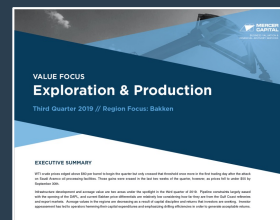
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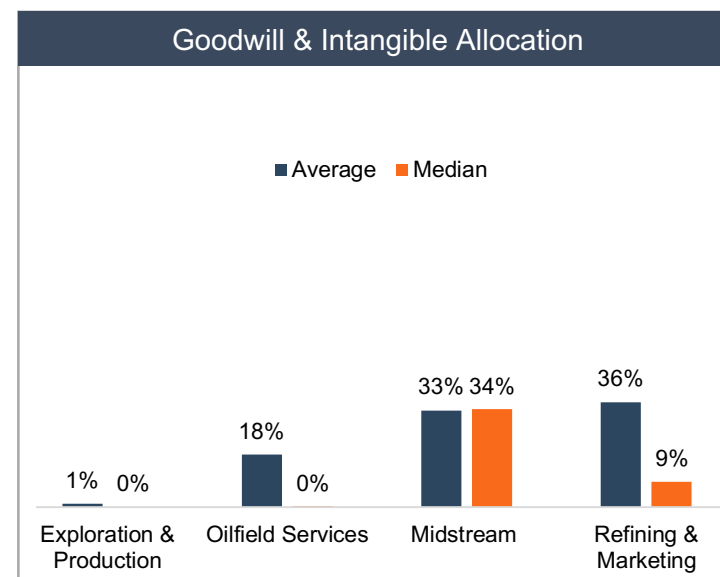
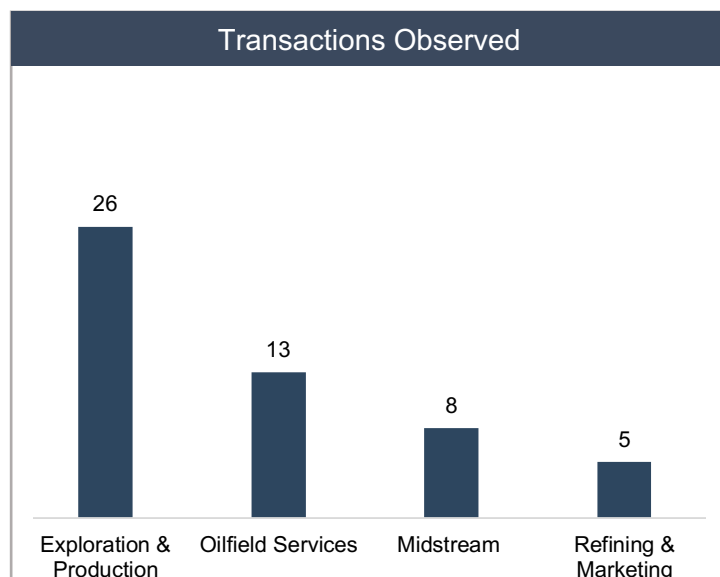


This newsletter provides an overview of the industry through supply and demand analysis, commodity pricing, and public market performance. In addition, each quarter focuses on a different region (Eagle Ford, Permian, Bakken, and Appalachia).

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Summary

- Intangibles comprised 90% of S&P's total market value in 2020 according to a study by Ocean Tomo. Our analysis has suggested intangible concentration for the energy sector is under half of that (36%). This year suggests a slight increase from 2020. No subsectors we analyzed exceeded that percentage benchmark this year.
- M&A activity picked up substantially in the last four quarters, in large part, to the easing of uncertainties related to COVID-19. In particular, the prices rose from as low as the \$20's for oil and below \$2 for gas in April 2020 to over \$80 in Q4 2021 and over \$5 for gas. As such it is no surprise that transaction activity picked up whether it was pent-up from 2020 or renewed optimism for the sector in 2021. Whereas we analyzed less than 25 total transactions in last year's study, this year we analyzed over 50. The energy sector for 2021, as compared to 2020, enjoyed strengthening commodity price conditions, yet shareholders expected maintained capital discipline which may have tempered M&A activity.



Exploration & Production

Key Themes

Exploration & Production

- Consistent with historical trends, over 90% of Fair Value was encapsulated in PP&E – specifically dominated by oil & gas reserve values (Level 3 inputs).
 - All 24 of 26 transactions reported reserve values
 - 23 of 26 transactions reported proved (PDP, PDNP, & PUD) reserves
 - 16 of the 23 transactions reporting proved reserves also reported a split between proved (PDP, PDNP, & PUD) and unproved (Probable, Possible)
 - Wherein a split was recorded, far more reserves were proved vs. unproved. The average was 64% of purchase consideration for proved vs. 18% unproved.
- Two transactions recorded PP&E other than reserves (Coterra/Cimarex, EQT/Alta).
- A much larger group of transactions reported intangibles compared to last year (10 out of 26) and were mostly categorized as Other Intangible Assets; only one recorded goodwill (Crescent/Contango at 6% of the purchase consideration).
- The discounted cash flow method was the most cited valuation method for all reserve categories. The market method was also cited for arriving at Fair Value for unproven reserves.

Transactions

Exploration & Production

					Identifiable Intangibles					Goodwill
					Developed Technology	In Process Research & Development	Trademarks & Trade Names	Customer-Related Assets	Other Intangible Assets	
Target	Acquirer	Announce Date	Basin/Play	Purchase Consideration						
Dollar Allocation (\$000s)										
Liberty Energy LLC	Crescent Energy Company	7/19/2020	Various	\$495,965	-	-	-	-	-	-
WPX Energy Inc.	Devon Energy Corp.	9/28/2020	Delaware Basin, Williston Basin	11,163,000	-	-	-	-	81,000	-
Concho Resources Inc.	ConocoPhillips	10/19/2020	Permian	20,527,000	-	-	-	-	-	-
Parsley Energy Inc.	Pioneer Natural Resources Company	10/20/2020	Permian	11,455,000	-	-	-	-	201,000	-
HighPoint Resources Corp.	Civitas Resources Inc.	11/9/2020	DJ Basin	751,536	-	-	-	-	114,523	-
Guidon Operating LLC	Diamondback Energy Inc.	12/21/2020	Midland Basin	1,124,000	-	-	-	-	-	-
QEP Resources Inc.	Diamondback Energy Inc.	12/21/2020	Midland Basin	3,294,000	-	-	-	-	40,000	-
EOR Fields from Devon Energy Corp.	Denbury Inc.	12/29/2020	Wind River Basin	61,786	-	-	-	-	-	-
Reliance Marcellus LLC	Northern Oil and Gas Inc.	2/3/2021	Appalachian Basin	150,556	-	-	-	-	-	-
CM Resources LLC	Northern Oil and Gas Inc.	4/1/2021	Permian	101,869	-	-	-	-	-	-
Double Eagle III Midco 1 LLC	Pioneer Natural Resources Company	4/1/2021	Permian	6,608,000	-	-	-	-	2,000	-
Alta Entities	EQT Corporation	5/5/2021	Marcellus Shale	3,352,814	-	-	-	-	-	-
Sabalo Energy LLC	Laredo Petroleum Inc.	5/7/2021	Midland Basin	867,382	-	-	-	-	-	-
Extraction Oil & Gas Inc.	Civitas Resources Inc.	5/10/2021	DJ Basin	2,446,975	-	-	-	-	56,077	-
Cimarex Energy Co.	Coterra Energy	5/24/2021	Permian	15,286,000	-	-	-	-	-	-
Crestone Peak Resources LLC	Civitas Resources Inc.	6/7/2021	DJ Basin	2,440,691	-	-	-	-	7,934	-
Contango Oil and Gas Company	Crescent Energy Company	6/8/2021	Various	1,272,449	-	-	-	-	-	76,564
Lonestar Resources U.S. Resources Inc.	Ranger Oil Corp.	7/12/2021	Eagle Ford Shale	542,045	-	-	-	-	-	-
PDP and PUD Acreage from Private Seller	Matador Resources Company	8/1/2021	Permian	182,516	-	-	-	-	-	-
Primexx Resource Development LLC	Callon Petroleum Company	8/4/2021	Delaware Basin	963,368	-	-	-	-	-	-
Certain Leasehold Interests	Callon Petroleum Company	8/4/2021	Delaware Basin	963,368	-	-	-	-	-	-
Various Reserves from Pioneer Natural Resources Co.	Laredo Petroleum Inc.	9/17/2021	Midland Basin	213,289	-	-	-	-	-	-
Shell Enterprises LLC	ConocoPhillips	9/20/2021	Permian	9,031,000	-	-	-	-	-	-
Anadarko WCTP Company	Kosmos Energy Ltd.	10/13/2021	Jubilee Field	814,006	-	-	-	-	-	-
Jagged Peak Energy LLC	Continental Resources Inc.	11/3/2021	Permian	3,100,000	-	-	-	-	2,000	-
Jagged Peak Energy LLC	Continental Resources	11/3/2021	Permian	3,100,000	-	-	-	-	2,000	-
Count				26	-	-	-	-	9	1
Percentage				na	-	-	-	-	35%	4%
Average				\$3,858,024	-	-	-	-	\$19,482	\$2,945
Median				\$1,198,225	-	-	-	-	-	-

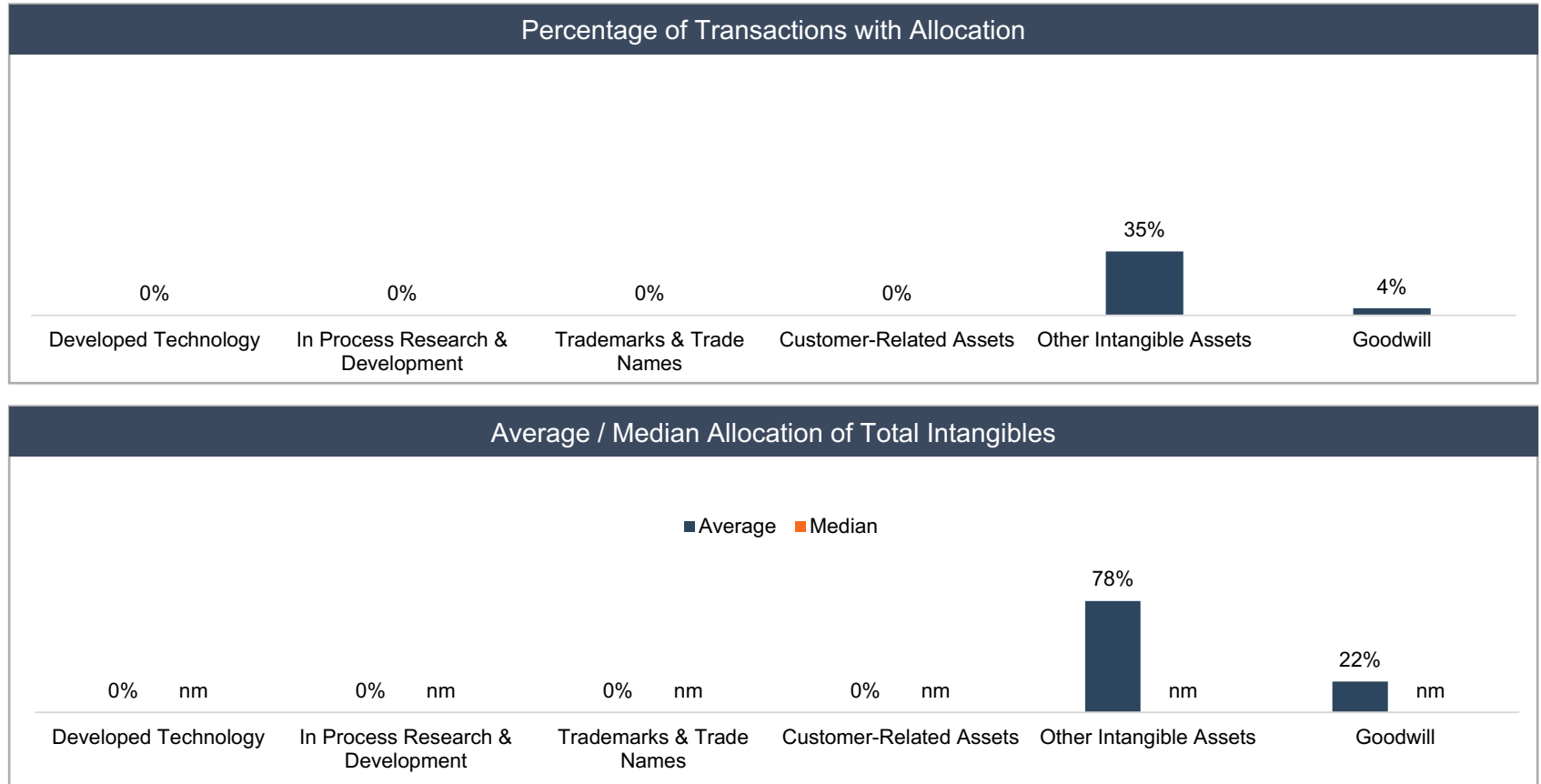
Transactions *(Continued)*

Exploration & Production

Exploration & Production					Identifiable Intangibles					
Target	Acquirer	Announce Date	Basin/Play	Purchase Consideration	Developed Technology	In Process Research & Development	Trademarks & Trade Names	Customer-Related Assets	Other Intangible Assets	Goodwill
Percentage Allocation										
Liberty Energy LLC	Crescent Energy Company	7/19/2020	Various	\$495,965	-	-	-	-	-	-
WPX Energy Inc.	Devon Energy Corp.	9/28/2020	Delaware Basin, Williston Basin	11,163,000	-	-	-	-	1%	-
Concho Resources Inc.	ConocoPhillips	10/19/2020	Permian	20,527,000	-	-	-	-	-	-
Parsley Energy Inc.	Pioneer Natural Resources Company	10/20/2020	Permian	11,455,000	-	-	-	-	2%	-
HighPoint Resources Corp.	Civitas Resources Inc.	11/9/2020	DJ Basin	751,536	-	-	-	-	15%	-
Guidon Operating LLC	Diamondback Energy Inc.	12/21/2020	Midland Basin	1,124,000	-	-	-	-	-	-
QEP Resources Inc.	Diamondback Energy Inc.	12/21/2020	Midland Basin	3,294,000	-	-	-	-	1%	-
EOR Fields from Devon Energy Corp.	Denbury Inc.	12/29/2020	Wind River Basin	61,786	-	-	-	-	-	-
Reliance Marcellus LLC	Northern Oil and Gas Inc.	2/3/2021	Appalachian Basin	150,556	-	-	-	-	-	-
CM Resources LLC	Northern Oil and Gas Inc.	4/1/2021	Permian	101,869	-	-	-	-	-	-
Double Eagle III Midco 1 LLC	Pioneer Natural Resources Company	4/1/2021	Permian	6,608,000	-	-	-	-	0%	-
Alta Entities	EQT Corporation	5/5/2021	Marcellus Shale	3,352,814	-	-	-	-	-	-
Sabalo Energy LLC	Laredo Petroleum Inc.	5/7/2021	Midland Basin	867,382	-	-	-	-	-	-
Extraction Oil & Gas Inc.	Civitas Resources Inc.	5/10/2021	DJ Basin	2,446,975	-	-	-	-	2%	-
Cimarex Energy Co.	Coterra Energy	5/24/2021	Permian	15,286,000	-	-	-	-	-	-
Crestone Peak Resources LLC	Civitas Resources Inc.	6/7/2021	DJ Basin	2,440,691	-	-	-	-	0%	-
Contango Oil and Gas Company	Crescent Energy Company	6/8/2021	Various	1,272,449	-	-	-	-	-	6%
Lonestar Resources U.S Resources Inc.	Ranger Oil Corp.	7/12/2021	Eagle Ford Shale	542,045	-	-	-	-	-	-
PDP and PUD Acreage from Private Seller	Matador Resources Company	8/1/2021	Permian	182,516	-	-	-	-	-	-
Primexx Resource Development LLC	Callon Petroleum Company	8/4/2021	Delaware Basin	963,368	-	-	-	-	-	-
Certain Leasehold Interests	Callon Petroleum Company	8/4/2021	Delaware Basin	963,368	-	-	-	-	-	-
Various Reserves from Pioneer Natural Resources Co.	Laredo Petroleum Inc.	9/17/2021	Midland Basin	213,289	-	-	-	-	-	-
Shell Enterprises LLC	ConocoPhillips	9/20/2021	Permian	9,031,000	-	-	-	-	-	-
Anadarko WCTP Company	Kosmos Energy Ltd.	10/13/2021	Jubilee Field	814,006	-	-	-	-	-	-
Jagged Peak Energy LLC	Continental Resources Inc.	11/3/2021	Permian	3,100,000	-	-	-	-	0%	-
Jagged Peak Energy LLC	Continental Resources	11/3/2021	Permian	3,100,000	-	-	-	-	0%	-
Average					-	-	-	-	1%	0%
Median					-	-	-	-	-	

Intangible Allocations

Exploration & Production



PP&E and Reserves Detail

Exploration & Production

Target	Acquirer	Basin	Purchase Consideration	Proved Reserves	Unproved Reserves	Other Reserves	Total Reserves	Other PP&E
Dollar Allocation (\$000s)								
Liberty Energy LLC	Crescent Energy Company	Various	\$495,965	\$375,014	-	-	\$375,014	\$30,232
WPX Energy Inc.	Devon Energy Corp.	Delaware Basin, Williston Basin	11,163,000	7,017,000	2,362,000	-	9,379,000	485,000
Concho Resources Inc.	ConocoPhillips	Permian	20,527,000	11,800,000	6,900,000	-	18,700,000	223,000
Parsley Energy Inc.	Pioneer Natural Resources Company	Permian	11,455,000	5,110,000	5,627,000	-	10,737,000	118,000
HighPoint Resources Corp.	Civitas Resources Inc.	DJ Basin	751,536	539,820	-	-	539,820	7,457
Guidon Operating LLC	Diamondback Energy Inc.	Midland Basin	1,124,000	537,000	573,000	-	1,110,000	14,000
QEP Resources Inc.	Diamondback Energy Inc.	Midland Basin	3,294,000	-	-	2,927,000	2,927,000	10,000
EOR Fields from Devon Energy Corp.	Denbury Inc.	Wind River Basin	61,786	60,101	-	-	60,101	1,685
Reliance Marcellus LLC	Northern Oil and Gas Inc.	Appalachian Basin	150,556	139,644	10,912	-	150,556	-
CM Resources LLC	Northern Oil and Gas Inc.	Permian	101,869	101,869	-	-	101,869	-
Double Eagle III Midco 1 LLC	Pioneer Natural Resources Company	Permian	6,608,000	3,929,000	2,405,000	-	6,334,000	72,000
Alta Entities	EQT Corporation	Marcellus Shale	3,352,814	-	-	-	-	3,143,767
Sabalo Energy LLC	Laredo Petroleum Inc.	Midland Basin	867,382	503,005	362,977	-	865,982	-
Extraction Oil & Gas Inc.	Civitas Resources Inc.	DJ Basin	2,446,975	1,876,014	193,400	-	2,069,414	49,359
Cimarex Energy Co.	Coterra Energy	Permian	15,286,000	-	-	-	-	13,300,000
Crestone Peak Resources LLC	Civitas Resources Inc.	DJ Basin	2,440,691	1,797,814	453,321	-	2,251,135	19,931
Contango Oil and Gas Company	Crescent Energy Company	Various	1,272,449	1,002,165	-	-	1,002,165	6,955
Lonestar Resources U.S. Resources Inc.	Ranger Oil Corp.	Eagle Ford Shale	542,045	476,743	-	-	476,743	13,982
PDP and PUD Acreage from Private Seller	Matador Resources Company	Permian	182,516	139,312	43,204	-	182,516	-
Primexx Resource Development LLC	Callon Petroleum Company	Delaware Basin	963,368	677,372	275,783	-	953,155	-
Certain Leasehold Interests	Callon Petroleum Company	Delaware Basin	963,368	677,372	275,783	-	953,155	-
Various Reserves from Pioneer Natural Resources Co.	Laredo Petroleum Inc.	Midland Basin	213,289	139,360	73,929	-	213,289	-
Shell Enterprises LLC	ConocoPhillips	Permian	9,031,000	4,200,000	4,424,000	-	8,624,000	-
Anadarko WCTP Company	Kosmos Energy Ltd.	Jubilee Field	814,006	718,159	-	-	718,159	-
Jagged Peak Energy LLC	Continental Resources Inc.	Permian	3,100,000	2,396,000	693,000	-	3,089,000	6,000
Jagged Peak Energy LLC	Continental Resources	Permian	3,100,000	2,396,000	693,000	-	3,089,000	6,000
Count			26	23	16	1	24	17
Percentage			na	88%	62%	4%	92%	65%
Average			\$3,858,024	\$1,792,645	\$975,627	\$112,577	\$2,880,849	\$673,360
Median			\$1,198,225	\$608,596	\$133,665	-	\$953,155	\$7,206

Note: Not all transactions included a breakout of reserves and other PP&E. If only PP&E was listed, we have assumed 100% of this value is attributable to reserves.

PP&E and Reserves Detail *(Continued)*

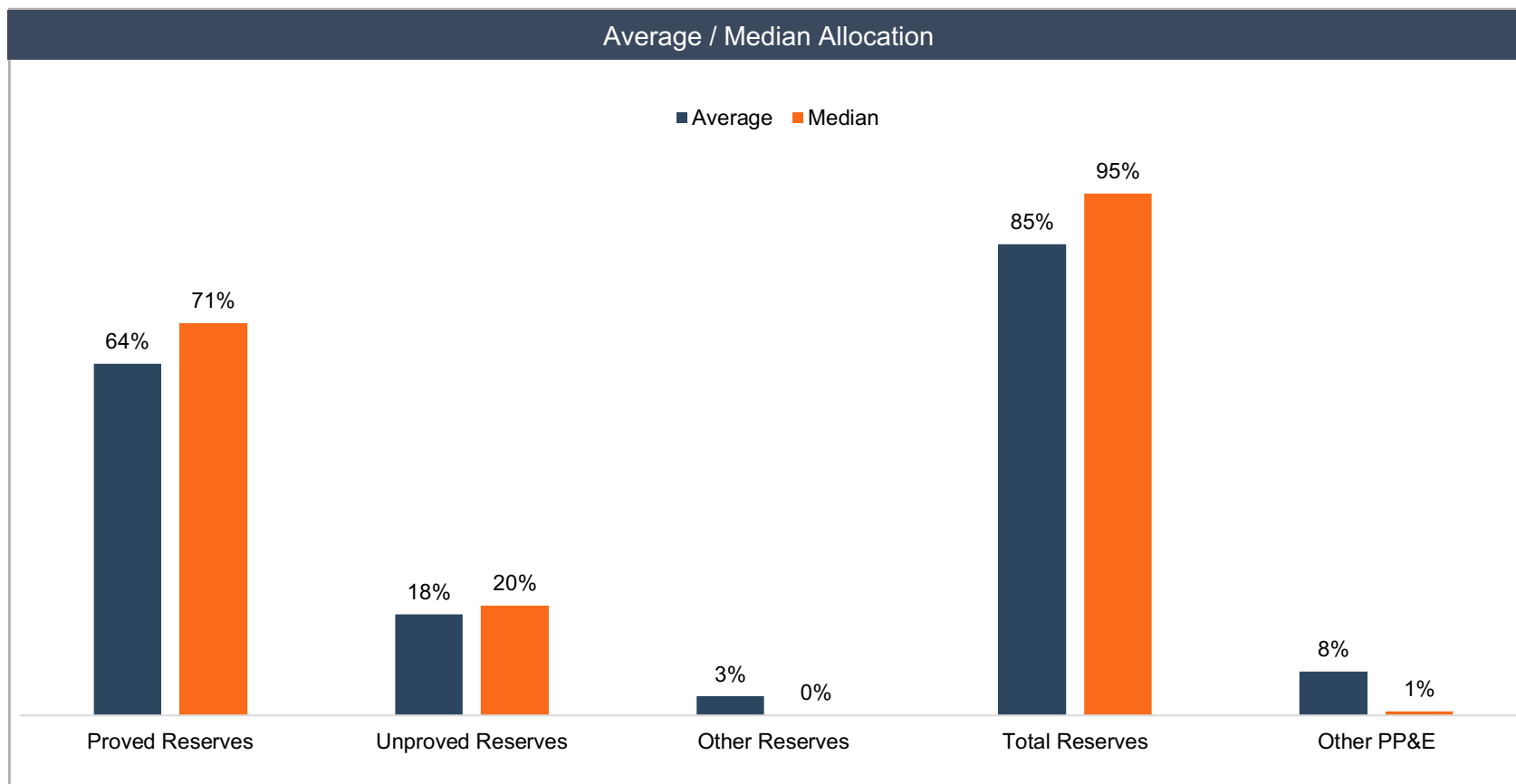
Exploration & Production

Target	Acquirer	Basin	Purchase Consideration	Proved Reserves	Unproved Reserves	Other Reserves	Total Reserves	Other PP&E
Percentage Allocation								
Liberty Energy LLC	Crescent Energy Company	Various	\$495,965	76%	-	-	76%	6%
WPX Energy Inc.	Devon Energy Corp.	Delaware Basin, Williston Basin	11,163,000	63%	21%	-	84%	4%
Concho Resources Inc.	ConocoPhillips	Permian	20,527,000	57%	34%	-	91%	1%
Parsley Energy Inc.	Pioneer Natural Resources Company	Permian	11,455,000	45%	49%	-	94%	1%
HighPoint Resources Corp.	Civitas Resources Inc.	DJ Basin	751,536	72%	-	-	72%	1%
Guidon Operating LLC	Diamondback Energy Inc.	Midland Basin	1,124,000	48%	51%	-	99%	1%
QEP Resources Inc.	Diamondback Energy Inc.	Midland Basin	3,294,000	-	-	89%	89%	0%
EOR Fields from Devon Energy Corp.	Denbury Inc.	Wind River Basin	61,786	97%	-	-	97%	3%
Reliance Marcellus LLC	Northern Oil and Gas Inc.	Appalachian Basin	150,556	93%	7%	-	100%	-
CM Resources LLC	Northern Oil and Gas Inc.	Permian	101,869	100%	-	-	100%	-
Double Eagle III Midco 1 LLC	Pioneer Natural Resources Company	Permian	6,608,000	59%	36%	-	96%	1%
Alta Entities	EQT Corporation	Marcellus Shale	3,352,814	-	-	-	-	94%
Sabalo Energy LLC	Laredo Petroleum Inc.	Midland Basin	867,382	58%	42%	-	100%	-
Extraction Oil & Gas Inc.	Civitas Resources Inc.	DJ Basin	2,446,975	77%	8%	-	85%	2%
Cimarex Energy Co.	Coterra Energy	Permian	15,286,000	-	-	-	-	87%
Crestone Peak Resources LLC	Civitas Resources Inc.	DJ Basin	2,440,691	74%	19%	-	92%	1%
Contango Oil and Gas Company	Crescent Energy Company	Various	1,272,449	79%	-	-	79%	1%
Lonestar Resources U.S Resources Inc.	Ranger Oil Corp.	Eagle Ford Shale	542,045	88%	-	-	88%	3%
PDP and PUD Acreage from Private Seller	Matador Resources Company	Permian	182,516	76%	24%	-	100%	-
Primexx Resource Development LLC	Callon Petroleum Company	Delaware Basin	963,368	70%	29%	-	99%	-
Certain Leasehold Interests	Callon Petroleum Company	Delaware Basin	963,368	70%	29%	-	99%	-
Various Reserves from Pioneer Natural Resources Co.	Laredo Petroleum Inc.	Midland Basin	213,289	65%	35%	-	100%	-
Shell Enterprises LLC	ConocoPhillips	Permian	9,031,000	47%	49%	-	95%	-
Anadarko WCTP Company	Kosmos Energy Ltd.	Jubilee Field	814,006	88%	-	-	88%	-
Jagged Peak Energy LLC	Continental Resources Inc.	Permian	3,100,000	77%	22%	-	100%	0%
Jagged Peak Energy LLC	Continental Resources	Permian	3,100,000	77%	22%	-	100%	0%
Average				64%	18%	3%	85%	8%
Median				71%	20%	-	95%	1%

Note: Not all transactions included a breakout of reserves and other PP&E. If only PP&E was listed, we have assumed 100% of this value is attributable to reserves.

PP&E and Reserves Detail *(Continued)*

Exploration & Production



Note: Not all transactions included a breakout of reserves and other PP&E. If only PP&E was listed, we have assumed 100% of this value is attributable to reserves.

Oilfield Services

Key Themes

Oilfield Services

- While Oilfield Services purchase price allocations are typically much more heavily weighted toward goodwill and other intangible assets, as compared to the tangible asset intensive E&P and Midstream industries, we noted that the gap was much lower among the 2019/2020 transactions. This trend continued to show itself in our analysis of the 2021 transactions. Most of our prior PPA studies showed average intangible assets' contribution to purchase prices in the 50% to 70% range. However, that average plunged in the previous study to only 21%. In our current study, the intangible assets averaged 18% of total purchase prices.
- The transactions we examine in this analysis span a variety of subsectors. Unsurprisingly, the three largest subsectors by total purchase consideration were Engineering & Project Management, Tubing, and Compression Services. It is also worth noting that the only subsector which contain multiple deals is Water Services, despite the fact that it was the 5th smallest subsector by total purchase consideration.
- Oilfield Services purchase price allocations typically have a wide variety of intangible assets. As an example, Dril-Quip's acquisition of Arcadia, Inc. announced in December of 2021 allocated value to Trademarks & Trade Names, Customer-Related Assets, and Goodwill. Similarly, Nextier Oilfield Solutions' acquisition of Alamo Frac Holdings had allocations to Trademarks & Trade Names, Customer-Related Assets, and Other Intangible Assets.
- Last year we noted that goodwill made up the largest percentage of intangible assets: 72% for all transactions. This year, there was a shift towards Developed Technology, which is now the largest at 36% average allocation of total intangibles, with Goodwill in second place at 31%. Like Developed Technology, Customer-Related experienced a significant increase to average 23% of total intangibles. Other Intangible Assets were 8% and Trademarks & Trade Names was just 2%.
- Looking to the various intangible asset values in relation to the purchase price, Goodwill averaged 6%, Customer Related 4%, Developed Technology 7% and Trademarks & Tradenames <1%. Other Intangibles averaged 1% of the purchase price across all transactions.

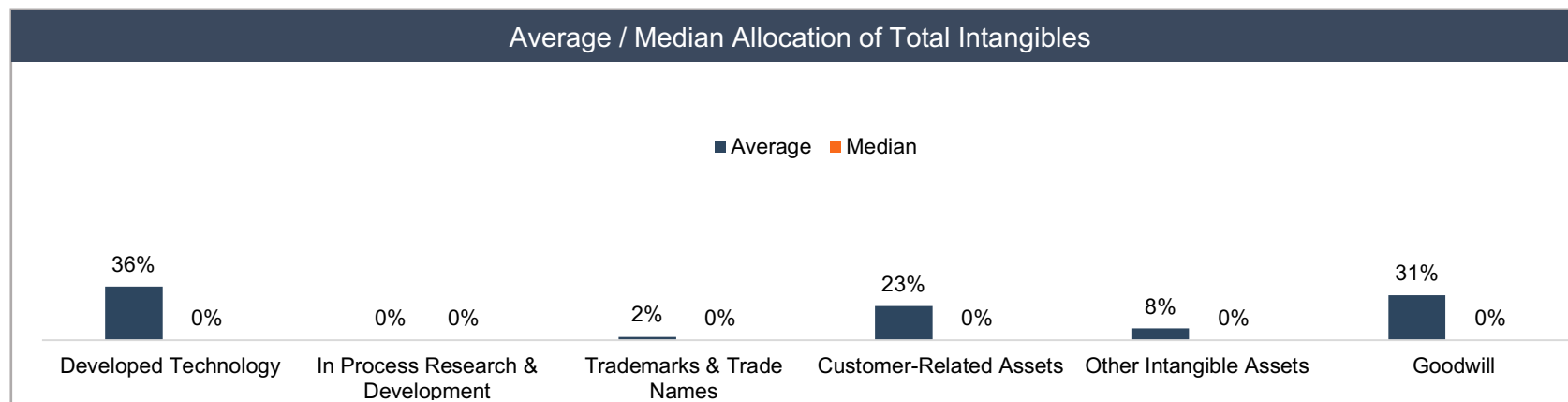
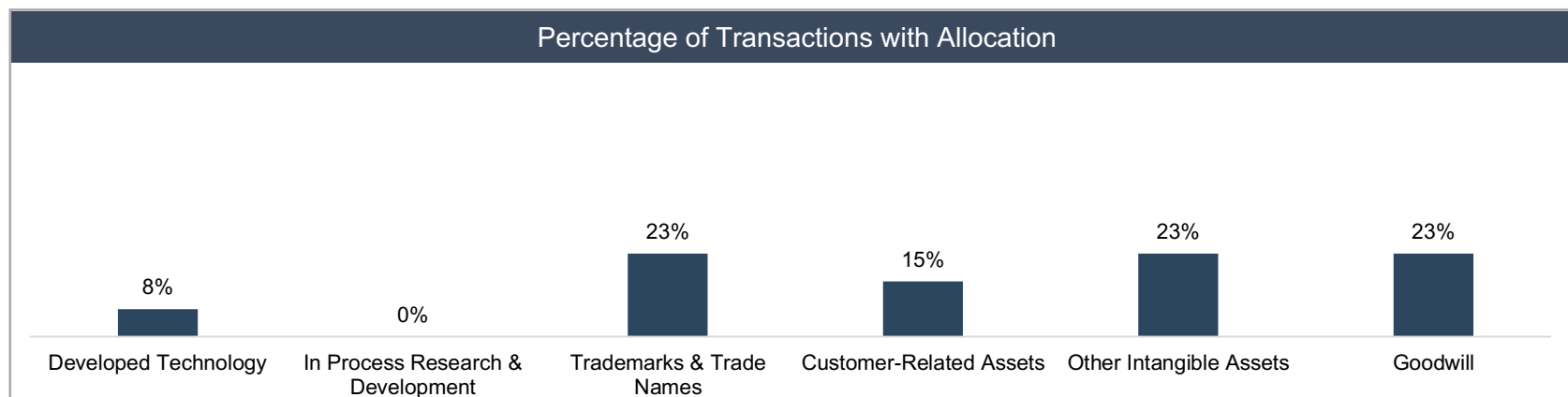
Transactions

Oilfield Services

					Identifiable Intangibles					
Target	Acquirer	Announce Date	Target Subsector	Purchase Consideration	Developed Technology	In Process Research & Development	Trademarks & Trade Names	Customer-Related Assets	Other Intangible Assets	Goodwill
Dollar Allocation (\$000s)										
CSI Compresso	Spartan Energy Partners	1/29/2021	Compression Services	\$710,006	-	-	-	-	-	-
Technip Energies	TechnipFMC	2/16/2021	Engineering & Project Management	9,008,600	-	-	-	-	-	2,512,500
Frank's International N.V.	Expro Group Holdings N.V.	3/11/2021	Tubing	927,268	-	-	-	-	104,791	154,399
Pacific Drilling Company LLC	Noble Corporation	3/25/2021	Offshore Drilling Services	464,780	-	-	-	-	-	-
Pioneer Energy Services Corp.	Patterson-UTi Energy, Inc.	7/6/2021	Onshore Drilling	361,056	-	-	907	-	-	-
Complete Energy Services Inc.	Select Energy Services	7/9/2021	Water Services	55,899	-	-	-	-	-	-
UltRecovery Corporation	Select Energy Services	8/2/2021	Sustainable Production Enhancement	3,558	3,031	-	-	-	-	-
Alamo Frac Holdings LLC	Nextier Oilfield Solutions	8/4/2021	Pumping Services	260,723	-	-	2,409	23,027	1,677	-
Water-related assets from Agua Libre Midstream LLC	Select Energy Services	8/17/2021	Water Services	41,309	-	-	-	-	-	-
Chemical Manufacturing Assets in Corsicana, TX	Undisclosed	9/7/2021	Chemical Manufacturing	27,600	-	-	-	-	-	-
Propan Express Investments LLC	Liberty Oil Field Services Inc.	10/26/2021	Logistics	107,109	-	-	-	-	7,100	-
Onshore Assets from H.B. Rentals	Select Energy Services	12/2/2021	Water Services	15,436	-	-	-	-	-	-
Arcardia, Inc.	Dril-Quip, Inc.	12/16/2021	Architectural Building Products	515	-	-	22	233	-	141
Count				13	1	-	3	2	3	3
Percentage				na	8%	-	23%	15%	23%	23%
Average				\$921,835	\$233	-	\$257	\$1,789	\$8,736	\$205,157
Median				\$107,109	-	-	-	-	-	-
Percentage Allocation										
CSI Compresso	Spartan Energy Partners	1/29/2021	Compression Services	\$710,006	-	-	-	-	-	-
Technip Energies	TechnipFMC	2/16/2021	Engineering & Project Management	9,008,600	-	-	-	-	-	28%
Frank's International N.V.	Expro Group Holdings N.V.	3/11/2021	Tubing	927,268	-	-	-	-	11%	17%
Pacific Drilling Company LLC	Noble Corporation	3/25/2021	Offshore Drilling Services	464,780	-	-	-	-	-	-
Pioneer Energy Services Corp.	Patterson-UTi Energy, Inc.	7/6/2021	Onshore Drilling	361,056	-	-	0%	-	-	-
Complete Energy Services Inc.	Select Energy Services	7/9/2021	Water Services	55,899	-	-	-	-	-	-
UltRecovery Corporation	Select Energy Services	8/2/2021	Sustainable Production Enhancement	3,558	85%	-	-	-	-	-
Alamo Frac Holdings LLC	Nextier Oilfield Solutions	8/4/2021	Pumping Services	260,723	-	-	1%	9%	1%	-
Water-related assets from Agua Libre Midstream LLC	Select Energy Services	8/17/2021	Water Services	41,309	-	-	-	-	-	-
Chemical Manufacturing Assets in Corsicana, TX	Undisclosed	9/7/2021	Chemical Manufacturing	27,600	-	-	-	-	-	-
Propan Express Investments LLC	Liberty Oil Field Services Inc.	10/26/2021	Logistics	107,109	-	-	-	-	7%	-
Onshore Assets from H.B. Rentals	Select Energy Services	12/2/2021	Water Services	15,436	-	-	-	-	-	-
Arcardia, Inc.	Dril-Quip, Inc.	12/16/2021	Architectural Building Products	515	-	-	4%	45%	-	27%
Average					7%	-	0%	4%	1%	6%
Median					-	-	-	-	-	-

Intangible Allocations

Oilfield Services



Midstream

Key Themes

Midstream

- The eight midstream transactions occurred throughout the value chain – generally, to strengthen and support existing assets
 - Three transactions occurred in the gathering and processing space; included is Kinder Morgan’s acquisition of Kinetrex, whose assets consist of RNG facilities and related biofuel assets
 - Two transactions were related to terminals and storage assets
 - One transaction consisted of pipelines
 - One transaction occurred in the logistics space: The acquisition of Sequent Energy Management by The Williams Companies Inc., which primarily included strategically positioned transportation and storage agreements
 - One transaction centered on saltwater disposal and recycling assets
- Out of the eight midstream transactions, the only one that did not include identifiable intangible assets was the Rattler Midstream Inc. acquisition of water midstream assets from Diamondback
- Three transactions reported goodwill
- Five transactions specified values for customer-related assets
- Two transactions included the catch-all “Other Intangible Assets”
 - The acquisition of Sequent by The Williams Companies Inc. was indicated to primarily consist of customer contracts; a specific value was not given
 - Energy Transfer’s acquisition of Enable included \$440 million of unspecified net identifiable intangible assets

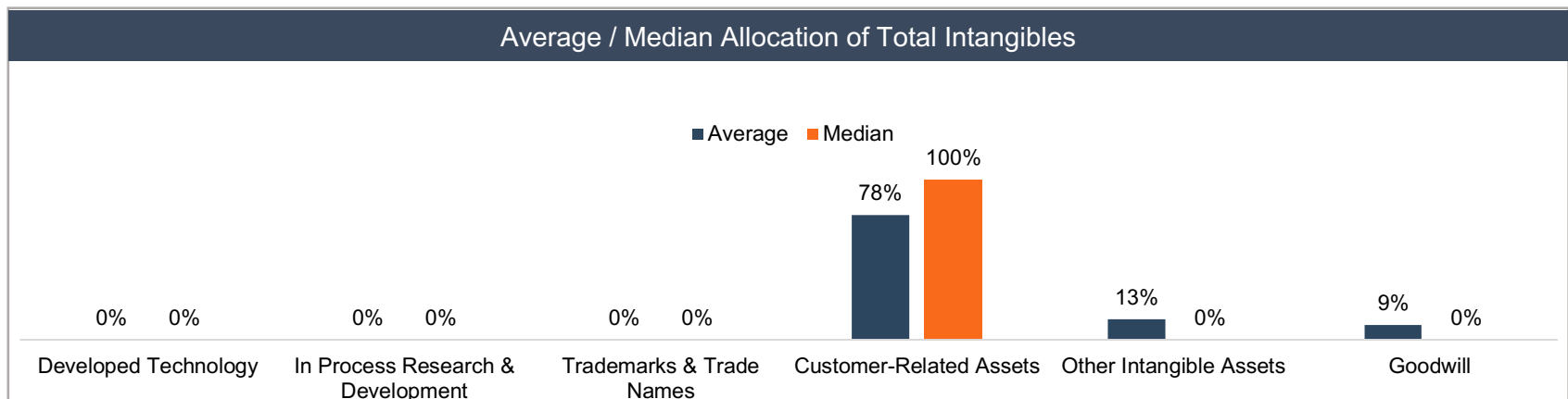
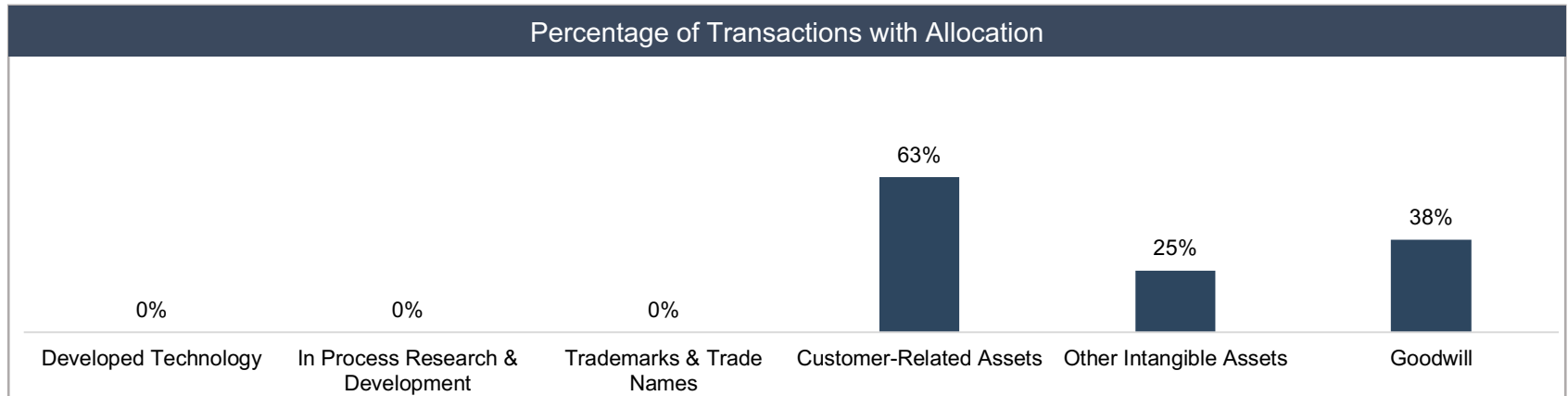
Transactions

Midstream

Midstream					Identifiable Intangibles					
Target	Acquirer	Announce Date	Target Subsector	Purchase Consideration	Developed Technology	In Process Research & Development	Trademarks & Trade Names	Customer-Related Assets	Other Intangible Assets	Goodwill
Dollar Allocation (\$000s)										
Enable Midstream Partners	Energy Transfer LP	2/17/2021	Pipelines	\$8,326,000	-	-	-	-	\$440,000	\$138,000
Amarillo Rattler LLC	Enlink Midstream	4/30/2021	Gathering & Processing	68,900	-	-	-	50,600	-	-
Sequent Energy Management	The Williams Companies Inc.	5/4/2021	Logistics	1,051,000	-	-	-	-	306,000	-
Stagecoach Gas Services LLC	Kinder Morgan	6/1/2021	Terminals & Storage	1,264,000	-	-	-	24,000	-	-
Oryx Midstream	Plains All American Pipeline	7/13/2021	Gathering & Processing	3,256,000	-	-	-	1,247,000	-	-
Kinetrex	Kinder Morgan	7/16/2021	Gathering and Processing	392,000	-	-	-	199,000	-	63,000
Moda Midstream Operating LLC	Enbridge Inc.	9/7/2021	Terminals & Storage	3,224,460	-	-	-	1,429,259	-	215,071
Water Midstream Assets from Diamondback	Rattler Midstream LP	12/1/2021	Disposal and Recyling	158,200	-	-	-	-	-	-
Count				8	-	-	-	5	2	3
Percentage				na	-	-	-	63%	25%	38%
Average				\$2,217,570	-	-	-	\$368,732	\$93,250	\$52,009
Median				\$1,157,500	-	-	-	\$37,300	-	-
Percentage Allocation										
Enable Midstream Partners	Energy Transfer LP	2/17/2021	Pipelines	\$8,326,000	-	-	-	-	5%	2%
Amarillo Rattler LLC	Enlink Midstream	4/30/2021	Gathering & Processing	68,900	-	-	-	73%	-	-
Sequent Energy Management	The Williams Companies Inc.	5/4/2021	Logistics	1,051,000	-	-	-	-	29%	-
Stagecoach Gas Services LLC	Kinder Morgan	6/1/2021	Terminals & Storage	1,264,000	-	-	-	2%	-	-
Oryx Midstream	Plains All American Pipeline	7/13/2021	Gathering & Processing	3,256,000	-	-	-	38%	-	-
Kinetrex	Kinder Morgan	7/16/2021	Gathering and Processing	392,000	-	-	-	51%	-	16%
Moda Midstream Operating LLC	Enbridge Inc.	9/7/2021	Terminals & Storage	3,224,460	-	-	-	44%	-	7%
Water Midstream Assets from Diamondback	Rattler Midstream LP	12/1/2021	Disposal and Recyling	158,200	-	-	-	-	-	-
Average					-	-	-	26%	4%	3%
Median					-	-	-	20%	-	-

Intangible Allocations

Midstream



Refining & Marketing

Key Themes

Refining & Marketing

- Three of the five transactions in the Refining & Marketing industry segment centered on biofuels
- Of the three transactions emphasizing biofuels:
 - One represented renewable natural gas (Archaea acquisition of Aria)
 - One represented biobutanol (Gevo acquisition of patent assets from Butamax Advanced Biofuels LLC)
 - One represented ethanol (Hereford Ethanol Partner's acquisition of an ethanol plant from Green Plains)
- One transaction consisted of storage and transportation assets
- One transaction was within the traditional refining space (HollyFrontier's acquisition of the Puget Sound Refinery)
- Four of the five transactions included identifiable intangible assets
 - One transaction included a specified value of customer-related assets, as well as a smaller amount of goodwill
 - Three transactions included identifiable intangible assets categorized under the catch-all "Other Identifiable Assets", of which the identified intangible assets from the Archaea acquisition of Aria and the HollyFrontier acquisition of the Puget Sound Refinery were comprised solely of right-of-use lease assets

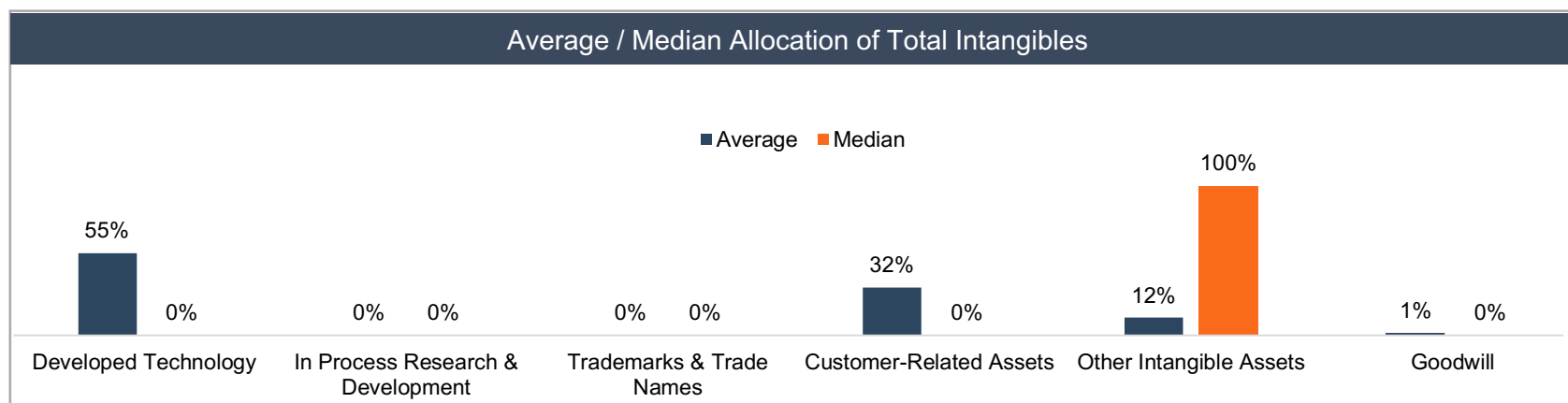
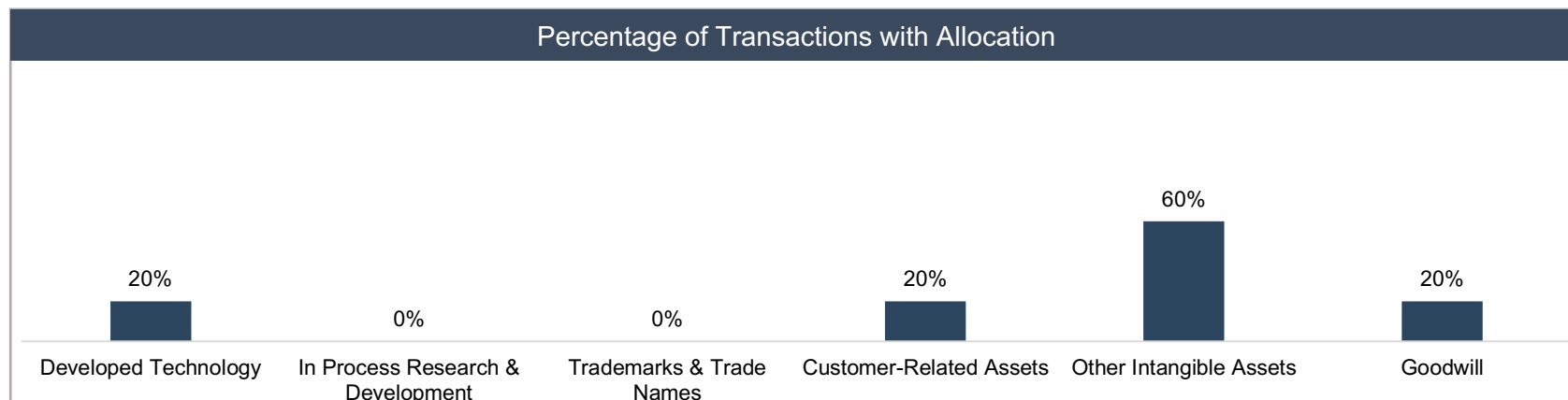
Transactions

Refining & Marketing

					Identifiable Intangibles					
Target	Acquirer	Announce Date	Target Subsector	Purchase Consideration	Developed Technology	In Process Research & Development	Trademarks & Trade Names	Customer-Related Assets	Other Intangible Assets	Goodwill
Dollar Allocation (\$000s)										
Hereford Ethanol Plant from Green Plains Inc.	Hereford Ethanol Partners LP	12/15/2020	Biofuels	\$67,711	-	-	-	-	\$5,096	-
Ord Ethanol Plant from Green Plains Inc.	GreenAmerica Biofuels Ord LLC	1/27/2021	Transportation & Storage	37,128	-	-	-	-	1,811	-
Aria Energy LLC	Archaea Energy Inc.	4/7/2021	Biofuels	1,049,602	-	-	-	607,610	-	26,457
Puget Sound Refinery	HollyFrontier Puget Sound Refining LLC	5/4/2021	Refining	703,984	-	-	-	-	61,500	-
Patent Assets	Gevo Inc.	9/21/2021	Biofuels	9,200	9,200	-	-	-	-	-
Count				5	1	-	-	1	3	1
Percentage				na	20%	-	-	20%	60%	20%
Average				\$373,525	\$1,840	-	-	\$121,522	\$13,681	\$5,291
Median				\$67,711	-	-	-	-	\$1,811	-
Percentage Allocation										
Hereford Ethanol Plant from Green Plains Inc.	Hereford Ethanol Partners LP	12/15/2020	Biofuels	\$67,711	-	-	-	-	8%	-
Ord Ethanol Plant from Green Plains Inc.	GreenAmerica Biofuels Ord LLC	1/27/2021	Transportation & Storage	37,128	-	-	-	-	5%	-
Aria Energy LLC	Archaea Energy Inc.	4/7/2021	Biofuels	1,049,602	-	-	-	58%	-	3%
Puget Sound Refinery	HollyFrontier Puget Sound Refining LLC	5/4/2021	Refining	703,984	-	-	-	-	9%	-
Patent Assets	Gevo Inc.	9/21/2021	Biofuels	9,200	100%	-	-	-	-	-
Average					20%	-	-	12%	4%	1%
Median					-	-	-	-	5%	-

Intangible Allocations

Refining & Marketing



Appendix

Screening Criteria & Methodology

- Acquirer company universe based on companies listed on major U.S. exchanges categorized in the following S&P Capital IQ industry classifications:
 - Oil and Gas Exploration and Production
 - Oil and Gas Drilling
 - Oil and Gas Equipment and Services
 - Oil and Gas Storage and Transportation
 - Oil and Gas Refining and Marketing
- Reviewed 2021 10-K filings of acquirer companies for disclosures regarding purchase price allocations
- Purchase consideration defined as total assets acquired (i.e., not net of liabilities assumed)

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A black and white photograph of an oil pumpjack in a field, with a blue geometric overlay at the bottom.

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