

ENERGY

FOURTH QUARTER

2014



MERGERS, ACQUISITIONS, AND CAPITAL RESOURCES SINCE 1956

FOR MORE INFORMATION CONTACT

Corporate Finance Associates
24461 Ridge Route, Suite A200
Laguna Hills, CA 92653

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info@cfaw.com
www.cfaw.com

Energy M&A

M&A activity for North American based target companies in the energy sector for Q3 2014 included 117 closed deals and total deal value of approximately over \$8.13 billion, according to data provided by S&P Capital IQ.

Q3 2014 was a quieter period for global oil and gas M&A activity compared to the previous quarter, but this year is still on track to have a greater total M&A spend than 2013. North American activity grew for the fifth consecutive quarter fueled by unconventional oil resource plays in the Permian Basin. M&A activity in the Permian Basin has been on the rise since Q1 2014. For 2014, acquisitions in the Permian Basin made up nearly half of the total E&P deal value in the U.S. and just under a third of total E&P deal value worldwide at around \$11.2 billion. North American gas exports, gas assets are also becoming more and more marketable.

Funding in the solar sector saw a significant amount of activity. The largest VC/PE deal in Q3 2014 was by Sunnova Energy, a provider of residential solar service to homeowners, which raised \$110 million. Glasspoint Solar, a provider of solar steam generators to the oil and gas industry, raised \$53 million.

There were 32 corporate M&A transactions in the solar sector in Q3, up from 25 transactions in Q2 2014. Solar downstream companies accounted for most of the M&A transactions with 18.

Transactional Overview

September 2014 - Western Refining Logistics, LP (NYSE:WNRL) entered into an agreement to acquire Western Refining Southwest, Inc. from Western Refining, Inc. (NYSE:WNR) for approximately \$360 million on September 25, 2014. Western Refining Southwest, Inc. distributes fuel and lubricant products and operates a refinery.

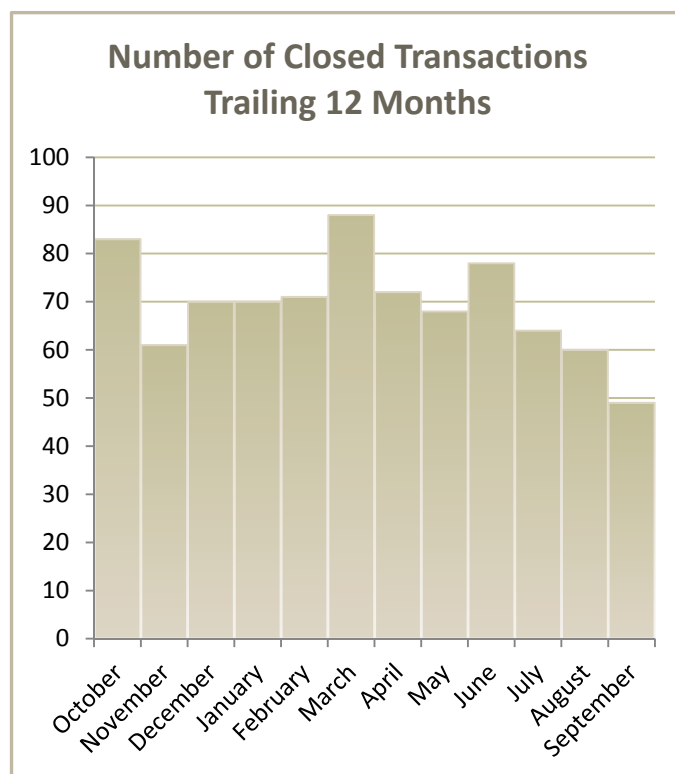
August 2014 - HII Technologies, Inc. (OTCPK:HIIT) entered into a stock purchase agreement to acquire Hamilton Investment Group for \$11.3 million in cash and stock on August 11, 2014. The purchase price consisted of \$9 million in cash and issue of 3.5 million HII Technologies' shares. Hamilton Investment Group, Inc. operates as an oilfield services company primarily in Oklahoma. The company focuses on frac water management services and pit liner sales to oil and gas exploration and production companies.

July 2014 - Whitecap Resources Inc. (TSX:WCP) entered into a letter of intent to acquire Forge Petroleum Corporation for approximately CAD 160 million. Forge Petroleum Corporation engages in the exploration, development, and production of petroleum reserves in the Plains area of western Canada.

Selected Q3 Transactions	
Target/Issuer	Buyers/Investors
Pioneer Fishing & Rental Services	Basic Energy Services, Inc. (NYSE:BAS)
JL Bryan Equipment/Tank Partners	Empeiria Capital Partners, LLC
Big Lake Services Company, LLC	Beckman Production Services, Inc.
Tucker Oilfield Hauling Ltd.	NCSG Crane & Heavy Haul Services
Laney Directional Drilling Company	Falcon Investment Advisors, LLC
W. Pidhirney Weldin/Culberson Const	US Shale Solutions, Inc.
Midstream Equipment Fabrication	Worthington Industries, Inc. (NYSE:WOR)
Specialty Oilfield Solutions, LLC	Anchor Drilling Fluids USA, Inc.

Industry Trends

- U.S. Eases Restrictions on Crude Oil Exports - US producers of crude oil could reap major financial benefits if federal regulators continue to ease longstanding restrictions on exports of unrefined US oil. The Department of Commerce gave two Texas companies the green light in June 2014 to export an ultralight form of crude called condensate, which is processed in the field at a far lower cost than traditional refining methods.
- Regulators Push for Safer Tank Cars - New Canadian rules for rail transport of oil and ethanol could boost operating costs for oil producers. Tighter regulation came nearly a year after a train derailment in Quebec killed 47 people, prompting regulators in Canada and the US to pursue tighter regulation of oil tank cars.



- US to be World's Top Oil Producer by 2016 - The U.S. is expected to surpass the oil production of Russia and Saudi Arabia to become the world's top producer by 2016, according to a recent report by International Energy Agency (IEA). But the shale oil boom in Texas and North Dakota that has fueled US production growth is forecast to be short-lived. By 2020 the Texas and North Dakota oilfields are expected to be past their prime, and the Middle East will re-emerge as the focal point for the world's oil production.

Industry Indicators

- The average US retail price for diesel and regular gas, which influences profitability for oil and gas companies, fell 5.9 percent and 7.1 percent, respectively, in the week ending October 20, 2014, compared to the same week in 2013.
- The spot price of crude oil, which affects profitability for oil and natural gas operations, fell 14.7 percent in the week ending October 10, 2014, compared to the same week in 2013.

Collectively, the Energy Practice Group provides M&A advice to independent and integrated energy companies in all sectors of the energy industry, including power generation, oil & gas, utilities, mining and natural resources, renewable energy and businesses that serve the energy industry, in all aspects of oil and gas land-based transactions, mergers, acquisitions, joint ventures and financial resources.

