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PLS OILFIELDSERVICES

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SERVICE SECTOR

NOV fortunes start to turn as onshore takes center stage

For the first time in years, **National Oilwell Varco** reported more revenue from land operations than offshore, as NOV reached its first sequential increase in quarterly revenue in two years. "The word 'growth' has finally re-entered our vocabulary," said Jose Bayardo, SVP and CFO.

NOV President, CEO and Chairman Clay C. Williams said, "Our international markets still face headwinds for a quarter or two and offshore markets continue to trend down, so we still have challenges ahead. Nevertheless, $50 oil has been a welcome relief."

Q4 revenue increases 2.8% from Q3, first sequential rise in two years.

Rig Systems, normally the largest segment, generated revenue of only $426 million in 4Q16, a decrease of 9.3% versus 3Q16 and 58.0% YOY. Helping counterbalance those woes was the Completion & Production Solutions segment, whose $602 million in 4Q16 revenue was a 10.7% increase from 3Q16 and only a 19.3% decrease YOY.

Bayardo said nearly every business unit in Completion & Production Solutions posted a double-digit percentage increase from Q3. Continues On Pg 4

Hi-Crush deals for frac sand in time for record recovery

Hi-Crush Partners will purchase fellow frac sand company **Permian Basin Sand Co.,** its largest acquisition and one of several purchase agreements worth $415 million that will be partially paid for by an equity offering. The moves come amid what analysts predict will be a record year for the hard-hit industry.

Hi-Crush buys 55 million tons of sand reserve in Permian Basin.

Permian Basin Sand owns a 1,226-acre frac sand reserve with more than 55 million tons of 100 mesh frac sand located within 75 miles of Delaware and Midland Basin activity with certain rights to purchase additional acres. "Location is critical, and nobody will be closer or better positioned to efficiently serve the Permian Basin," said Hi-Crush Partners CEO Robert E. Rasmus.

Hi-Crush plans to build a processing plant capable of producing 3 million tons/year for $45-50 million, with an in-service expected as early as Q3. Continues On Pg 8

Parker raising money after 30% improvement in backlog

Parker Drilling expects to raise $72 million by offering 12.0 million shares of common stock for $2.10 each and 500,000 shares of its 7.25% Series A Mandatory Convertible preferred stock for $100 per share. The Houston-based company said it plans to use the money for general corporate purposes as the CEO said in an earnings conference call "our business is at or near the trough."

Looks to raise $24MM from common stock, $48MM from preferred.

The underwriter will have a 30-day greenshoe of 1.8 million shares of common stock and 75,000 shares of preferred stock. Parker Drilling expects to receive $24 million from the common stock and $48 million from the preferred. **Barclays** will act as sole bookrunner.

Gary Rich, chairman, president and CEO, saw a turnaround coming, noting that Parker's contracted backlog is $379 million, a 30% increase from YE15. Parker has an O&E contract extended through 2019 for three customer-owned rigs on Russia's Sakhalin Island and added a newbuild rig onto that contract. "We've got some very active discussions ongoing in Mexico, Kurdistan, Kazakhstan, and Russia and even a little further out there were some discussions in Papua New Guinea going on," Rich said. Continues On Pg 6

FTS International testing waters with IPO proposal

FTS International, a leading fracking company, hopes to raise up to $100 million through a potential IPO, looking for some cash as it responds to renewed interest in US plays. The Fort Worth-based company has seen prices rising for its services since 3Q16, it said in a filing with the US Securities and Exchange Commission.

Provides multi-stage, unconventional well completion services.

The company disclosed in its filing that total frac stages have been rising since 1Q16, when they hit a low of 3,273. However, the 4Q16 number of 5,050 stages are still 30% below the number in 4Q14.

FTSI, which is the company's potential NYSE ticker symbol, said 20 of its 32 fleets are active with three activated in January. Continues On Pg 14

Developments & Trends

Frac sand demand on its way to record-busting year

While some in oil and gas are just relieved to see the worst is over, frac sand producers seem to be skipping past recovery and going straight toward boom. Sand prices will rise by 60% over the next 18 months, entering the $40 per ton range, **Raymond James** said in an investor note.

Raymond James predicted that frac sand demand would set a record at roughly 55 million tons this year and exceed 80 million tons next year, according to Reuters. Because oil and gas producers are drilling longer and wider than before, more frac sand is needed per well.

The industry was hard hit from the oil bust. Last month, **Chieftain Sand and Proppant** of Wisconsin filed for bankruptcy liquidation, unable to keep up with its $70 million in debts.

Demand expects to set a record 55MM tons in 2017, 80MM tons in 2018.

However, the CEO of **Rangeland Energy** told Reuters that frac sand deliveries from its terminal in New Mexico reached record levels in January. **Hi-Crush Partners** reported that it sold 1.35 million tons of frac sand in Q4, an increase of 25.4% from Q3.

During the downturn, fracking companies bailed on or renegotiated long-term supply contracts. Now, frac sand producers have pricing leverage as drillers try to negotiate new deals. "Oil producers are scrambling to lock in long-term contracts to avoid being caught short. People are really gearing up for the next wave," Taylor Robinson, president of **PLG Consulting**, told Reuters.

Some frac sand companies are preparing for the coming price rise through acquisition. A subsidiary of **Select Sands Corp.** bought 457 acres in Arkansas that it believes lies over a formation of Northern White frac sand for $950,560 in January.

PetroScout

E&P utilizing bigger fracks in plays across US.

■ FBI and IRS agents have raided a Texas state senator's San Antonio law offices, part of a federal investigation into the collapse of **FourWinds Logistics**, a Texas frac sand company. State Sen. Carlos Uresti, a Democrat with financial ties to the company, said his staff will cooperate with the investigation. Since FourWinds filed for bankruptcy in 2015, it has faced allegations of lavish spending on non-business purposes. Three employees have already pleaded guilty. Uresti's state capitol offices were not raided.

■ **Patterson-UTI Energy** reported it had an average of 76 rigs operating in the US and two in Canada during January. That represents an increase of five in the US from December with no change in Canada. The company had a Q4 average of 66 drilling rigs in the US and two in Canada.

North American Rotary Rig Count as of Feb. 24

Source: Baker Hughes

Location	Current 2/24/17	Week Ago 2/17/17	Month Ago 1/27/17	Year Ago 2/26/16	% Chg. YOY
US	754	751	712	502	50%
Canada	341	331	345	175	95%
US Breakout Info					
Oil	602	597	566	400	51%
Gas	151	153	145	102	48%
Miscellaneous	1	1	1	0	-
Major Basins					
Barnett	5	5	2	4	25%
DJ (Niobrara)	21	21	20	16	31%
Eagle Ford	64	61	54	47	36%
Fayetteville	1	1	0	0	-
Granite Wash	12	13	10	9	33%
Haynesville	35	34	31	14	150%
Marcellus	42	42	39	29	45%
Mississippian	3	3	2	8	-63%
Permian	306	303	291	164	87%
Utica	21	21	23	12	75%
Williston	35	36	37	36	-3%
Woodford	58	56	55	42	38%
Major Basins	**603**	**596**	**564**	**381**	**58%**

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Frac sand, technology to show way from the trough

National Oilwell Varco CEO Clay Williams knows tough times. “I attribute my gray hair to the many previous downturns I’ve been through—1986, 1991, 1999, 2002, and 2009,” he said in NOV’s Q4 earnings conference call, but he, like most in oil and gas, sees better days ahead.

IN THIS ISSUE

A record-setting party has begun for the frac sand industry **(PG. 2).** **Hi-Crush Partners** bought **Permian Basin Sand Co.,** gaining 55 million tons of sand in one of the hottest oil plays **(PG. 1)**. **Source Energy Services** hopes to raise $250 million through an IPO. **(PG. 17).**

FTS International also is looking at an IPO. **(PG. 1).** **Parker Drilling**, saying its business is “at or near the trough,” thinks a $72 million stock offer will help it climb out. **(PG. 1)**

Frac sand expects record-setting recovery; offshore gloom continues.

Offshore companies are still sliding into the trough. The CEO of **Diamond Offshore Drilling** predicted that recovery for his company wouldn’t be until 2019 and 2020. **(PG. 5)** That could be too long for **Seadrill**. **(PG. 17)**

Optimists focused on technology acquisitions. **Hunt Valve Co.** added **Precision Technology** **(PG. 6),** **Altus Capital** bought **MAX Environmental Technologies** **(PG. 6)** and **Gradient Energy Services** turned to **Turnbridge Capital** so it could market its frac-water solutions past the Permian.**(PG. 7)**

Weatherford continued its repositioning, announcing that it would sell its fracking business while also making an alliance with **Nabors Industries**. **(PG. 4)** Finally, NOV changed its strategy, looking to land instead of offshore. Experience has taught its CEO that the companies that survive are the ones that innovate.

“I look at the present downturn and ask, what inventions will come out of this cycle that will transform tomorrow’s industry. That’s our challenge but that’s also our opportunity,” Williams said.

Earnings & Capex

Pioneer seeing prices rise with all its AC rigs in US working

Pioneer Energy Services expects all 16 of its AC rigs in the US to be active by Q2, according to company officials, once its last remaining rig in the Bakken starts a one-year contract in March. The company had moved other several AC rigs from the Bakken to the Marcellus, Utica and Permian.

Drilling boost in Colombia expected to last through the year.

President and CEO Stacy Locke said Pioneer has seen pricing improvement a few months earlier than expected with day rates moving from $15,000-17,000 to $17,000-19,000. “We have several more in the 2,000-3,000 a day-increase day rates that will start filtering in the second quarter,” Locke said during a Q4 earnings call.

Pioneer also sold three SCR walking drilling rigs for $11 million and removed four SCR rigs from the marketed fleet, leaving the company with in a domestic fleet of 16 pad-capable AC rigs. Locke said the remaining SCR rigs are also up for sale.

'Outlook is extremely favorable for all of the businesses' into 2018.

Q4 revenues rose from Q3 because four rigs in Colombia were activated late in the quarter. Locke predicted that Pioneer should have four or five rigs of its eight SCR rigs there running “fairly continuously at good day rates” for the rest of 2017.

“Wireline revenues were also up significantly in January. And well servicing is up, and coil tubing is building the biggest backlog that we've seen in a couple of years. So we think the outlook is extremely favorable for all of the businesses as we go through the rest of 2017 and look into 2018,” he said.

Precision sees decrease in US & International during Q4

Precision Drilling reported EBITDA of $65 million for 4Q16, a 42% drop compared to 4Q15, largely due to decreased activity in both US and international markets. The company said its activity for the quarter, as measured by drilling rig utilization days, increased 12% in Canada compared with the fourth quarter of 2015. But US activity decreased 13% over the same period while international work fell by 10%.

Precision's 4Q16 net loss comparable to 4Q15 if special charges excluded.

Precision recorded a net 4Q16 loss of $31 million, compared with a net loss of $271 million in 4Q15, although the 2015 numbers were impacted by decommissioning and impairment charges that reduced net earnings by $254 million. The company said revenue in 4Q16 was $284 million, or 18% lower than 4Q15, due to decreased activity in the company’s US and international contract drilling operations along with lower day rates in Canada and the US. Revenue from contract drilling services and completion and production services segments decreased over the comparative prior-year period, the company said.

CEO predicts rising oil prices 'will be positive for Precision's activity levels.'

For YE16, Precision’s net loss was $156 million, compared with a net loss of $363 million in 2015, while 2016 revenue was $951 million, or 39% less than 2015. Capex in 2016 was $203 million, slightly lower than the $213 million capital plan that the company originally forecast. Precision President and CEO Kevin Neveu expressed optimism that OPEC’s recent moves to limit production will have a positive impact on the company moving forward. “We expect this stabilized and improving oil price will lead to increased spending for resource development programs, which will be positive for Precision's activity levels and service pricing,” he said.

Developments & Trends

Weatherford, Nabors to work together on US land market

Weatherford International and **Nabors Industries** are forming an alliance to market integrated oil and gas drilling solutions to the US Lower 48. In announcing the non-binding MOU between the oilfield service multinational and the owner of one of the world's largest land-drilling fleets, the companies predicted the team-up would improve clients' operational performance, increase the accuracy of wellbore placement and reduce drilling costs.

Alliance would pair Weatherford's experience with Nabors' technology.

Under the alliance, Weatherford will offer its expertise in well construction, managed pressure drilling (MPD) solutions, directional drilling and hardware as well as its engineering personnel. Nabors' offerings will include its fleets of MPD-ready SmartRigs and land-optimized measurement-while-drilling systems, its performance drilling software applications and its automated rig equipment and proprietary control systems.

Weatherford sees collaboration as way to grow its US position.

Weatherford interim CEO Krishna Shivram said the alliance would strengthen its position into the US land market. "The early entry into this emerging market will create a strong, new sales channel for our company, while allowing us to secure market participation in a new service model increasingly demanded by our clients," he said.

For Nabors, the alliance is an opportunity to market its new technology such as the SmartRigs or its Rigtelligent operating system with Weatherford's experience, said Nabors CEO Anthony Petrello. ***For more on Weatherford, see sidebar.***

Earnings & Capex

NOV fortunes start to turn onshore Continued From Pg 1

He highlighted the Fiberglass Systems unit, which exceeded 20% growth on increasing global demand for fiberglass spoolable pipe and "certain North American operators who wanted to exhaust their capital budgets before year end—the first time we've heard this from customers in quite a while."

International markets and offshore remain as "headwinds" for NOV.

NOV reported a net loss in 4Q16 of $717 million compared with net losses of $1.36 billion in 3Q16 and $1.52 billion in 4Q15. Revenue for 4Q16 was $1.69 billion, an increase of 2.8% from 3Q16 and a decrease of 37.8% YOY.

For YE16, NOV posted a net loss of $2.42 billion on $2.39 billion in revenue. In YE15, NOV had a net loss of $767 million on $6.96 billion in revenue.

CEO: World looking at shale technologies—

While energy companies have learned lessons on efficiency, Williams said his travels around the world have revealed interest in the technology that allowed to US to become the fastest-growing oil producer in the world a few years ago. As many countries look to boost domestic production even amid low global prices, "I believe most, if not all, are thinking, ignore shale technology at your peril," he said.

Q4 net loss declined 52.9% YOY; YE16 net loss increased 215% from YE15.

The CEO said countries are looking at horizontal drilling and hydraulic fracture stimulation, not just for shale but also other tight reservoirs and even conventional reservoir rocks found in every basin. Williams said that provides an opportunity for NOV because they offer the technology as well as service NOCs that want to hire local workers to do the actual drilling.

Promoting shale drilling also supports NOV because the company sells spare parts for the rigs. "Shale is insatiable. It wears out rigs and frac iron. It consumes drill pipe bits, drilling motors, frac spreads, treating iron, and a whole host of expendables like valves, seats, coil tubing, and shaker screens. It's like feeding a Labrador," Williams said.

Weatherford officially selling fracking business

Weatherford International's realignment started to show progress in Q4 as its revenue rose 3.7% from Q3 and its net loss was cut by 69.2%. North American revenue rose 8.0% sequentially despite the shutdown of the US fracking business during the quarter.

Interim CEO Krishna Shivram told investors on Feb. 2 that his company is looking to sell its pressure drilling business, which includes fracking, or spin it off. The business lost Weatherford $27 million in Q4 before it was shut down and would have lost another $20 million if it had been kept open, the CEO said. However, North American revenue would have risen 17% from Q3 if Weatherford had continued, Shivram said.

Land drilling rigs business, mainly based in Middle East, also for sale.

Weatherford also expects to lay off another 2,000 workers in 2017 and sell its land drilling rigs business, which is based mainly in the Middle East and North Africa. The moves will be latest in several years of cost cutting that included Weatherford cutting capex $478 million in 2016, or 70% from 2015 and slashing more than half its workforce.

'Beginning of a multi-year cycle of increased spending by our consumers.'

Shivram, who was promoted from CFO when Bernard Duroc-Danner resigned in November, expects an industry upturn and said the oilfield services multinational was "well positioned" for it.

"We stand at the beginning of a multi-year cycle of increased spending by our customers, almost entirely focused on developing mature reservoirs, principally on land. We are perfectly aligned to benefit from the attributes of this kind of cycle," Shivram said in a statement.

Weatherford's YE16 results showed sharp drops in revenue and a rise in net loss. YE16 revenue was $5.75 billion, down from $9.43 billion in YE15. Net loss for YE16 was $2.88 billion compared with $2.10 billion. ***For more on Weatherford*, see *top of the page.***

Earnings & Capex

Diamond CEO: Deepwater recovery will wait until '19

Oil prices will need to rise "well over $60" before demand recovers in deepwater industry, according to the CEO of **Diamond Offshore Drilling,** and that recovery probably won't be until 2019 or 2020. "Despite some stabilization in the price of oil, we have yet to see a floor in the declining demand of deepwater assets," Diamond President and CEO Marc Edwards told investors during its Q4 conference call.

CEO says oil needs to be 'well above $60' for deepwater demand to pick up.

Edwards said that with oil range bound at $50-$55/bbl, energy companies are focusing on unconventional resources or light oil onshore. However, those are limited resources that are already getting more expensive so they will eventually return to deepwater drilling, he said.

The company's sixth-generation fleet, which Edwards said is the most distressed at other companies, are contracted out through 2019. Diamond's total contracted backlog at YE16 was $3.6 billion, which represents 25 rig years of work. These numbers not only will help Diamond weather the recession, but Edwards said they also make Diamond "uniquely positioned" for a recovery because when demand rises, Diamond's rigs will be "hot" instead of in storage.

Q4 revenue rose by $42.7MM from Q3 but declined by $163.7MM YOY.

Diamond's Q4 net income of $73.1 million was quadruple that of Q3. The company posted a net loss in 4Q15 of $245.3 million, driven down by a $499.4 million impairment charge. Revenue was $391.9 million, 12.2% higher than in Q3 but 29.5% lower YOY.

The Houston-based company posted a net loss for YE16 of $415.5 million, compared with a net loss of $274.3 million in YE15. YE16 revenues were $1.60 billion, a 33.9% decline from YE15.

ION expects slow recovery in seismic spending

While the worst should be over for **ION Geophysical Corp.,** the company's president and CEO told investors that the recovery could be sluggish for ION's segment. Brian Hanson said E&P spending was expected to rise in 2017, but seismic spending and its key market of offshore marine activity would lag some of the oil and gas sector.

"That said, tenders have already started picking up in the OBS market, and we are seeing renewed interest in underwriting new venture programs for the first time in two years," Hanson said. The CEO also pointed to a backlog of $34 million at YE16, up $15 million from YE15, which should translate into higher revenue in 1Q17.

'Seeing renewed interest' in new venture for the first time in two years.

Part of the backlog was from the 3D multiclient reimaging of the Bay of Campeche. Hanson said the project with **Schlumberger WesternGeco** had strong sales in Q4, but with final data delivery set for 2017, the sales were in the backlog. If they had been counted as revenue, ION's Q4 net loss would have turned into a net gain, he said.

For YE16, ION posted a net loss of $64.7 million, compared with $25.1 million in YE15, and revenues of $172.8 million, compared with $211.5 million in YE15.

Fluor's earnings & revenue increase in fourth quarter

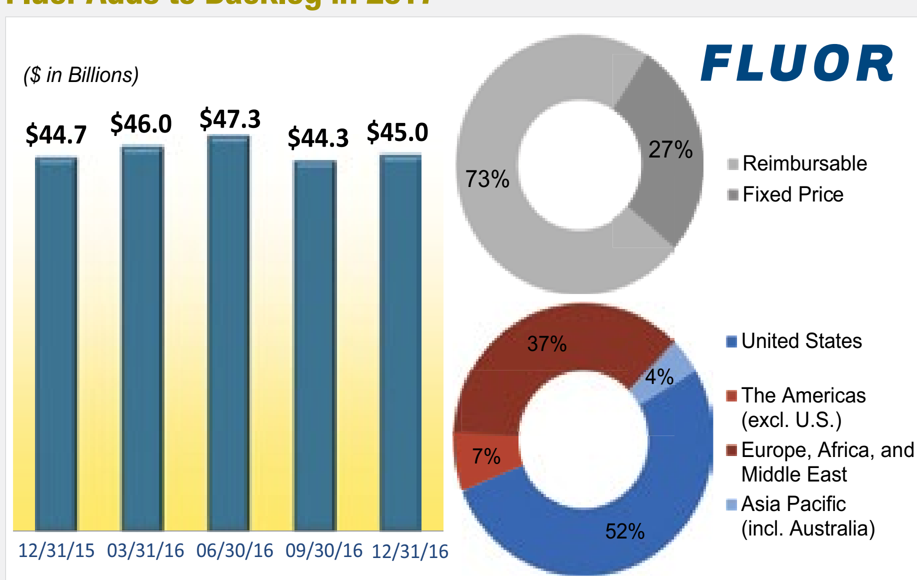
Fluor Corp. reported earnings of $70.6 million on revenue of $5.0 billion for 4Q16, showing a dramatic improvement YOY. In 4Q15, the company had a net loss of $51.4 billion and revenue of $4.37 billion. The reported profit came despite an adverse tax effect during the quarter of $45 million related to the inability to deduct or otherwise benefit certain foreign losses.

Overall 2016 revenue was $19.0 billion, up from $18.1 billion in the prior year.

For the full year, revenue was up 5% to $19.04 billion. However, net earnings were down 32% to $281.4 billion.

Full-year new awards were $21 billion, including $8.4 billion in Energy, Chemicals & Mining, $6.2 billion in Industrial, Infrastructure & Power, $4.6 billion in Government and $1.8 billion in Maintenance, Modification & Asset Integrity. This compares to $21.8 billion in new awards in 2015. Consolidated backlog at year-end was $45 billion, compared with $44.7 billion a year ago, reflecting growth in the Government and Industrial, Infrastructure & Power segments.

Fluor Adds to Backlog in 2017



Source: Fluor Feb. 17 Presentation via **PLS docFinder www.plsx.com/finder**

A&D

Hunt Valve Company acquires Precision Technology

Engineering firm **Hunt Valve Co.** has acquired **Precision Technology**, a severe-duty, designer, manufacturer and supplier of linear motion actuators for automation, machinery, material handling and positioning applications. Precision Technology will be rebranded Hunt Valve Company-Actuator Division. Hunt said the purchase will bolster its severe duty, fluid power engineering solutions for military and industrial customers. Hunt is a portfolio company of **May River Capital**, a Chicago-based private equity firm.

Hunt is a portfolio company of May River Capital.

Precision Technology specializes in electro-mechanical actuation with a wide range of rodless and rod-style linear actuators, screw jacks, linear tables and custom motion control solutions. Precision touts its ability to customize its systems to meet the needs of the commercial and defense markets, including the US Navy's newest Ford Class Aircraft Carrier Program.

Hunt Valve CEO Brad Sterner said the deal would expand Hunt Valve's fluid power technology and allow the company to capitalize on the industry change from hydraulic and pneumatic to electro-mechanical actuation technologies in applications requiring heavier loads, longer run lengths, faster speeds and precise positioning.

Earnings & Capex

Parker raising money after improvement Continued From Pg 1

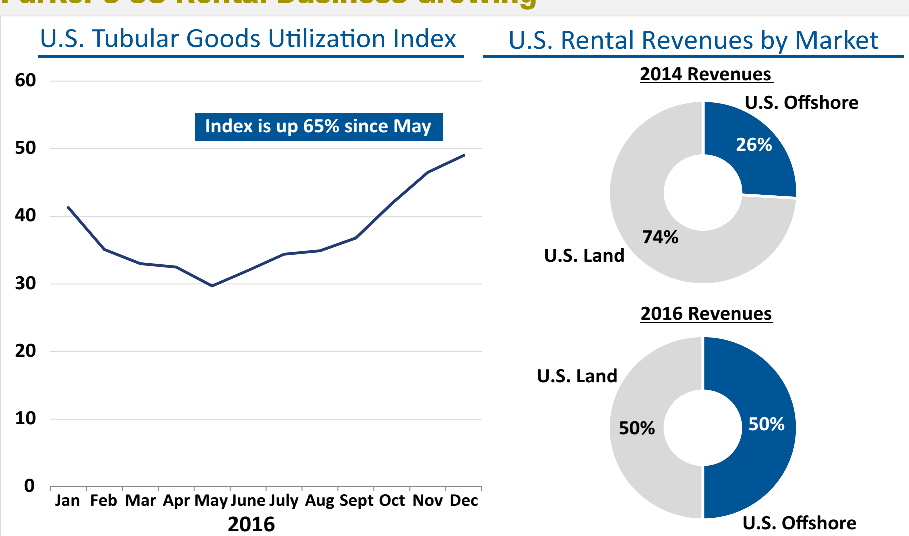
Rich predicted higher revenue and gross margin in the US rental tools segment as US onshore drilling picks up. He also used an anecdote to show that Parker is seeing some pricing opportunity, telling of a customer who "returned our equipment rather than paying the requested price increase. This last week, the customer called and indicated they had made a mistake and are now willing to pay the price increase we had requested."

'Discussions ongoing in Mexico, Kurdistan, Kazakhstan and Russia.'

Parker Drilling reported a net loss of $48.9 million on $94.0 million in revenue in 4Q16 compared with a $35.6 million net loss on $114.5 million in revenues in 4Q15. In the most recent quarter, the international and Alaska drilling segment produced $61.5 million in revenues while revenues for the Lower 48 drilling was only $800,000.

For YE16, Parker posted a net loss of $230.8 million on revenues of $427.0 million compared with YE15's figures of a $95.1 million net loss on $712.2 million in revenues.

Parker's US Rental Business Growing



Source: Parker Drilling Feb. 17 Presentation via **PLS docFinder www.plsx.com/finder**

Investment firm acquires MAX Environmental

Investment firm **Altus Capital Partners** has acquired Pennsylvania environmental solutions and waste management company **MAX Environmental Technologies**. Altus partnered with industry operating executive Bob Shawver, who will assume the role of CEO after the deal is finalized. The seller was the company's current owner, L. William Spencer. Terms of the deal were not disclosed.

Founded in 1957, MAX is a fully integrated environmental treatment and disposal company that provides hazardous and non-hazardous waste transportation, processing and disposal for the manufacturing, energy and infrastructure markets. Located just east of Pittsburgh, MAX's Yukon site is the easternmost hazardous waste processing and disposal facility in the US. The company's Bulger facility is in the heartland of the Marcellus and Utica shale gas plays.

■ **Cooper Rentals Canada**, a construction equipment company operating in Quebec and Ontario, has bought a **Canadian Equipment Rentals Corp**. subsidiary for $8.5 million in cash. **4-Way Equipment Rentals,** which has 11,000 pieces of rental equipment, operates in Alberta. CERC CFO Ken Olson said the sale was to reduce debt. CERC had borrowed $43.8 million from its credit facility in 3Q16 and has exceeded its debt-to-EBITDA and interest-coverage ratios.

■ **Delta International Oil & Gas** has signed a LOI to acquire California-based **Naptech Test Equipment** in a deal involving **Bayberry Capital**. Under the LOI, Delta will acquire 100% of the outstanding shares of Naptech in exchange for a combination of preferred and common stock of Delta. Bayberry Capital principals Jay Wright and Bill Forkner will become advisors to and shareholders of Delta. Throughout the process, the current Delta shareholders will maintain control of management, the board and most the outstanding shares of the company. Terms of the deal were not disclosed.

A&D

PE firm merges Performance Wellhead, Slingshot Supply

Oilfield services private equity firm **Pelican Energy Partners** merged two of the companies it backs: Houston-based **Performance Wellhead & Frac Components** with **Slingshot Supply** of Odessa, Texas. The two oilfield service companies have minimal geographic overlap and will continue to operate under their respective names.

Slingshot focuses on Permian Basin; Performance on East Texas.

Performance provides surface well-control equipment and related field services utilized in all phases of drilling, well stimulation, production and intervention operations. Apart from an Odessa location, all of its locations are in East Texas, Louisiana or Arkansas. In addition to the services Performance provides, Slingshot offers BOP rental and repair. Its work focuses on the Permian Basin.

"It is not often we find two companies that are such a natural fit together," said Mike Scott, managing partner at Pelican Energy Partners. "Both management teams have known and respected each other for years and suggested this partnership, as they could see the clear benefits that would come from joining forces." (More on Pelican, see PG. 8.)

Gerry Ferguson, who founded Performance in 2006, will be CEO of the combined company. Jeff Helmcamp, who founded Slingshot in 2011, will serve as COO. Pelican said it recapitalized the companies but did not offer details.

Water treater Gradient sells stake to grow past Permian

Texas-based energy PE firm **Turnbridge Capital** has bought a stake in **Gradient Energy Services**. The water-management services provider said it would use the new funding to go beyond the four build-own-operate facilities it has executed in the Permian Basin and expand into other basins around the US.

GES is focusing on expanded distribution its three turnkey service lines, which it said are applicable of E&P operators of all sizes. Selective Chemical Extraction is a clean brine treatment service that allows for reuse of flowback and produced water in hydraulic fracturing; Carrier Gas Concentration is a mobile evaporative disposal service targeting disposal constrained environments; and Free Radical Disinfection is a fully mobile, safe and effective on-the-fly disinfection service.

GES already using MIT technology in four facilities in Permian Basin.

Denver-based GES is also owned by **Gradient Corp.**, a spin-off of the Massachusetts Institute of Technology. Financial terms and the size of Turnbridge stake were not disclosed.

Turnbridge partner Rob Horton said his company was excited to invest in GES. "They have superior technologies, invented at MIT, with a proven track record and culture of safety and operational excellence," he said.

Flotek Industries putting non-core segments up for sale

Flotek Industries Inc. plans to divest its drilling technologies and production technologies segments in what the company called a strategic move to focus on energy chemistry and consumer and industrial chemistry. The Houston-based chemical applications company discontinued both segments on Dec. 31 and has hired an unidentified financial advisor to assist with the spin-off.

Drilling & production tech segments expected to be sold during H1.

"Our expectation is to by the end of the first quarter, early the second quarter, have a resolution that is satisfactory to us, to our shareholders, to the potential buyer for both of those entities," said Flotek CFO Rich Walton, who called the next 60-90 days "very important for that process."

The move came as both segments had their best quarters of a difficult year. Drilling technologies revenue of $27.6 million for YE16 was a decrease of 47.0% from YE15, and production technologies revenue fell 32.5% YOY to $8.3 million for YE16.

CEO: Keeping segments running in Q4 enhanced segments' value.

Flotek Chairman, President and CEO John Chisholm praised the segments for delivering "special" results despite the company's decision. "We have felt that having both of these, as evidenced by their performance in the fourth quarter, as ongoing entities should create a larger value of the divestment, as opposed to shuttering them and saying, 'OK, take what you want.'"

No plans for sale proceeds — 'one of those nice problems to have.'

Chisholm said Flotek has not made specific plans for the cash from a sale —"It will be one of those nice problems to have"—but he thought the company's stakeholders would prefer Flotek "put the money to work, whether it's an acquisition or whatever."

For the Q1 outlook for the rest of the company, Chisholm said he expected the energy chemistry segment to turn strong demand into higher margins through "strategic price increases and process efficiency" while the consumer and industrial chemistry segment would see YOY growth on revenues and gross margins.

Flotek's Q4 results show revenue from continuing operations of $70.6 million, a YOY increase of 10.6%, and income from continuing ops of $3.9 million compared with $1.3 million YOY. YE16 revenue from continuing ops was $262.8 million, down 2.6% from YE15, and a net income from continuing ops of $1.9 million, down 73.4% from YE15.

A&D

Hi-Crush makes deals, seeking frac sand Continued From Pg 1

Hi-Crush will send the owner of Permian Basin Sand, an unidentified third party, $275 million, up to $75 million of which could be newly issued stock. The acquisition is expected to close in March.

The Houston-based company also will acquire the remaining 2% of **Hi-Crush Whitehall LLC** and the Augusta raw frac sand processing facility located in Whitehall, Wisconsin, from **Hi-Crush Proppants** and additional properties for $140 million in cash. The facility has 80.7 million tons of provable recoverable reserves of Northern White frac sand over 1,447 acres and capacity to process 2.86 million tons per year. The acquisition should be completed in March as well.

Takes full ownership of Wis. facility to 'maximize' role in recovery.

Rasmus said the Whitehall acquisition "simplifies our structure and maximizes the partnership's participation in the recovery." He said he expects the Whitehall facility to restart in late March or early April.

Hi-Crush also announced that it will offer 20.5 million units for total gross proceeds of $369 million, which will go to fund the Whitehall acquisition and part of the Permian Basin Sand purchase. The underwriters also will receive a 30-day greenshoe for up to an additional 3,075,000 common units on the same terms. **Credit Suisse Securities** and **Mizuho Securities** are acting as joint bookrunning managers with **UBS Securities** also acting as a bookrunner.

Strand buys businesses in Manitoba, British Columbia

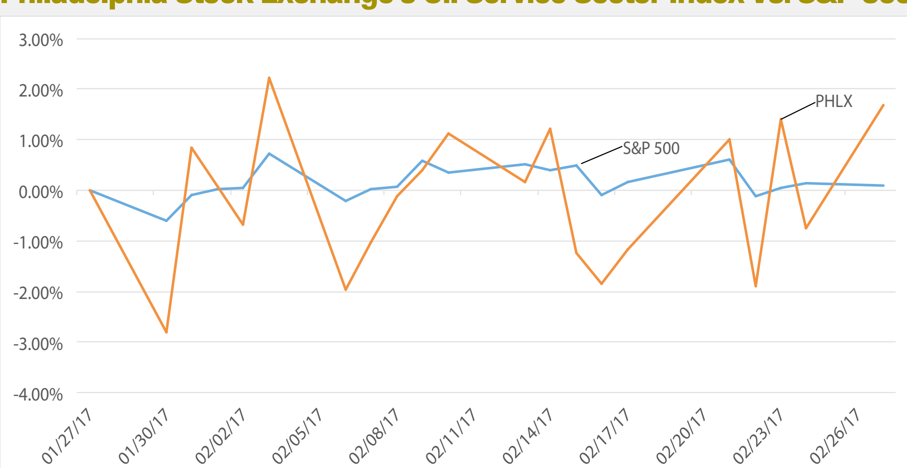
Strand Energy Services bought **Got Mats?** of Elkhorn, Manitoba, and two private businesses in Fort St. John, British Columbia, in February. The acquisitions came through cash and stock deals worth $7.5 million.

Got Mats? offered access mats, rig mats and crane mats as well as mobile mat washing, bleaching facilities and mat rentals. Strad bought the privately held business for 2.14 million common shares and $1.0 million in cash for a transaction value of $4.8 million.

Three businesses acquired for $2.75MM in cash and 2.6MM common shares.

The Fort St. John businesses, which the Calgary-based company did not name, had surface rental equipment and personnel that will immediately be combined with Strand. The company says the acquisition will help it boost its rental platform in the Montney and Duvernay plays. Stand used 561,798 common shares and $1.75 million in cash, for a transaction value of $2.75 million.

Philadelphia Stock Exchange's Oil Service Sector Index Vs. S&P 500



Source: PLS Research Using Google Finance

Pelican Energy buys stake in Quinn Artificial Lift

Houston-based private equity firm **Pelican Energy Partners** said it is making a "significant growth equity investment" in Canadian-based **Quinn Artificial Lift Services**. Quinn manufactures high-quality downhole rod pumps and components and provides specialized aftermarket repair services from 24 service locations strategically located throughout the oil and gas producing areas of the US and Canada.

Doug Quinn previously sold Quinn's Oilfield Supply for $300MM.

The company is helmed by Doug Quinn, who previously owned and served as CEO of **Quinn's Oilfield Supply,** which was acquired by **Lufkin Industries** in 2011 for more than $300 million. At the time, the business was one of the largest reciprocating rod pump manufacturers in North America.

Pelican has focused on investments in small- to middle-market energy service and equipment companies.

Premier Oilfield acquires ConocoPhillips laboratory

Premier Oilfield Laboratories has acquired **ConocoPhillips'** subsurface laboratory in Bartlesville, Oklahoma. ConocoPhillips announced last year that it would decommission the subsurface component of its Bartlesville labs.

Houston-based Premier said the assets will provide a broad array of specialized laboratory equipment, research scientists, and work flows to offer a larger cross-section of technical solutions to optimize production from both conventional and unconventional oil and gas reservoirs. Financial terms were not disclosed.

Premier added MUD Geo-Chemical in September and Corex UK in December.

"The addition of the subsurface laboratory assets and select staff members significantly expands the technology-leading services Premier brings," said Premier's CEO Steve Cobb in a statement.

Premier also has operations in Aberdeen, Scotland, and Cairo.

PLS PetroWire Database

Drilling, Construction & Service Contracts

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Date	Location	Abstract
GOM		
Feb. 24	**Green Canyon- Mad Dog**	**Sigma Energy & Marine** won a contract from **GVA Consulting** for engineering work on Mad Dog 2's semi-submersible platform.
Latin America		
Feb. 24	**Venezuela- Mariscal Sucre**	**EnerMech** has been awarded a full pre-commissioning scope on flowlines and umbilicals as part of the project.
North Sea/Western Europe		
Feb. 24	**Norway- multiple**	**Aker BP** has signed an agreement with **Subsea 7** for underwater activities in the Alvheim area, Ula and Tambar, using the DSV Seven Falcon and DSV Seven Atlantic.
Feb. 23	**UK- Banff**	[illegible] has agreed a contract amendment with **CNRL** to extend the firm period for the Banff FPSO [illegible] and to revise the charter rate to include a variable component (through an oil price and oil [illegible] on tariff).
Feb. 23	**UK- Chestnut**	[illegible] has extended the firm period for **Teekay's** Hummingbird Spirit FPSO to Sep 2020.
Feb. 17	**Norway- Johan Sverdrup**	**CRE8 Systems** has contracted **Flux Group** subsidiary **Active Service** to provide 40 hydraulic umbilicals and hoses for a wellhead control system.
Feb. 17	**Norway- Gjoa**	**Engie** has awarded Rosenberg **WorleyParsons** the FEED study for modifications at the Gjøa Platform. Contract also includes an option for the execution phase of the project EPCIC.
Feb. 16	**UK- Miller**	**Kvaerner** has won a NOK 200MM decommissioning contract from Saipem.
Feb. 8	**Norway- Johan Castberg**	**ABB** has signed a project-specific agreement to provide safety & automation systems for **Statoil** at the oil field.
Africa		
Feb. 20	**Uganda- Block 2**	The $2.5MM FEED contract for EA1 and EA2 was awarded to **Fluor, CPECC, Technip** and **Chicago Bridge & Iron Co.**
Feb. 20	**Gabon- Hylia- Vanneau**	**Bourbon** has been awarded a pipelay contract by **Total Gabon** for the EPCI of 25km of 6-in. rigid pipeline as part of the Hylia Water Injection Project using Zap-Lok technology.
Middle East/North Africa		
Feb. 17	**Israel- Leviathan**	**Kiewit Offshore Services** will build the 20,000t fixed platform, with steel expected to be cut in H2.
FSU/Eastern Europe		
Feb. 21	**Russia- Sakhalin 3**	**Gazpromneft** has signed a contract to rent the Hakuryu 5 rig, which will fully complete the drilling during the summer of 2017.
Feb. 20	**Russia- Sakhalin**	**KCA Deutag** has been awarded a four-year contract extension for platform drilling services on its three platforms.
South Pacific/Oceania		
Feb. 22	**Australia- Bass Strait**	**UGL** was awarded a five-year contract to provide maintenance services on **ExxonMobil's** Bass Strait oil and gas facilities.
Feb. 17	**Australia- Griffin**	**BHP Billiton** has hired **Diamond Offshore's** semisub, Ocean Monarch, for a programme of well abandonment activities at the Griffin field starting in June. The abandonment programme comprises P&A of 12 development wells and the Ramillies-1 exploration well.
Asia		
Feb. 24	**Malaysia- SK5**	**TechnipFMC** is understood to be performing FEED work for the K5 gas development.
Feb. 24	**Indonesia- Berau**	**BP** will use the Ensco 106 JU for development drilling campaign . The contract is for five years, but can be terminated by **Ensco** after 3 years. The rig will be mobilized to the field in Q4. Workscope is for 17 wells and four appraisals.
Feb. 17	**China- multiple**	**Petrofac** won a contract from **Husky Energy** for provision of asset integrity management services for the Liwan 3-1 and Liuhua 34-2 deepwater gas fields.
Feb. 13	**India- MJ**	**Genesis (TechnipFMC)** has been awarded a deepwater FEED study by **Reliance** for development of the MJ gas/condensate field, which will be tied back to an FPSO.

See more at wire.petrowire.com

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OFS Earnings 4Q16

Company Name	Ticker	Market Cap (US$MM)	Revenue (US$MM) 4Q16	Revenue (US$MM) 3Q16	Revenue (US$MM) 4Q15	Income (US$MM) 4Q16	Income (US$MM) 3Q16	Income (US$MM) 4Q15	Price 12/30/16	Price % Change 52 Wk High
Schlumberger	SLB	$113,007	$7,107	$7,019	$7,744	-$204	$176	-$1,016	$83.95	-4%
Halliburton	HAL	$46,121	$4,021	$3,833	$5,082	-$149	$6	-$28	$54.09	-8%
Baker Hughes	BHI	$25,626	$2,410	$2,353	$3,394	-$417	-$429	-$1,031	$64.97	-5%
National Oilwell Varco	NOV	$15,566	$1,692	$1,646	$2,722	-$714	-$1,362	-$1,523	$37.44	-14%
Helmerich & Payne	HP	$7,445	$332	$366	$554	-$73	-$21	-$28	$77.40	-10%
Tesoro Logistics	TLLP	$6,038	$319	$308	$292	$76	$88	$68	$50.81	-16%
Weatherford International	WFT	$5,674	$1,406	$1,356	$2,012	-$549	-$1,780	-$1,208	$4.99	-41%
Transocean	RIG	$5,513	$974	$903	$1,851	$227	$229	$611	$14.74	-12%
Core Laboratories	CLB	$5,108	$150	$143	$183	$15	$17	$15	$120.04	-11%
Patterson-UTI Energy	PTEN	$4,641	$247	$206	$339	-$78	-$84	-$59	$26.92	-10%
RPC	RES	$4,294	$221	$176	$268	-$21	-$39	-$38	$19.81	-15%
Nabors Industries	NBR	$4,266	$539	$520	$739	-$336	-$111	-$164	$16.40	-11%
Ensco	ESV	$3,124	$505	$548	$828	$39	$85	-$2,472	$9.72	-25%
Oceaneering International	OII	$2,846	$488	$549	$722	-$11	-$12	$28	$28.21	-24%
Frank's International	FI	$2,799	$108	$105	$203	-$66	-$37	$7	$12.31	-31%
Superior Energy Services	SPN	$2,563	$354	$326	$545	-$211	-$118	-$237	$16.88	-15%
Dril-Quip	DRQ	$2,522	$106	$124	$202	$1	$19	$48	$60.05	-13%
Diamond Offshore Drilling	DO	$2,379	$392	$349	$556	$116	$14	-$245	$17.70	-34%
Rowan Companies	RDC	$2,300	$352	$379	$536	-$24	$6	$124	$18.89	-13%
NOW	DNOW	$2,102	$538	$520	$644	-$71	-$56	-$249	$20.47	-13%
Forum Energy Technologies	FET	$2,055	$147	$138	$196	-$13	-$18	-$164	$22.00	-16%
MRC Global	MRC	$1,982	$719	$793	$967	-$18	-$40	-$393	$20.26	-10%
Oil States International	OIS	$1,888	$170	$179	$234	-$11	-$11	$1	$39.00	-7%
McDermott International	MDR	$1,827	$642	$559	$667	$0	$16	-$19	$7.39	-11%
Noble Corp.	NE	$1,718	$410	$385	$858	-$1,303	-$55	-$152	$5.92	-57%
Unit Corp.	UNT	$1,384	$174	$153	$187	$2	-$24	-$309	$26.87	-12%

Source: Bloomberg

OFS Earnings 4Q16

Company Name	Ticker	Market Cap (US$MM)	Revenue (US$MM) 4Q16	Revenue 3Q16	Revenue 4Q15	Income (US$MM) 4Q16	Income 3Q16	Income 4Q15	Price 12/30/16	Price % Change 52 Wk High
Helix Energy Solutions	HLX	$1,271	$128	$161	$158	-$54	$11	-$404	$8.82	-26%
Archrock Partners	APLP	$1,186	$135	$135	$161	-$14	-$1	-$138	$16.04	-14%
Chart Industries	GTLS	$1,119	$214	$204	$261	-$3	$15	-$230	$36.02	-12%
USA Compression Partners	USAC	$1,088	$75	$61	$69	$3	-$2	-$160	$17.30	-13%
Seventy Seven Energy	SVNT	$1,085	$143	$120	$0	-$27	-$48	$0	$45.00	-12%
Archrock	AROC	$1,012	$194	$196	$241	-$39	-$10	-$130	$13.20	-20%
Atwood Oceanics	ATW	$863	$189	$228	$363	$4	$100	$151	$13.13	-15%
Knot Offshore Partners	KNOP	$859	$45	$44	$43	$20	$19	$18	$23.60	-4%
Flotek Industries	FTK	$775	$71	$74	$64	-$14	-$3	-$1	$9.39	-45%
Teekay Offshore Partners	TOO	$739	$275	$286	$339	$92	$48	$44	$5.06	-30%
Newpark Resources	NR	$669	$137	$105	$151	$0	-$13	-$83	$7.50	-14%
Bristow Group	BRS	$569	$382	$420	$450	-$25	$3	$15	$20.48	-13%
Civeo	CVEO	$459	$91	$104	$97	-$16	-$42	-$11	$2.20	-41%
Matrix Service	MTRX	$444	$360	$309	$364	$9	$4	$11	$22.70	-3%
Pioneer Energy Services	PES	$440	$71	$68	$104	-$36	-$35	-$48	$6.85	-5%
Tesco	TESO	$397	$35	$30	$52	-$20	-$22	-$78	$8.25	-16%
Teekay Tankers	TNK	$373	$118	$105	$169	$7	-$5	$54	$2.26	-47%
Carbo Ceramics	CRR	$367	$29	$20	$57	-$15	-$20	-$50	$10.46	-57%
CSI Compressco	CCLP	$360	$83	$71	$99	-$12	-$16	-$151	$9.73	-28%
Parker Drilling	PKD	$268	$94	$97	$149	-$49	-$46	-$36	$2.60	-18%
PHI	PHII	$239	$145	$158	$187	-$17	-$5	$2	$17.85	-18%
Geospace Technologies	GEOS	$237	$16	$18	$16	-$12	-$12	-$13	$20.36	-16%
Independence Contract Drilling	ICD	$212	$18	$14	$24	-$10	-$7	-$5	$6.70	-8%
Gulf Island Fabrication	GIFI	$175	$55	$65	$55	-$4	$1	-$15	$11.90	-15%
Hornbeck Offshore	HOS	$169	$42	$52	$89	-$19	-$17	-$3	$7.22	-44%

Source: Bloomberg

Contracts

Rowan loses contract off Trinidad, GOM jackups extended

Two of **Rowan Companie**s' four ultra-deepwater drillships are available after an early termination notice from **Repsol**, the driller reported in its Q4 fleet status report. The Rowan Renaissance received the notice in November with Repsol continuing to pay the standby rate until the scheduled termination date of April 22.

Repsol to continue to pay for Rowan Renaissance into April.

Rowan's three jackups in Trinidad are more active, with all reporting they will reach their end dates early due to efficient performance, but all getting contract extensions for three more wells that will keep them busy well into H2. Both jackups in the Gulf of Mexico are also active with the Rowan EXL II starting a six-month contract for **Arena Energy** in mid-December, and Arena extending the Rowan Gorilla IV's contract for 10 months into October.

Rowan also reported it has sold its retired Rowan Gorilla II and Rowan Gorilla II jackups for an undisclosed amount, and it had cold-stacked the Rowan California jackup in the Middle East.

Technology

Baker Hughes' new rigless ESP system passes test

Saudi Aramco said it and **Baker Hughes** have successfully deployed a new electrical submersible pumping (ESP) system that can bring wells onto production faster. The TransCoil ESP system does not require a rig, making installation and replacement a matter of hours instead of days.

TransCoil system said to work at depths 5,000 ft below conventional ESPs.

Conventional ESPs require the installation of a rig on jointed tubing and their power cables are connected from the bottom of the ESP. The new, rigless ESP instead is deployed with a coiled-tubing unit into the already installed production tubing. It also has a motor connected directly to the powered coiled-tubing unit, which Saudi Aramco said makes the system more reliable.

Baker Hughes said the TransCoil system will work at depths of 12,000 ft. Conventional ESPs are limited to around 7,000 ft because the weight of the power cable will cause the ESP to collapse inside the coiled tubing.

Saudi Aramco has more than 1,500 ESP installations with more than 100 change-outs per year. The ESP test was conducted in Khurais field in Saudi Arabia.

A&D

PE firm buys Apache Industrial, giving it Canadian partner

Apache Industrial Services said its purchase by Toronto-based PE firm **Quantum Capital** and subsequent merger with **Skyway Canada** is a great opportunity for the Houston-based company to expand its reach in North America. The combination of Apache and Skyway creates a company with $500 million in annual revenue and 4,000 craftsmen.

Skyway Canada to do business as an Apache Industrial company.

Apache offers services such as coatings and linings, refractory, fireproofing and insulation to infrastructure in energy and other industrial markets. Skyway, one of Canada's leading scaffolding companies, will operate as a subsidiary of Apache.

Andrew Blott, partner at Quantum Capital, praised called Apache "one of a very short list of companies in its industry that has not only distinguished itself with a strong commitment to its craftsmen and culture, but also to building tools that make that culture scalable." Quantum has owned Skyway since 2007.

Financial terms were not disclosed. Quantum invests on behalf of Jack Cowin, the founder of **Competitive Foods Australia Ltd.**, a restaurant franchiser.

■ **Aker Solutions** won a contract from **Statoil** to hook up the riser platform for the Johan Sverdrup oil field in the North Sea offshore Norway. Aker and its subcontractor **Kvaerner** will join the platform's seven modules, which are scheduled to arrive in Norway in 2Q18. The planning will begin this month with execution slated for summer 2018. Both companies are based in Fornebu, Norway. The two companies will equally split the contract value of ~NOK 900 million ($109 million).

■ **Atwood Oceanics** has laid off 60 people who were working on a rig in the Gulf of Mexico. The Houston company has found new work for the Atwood Condor, but the job is in Australia. The ultra-deepwater semi-submersible will head to Singapore for maintenance and then mobilize for a **Woodside Energy** project offshore Australia. The project has an estimated duration of 550 days and will begin in January 2018.

■ **Bourbon** will lay 25 km of 6-in. rigid pipeline for **Total Gabon**'s Hydra Water Injection Project. The deal is the Paris-based company's first pipelay EPCI contract with Total Gabon. Operations, which will begin offshore Gabon in Q2, will be staged from a Bourbon MPSV, and the company will also provide ROV services and a PSV to support survey and air diving operations. Bourbon is subcontracting **Cortex Subsea** for pipelay equipment and **Wood Group** for pipeline design and pipeline engineering. Financial terms were not disclosed.

■ **CGG** will operate a dedicated processing center at its Seria office in Brunei Darussalam under a contract with **Brunei Shell Petroleum**. The contract will run through 2022. The French geoscience company will process 2D, 3D and 4D seismic data from onshore and offshore Brunei, ranging from field data processing to advanced pre-stack depth imaging. CGG also agreed to recruit and develop local geosciences personnel. Financial terms were not disclosed.

Contracts

■ **DOF Subsea Australia** has received a contract from **TechnipFMC** sub **Technip Oceania** for the provision of the Geoholm, a MPSV for the Prelude FLNG project, operated by **Shell Australia**. The Geoholm will provide support services to ROV and light construction to TechnipFMC for the water intake riser installation at Prelude FLNG, the world's first floating LNG project. Financial terms were not disclosed.

■ **Gazpromneft-Sakhalin**, a subsidiary of **Gazprom Neft**, has signed a contract with **Japan Drilling Co.**'s Hakuryu 5, a semi-submersible rig capable of drilling 9,000 m, for a prospecting and appraisal well at the Ayashsky license block. The drilling, which will be a first for the block on the continental shelf of the Sea of Okhotsk, will take place during the summer of 2017.

■ A joint venture of Dallas-based **Jacobs Engineering Group** and Australian engineering group **Monadelphous Group Ltd.** has received an LOI for a five-year contract to provide EPC services for oil and gas production facilities in the highlands of Papua New Guinea. Under the contract with **Oil Search Ltd.,** the JV will provide wide range of brownfield project services, including engineering, procurement, civil, mechanical and electrical works on pipelines, utilities, facilities and supporting infrastructure. Financial terms were not disclosed.

■ Drilling and engineering contactor **KCA Deutag** has received a four-year contract extension for services on three drilling platforms offshore Russia's Sakhalin Island. **Sakhalin Energy Investment Co.** awarded the contract to the Aberdeen, Scotland-based company. Under the contact, KCA Deutag will provide a full supply-chain service including drilling and rig maintenance on the Lunskoye-A, Piltun-Astokhskoye-B and Molikpaq platforms. The extension will run through May 31, 2021.

TGS, Schlumberger reimaging targets central GOM

TGS-NOPEC Geophysical Co. and **Schlumberger** will conduct a multi- and wide-azimuth multiclient reimaging program of 23,000 sq km (9,000 sq miles) in the central Gulf of Mexico. Final results are expected in early 2018 before a period when substantial block turnover is expected.

Over 1,000 OCS blocks to receive data uplift from Fusion M-WAZ.

Called the Fusion M-WAZ reimaging, the program will compile data from more than 1,000 outer continental shelf blocks from 3D WAZ programs previously acquired by Norwegian provider of global geoscientific data TGS and Schlumberger, the world's largest oilfield services company, with the WesternGeco Q-Marine point-receiver marine seismic system between 2008 and 2012. Fusion M-WAZ will use the latest imaging technology to improve the data from the Mississippi Canyon, Atwater Valley and Ewing Bank areas.

Early data expected this year; final data in 1H18.

The area is the subject of two licensing rounds every year for the next five years under the new BOEM 2017-2022 Five-Year Program. "Customers have shown great interest, and we are confident that this project will afford them a competitive advantage in the upcoming lease rounds and ahead of the large block turnover," said Maurice Nessim, president, WesternGeco, Schlumberger.

Fusion M-WAZ is supported by industry funding, the terms of which were not released. Fast-track data will be available this year for lease round bid evaluation.

TechnipFMC awarded FEED contract for Israel's Karish & Tanin

TechnipFMC has joined **Energean Oil & Gas'** development of Karish and Tanin gas fields offshore Israel as FEED contractor. Energean has moved aggressively to develop the fields, which have gas resources of 2.4 Tcf, since buying them last August for $149 million.

Energean recently decided to use a floating production, storage and offloading unit as the quickest path to getting the gas to market. TechnipFMC has delivered some of the world's largest FPSO units. "Their know-how, expertise and quality standards in deepwater and FPSO projects will all assist in delivering the most efficient and environmentally sensitive development of these projects," Energean Chairman and CEO Mathios Rigas said.

'Their know-how' in deepwater and FPSO led to TechnipFMC.

Karish field is due up first with the Israeli government hoping to receive gas in 2020. A field development plan is expected to go to the government by the middle of this year. The Greek company plans to invest $1.3-1.5 billion in the fields. Financial details of the TechnipFMC contract were not disclosed. ***For more on TechnipFMC, see PG. 13.***

Capital

Sidewinder Drilling successfully completes recapitalization

Sidewinder Drilling said it has completed its recapitalization efforts successfully, lowering its debt and interest expenses and increasing liquidity. The company said it has reduced debt by roughly $185 million, reduced annual interest expense by approximately $22 million and raised incremental liquidity.

The company said it has reduced debt by roughly $185 million.

Sidewinder said the additional capital will be used to fund working capital requirements as rigs are reactivated, and to continue investing in the company's rig upgrade program. Sidewinder's existing management team will remain in place. "Over the past several months, we have worked diligently with our existing stakeholders and advisors to evaluate a range of strategic alternatives to best improve our capital structure," CEO Jon Cole said. "We are excited to have reached this agreement with our lenders. Moreover, Sidewinder is well positioned to maximize long-term value to our stakeholders while delivering operating excellence and superior service to our customers."

Capital

FTS testing waters with IPO proposal Continued From Pg 1

Five are working in the Permian Basin, four in each of the SCOOP/STACK, Marcellus/Utica and Eagle Ford and three in the Haynesville.

In its filing, FTSI said it plans to use some of the proceeds to pay for the reactivation of its fleets. The company has 1.6 million hydraulic horsepower among its fleets, and it believes all its equipment can be returned to service. However, restarting the 12 inactive fleets is expected to cost $44.0 million.

25% of FTSI's active fleets are working the Permian Basin.

In 3Q16, the company had $1.19 billion in debt against $668 million in total assets, a sharp change from YE2014 when FTSI had nearly $1 billion more assets than debt. Revenue for 3Q16 was $379.8 million, down 68% YOY, but FTSI more than halved its net loss from $299.2 million to $125.6 million.

Founded in 2000 as **Frac Tech**, the company first applied for an IPO in 2011, that time seeking $1.1 billion. The company changed its name to FTS International at that time. FTSI withdrew its request the following year, citing market weakness.

Company sought $1.1B in 2011 as Frac Tech but called IPO off.

FTSI is owned by a consortium that includes an affiliate of Singaporean sovereign wealth fund **Temasek Holdings** (41% WI), **Chesapeake** (30% WI) and **Senja Capital**, a PE firm of Asian investment company **RRJ Capital** (11%WI).

Pricing and dates of the IPO were not disclosed. **Credit Suisse** and **Morgan Stanley** were listed as underwriters.

Keane Group, Smart Sand held IPOs; Baker Hughes planning PE-funded JV.

The pressure-pumping industry has seen its share of IPO activity. **Keane Group** raised $275 million in January and started trading on the NYSE as FRAC. It said $140 million would pay down indebtedness, which spiked after it bought Trican in early 2016. In late 2016, **Smart Sand Inc.** raised nearly $130 million in its IPO.

Private equity firms have also shown interest in the industry. **Baker Hughes** is setting up a fracking JV with Houston PE firm **CSL Capital Management** and **West Street Energy Partners**, a **Goldman Sachs** merchant banking fund, under the previously discontinued **BJ Services** name. There has been speculation that the JV would buy the assets of **Weatherford**'s shut-down fracking business.

Oilfield Services Stock Movers—Last 30 Days

Source: CapIQ

	Company	Ticker	$/Share 2/27/17	$/Share 1/27/17	% Change	% Change YOY
Top 5	Dril-Quip	DRQ	$67.10	$63.45	6%	27%
	National Oilwell Varco	NOV	$41.10	$38.87	6%	43%
	Oceaneering International	OII	$29.02	$28.24	3%	6%
	Helix Energy Solutions	HLX	$8.61	$8.40	2%	141%
	Exterran	EXTN	$30.92	$30.43	2%	134%
Bottom 5	Hornbeck Offshore	HOS	$4.63	$7.51	-38%	-39%
	Matrix Service Company	MTRX	$16.70	$22.85	-27%	-7%
	Parker Drilling	PKD	$1.95	$2.65	-26%	31%
	Atwood Oceanics	ATW	$10.73	$13.22	-19%	66%
	Independence Contract Drilling	ICD	$5.65	$6.67	-15%	43%

Note: Data includes public, US & Canadian-listed companies operating in the oilfield service space, limited to companies >$1.00/share and market cap >$100 million.

Contracts

- **KP Engineering** has signed a contract for the design, procurement and installation of a 200 MMcf/d cryogenic gas processing unit with compression for **Targa Pipeline Mid-Continent WestTex**, a subsidiary of **Targa Resources**. Financial terms of the project, which should be completed in 1Q18, were not released.
- **KPJV** will execute the FEED for the Multi-Phase Pump Project in Kazakhstan. **Tengizchevroil LLP** selected the JV of **Fluor, Kazakh Institute of Oil and Gas, KazGiproNefteTrans** and **WorleyParsons**. The project aims to reduce wellhead pressure and increase well deliverability at Tengiz and Korolev fields. KPJV won a FEED contract for an earlier phase of Tengiz field in 2011. Tengizchevroil is a JV created by **Chevron Corp.** and the Republic of Kazakhstan**.** Terms were not disclosed.
- **Petrofac** has received a three-year extension from **BP** to continue its existing maintenance services in the North Sea. The $25 million competitive-tender contract will allow the London-based oilfield services provider to manage campaign maintenance and isolation valve sourcing scopes.
- Houston-based integrated process company **ProSep** is supplying one ProDry natural gas dehydrator to **Statoil** for its Troll B ZMP Project in the North Sea. ProSep's project scope of supply—awarded through **Aker Solutions**—began in January and is expected to last five months. Because the unit reduces the need for triethylene glycol, Statoil will replace a standard countercurrent TEG tower on the Troll B platform. Financial terms were not disclosed.

Capital

■ **Cathedral Energy Services Ltd.** raised $12.88 million via a bought-deal public offering with **GMP FirstEnergy** purchasing 11.5 million common shares. Certain directors and officers of Cathedral also purchased 1,116,071 common shares, bringing the total that Cathedral raised to $14.13 million. The proceeds will be used to repay bank debt and then fund ongoing working capital requirements.

■ **Trinidad Drilling** has completed its equity offering and related debt refinancing. The company issued 47,460,317 common shares for $3.15 per share, which included the full exercise of the greenshoe by the underwriting syndicate led by **Raymond James**. The $149.5 million raised helped fund Trinidad's repurchase of $203 million in aggregate principal of 7.875% senior notes due 2019. Trinidad also completed its private placement of $350 million in aggregate principal of 6.625% senior notes due February 2025.

Contracts

■ **Transocean Ltd.** has notified the Texas Workforce Commission that it has laid off 110 people who work on a drillship in the Gulf of Mexico. The Deepwater Asgard had completed its contract with **Chevron**. Transocean has found no new work for the ultra-deepwater drillship so the Swiss-based company has let the people go.

■ **Wood Group** has received an operations and maintenance contract from **Hess Exploration & Production Malaysia**. The five-year deal is to support Hess' new fixed and floating offshore facilities in the North Malay Basin development area and includes an option for a sixth year. Wood currently has support contracts with Hess in Equatorial Guinea and the Gulf of Mexico. Financial terms were not disclosed.

Halliburton to redeem senior notes due 2018 and 2019

Oilfield services company **Halliburton** will redeem the entire outstanding principal amount of its 5.90% senior notes due September 2018 and 6.15% senior notes due September 2019. The redemption date for the notes is March 15, 2017. The aggregate principal amount of the notes outstanding is $1.4 billion.

The aggregate principal amount of the notes outstanding is $1.4 billion.

The redemption price for each series of notes will include a make-whole premium, which will be calculated three business days prior to the redemption date in accordance with the terms of the notes and related indenture, and will include accrued and unpaid interest on the notes up to and including the redemption date.

Stock issue helps Patterson-UTI acquire Seventy Seven

Patterson-UTI Energy Inc.'s $1.76 billion acquisition of **Seventy Seven Energy** will be completed in late Q1 or early Q2, Patterson Chairman Mark S. Siegel said a Q4 earnings call. He said the company has issued another 18.17 million shares, raising $40-70 million to pay down Seventy Seven's debt, and the US Securities and Exchange Commission has waived a waiting period.

$1.76B acquisition will be completed before end of Q2.

Seventy Seven had net debt of $452 million at the end of Q3, all of which will be paid off when the merger is completed. The combined company created by the deal, which was announced in December, will have 201 high-spec drilling rigs in seven onshore regions and one of the largest modern pressure-pumping fleets, with more than 1.5 million horsepower.

The merger was one of the reasons 2017 will be an "exciting year," Siegel said. "After more than two years of scaling the business lower and cutting costs, we have been able to focus on growing the company again," he said.

After years of 'scaling the business lower,' focus shifting to growth.

Patterson-UTI CEO Andy Hendricks noted the company's rising average US rig count from 60 in Q3 to 66 in Q4 to 76 this January. However, average rig revenue per day in Q4 fell by $230 from Q3 to $21,640 and was expected to dip to $20,900 in Q1. "This decrease is a function of rigs that were reactivated, as well as the recontracting of rigs that rolled off higher dayrate term contracts," he said.

'We can't activate frac fleets as fast as demand is out there.'

Hendricks did see growth coming on the pressure-pumping side. "In the industry, I think that we can't activate frac fleets as fast as demand is out there, and so that's allowed us to get the pricing improvements on the incremental spreads that we're activating," he said.

When asked by an investor if Patterson-UTI would be interested spinning off the pressure-pumping business, Hendricks said no. "Right now, we're trying to complete the merger with Seventy Seven…. We will think about all the possible alternatives, but not certainly until we get to a point where we've completed our merger," he said.

Op costs cut in half in YE16, helping hold the line on net loss.

The company's Q4 net loss increased by 33% YOY to $78.1 million as revenue fell 27% YOY to $246.9 million. Contract-drilling revenue dropped 33% YOY to $136.1 million and pressure-pumping revenue fell 20% YOY to $105.6 million.

Patterson-UTI cut direct operating costs in half from 2015, allowing the company's year-end net loss to stay roughly the same even as revenue declined sharply. YE16 revenue was $915.9 million, a 52% drop from YE15, but the YE16 net loss of $318.6 million was just 8.2% higher than YE15. YE16 contract-drilling revenue declined 53% from YE15 to $543.9 million and YE16 pressure-pumping revenue fell 50% from YE15 to $354.1 million.

MULTIPLE TEXAS GULF COAST

SOUTH TEXAS PROPERTY
PP — ~3,150 BOED

Multiple Properties.
SOUTH TEXAS CONVENTIONAL
Predominantly Operated 76% Avg WI
Current Production: ~3,150 BOED
Proved Reserves: 21,644 MBOE
Total Proved PV10: $102,964,000
AGENT WANTS OFFERS MAR 27, 2017
PP 2101

SOUTH LOUISIANA

SOUTH LOUISIANA PROPERTY
PP — ~2,350 BOED

Multiple Properties.
GULF COAST CONVENTIONAL
Predominantly Operated 67% Avg WI
Current Production: ~2,350 BOED
Proved Reserves: 22,239 MBOE
Total Proved PV10: $223,403,000
Sub Package To A Larger Offering
AGENT WANTS OFFERS MAR 27, 2017
PP 2135

SOUTH TEXAS

SOUTH TEXAS ASSETS FOR SALE
PP — 43 MMCFED

567-Operated Wells. 53,410-Net Acres.
ZAPATA, STARR, HIDALGO, BROOKS & LAVACA COUNTIES
Vicksburg, Wilcox & Frio Sands Production
Recompletion/Refrac & Workover Program
Avg 87% OPERATED WI AVAILABLE
Est Feb 2017 Net Prod: 43 MMCFED
Est Next 12-Mn Cash Flow: $2,416,666/Mn
Total Proved Reserves: 333 BCFE
AGENT WANTS OFFERS MARCH 2017
PP 2793DV

SOUTH TEXAS NONOPERATED
PLS — PP — NONOP

18-Active Wells.
FRIO & ZAVALA COUNTIES
BRISCOE RANCH
Eagle Ford Shale
5-10 PUD Wells Scheduled Near Term.
10%-20% NonOperated WI; 74.5% NRI
Net Production: 200 BOPD & 66 MCFD
Net Cash Flow: ~$170,000/Mn (6-Mn Avg)
Estimated PUD AFE: ~$4,300,000/Well
PP 5953DV

SOUTH TEXAS PROPERTIES
PP — 4,400 BOED

~250-Producing Wells. ~51,000-Net Acres.
EAGLE FORD SHALE
Lower Eagle Ford, Austin Chalk & Buda
Acreage Is 93% Held By Production.
>275 Gross Drilling Locations Identified.
Operated & NonOperated WI Available
Current Net Production: 4,400 BOED
Production Is >90% Oil
12-Mn Cash Flow: ~$3,750,000/Month
CONTACT AGENT FOR MORE INFO
PP 2560DV

SOUTH TEXAS

SOUTH TEXAS SALE PACKAGE
PP — 815 BOED

93,381-Contiguous Net Acres.
LEE & BASTROP COUNTIES
CARBONATE RICH EAGLE FORD
32,000-Net Acres in "Development Core"
>250 Operated Horizontal Locations.
26-HZ Wells Completed Across Position
Avg 6,800 ft. Stimulated Lateral Length
89% OPERATED WI; 79% NRI
Net Production: 815 BOED (94% Oil)
Est 2017 Cash Flow: $1,916,666/Month
Total Developed Reserves: 6.7 MMBOE
Total Developed PV10: $106,000,000
CONTACT AGENT FOR UPDATE
PP 2610DV

UPPER GULF COAST PROPERTY
PP — ~1,850 BOED

Multiple Properties.
GULF COAST CONVENTIONAL
Predominantly Operated 65% Avg WI
Current Production: ~1,850 BOED
Proved Reserves: 13,088 MBOE
Total Proved PV10: $185,964,000
AGENT WANTS OFFERS MAR 27, 2017
PP 2102

MULTISTATE PERMIAN

PERMIAN BASIN ASSETS FOR SALE
PP — ~1,100 BOED

~41,356-Net Acres.
TEXAS & NEW MEXICO
Prolific Fields With Stacked Pay Zones
Targets: San Andres, Grayburg & Penn Sand
Several High-Impact Behind-Pipe Projects
Vertical & Horizontal Drilling Potential
Avg 90% OPERATED WI; 71% NRI
2016 Forecasted Net Prod: ~1,100 BOED
12-Mn Avg Cash Flow: $408,333/Month
Total Proved Reserves: 14.7 MBOE
Net PV10: $110,984,000
ORIGINALLY Q3 2016 SALE
CONTACT AGENT FOR UPDATE
PP 5871DV

TEXAS & NEW MEXICO ASSET SALE
PP — ~300 BOED

5-Producing Wells. 12,434-Net Acres.
ANDREWS, GAINES & LEA COUNTIES
CENTRAL BASIN PLATFORM
265 Undeveloped Locations Identified
OPERATED WI FOR SALE
Current Net Production: 307 BOED
Estimated 2017 EBITDA: $11,000,000
Potential EUR: 570 MBOE
CONTACT AGENT FOR UPDATE
PP 2849DV

PERMIAN / NEW MEXICO

LEA CO., NM PROPERTY SALE
PP — ~20 BOED

~2,440-Acres.
PERMIAN BASIN
Targets: Seven Rivers, Queen, Tansil & Grayburg Formations
Offset New Drill Locations.
100% OPERATED WI; 80% NRI
Net July 2016 Prod: 9 BOPD & ~51 MCFD
Gross Prod: ~11 BOPD & ~63 MCFD
Net Income: $2,038/Month
ORIGINALLY Q4 2016 SALE
CONTACT AGENT FOR UPDATE
PP 1906DV

PERMIAN / WEST TEXAS

WEST TEXAS PROPERTIES FOR SALE
PP — SPRABERRY

10-Wells. 1,600-Total Acres.
REAGAN & IRION COUNTIES
SPRABERRY PLAY
Midland Basin Vertical Targets & Wolfcamp Shale Horizontal Targets
160 Acre Spacing.
OPERATIONS NEGOTIABLE
Current Production: ~6.6 BOPD
CONTACT SELLER FOR MORE INFO
PP 2808DV

ANDREWS CO., TX PROPERTY
PLS — PP — SAN ANDRES

7-Total Wells. 5-Active. 1-Shut-In. 1-SWD.
HORIZONTAL SAN ANDRES PLAY
~4,800 Gross / ~1,700 Net Acres.
Vertical Wichita-Albany/Clear Fork PDP.
25-Horizontal San Andres Locations.
115-Wichita Albany/Clear Fork Locations.
Up To 100% OPERATED WI; 75% NRI
Gross Production: 66 BOPD & 104 MCFD
Net Production: 47 BOPD & 78 MCFD
6-Mn Avg Net Cash Flow: ~$60,000/Mn
Wells Have Cumm'd >77 MBOE.
Total Est Reserves: 6.1 MMBO & 3.1 BCF
Total Est PV10 Value: ~$41,000,000
PP 5900DV

GLASSCOCK CO., TEXAS NONOP
PP — NONOP

43-Well Package.
PERMIAN BASIN
~7-43% NonOperated WI; ~5-34% NRI
Gross Prod: 583 BOPD & 2,521 MCFD
6-Mn Avg Net Income: $133,883/Month
AGENT WANTS OFFERS MAR 9, 2017
PP 2159

MIDLAND CO., TX PROPERTY
L — PERMIAN

1-Well. ~320-Gross & Net Acres(HBP).
PERMIAN BASIN
Wolfcamp Shale Upside
55 Recently Permitted Horizontal Wells
OPERATED WI AVAILABLE; 74.25% NRI
CONTACT AGENT FOR UPDATE
L 2167PP

International A&D

Geoex wins bidding battle for MultiClient Geophysical

The board of **MultiClient Geophysical** has recommended that shareholders take **Geoex's** offer to buy all issued and outstanding shares for NOK1.40 each, or more than NOK 130.0 million ($15.7 million) total. Competing bidder **Spectrum** has withdrawn its offer and released its acceptances.

Geoex issued no specific plans for MCG other than optimizing functions.

Geoex has extended its offer through March 6. As of Feb. 17, 33.76% of the outstanding MCG shares had accepted the offer and another 36.35% have undertaken to accept the offer.

In accepting the offer, Jon Stærkebye, chairman of MCG, said the offer not only represented a "significant" premium from the share price, but also provided the company an opportunity to pursue its growth strategy. While Geoex said its goal is to optimize both companies by avoiding duplication of functions, it has released no specific plans for reorganization of MCG.

The UK geophysical services company's first offer for the Norwegian seismic data provider was NOX1.20 per share. That was exceeded by Spectrum's offer of NOK1.25 per share. Geoex said it will finance the amended offer in part by a loan from **TGS Geophysical (UK),** who will get in exchange "certain parts of the multi-client data library currently held by MCG."

Capital

Frac sand supplier Source Energy files for IPO

Canadian frac sand supplier **Source Energy Services Ltd.** hopes to raise $250 million in an initial public offering and has filed a preliminary long-form prospectus with Canadian provincial securities commissions. A secondary offering of shares will come from backing company **TriWest Capital Partners**.

Proceeds to be used for Wisc. facility, pay down debt and fund capex.

The company is seeking a market valuation of $1.0 billion, sources familiar with the IPO told The Globe and Mail. Source Energy plans to use proceeds from the offering to acquire a new facility in Blair, Wisconsin, as well as pay down debt and fund other capex.

The Calgary-based company has operations in British Columbia, Alberta, Saskatchewan, Wisconsin and Texas. It specializes in sourcing and delivering high-quality Wisconsin white frac sand.

No date has been set for the IPO, which the company said could be canceled. **Scotiabank, Morgan Stanley Canada Limited** and **BMO Capital Markets** are acting as joint bookrunners.

CapitalMarkets

Get the latest on O&G IPOs.

Step poised for largest IPO in Canada O&G since 2014

Arc Financial-backed **Step Energy Services** plans to raise about $200 million for what will be the largest initial public offering in the Canadian oil and gas sector in over two years. According to an updated prospectus filed with regulators on Feb. 26, the shares will be sold at $14 to $16 each, giving Step a $802 million valuation at the high end of the range based on its 50.1 million shares outstanding.

Step is third-largest pressure pumper in Canada after Trican & Calfrac.

This would be the largest IPO in Canada's oil and gas sector since **Seven Generations Energy** raised $932 million in October 2014.

The Step offering is being led by **CIBC Capital Markets** and Raymond James Ltd., which have the option to purchase more shares that could increase proceeds to up to $230 million. The Calgary-based company plans to use the proceeds to pay down debt, fund its 2017 capital program and for general corporate purposes.

Seadrill warns debt-for-equity talks may come too late

The Q4 earnings report of **Seadrill Ltd.** showed that the company's struggle to stay out of bankruptcy took a turn towards the worse. Seadrill said that negotiations to restructure its debt have shown that "certain stakeholders and potential new money providers" are insisting that any deal would require bonds be converted to equity.

Seadrill seeking to restructure $8.2B without turning to Chapter 11.

"Given timing, however, it will be challenging for the company to finalize a fully consensual agreement before April 30, which is the maturity date of the West Eminence facility and also a milestone under the bank facility amendments entered into in April 2016," Seadrill said. While the company said negotiations were continuing, it is preparing various contingency plans, including filing for Chapter 11. The driller has said that it was seeking to extend bank maturities set to mature from 2021 to 2023, reduce fixed amortization and amend financial covenants, and extend the maturity of unsecured claims to mature from 2025 to 2028.

Seadrill Q4 total interest bearing debt was $9.84 billion, a 3.5% decrease from Q3. Its $21.70 billion in assets include $1.39 billion in cash. It reported a net income of $127 million in Q4, a drop of 53.3% YOY, and a net loss of $111 million in YE16, compared with a net loss of $625 million in YE15.

InternationalCapital

Track Seadrill's financial difficulties.

PERMIAN / WEST TEXAS

PERMIAN BASIN NONOP PROPERTY
17-Total Wells. 330-Net Leasehold Acres.
ANDREWS, MIDLAND & WINKLER COS.
13-Producing & 4-NonProducing Wells.
~3.5-42.5% NonOp WI; ~2.7-36.8% NRI
Gross Prod: 145 BOPD & 1,893 MCFD
Avg Net Income: $4,293/Month
AGENT WANTS OFFERS MAR 8, 2017
PP 2297L

PP NONOP

STERLING CO., TX PROPERTY
1-Hz Producer. 1,285-Gross & Net Acres.
PERMIAN BASIN - CLINE SHALE
Cline Shale Production
Acreage Is 100% Held By Production
100% OPERATED WI; 75% NRI
Gross Prod: 30 BOPD & 57 MCFD
Avg Net Income: $31,486/Month
AGENT WANTS OFFERS MAR 7, 2017
PP 2779

PP CLINE SHALE

LOVING CO., TX PROPERTY
22-Producing Wells. ~1,477-Gross Acres.
PERMIAN BASIN
Surface To Base Of Cherry Canyon
Target Depth 6,800 Feet
~28 Locations To Develop On 20-Ac Spacing
Avg 76.8% OPERATED WI; 77.46% NRI
Current Production: 65 BOPD & 30 MCFD
CONTACT SELLER FOR MORE INFO
PP 2841DV

PP 70 BOED

KANSAS

KANSAS PRODUCING PROPERTY
574-Producing Wells. 90,256-Net Acres.
MONTGOMERY & WILSON COUNTIES
CHEROKEE BASIN
Mississippian Limestone Upside
Leases Can Deliver Avg 85% NRI
Net Production: 7.33 MMCFED
Projected Feb 2017 Cash Flow: $368,300
PDP Reserves: 22.9 MBO & 21.6 BCF
3rd Party Gas Revenue: ~$40,000/Mn
AGENT WANTS OFFER MAR 9, 2017
PP 2790DV

PP ~7.0 MMCFED

MULTISTATE MIDCONTINENT

MIDCONTINENT ASSETS FOR SALE
49-Producing Wells.
TEXAS PANHANDLE & OKLAHOMA
ANADARKO BASIN
Producing Formations: Cherokee, Red Fork, Morrow, Granite Wash & Cleveland
31 Behind Pipe Opportunities
OPERATIONS FOR SALE
Gross Production: 63 BOED
Net Potential Reserves: 909 MBO, 10 BCF & 846 MBNGL
CONTACT AGENT FOR UPDATE
PP 5991DV

PP MIDCON

NORTH TEXAS

BARNETT SHALE ASSET SALE
209-Wells. ~35,000-Net Acres.
WISE, DENTON & TARRANT CO., TX
~250 Remaining Barrett HZ Locations
Horizontal & Vertical Refrac Opportunities
90% OPERATED WI; 69% NRI
Current Production: ~100 MMCFED
Production Is 85% Gas
Operating Cash Flow: $4,166,666/Month
CONTACT AGENT FOR UPDATE
PP 2878DV

PP ~100 MMCFED

GRAYSON CO., TX PROPERTY
86-Active Wells.
BIG MINERAL CREEK FIELD
29 Behind Pipe Opportunities
Gross Production: 769 BOED
Est Jan 2017 Net Cash Flow: $103,000
Net Proved Reserves: 681 MBOE
5 PUD Locations
CONTACT AGENT FOR MORE INFO
PP 2754

PP MIDCON

JOHNSON CO., TX PROPERTIES
25-Total Wells.
BARNETT SHALE - MIDCONTINENT
5-Operated Well. 20-NonOperated Wells.
Operated & NonOperated WI Available
Operated Production: ~587 MCFD
NonOperated Production: ~5 MCFD
CONTACT SELLER FOR MORE INFO
PP 2809

PP BARNETT

NORTH TEXAS ASSETS FOR SALE
1,346-Producing Wells. 73,000-Net Acres.
BARNETT SHALE
All Major Phase Windows Of Barnett
Acreage Is 93% Held By Production
>1,300 HZ Development Locations
Varying Operated & NonOperated WI
Jan 2017 Production: 185 MMCFED
Production Is 65% Gas
Est 2017 Cash Flow: $9,916,666/Month
Total Reserves: 2,875 BCFE
Total PV10: $1,067,000,000
AGENT WANTS OFFERS MAR 14, 2017
PP 2587DV

PP 185 MMCFED

NORTH TEXAS PROPERTY
Multiple Properties.
JACK & WISE COUNTIES
Predominantly Operated 51% Avg WI
Current Production: ~650 BOED
Proved Reserves: 4,509 MBOE
Total Proved PV10: $20,871,000
AGENT WANTS OFFERS MAR 27, 2017
PP 2148

PP ~650 BOED

OKLAHOMA

CADDO CO., OK PROPERTY
20-Active Wells. ~1,600-Net Acres.
SCOOP PLAY
Merchand At 6,500 Ft.
60 Infill Locations.
99% OPERATED WI; 79% NRI
Net Production: 280 BOPD
Cash Flow: $375,000/Month
Est Net Reserves: 60-130 MBO
DHC: $549,00; Compl: $1,025,000
CONTACT SELLER FOR MORE INFO
PP 2732DV

PP 280 BOPD

OKLAHOMA MINERALS FOR SALE
2-Producers. 3,237-Net Mineral Acres.
STACK & SCOOP PLAYS
MULTIPLE COUNTIES
Upper, Lower & Middle Osage
-- & Meramec Formations
1,200 Ft. Of Stacked Pay Zones
MINERALS FOR SALE
IP30 Rate: 8,500 MCFED (Lower Osage)
EURs: ~1 MMBOE
CONTACT AGENT FOR UPDATE
PP 5735M

PP MINERALS

OKLAHOMA NONOP & MINERAL SALE
71-Wells. ~5,413-Net Acres. 1,259-NMA.
BLAINE, CANADIAN, DEWEY,
-- AND KINGFISHER COUNTIES
CORE STACK PLAY
34 Producers on Exclusive Mineral Acreage
55+ OCC Work-In-Process Units
NonOperated WI For Sale
Current Net Production: ~2,075 BOED
CONTACT AGENT FOR UPDATE
PP 2815M

PP ~2,075 BOED

OKLAHOMA SALE PACKAGE
21-Producing Wells. 18,500-Net Acres.
GARFIELD, LOGAN, MCCLAIN, NOBLE & PAYNE COUNTIES
Mississippi Lime & Woodford Formations
~76% Of Acreage Is Held By Production
Significant Development Potential.
Avg 87.6% OPERATED WI; 70.6% NRI
Expected Aug 2016 Net Prod: ~1,000 BOED
Cash Flow: $450,000 Per Month
Net Proved Reserves: 2.63 MMBOE
ORIGINALLY Q3 2016 SALE
CONTACT AGENT - POST BID STATUS
PP 4500DV

PP ~1,000 BOED

OKLAHOMA WATERFLOOD PROJECT
5 Wells. ~1,760-Acres (5-Section Portions)
WOODWARD COUNTY
Oswego Lime Interval.
Core Analysis, Study & Geological Mapping
81.5% OPERATED WI; ~65% NRI
Gross Prod: 12 BOPD, 60 MCFD, 8 BWPD
AGENT WANTS OFFERS MAR 7, 2017
PP 8833WF

PP MIDCON

People & Companies

Schlumberger turns to familiar name to face PDVSA

Seeking $1.2 billion that it says Venezuelan NOC **PDVSA** still owes, **Schlumberger Ltd.** is turning to a Latin American petroleum professional, Miguel Galuccio, to help. Galuccio, an employee of Schlumberger for 13 years before becoming CEO of Argentina's state-run **YPF**, has been nominated to the oilfield services giant's board of directors.

Galuccio's nomination was revealed in a proxy statement that praised his "valuable insight" into energy policies in Latin America. Schlumberger said in April that it was leaving Venezuela because of the delayed payments. However, in September, PDVSA said that Schlumberger has submitted a plan to boost oil output in Venezuela's Orinoco heavy-oil belt. Schlumberger has not comment on that or the nomination of Galuccio.

- **Canadian Equipment Rentals Corp.** CEO and Chairman *Artie Kos* has resigned effective Feb. 11. Kos will remain on as a director. *Brad Munro,* a member of the board, has assumed the role of chairman and interim CEO. Munro is president and CEO of **Bittercreek Capital**, a private investment and advisory firm.
- *Prady Iyyanki* will become CEO of **Forum Energy Technologies** on May 16, completing what the Houston company said a long-planned succession. Iyyanki, currently president and COO, joined Forum in 2014. He was formerly president and CEO of **General Electric** Genbacher/Gas Engines from 2006-2011 and president and CEO of GE Turbomachinery Equipment from 2011-2012. Forum's current CEO, *Christopher Gaut*, will become executive chairman.
- **Oceaneering International** President *Roderick A. Larson* has been chosen to succeed *M. Kevin McEvoy* as CEO immediately after the company's annual shareholders meeting on May 5. Larson has been president since February 2015 and will keep that position as well as his seat on the board while CEO. He was SVP and COO from 2012-2015.

International A&D

TechnipFMC buys out Sevan Marine to take 100% of Kanfa

TechnipFMC has told **Sevan Marine** it will buy the remaining 51% of the Norwegian engineering consultant **Kanfa**. The sale price was not disclosed. In April 2014, Technip bought 49% of the company from Sevan with an exit clause in 2017. Instead of exiting, the merged TechnipFMC chose to purchase the remainder. Sevan reportedly had been looking for other partners for its share of Kanfa.

Pre-merger Technip bought 49% of Kanfa in 2014.

In Sevan's Q4 earnings report, it said the deal would close in Q1 and would represent an "insignificant impact" on the financial results. Sevan listed Kanfa's topside and process technology segment as discontinued operations, showing that the segment generated $1.4 million in revenue, posted an $1.2 million net loss in Q4 and had 46 employees. Sevan said that was an improved quarter for Kanfa with improved margin recognition from projects but workload had declined with limited new work to replace finished projects. ***For more on TechnipFMC, see PG. 13.***

African jackup, MidEast liftboats sold at Hercules liquidation

The bankruptcy liquidation of Houston-based **Hercules Offshore** has continued with another $28.5 million in asset sales in February. Subsidiary **Hercules International Drilling Ltd.** has agreed to sell the Hercules 260, a jackup with a 250-ft water depth in West Africa, to **Vantage Drilling Africa** for $13 million.

Vantage Drilling adds Hercules 260 to its jackup fleet.

Mike Mullen Energy Equipment Resource, Inc., a Dallas-based private investor in offshore assets, is buying three liftboats for $15.5 million. The Amberjack, the Kingfish and the Whale Shark are all located in the Middle East. The sale of the jackup is expected to close by mid-April while the liftboats sale should close on March 9.

Liquidation trust sold two jackups and 13 rigs in January.

In January, Norwegian start-up **Borr Drilling** paid $130 million for two jackups and **Enterprise Offshore Drilling** was the successful bidder for 13 rigs in the Gulf of Mexico for $22.25 million.

Hercules first emerged from Chapter 11 bankruptcy in 2015, but the reorganization plan did not account for the depth of the energy downturn so it applied again in May 2016. Instead of reorganizing, Hercules is being liquidated under a trustee.

3 Norwegian offshore service vessel operators to merge

Norwegian offshore service vessel operators **Farstad Shipping**, **Deep Sea Supply** and **Solstad Offshore** are merging, as one company's debt crisis will be used as an opportunity to consolidate the industry. The merger, organized as part of Farstad's restructuring, will create the largest company in the high-end global offshore supply vessel industry with a fleet of 154 vessels, according to the companies.

Solstad will serve as parent company, Farstad and Deep Sea as subs.

The transition will include a debt-for-equity conversion to Farstad lenders, followed by an issue of NOK 650 million ($80 million) in Farstad equity entirely underwritten by **Aker Capital,** which is controlled by Solstad's leading shareholder, and **Hemen Holding Ltd., which** is the leading shareholder of Deep Sea.

Aker will hold 25% of the shares of the combined company and Hemen will have 18%, but both have agreed to later adjustments that will result in equal ownership.

The merger is expected to be completed this year. After that, Farstad and Deep Sea will operate as subsidiaries of Solstad.

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