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PLS OILFIELD SERVICES

Serving the marketplace with news, analysis and business opportunities

SERVICE SECTOR

Baker brings back BJ Services through PE spin off

Baker Hughes is selling a majority stake in its North American onshore pressure pumping business to Houston private equity firm **CSL Capital Management** and **West Street Energy Partners** (WSEP), a **Goldman Sachs** merchant banking fund. The business will operate as an independent company offering fracking and cementing services and technology under the name **BJ Services.**

Baker entered pressure pumping via $5.5B BJ Services purchase in 2009.

Baker expanded into fracking with its $5.5 billion acquisition of the original BJ in 2009, and since then the business has been a consistent drag on its bottom line. CSL will contribute its **Allied Energy Services** platform, which also offers cementing and fracking services. CSL and WSEP will jointly support the new company with $325 million in cash—$175 million of which will go toward the balance sheet and $150 million to be paid to Baker. Ownership of BJ Services will be 53.3% CSL/WSEP and 46.7% Baker.

The revamped BJ Services is "in line with our asset-light strategy," said Baker CEO Martin Craighead.

Continues On Pg 10

Weatherford halts US fracking, may exit the business

Weatherford is planning a pullback from the US fracking business and may exit it altogether, as it has been adding to the company's battered bottom line. The company has "made a strategic decision to temporarily pull back out of US pressure pumping activities," spokesperson Kelly Hughes told Upstream. She also noted that "pricing for [fracking] remains at unsustainably low levels." Unnamed sources added that Weatherford will pump its last scheduled frac treatment by year's end and has none planned in 2017.

Weatherford has made 'strategic decision to temporarily pull back.'

"Given our assessment of the market conditions and the large availability of excess equipment, we will not wait for the market to return to breakeven levels," Hughes said.

Many of the big pressure pumping players have been sacrificing profit for the sake of conducting business, but that is not something that Weatherford, which is in a decidedly bad financial situation, can afford to do. Ostensibly equipment will remain stacked in anticipation of eventual redeployment.

Continues On Pg 8

Patterson-UTI acquires Seventy Seven Energy for $1.76B

Patterson-UTI will acquire **Seventy Seven Energy** in an all-stock deal that values the smaller firm—spun off by **Chesapeake Energy** in 2014—at $1.76 billion. The combined company 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.

Seventy Seven shareholders will own 25% of combined company.

Patterson recognized Seventy Seven, which recently emerged from restructuring, as a great strategic fit. "This exposure to both drilling and pressure pumping positions us well, given changing market fundamentals and a greater focus by our customers on longer laterals with greater completion intensity," said Patterson CEO Andy Hendricks.

Patterson will issue 49.6 million shares of its common stock at $28.67, the prior-day closing price, for equity value of $1.42 billion. It will also assume $336 million of Seventy Seven's net debt. The exchange ratio is 1.7725 shares of Patterson for each outstanding Seventy Seven share. Ownership of the pro forma company will be 75% Patterson and 25% Seventy Seven.

Continues On Pg 6

Keane plans $288MM IPO, anticipates demand growth

Keane Group has filed a Form S-1 with the SEC, intending to raise a maximum of $287.5 million in its IPO.

Active in the Bakken, Eagle Ford, SCOOP/STACK, Marcellus, Utica and Permian Basin, Keane provides integrated well-completion services, focusing on complex, technically demanding solutions that include longer lateral segments, higher-pressure rates, increased proppant and multiple frac stages. Primary services include horizontal and vertical fracking, wireline perforation and logging and engineered solutions.

Keane has 23 hydraulic fracking fleets and 23 wireline trucks.

The company has not disclosed the number of shares it will offer or their price range. Keane will trade on the NYSE under the ticker symbol FRAC.

Cont'd On Pg 4

Capital

GE infuses $25 million into Tellurian's Driftwood LNG

GE Oil & Gas has injected $25 million into **Tellurian Investments**, co-founded by Charif Souki and Martin Houston, for the development of Tellurian's Driftwood LNG export facility. The investment has an implied common stock value of $5.94 per share. Tellurian CEO Meg Gentle said her company looked forward to working with GE to design low-cost liquefaction at Driftwood.

Driftwood LNG plans to export 26 mtpa starting in 2022.

The Louisiana-based venture plans to export 26 mtpa starting in 2022. Driftwood is in the engineering design and pre-filing phase with construction expected to commence in 2018. The project's size will rival **Cheniere Energy's** Sabine Pass (27 mtpa) and Corpus Christi (22.5 mtpa) plants.

Calfrac closes $60 million private placement

Calfrac Well Services closed its previously announced private placement of 21,055,000 common shares at a price of $2.85 per share for gross proceeds of $60 million. Of the proceeds, $25 million will be held in a segregated account for use in the calculation of EBITDA toward the company's covenant to maintain a specified funded debt-to-EBITDA ratio. These equity cure funds, along with the rest of the proceeds, will be used for general working capital and corporate purposes.

The offering was underwritten by a syndicate led by **Peters & Co**. and including **HSBC Securities** (Canada), **RBC Capital Markets**, **AltaCorp Capital**, **CIBC World Markets**, **Scotia Capital** and **GMP FirstEnergy**. Calfrac's largest shareholder, **Matco Investments,** subscribed for $10 million of the gross proceeds of the offering.

North American Rotary Rig Count as of Dec. 23

Source: Baker Hughes

Location	Current 12/23/16	Week Ago 12/16/16	Month Ago 11/23/16	Year Ago 12/23/15	% Chg. YOY
US	653	637	593	700	-7%
Canada	224	234	174	126	78%
US Breakout Info					
Oil	523	510	474	538	-3%
Gas	129	126	118	162	-20%
Miscellaneous	1	1	1	0	-
Major Basins					
Barnett	3	3	2	8	-63%
DJ (Niobrara)	25	24	20	23	9%
Eagle Ford	44	44	38	77	-43%
Fayetteville	1	1	1	1	0%
Granite Wash	14	14	11	15	-7%
Haynesville	27	27	23	24	13%
Marcellus	39	40	38	41	-5%
Mississippian	3	3	4	12	-75%
Permian	262	258	228	212	24%
Utica	20	19	19	16	25%
Williston	32	31	33	55	-42%
Woodford	41	38	43	49	-16%
Major Basins	**511**	**502**	**460**	**533**	**-4%**

Rowan's $500MM offering to fund future tender offers

The **Rowan Companies** has launched a public offering of $500 million, upsized from an original offering of $400 million, in aggregate principal amount of 7.375% senior unsecured notes due 2025 through a syndicate led by **BofA Merrill Lynch** and **Barclays.** Net proceeds, together with cash on hand, will fund cash tender offers for up to $750 million aggregate purchase price of four separate notes issues.

Upcoming tender offers will cover an aggregate $750 million in notes.

The noteholders, to which Rowan will direct the tender offer, hold 5% senior notes due 2017, of which $357.73 million is outstanding; 7.875% senior notes due 2019, of which $396.52 million is outstanding; 4.875% senior notes due 2022, of which $700 million is outstanding; and 4.75% senior notes due 2024, of which $400 million is outstanding.

ABOUT PLS

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PLS Inc.
One Riverway, Ste 2500
Houston, Texas 77056

713-650-1212 (Main)
713-658-1922 (Facsimile)

OFS giants refig, reboot or IPO frac businesses

It's a front page full of "frac maneuvers" as **Baker Hughes** plans to bring back **BJ Services** in a modern-day PE-funded reboot **(PG. 1).** Baker hopes to better position the lower-margin, highly competitive acid and frac service entity under **CSL Capital** and **Goldman Sachs** management. The move seems proof positive that pressure pumping and frac services are still a riddle and may not need to be offered under the house of a big conglomerate. It's also another indicator that PE money and management may work where larger firm bureaucracy won't.

IN THIS ISSUE

Weatherford has weathered some of the same challenges as Baker, and now it plans to scale back its domestic fracking business and stop all completion work this week **(PG. 1).** Many analysts speculate that a bid for the assets from a competitor is likely on the horizon.

But then—

Against Baker and Weatherford's challenges comes positive news from Wall Street where **Keane Group** (seventh largest frac fleet, old **Trican** assets) has filed an S1 (IPO) to raise $288 million. A filing that follows **Smart Sand's** offering in November **(PG. 1).** These firms' filings clearly show market interest in an industry recovery. We agree, and the frac industry—which now has five large players, 12 medium and 23 smaller firms—could see additional consolidation and trades in 2017.

Speaking of trade—

Meanwhile two other OFS companies, **Precision Drilling** and **Essential Energy Services,** sought a "trade" as a better way to source opportunities **(PG. 3).** Essential will transfer ownership of its service rig business to Precision in exchange for the latter's coil tubing pumping assets.

There you have it: A weekend to a year end for a spinoff, a shutdown, an IPO and an asset trade. Four structured announcements that hopefully spell relief or new opportunities for service firms, their clients and their shareholders.

Capital

Precision to devote half of 2017 capex to rig upgrades

Enhancing service rig unit in asset swap with Essential

Precision Drilling plans C$109 million in capex for 2017, citing the need for rig upgrades to keep up with increasing demand for its high-spec rigs. The company will further enhance its service rig business by acquiring **Essential Energy Services'** service rig unit in exchange for Precision's coil tubing and pumping assets. Including the Essential deal, the company estimates it will have spent C$2.8 billion since 2011 on drilling expansion and upgrades.

Precision has spent ~C$2.8B since 2011 on drilling expansion and upgrades.

Precision expects C$105 million will be allocated to contract drilling services, and C$4 million will go toward completion and production services in 2017. The budget allocates C$51 million to rig upgrades; C$7 million to expansion capital, which is carried forward from 2016 international newbuild drilling rigs; and C$51 million for sustaining and infrastructure.

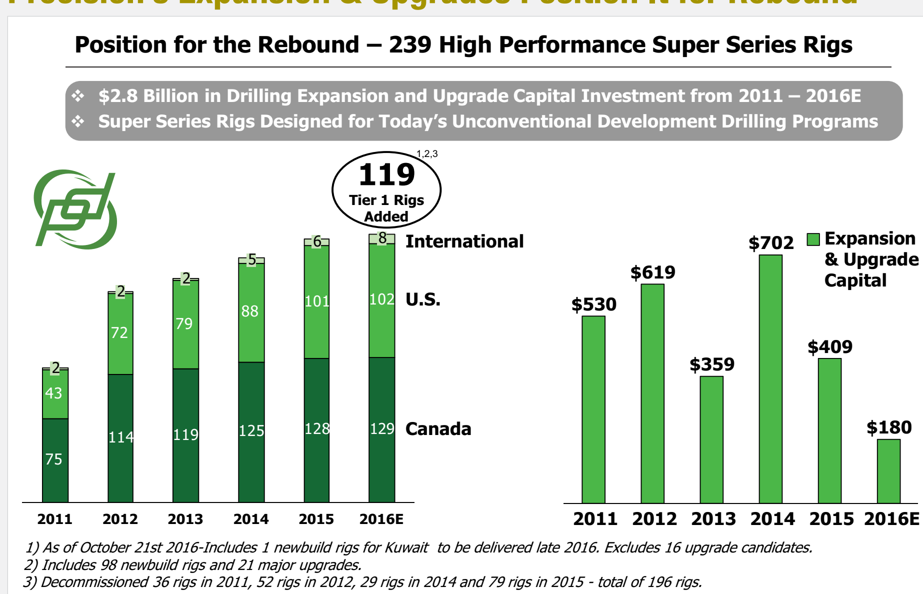
Specifically, the company will upgrade 33 Super Triple rigs through various combinations of high-pressure mud systems, pad walking systems, rig automation software and additional mud pumping capacity. With more than 100 rigs running in North America, Precision's customer demand in 2016 is outpacing 2015, which hasn't happened in more than two years. The company's North American market share is the strongest it's ever been.

C$51 million will be spent on rig upgrades in 2017.

Precision expects to conclude 2016 having spent C$213 million, 9% lower than its original guidance, and with 239 Tier 1 rigs, up from 93 in 2009.

Meanwhile, Precision's asset swap with Essential will further define the focus of the respective companies—Precision in service rigs and Essential in coil tubing. Under the terms, Precision will transfer its coil tubing and pumping assets to Essential and pay the company C$12 million in cash in exchange for Essential's service rig business, which it valued at C$28 million. Essential's rig business includes 38 active rigs, 16 parked rigs, 150 employees and ancillary equipment and related inventory. Precision's coil well assets include four coil tubing rigs, three quintuplex pumper units, one nitrogen unit and related inventory.

Precision's Expansion & Upgrades Position It for Rebound



Source: Precision Drilling Dec. 5 Presentation via **PLS docFinder www.plsx.com/finder**

Capital

Tervita receives federal approval for restructuring

Tervita has received approval for its restructuring plan to swap debt for equity. Tervita, which last month won the approval of its planned recapitalization from unsecured and subordinated noteholders and **RedSky Acquisition Corp**. shareholders, has been selling assets while struggling to pay its C$1.9 billion debt, which is due to be slashed to C$1.5 billion. Certain debtholders will receive new shares in Tervita, while others will get cash.

Tervita has been selling assets to pay its C$1.9 billion debt.

In connection with the recapitalization, the company is negotiating a C$200 million credit agreement, under which Tervita's cost of funds will be based on a floating rate. Its obligations under the credit agreement will be secured by a first-priority lien over substantially all of the company's assets. Tervita's legal advisers are **Osler, Hoskin & Harcourt**, **Fasken Martineau DuMoulin** and **Latham & Watkins**, and its financial adviser is **Barclays Capital**.

Newpark places $112.5MM in convertibles privately

Newpark Resources placed $112.5 million aggregate principal amount of 4.0% convertible senior notes due 2021 privately on Dec. 5. The amount included a $12.5 million overallotment option. The company realized net proceeds of about $96.6 million.

The notes have an initial conversion rate of 107.1381 shares per $1,000 principal amount of notes, corresponding to a conversion price of about $9.33 a share. At the end of Q3, Newpark had $160.6 million in senior bonds and notes outstanding and 84.7 million common shares outstanding. Credit Suisse, JP Morgan and BofA Merrill Lynch were placement agents.

Notes convert at 107.1381 shares per $1,000, or at about $9.33 a share.

Newpark operates in two segments—Fluids Systems and Mats/Integrated Services. The Fluids Systems segment provides drilling fluids products and technical services, while the latter provides composite mat rentals, well site construction and related site services.

Keane plans $288 million IPO Continued From Pg 1

Keane has 23 hydraulic fracking fleets and 23 wireline trucks that equate to 944,250 hydraulic horsepower. As of Nov. 30, 13 fracking fleets and eight wireline trucks were operating—a 57% deployment rate, beating the 37% industry average.

Focused on acquisitions in recent years, Keane purchased **Calmena Energy Services** in April 2013, adding wireline services to the company's portfolio; **Ultra Tech Frac Services** in December 2013, establishing its Permian Basin position; and **Trican's** US pressure pumping business for $247 million last spring, which added new service lines including cementing, coiled tubing, nitrogen pumping and acidizing. The Trican buy also increased Keane's available frac horsepower from 300,000 to more than 950,000 and gave Keane new positions in Texas outside of the Permian and in the Midcontinent.

Keane biggest four clients are EQT, Shell, Southwestern and XTO.

Keane's IPO comes as industry reports speculate that the North American onshore stimulation sector will increase 30% annually from 2016-2020. The company expects demand for its services to grow based on its customers' drilling budgets and an increase in the number of horizontal rigs and long-lateral wells.

Keane stated in its filing that it wants to be "well-positioned to capitalize efficiently on an industry recovery" and that its IPO and strong balance sheet will allow the company to repay its existing term loan facility and approximately $50 million in notes, as well as pay fees and expenses related to the offering. Remaining proceeds will be used for general corporate purposes. **Citigroup, Morgan Stanley, Bank of America Merrill Lynch** and **JPMorgan** will act as bookrunners for the stock offering.

■ **Pioneer Energy Services** has closed a public offering of 12,075,000 shares of its common stock at a price of $5.75 per share, upsized from the previously announced 9 million shares. Of the shares offered, 1,575,000 were sold to the underwriters. The $65.4 million in net proceeds, after deducting underwriting discounts and estimated expenses, will be used to repay indebtedness outstanding under its senior revolving credit facility. **Goldman, Sachs & Co**. and **Jefferies** acted as bookrunning managers for the offering.

■ **Nabors Industries Inc.** sold $600 million aggregate principal amount of its 5.5% senior unsecured notes due 2023 at 100 in the private placement with qualified institutional buyers that closed Dec. 9. The notes are being offered under SEC Rule 144A, Regulation S. The **Nabors Industries Ltd.** sub will use proceeds to prepay the $162.5 million portion due in 2018 under its $325 million unsecured term loan and all amounts currently outstanding under its unsecured revolving credit facility, which matures in 2020, and possibly for general corporate purposes.

■ **US Silica** purchased 1,350,000 additional shares of its common stock under an overallotment option granted in connection with the previously consummated public offering of 9,000,000 shares of common stock. The company noted that settlement of the sale is expected shortly, subject to customary closing conditions. Net proceeds will be used to fund general corporate purposes including potential acquisitions. **Morgan Stanley & Co**. and **Barclays Capital** are joint bookrunning managers for the offering.

A&D

Premier Oilfield Laboratories acquires MUD Geochemical

Houston-based **Premier Oilfield Laboratories** acquired Austin-based **MUD Geochemical** for an undisclosed sum. MUD is a geochemical laboratory and consulting company that provides X-ray fluorescence analysis and geophysical services. The company attracted Premier with its progressive, big-data approach to geochemical consulting and subsurface analysis, utilizing state-of-the-art instrumentation to characterize resource plays at significantly higher resolution than conventional techniques.

Typical methods sample reservoir rock at the scale of a foot or more, whereas MUD has developed technology to quantitatively analyze at the inch-to-millimeter scale. MUD's techniques are faster, cheaper and better calibrated to produce more accurate results. The company's client list includes major players in the Permian Basin and Eagle Ford shale.

Tri-Point makes three oilfield equipment acquisitions

Tri-Point, a portfolio company of energy investment firm **First Reserve**, is acquiring three companies whose complementary service suites provide exposure to the Anadarko, DJ and Permian basins and Eagle Ford shale. Acquisition terms were not disclosed.

Brighton, Colorado-based **Leed Fabrication Services** manufactures a range of wellhead production equipment and emissions control devices and provides complementary field services and technical support. **Streamline Production Systems**, based in Kountze, Texas, provides engineering solutions for production and related equipment, including custom production equipment solutions and fully engineered modular production systems. Lastly, **Superior Fabrication** in Elk City, Oklahoma, manufactures oil and gas production and processing equipment for upstream, midstream and downstream customers.

Savanna board rebuffs Total Energy Services buyout offer

Savanna Energy Services board of directors has determined that **Total Energy Services'** hostile all-share takeover bid worth C$164 million plus debt "undervalues the company" and has urged its shareholders to reject the "opportunistic" offer.

Savanna is working through the restructuring of its balance sheet.

Savanna is currently working through the restructuring of its balance sheet, which includes agreements with **Alberta Investment Management Corp**. to provide a C$200 million second lien senior secured term loan facility and a private placement of 13 million common shares at C$1.45 per share for gross proceeds of C$18.85 million. Total, meanwhile, presented an offer that amounted to C$1.82 per share, commenting that if their offer was rejected, Savanna would "have to answer the question of why $1.45 cash is good and $1.82 with upside is bad."

Offer deemed an 'opportunistic' one that 'undervalues' the company.

As it turns out, the offer was not too good to refuse, as Savanna did just that, remarking that the "offer significantly undervalues Savanna and is not in the best interest of the company and its shareholders," said Jim Saunders, who is chair of the board and of the special committee, adding that the bid is "highly opportunistic and timed to deprive Savanna shareholders of the value of significant positive recent market changes and the actions Savanna has taken to solidify the Company's balance sheet."

Select Sands closes purchase of Arkansas quarry & plants

Vancouver-based **Select Sands** has completed the acquisition of its Sandtown silica frac sand project in northeast Arkansas and two processing plants with associated inventory and heavy equipment. The closing comes two years after the Canadian company made first moves to become a service provider in US shale basins. Select Sands now has nameplate capacity of 600,000 tons per year of finer-mesh silica products (40/70 and 100 mesh sand).

Sandtown has nameplate capacity of 600,000 tons/year of silica products.

Select Sand paid $952,000 for Sandtown, a greenfield frac sand exploration prospect that Select Sands optioned in October 2014. Sandtown is underlain by the Ordovician St. Peter sandstone formation with several surface outcrop exposures. The formation is a major source of Northern White silica sand.

The acquisition of the wet and dry processing plants and associated equipment, saleable inventory, real estate and customer lists from **Tutle Holding** and **Ozark Premium Sand** totaled $3.3 million.

Cathedral selling flowback & production testing assets

Cathedral Energy Services is selling its flowback and production testing assets to **Ideal Completions Group** for $17.8 million. Ideal is a newly formed portfolio company of **Edge Natural Resources,** a Dallas-based private equity firm focused on small-cap investments in the North American energy industry. Ideal will provide business continuity to **Cathedral's** flowback and production testing customers in the US and Canada and intends to retain the majority of **Cathedral's** flowback and production testing employees.

Cathedral said the transaction will result in a loss of $6.5MM.

Cathedral said the transaction, which is expected to close in mid-January, will result in an estimated loss on sale for accounting purposes of roughly $6.5 million. It said the proceeds of the sale will be used to reduce the amount it owes under the company's credit facility and also supplement working capital and capex required to support its growing directional drilling business. The company said its bank debt is expected to be $12-14 million post-closing.

Developments & Trends

Patterson acquires Seventy Seven Energy

Continued From Pg 1

Patterson will repay Seventy Seven's net debt upon closing, which is expected in 1Q17, through a combination of $37 million cash on hand, borrowing under its undrawn $500 million revolving credit facility, and the use of a $150 million senior unsecured bridge financing that it secured in connection with the merger. The company said it also expects to issue additional equity when the transaction closes to maintain its historically conservative capital structure.

Patterson said the combination is expected to achieve more than $50 million in synergies. Seventy Seven's 40 high-spec drilling rigs—93% of which are pad capable—will increase the size of Patterson-UTI's fleet by 25%. Of the pro forma fleet, 78% of the rigs will be pad capable. Seventy Seven's fleet includes 28 fit-for-purpose PeakeRigs, which Hendricks said had one of the "newest and freshest rig designs in the market" and had a high-pressure circulating system that is in high demand. Patterson noted that 124 of the new company's rigs are generating revenue in the Permian Basin, Eagle Ford, East Texas, Midcontinent, Rockies, Bakken and Appalachia as of Dec. 12.

Combination is expected to achieve synergies in excess of $50 million.

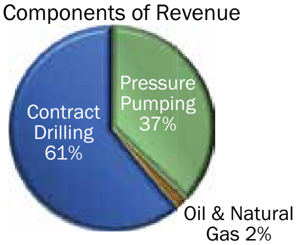
The merger also adds 500,000 hp in the Anadarko Basin and Eagle Ford to increase Patterson's horsepower by 49%. Seventy Seven's pressure pumping footprint includes 360,000 hp in the Midcon, which expands the Patterson footprint. The acquired company also enhances Patterson's 662,000 hp in the Permian with the addition of 140,000 hp. "While there has been a lot of discussion in the industry about whether all of the nominal pressure pumping horsepower could be reactivated, we believe that following the merger, we will easily be a top five player in the US and may be ranked even higher if certain nominal horsepower is not able to be reactivated," Hendricks said.

Beyond augmenting the scope of Patterson's existing operations, the acquisition will add a new business line via Seventy Seven's oilfield rental business, which accounts for 8% of Seventy Seven's revenue. The segment offers a fleet of premium rental tools and provides specialized services for land-based drilling, completion and workover activities. The contribution allows Patterson to "further capitalize on the shifting industry fundamentals in the US oil and gas market, where customers are increasingly focused on efficiency and high-quality execution."

Patterson & Seventy Seven's Respective Drilling Assets

- High quality fleet of land drilling rigs including 161 APEX® rigs
- Leader in walking rig technology for pad drilling applications
- Large footprint across North American drilling markets

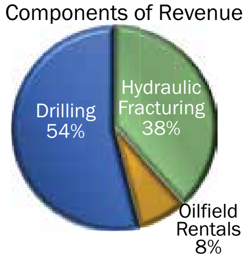
Components of Revenue



Patterson-UTI reported results for the nine months ended September 30, 2016

- High quality fleet of land drilling rigs including 40 high-spec drilling rigs of which 28 are fit-for-purpose PeakeRigs™
- 93% of high-spec rigs are pad capable
- Attractive position in the Scoop/Stack

Components of Revenue



Seventy Seven Energy reported results for the two months ended September 30, 2016

Source: Patterson-UTI December 13 Presentation via **PLS docFinder www.plsx.com/finder**

Sand producers poised to capitalize on shale activity

Sand producers are poised to cash in on rising oil prices given that E&P are increasing activity, especially those providing pressure pumping services. Companies like **EOG Resources** and **Chesapeake Energy** have increased efficiency and improved yields by pumping more sand into their wells. For example, Chesapeake set a record by pumping 25,000 tons down a single gas wellbore in the Haynesville. The company coined the term "propageddon," as well volumes increased 70% over traditional fracking techniques.

"What we're doing is unleashing hell on every gas molecule downhole," said VP of Operations Jason Pigott. The average amount of sand US producers use for each well has doubled since 2014, according to **Evercore ISI,** and lateral lengths have increased by 50%.

Select Sands' advantageous location will see it reap large rewards.

According to **Baker Hughes**, 233 rigs have been added onshore US since the bottom of 404 in May. This signals more demand for frac sand over the next two years. **Tudor, Pickering, Holt & Co.** projects that wells in 2018 will be pumped with 120 million tons of sand. Sand producers are already feeling the benefits of an uptick, as prices recently increased by 25% to about $24/ton, according to **IHS.**

One sand producer in particular—**Select Sands**—is positioned to benefit given its proximity to plays in Texas, Oklahoma and Louisiana.

Developments & Trends

Basic emerges from Chapter 11 more than $800MM lighter

Basic Energy Services exited Chapter 11 bankruptcy on Dec. 23 with a pre-packaged plan that equitized more than $800 million of unsecured debt, eliminated over $60 million in annual cash interest and provided the company with $125 million in new capital.

Existing equity interests were cancelled but each holder of an allowed existing equity interest received a pro rata share of new common, and some warrants, which, in the aggregate, equals 0.5% of the recapitalized equity. Also per terms of the plan, pre-petition holders of the company's unsecured notes received 14,925,000 new common shares, or about 57.8% of Basic's new common shares after giving effect to shares issued in connection with a rights offering but before giving effect to the shares to be issued via warrants and a management incentive plan.

Unsecured noteholders get 57.8% of new Basic equity.

The company also received approval to list its new common stock on the NYSE under its same ticker symbol BAS.

The process was a quick one for Basic, which appeared in a Wilmington, Delaware federal bankruptcy court in October. CEO Roe Patterson said the company will move forward with "a solid financial foundation from which we expect to continue to strengthen our business and grow."

Schlumberger and Iran sign preliminary oil deal

Schlumberger signed an MOU with **National Iranian Oil Co**. to study an undisclosed Iranian oil field. If completed, this will mark Schlumberger's first return to the country since European sanctions required it to leave in 2010.

Although most international sanctions are now lifted, Washington still forbids US companies from investing in Iran's oil fields. Schlumberger was quick to indicate that the MOU provides for field study only and not the execution of any services, further noting that the company will follow the laws of the countries in which it operates.

Washington still forbids US companies from investing in Iran's oil fields.

Schlumberger is not alone in the pursuit of Iranian opportunities, as others have also jumped on the bandwagon, including a recent $4.8 billion gas agreement signed by **Total** (50.1%) for a new development at the South Pars gas field to produce 1.8 Bcf/d.

Rowan & Saudi Aramco to form a new offshore driller

The **Rowan Companies** and **Saudi Aramco** have agreed to create a 50:50 JV that will own, operate and manage offshore drilling rigs in Saudi Arabia. Building on a "long and mutually beneficial relationship," Rowan CEO Tom Burke said, the new company will use Rowan's established business as its base with a scope of operations covering Saudi Arabia's existing and future offshore oil and gas fields.

Rowan initially to contribute three jackups & Aramco two to JV.

The partners will contribute a total of five jackup drilling rigs to the currently unnamed JV, three from Rowan and two from Saudi Aramco, with an additional contribution of two rigs from Rowan upon completion of current contracts set to end in late 2018. Additionally, the company will manage five rigs currently in Saudi Arabia until their respective contracts end.

The company is expected to commence operations by the end of 2Q17 and has already committed to purchase newbuild rigs to be constructed in Saudi Arabia.

New Baker Hughes eyes efficiencies as 'full stream' company

GE Oil & Gas CEO Lorenzo Simonelli is eyeing operational improvements as he readies his division for its planned merger with **Baker Hughes.** He believes that as the first "full stream" company—with operations in all sectors—the newly merged company will have a unique advantage to spot and correct inefficiencies.

In the two-year oil slump, "clearly there has been a lot of cost-reduction effort, and unless you change the process, those diminish," Simonelli said at a conference in the UAE. "Our focus is to really redefine the process."

GE Oil & Gas CEO: 'Our focus is to redefine the process.'

By joining forces with Baker, GE Oil & Gas believes it will become the first truly "full stream" company, "playing in the upstream with oilfield services and the equipment, in the midstream with liquefaction and compression and pipeline capabilities, and in the downstream with the equipment we put into refineries, petrochemicals [and] fertilizers," he said.

Baker will have unique advantage to spot and correct inefficiencies.

Simonelli hopes the new Baker Hughes will be better suited to find and correct inefficiencies as it will be part of the process from beginning to end. "This allows you to take all of the data below the mud line...and marry it with the equipment characteristics," he said. "What you're going to find is that you reduce unplanned downtime, you improve the efficiency of the way you drill a well [and] you improve the oil recovery rate, and all of this is going to mean lower cost per barrel."

GE is also examining improved operating practices for the merged company, which includes implementing cost-saving initiatives that will reduce expenses by $1.2 billion over a four-year period.

Developments & Trends

Noble amends three drillship contracts with Shell

Citing a challenging environment for offshore exploration and production projects, **Noble** and **Shell** have agreed to amend their existing long-term contracts for the use of the Noble Globetrotter I, Noble Globetrotter II and Noble Bully II, all of which are operating under 10-year contracts.

Under the newly formed agreement, the dayrate for the Noble Globetrotter I and II will be $275,000, representing a minimum market rate, whereas the Noble Bully II dayrate will be $200,000 per day plus operating expenses. These dayrates are being lowered from $436,000, $434,000 and $456,000, respectively, according to Noble's November fleet status report.

Additionally, Shell has chosen to idle the Noble Globetrotter II for 730 days, beginning in January, during which time it will pay $185,000 per day. Shell will also idle the Noble Bully II for 365 days, beginning no later than May, at a rate of $200,000 per day. Noble reserves the right to enter into contracts with third parties during the idle periods.

Atwood delays payments, possession on two drillships

Atwood Oceanics has reached an agreement with **Daewoo Shipbuilding & Marine Engineering** for the postponement of delivery and payments for two newbuild ultra-deepwater drillships, giving Atwood time to line up contracts. Under the arrangement, Atwood will delay taking ownership of the Atwood Admiral and Atwood Archer until the respective dates of Sept. 30, 2019, and June 30, 2020.

Remaining $249MM in payments will be extended through the end of 2022.

In the interim, Atwood was to make a $125 million payment for the Atwood Admiral on or before Dec. 15, 2016, and a payment of $15 million on June 30, 2018, or the delivery date. As for the Atwood Archer, it will pay $10 million on Sept. 30, 2017 or on the delivery date. The remaining $249 million in payments will be extended through the end of 2022, with DSME charging 5% interest upon delivery of the vessels.

"The two-year extensions on the delivery dates greatly improve our confidence that we will secure suitable drilling services contracts on both rigs prior to taking delivery," said Atwood CEO Rob Saltiel. As of reporting, of Atwood's 10 offshore drilling rigs, five jackup rigs and one floating rig are idle, according to **Barclays.**

Weatherford halts US fracking Continued From Pg 1

This has been Weatherford's position, but some analysts expect a competitor to make a bid for the assets, with the soon-to-be-relaunched **BJ Services** (see story on pg. 1) and **C&J Energy Services** at the top of their lists.

Company says pricing for services remains 'unsustainably low.'

Weatherford does not itemize earnings or losses by business segment, but it is rumored to have lost tens of millions and possibly hundreds of millions of dollars on its fracking business.

The company's decision to step away from pressure pumping isn't surprising, **Capital One Southcoast** investment banker Luke Lemoine was quoted as saying. "Its pressure pumping operations were dilutive to core operations even at the peak in 2014, and as Weatherford focuses on trying to generate cash, it wouldn't be unrealistic to see it entirely exit this business or drastically shrink it over the long term," Lemoine said.

May become the 2nd of four service majors to stop fracking (see above).

Whatever the company decides to do with the business segment, analysts are in agreement with Weatherford that stepping back from its domestic fracking business is a prudent decision. Its pressure pumping assets are estimated to have a value of $150-400 million and may have as much as 1 million hp capacity split among 20 frac spreads.

Key Energy emerges from Ch. 11 $700MM lighter

Key Energy emerged from bankruptcy with nearly $700 million less in debt and resumed trading on the NYSE. The company filed for Chapter 11 on Oct. 24, listing $1.2 billion in debt and $1.1 billion in assets. The bankruptcy court confirmed its prepackaged reorganization plan on Dec. 6.

The restructuring erased $694 million in the company's long-term debt, leaving it with a $250 million debt load. More than $45.6 million of annual interest expense was also eliminated. Key's previous common equity holders will receive a ~5% of the new company's shares. The remaining 95% will go to previous holders of the company's senior notes. **Platinum Equity** held a majority of the senior notes and is now Key's largest shareholder. Key now has approximately 20.1 million new common shares outstanding.

Key's debt load will be reduced from $1.1 billion to $250 million.

Forbes prepares to file for bankruptcy

Forbes Energy Services entered into a restructuring support agreement on Dec. 21 with certain noteholders of its 9% senior unsecured notes due 2019. Under a backstop agreement, the company has agreed to pay backstop lenders a nonrefundable $2 million premium. It must file for voluntary Chapter 11 protection on or before Jan. 23. Should the company not fulfill the agreement, it is required to pay a $2.5 million termination fee.

Must file for Chapter 11 by Jan. 23, 2017, under agreement.

Forbes has about $300 million in debt. It noted in November that a bankruptcy filing was possible. In July, the company fired **Jefferies** for a strategic alternatives process. Forbes operates 173 workover rigs, six coil tubing spreads and 14 swabbing rigs in Texas, Louisiana and Pennsylvania. It also transports and disposes of fluids used in drilling using 556 heavy trucks and 447 vacuum trucks.

Developments & Trends

'Survival mode' over: KPMG predicts M&A wave

Oilfield services companies will move out of survival mode and into deal activity, **KPMG** predicted at a recent seminar in Aberdeen, Scotland. A return to "fragile stability" should occur over the next 18 months, said Alan Kennedy, KPMG partner and UK head of oilfield services.

"Companies that are in reasonable shape in terms of their balance sheets, hav[ing] sorted out their finances and stabilized their trading at today's lower level, are beginning to think strategically again and [are] looking ahead three to five years," Kennedy told Scottish newspaper The Herald Scotland. "Growth through acquisition is a big tool in the box for them when there's limited organic growth to be achieved through new projects in the current market."

Increased M&A activity may suggest oilfield services revival.

The accounting firm expects North American bidders to play an active role in the UK services market, as the gap between the pound sterling and the US dollar has closed after Brexit. "We expect to see North American bidders active in the UK domestic market, capitalizing on the weakness of sterling," said Kennedy. KPMG anticipates that deals in the short- to mid-term will focus on technology and solutions rather than capacity requirements.

Schlumberger trims number of employees again

Schlumberger, which cut more than 8,000 employees in the first three months of the year, is reducing its workforce once more despite CEO Paal Kibsgaard expressing a worst-is-behind-us mentality during the company's 2Q16 earnings call.

CEO: 'We now appear to have reached to bottom of the cycle.'

"Although we seem to have reached the bottom of rig activity, our customers are still very cautious about their capital investment plans," said Schlumberger spokeswoman Susan Ganz in a statement issued to Rigzone. "Based on the current outlook, we have taken the difficult step to further reduce our workforce in line with activity and investments."

While Ganz did not disclose the number of employees or locations affected, a source told Rigzone that the layoffs occurred at the 3750 Briarpark Drive office in Houston.

Technip and FMC progress toward joint operations

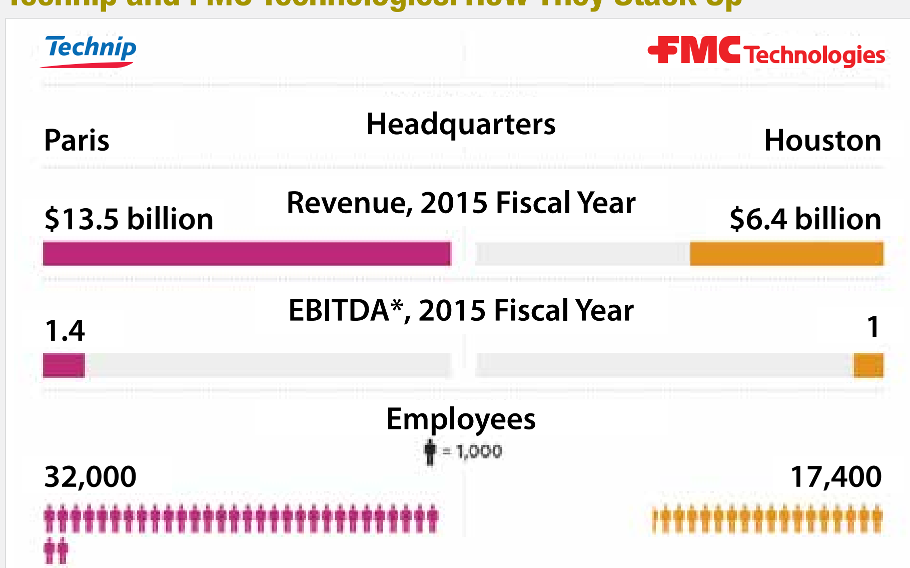
Technip and **FMC Technologies** have received clearance from Brazil and shareholder approval regarding the combination of the companies, which will be known collectively as **TechnipFMC**, in the last major necessary steps of their merger.

The companies have selected members for its board directors, comprised of seven appointees from each company. Nominees from Technip include Thierry Plineko (future executive chairman), Arnaud Caudoux (Bpifrance designee), Pascal Colombani, Marie-Ange Debon (chair of the audit committee), Didier Houssin, John O'Leary and Joseph Rinaldi. FMC's directors are Douglas J. Pferdehirt (future CEO), Eleazar de Carvalho Filho, Claire S. Farley, Peter Mellbye (designated chair of the nominating and governance committee), Richard A. Pattarozzi (designated independent lead director), Kay G. Priestly and James M. Ringler (designated chair of the compensation committee).

The companies have made board selections for the new TechnipFMC.

The proposed combination remains subject to additional regulatory approvals and consents as well as other customary closing conditions. Closing is expected in early 2017. The clearance provided by the Brazilian antitrust authority is subject to a 15-day waiting period.

Technip and FMC Technologies: How They Stack Up



Note: *Before restructuring and exceptional items.
Source: The Companies & The Wall Street Journal

Developments & Trends

Singapore to bail out struggling oil companies

Singapore will provide financial support for distressed oil-linked companies, particularly the country's marine and offshore engineering firms, Bloomberg reported. Beginning next month, businesses will be able to borrow as much as S$3.5 million each for up to six years, according to the Ministry of Trade and Industry, with a maximum of S$15 million per eligible company. They may also receive as much as S$70 million for project and asset financing support, raised from the current S$30 million.

Businesses will be able to borrow as much as S$3.5 million each.

Companies may get as much as $70MM for project and asset financing support.

This segment, struggling to meet debt obligations, has been cutting jobs to remain solvent, as output in marine and offshore sectors fell 32% in the 10 months through October from a year ago. **Keppel Corp**. and **Sembcorp Marine**, among others, have lost about S$15 billion in market value due to tumbling oil prices over that last two years, during which time 25,000 jobs were cut.

Seadrill receives termination from Tullow, litigation to follow

Seadrill received an official termination from **Tullow Oil** for its West Leo semisubmersible rig contract offshore Ghana because the field is now under drilling moratorium. West Leo was drilling at Tullow's TEN project. Seadrill disputes Tullow's claim of force majeure and said that regardless of TEN's status, other Ghanan fields that West Leo has operated in under the contract are not subject to the legal proceedings that TEN is. Tullow disagrees with Seadrill.

Seadrill is seeking 60% of the remaining contract backlog.

Seadrill believes the contract has been terminated under a "convenience" clause that entitles the company to a fee of 60% of the remaining contract backlog, subject to adjustments. The contract was recently extended to May 2018.

Baker brings back BJ Services Continued From Pg 1

He added that it "enables Baker Hughes to participate in the North American land pressure pumping market while reducing capital intensity and maximizing shareholder value."

Spinning off BJ is a way for Baker to "wash its hands of a very unfortunate legacy," Bill Herbert, a senior analyst at **Piper Jaffray & Co.,** told the Houston Chronicle, pointing out that it is essentially getting a $150 million return on a $5.5 billion investment. The deal may also simplify Baker's planned $33.9 billion merger with GE Oil & Gas.

Ownership of BJ Services will be 53.3% CSL/WSEP, 46.7% Baker.

Baker's 4Q16 financial results will still include its North American land pressure pumping business. The agreement does not include Baker's international pressure pumping division or its Gulf of Mexico offshore pumping operations, which it will continue to operate independently.

Analyst: Baker essentially gets $150MM return on a $5.5B investment.

The new BJ Services will be headed by CEO Warren Zemlak, who is currently the president and CEO of **Allied Energy Services**, and will have a combined hydraulic horsepower of 1.9 million and more than 240 cementers. Its headquarters will be in Tomball, Texas.

■ In its latest fleet status report, **Noble Corp**. indicated that its contract with **Hess** for the Noble Paul Romano semisub, scheduled to expire at the middle of December, has been extended until late May at the same dayrate of $128,500. In a larger extension, the Noble Lloyd jackup Noble contracted with **Statoil,** originally scheduled to terminate near the end of last month, has been extended to late November 2020 at a dayrate of $447,000. The Noble Lloyd began drilling for Statoil offshore the UK on Nov. 30.

■ **Ceiba Energy Services** completed the commissioning of its Kaybob waste fluid facility, located southeast of Fox Creek, Alberta, marking the company's fourth Class 1B facility. Kaybob, which opened on-time and under-budget, is the third waste fluid facility to be opened by the company in 2016, following Athabasca and Obed. All three are capable of handling produced water, boiler blowdown water, liquid sweetening agents, wash fluids, contaminated water and well workover fluids. "Our new location has already generated significant interest from our customers," said SVP Jim Coughlan.

■ **JGC Corp** and its affiliate **JGC Algeria** are teaming up with **Sonatrach** for the construction of a gas separation and compression facility in Hassi R'mel, according to the Algeria Press Service. The project, to be located about 350 miles south of Algiers, has an estimated value of $1.26 billion and will be executed over a 38-month period. The facility will produce 6.7 Bcf/d.

■ For the month of November, **Patterson-UTI** reported that it had 65 rigs operating in the US and two rigs in Canada. While the Canadian rig count remained stagnate, its number in the US was an increase of two from its October report. For the two months ended Nov. 30, 2016, the company averaged 64 rigs in the US and two in Canada operating under drilling contracts. YOY, the rig count has dropped from 89 rigs in the US and four in Canada. For more on Patterson-UTI see page 1 for the story on its acquisition of **Seventy-Seven Energy.**

PLS PetroWire Database

Drilling, Construction & Service Contracts

More coverage at wire.plsx.com

Date	Location	Abstract
Europe		
Dec 16	**Norway-Ivar Aasen**	Aker BP extended the charter of the Safe Zephyrus semi accommodation vessel. The 10-day option extends on-site operations through Jan. and is valued at $1.7MM.
Dec 16	**North Sea-Snorre**	Statoil has awarded Aibel a 1-year FEED contract to plan hookup and modifications to the Snorre A platform deck for the Snorre Expansion. Contract includes options for EPCIC work.
Dec 15	**United Kingdom-Miller**	Saipem has been awarded a new contract in the North Sea utilising the semi Saipem 7000. Project is an EPRD contract for decommissioning of topsides and jacket of Miller Platform.
Dec 15	**Norway-Oda**	Subsea 7 announces the award of a $50M-150M) EPCIC contract by Centrica for SURF including the production pipeline, water injection line, umbilical and related subsea services.
Dec 14	**Norway-Johan Sverdrup**	The drilling support module is 50% complete, with 4 out of the 6 decks now installed. In August, the module will be moved from the North Sea Hall to Bømlafjorden to be connected with the MSF module.
Dec 14	**Norway-Brage**	Odfjell Drilling has been awarded a firm 4-year contract for platform drilling services by Wintershall Norge beginning in Jan. with options for two 2-year extensions. Value is estimated at $50-70MM.
South Pacific		
Dec 12	**Australia-Barossa**	Farstad Shipping has secured work for its 2 AHTS vessels, Far Sirius and Far Saracen, to support upcoming Barossa drilling campaign commencing in Jan 2017.
Dec 12	**Australia-Persephone**	EnerMech will perform a range of subsea flowline and umbilical pre-commissioning on the Persephone project and North Rankin Complex.
Dec 7	**Australia-Ocean Hill Block**	UIL Energy has engaged Aztech Well Construction to prepare Ocean Hill-2 design to be submitted to the Dpt of Mines and Petroleum for approval. Well expected to spudded late 2017.
Middle East		
Dec 16	**Saudi Arabia-Berri**	COOEC and Dynamic Industries received an LOI from Saudi Aramco to modify six platforms, lay 20km of new subsea pipeline and scrap an existing 4.5km pipeline. Work will start in January.
Dec 15	**Saudi Arabia- Ras Tanura (refinery)**	Tecnicas Reunidas has won a contract from Saudi Aramco to build a clean fuels unit at its refinery.
Dec 11	**Saudi Arabia-Sadara Chemical Complex**	Sadara Chemical has signed a 20-year agreement with Rufayah Chemicals Co. Under the deal, RCC will use the aromatics concentrate (Pygas) and Pyoil supplied by Sadara for its new chemical complex planned for the PlasChem Park in Jubail.
Dec 12	**Kuwait-Jurassic**	Black & Veatch Corp will provide licensing, FEED, operation and maintenance support services for 3 sulphur recovery and 2 acid gas removal units which will be installed at the Jurassic Gas Facility-1.
North Africa		
Dec 2	**Egypt-Libra**	OneSubsea contracted HB to design, manufacture and supply a local equipment room for subsea [illegible]tions at the Taurus Libra fields. Specifications included DNV 2.7-1 & 2.7-2, A60 & Safe Area [illegible]tion.
FSU & Eastern Europe		
Dec 15	**Russia-Yuri Korchagin**	[illegible]evolzhskneft and Schlumberger designed the first 4 intelligent completions in the Caspian Sea. [illegible] marked the first deployment in Russia of Schlumberger WellWatcher Advisor software.
Asia		
Dec 8	**Malaysia- South Johor (refinery)**	Fluenta announced the sale of 24 ultrasonic flare gas monitoring systems to Petronas.
Dec 5	**South Korea-Daesan (refinery)**	KBR has been awarded a license and basic engineering design contract by Hyundai Oilbank for an 80,000 bb/d ROSE unit at the refinery.

ARK-LA-TEX

CHEROKEE CO., TX PROJECT
PLS
7-Active Wells. 77-Vertical Wellbores.
REKLAW GAS FIELD
RECOMPLETION POTENTIAL
Immediate 5-Well Program.
Pettit, Woodbine, & Rodessa.
100% OPERATED WI; 76%-78% NRI
Current Production: ~325 MCFED
After 5-Well Recomplete: 600-1,000 MCFD
Est Proved Reserves: ~23 BCFE
Includes Field Office & Equip Storage.
PP 8277RE
PP *RECOMPLETE*

GULF COAST

TEXAS & LOUISIANA SALE PACKAGE
24-Producing Wells. ~4,231-Net Acres.
PROLIFIC NORTH MILTON FIELD
STACKED PAY OPPORTUNITY
Wilcox Sands. 9,800-15,000 Ft.
Numerous Recompletion Candidates
-- in Wilcox L-2, L-4, L-5, L-7 & L-8 Sands
Upside in Opossum & Pinehurst Fields
100% OPERATED WI; 81.2% NRI
May 2016 Net Production: 3.3 MMCFED
Significant Reserve Potential in Untested
-- Fault Blocks and Deeper Horizons
Total Proved Reserves: 20,625 MMCFE
Net Proved PV10 Value: $18,122,000
CONTACT AGENT FOR UPDATE
PP 1891DV
PP *3.3 MMCFED*
CALL PLS FOR INFO

CALCASIEU PH., LA PROPERTY
14-Wells. 735-Gross/Net Acres.
GILLIS-ENGLISH BAYOU UNIT
OLIGEOCENE FRIO PLAY
Hackberry Frio 1-4 Sands At 9,800'-10,000'
3D Seismic & Subsurface Geology Data
100% OPERATED WI; 81.35% NRI
Net Production: 45 BOPD & 450 MCFD
Gross Production: 60 BOPD & 600 MCFD
Monthly Cash Flow: ~$100,000+/Month
Net Well Rsrvs: 178 MMBO & 1,753 MMCF
Project Rsrvs: 1,396 MBO & 12,511 MMCF
Total Net PV10: $32,395,3850
CONTACT SELLER FOR MORE INFO
PP 2716DV
PP *~120 BOED*

BEE CO., TX SALE PACKAGE
37-Total Wells. 4,230-Gross Acres.
HEARD RANCH FIELD
25-Active Wells. 1-SWD.
Producing From Multiple Stacked Frio Sands
14 Behind Pipe Opportunities.
~76-89% OPERATED WI; ~56-66% NRI
Dec 2016 Proj'd Net Prod: 2 BOPD &
1,500 MCFD
July 2016 Net Cash Flow: $102,548
Net Reserves: 3.1 BCFE
Behind Pipe Net Reserves: 2.1 BCFE
ORIGINALLY Q4 2016 SALE
CONTACT AGENT FOR UPDATE
PP 1443DV
PP *FRIO*

GULF COAST

BROOKS CO., TX PROPERTY
35-Total Wells. 1-Lease.
SOUTH TEXAS - PITA FIELD
18-Producing & 27-NonProducing Wells.
~68% OPERATED WI; ~54% NRI
Current Gross Prod: 33 BOPD & 205 MCFD
12-Mn Avg Net Income: $27,033/Month
ORIGINALLY Q4 2016 SALE
PP 1815
PP *PITA FIELD*
DEALS FOR SALE

GONZALES CO., TX ASSETS
1-Producing Well. 4,543-Net Acres.
EAGLE FORD OIL WINDOW
Target Depths: 8,000 Ft. - 9,000 Ft.
Includes all Depths.
123 Additional Locations Identified.
100% OPERATED WI; 76.25% NRI
Current Net Production: ~100 BOPD
Current Gross Production: ~130 BOPD
Total Reserves: 59.8 MMBO
Total PV10: $732,479,000
ORIGINALLY Q4 2016 SALE
CONTACT AGENT FOR UPDATE
PP 5863DV
PP *~100 BOPD*

TEXAS GULF COAST ASSET SALE
62-Producing Wells. 4,393-Net Acres.
HARRIS, LIBERTY & HARDIN COUNTIES
Goose Creek, Cleveland & Saratoga
Miocene & Frio Sands Production
Limited Vicksburg Penetrations.
Deeper Horizons Remain Untested.
100% OPERATED WI; 81% NRI
Avg Net Sales Production: 310 BOPD
Avg Net Cash Flow: $242,601/Month
Net 1P Reserves: 3.2 MMBOE
14 PUD Cases.
Net P1 PV10: $35,000,000
CONTACT AGENT FOR UPDATE
PP 2312DV
PP *310 BOED*

PERMIAN BASIN

MIDLAND BASIN PROPERTIES
33-Vertical Wells. 2,520-Net Acres (HBP)
REAGAN & MIDLAND CO., TEXAS
Lower Spraberry, Wolfcamp A & B
Upside in Upper & Lower Spraberry,
-- and Wolfcamp A, B, C & D
Infield Development 80-100 Locations
OPERATED WI AVAILABLE
Net Production: 175 BOED
40-50% IRR Across Leasehold
PDP Reserves: 419 MBOE
Total Resource Potential: 23.4 MMBOE
PDP PV10: $2,700,000
Total PV10: $175,400,000
CONTACT AGENT FOR UPDATE
PP 2091DV
PP *175 BOED*

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PERMIAN BASIN

PERMIAN BASIN ASSETS FOR SALE
3,930-Net Acres (100% HBP).
ANDREWS, ECTOR & CROCKETT COS.
WORLD FIELD & MARTIN FIELD
Producing From: Grayburg, San Andres,
Clearfork, Wolfcamp & Witchita Albany
~150 Quantified Drilling Opportunities.
~20 High Impact PDNP Projects.
Avg 75% OPERATED WI; 60% NRI
Projected Oct 2016 Net Prod: 360 BOED
Total Proved Reserves: 4.1 MMBOE
Total Proved PV10: $26,407,000
CONTACT AGENT FOR UPDATE
PP 5732DV
PP *360 BOED*

TEXAS & NEW MEXICO PROPERTY
PLS
41-Wellbores. 1,987-Net Acres.
PERMIAN & DELAWARE BASIN
Multiple Counties.
Devonian, Wolfcamp & San Andres
Numerous Behind Pipe Zones
Avg 75% OPERATED WI; 54% NRI
Est Oct 2016 Net Prod: 100 BOED
Net P+P Reserves: 7.7 MMBOE
Net P+P PV9: $114,277,000
ORIGINALLY Q4 2016 SALE
PP 2172DV
PP *100 BOED*

WEST TEXAS ASSETS FOR SALE
55-Total Wells. 6,665-Net Acres.
ANDREWS & GAINES COUNTIES
NORTHWESTERN MIDLAND BASIN
Targets: Queen, Grayburg, Clearfork,
Spraberry, Wolfcamp, Strawn & Atoka
Acreage Is 100% Held By Production.
85% OPERATED WI; 66% NRI
Est Oct 2016 Net Prod: ~288 BOED
Est Sept 2016 Cash Flow: ~$159,000/Mn
PDP PV10: ~$9,400,000
Vertical Drill & Compl: $1,400,000
CONTACT SELLER FOR UPDATE
PP 2013DV
PP *~290 BOED*
BUYERS! NO COMMISSIONS

WEST TEXAS PROPERTY SALE
~100-Vertical Wells. 8,318-Net Acres.
MIDLAND BASIN
GLASSCOCK & REAGAN COUNTIES
Spraberry/Dean Production
Lower Spraberry, Wolfcamp A, B, & C
Acreage Is Held By Production.
400+ Locations Identified.
OPERATED WI AVAILABLE
Current Production: 470 BOED
ORIGINALLY Q4 2016 SALE
PP 1843DV
PP *470 BOED*

Contracts

Farstad signs contracts with Petrobras, Shell & Saipem

Farstad Shipping has been awarded three contracts with **Petrobras**, **Shell Brasil Petroleo** and **Saipem** for the use of its offshore tug/supply vessels. Farstad has not disclosed the financial terms of the awards.

Petrobras has extended its contract for the Far Swift by a year through October 2017. The vessel will continue to deliver air diving and ROV services in cooperation with the Fugro Brasil research vessel on the Brazilian Continental Shelf.

Far Service and Far Support to support activity at Zohr field.

Shell Brasil Petroleo chose Farstad for a two-year contract for the Far Star, which will support production offshore Brazil. The contract is expected to begin by YE16, and Shell retains an option to extend the contract for an additional two years.

Lastly, Saipem will use the Far Service and the Far Supporter under a six-month contract beginning this month to support development at Zohr field offshore Egypt. Saipem has the option to extend the contracts by 30 days if needed.

Jacobs awarded contracts from Saudi Aramco, Shell

Jacobs Engineering Group has been awarded contracts with **Shell Offshore** and **Saudi Aramco** to provide engineering services in the Gulf of Mexico and Saudi Arabia, respectively, for undisclosed sums.

Under the Shell Offshore contract, Jacobs will deliver a FEED package and detailed engineering for Shell's Vito host platform topsides in the Gulf of Mexico, which will initially handle production from Vito field but has potential for future tiebacks from other fields. Discovered in 2009, Vito may be the first field in the Gulf to use natural gas injection as a means of stimulating reservoir flow and increasing recovery. Shell operates Vito (55% WI) with partners **Statoil** (25%) and **Anadarko** (20%).

Contracts will provide engineering services in Saudi Arabia and GOM.

The Saudi Aramco contract is a five-year extension of a general services contract under which Jacobs will provide EPC and management services being led at the Jacobs ZATE operation in Al-Khobar, Saudi Arabia. The contract is said to align with the country's "In-Kingdom Total Add Program," designed to maximize long-term economic growth.

Aecon awarded recurring revenue deals in Western Canada

Aecon Group has been awarded a master turnaround agreement (MTA) by **Spectra Energy** and a multiple-use agreement by an unnamed "major oil producer" covering all of the company's sites in the Alberta oil sands.

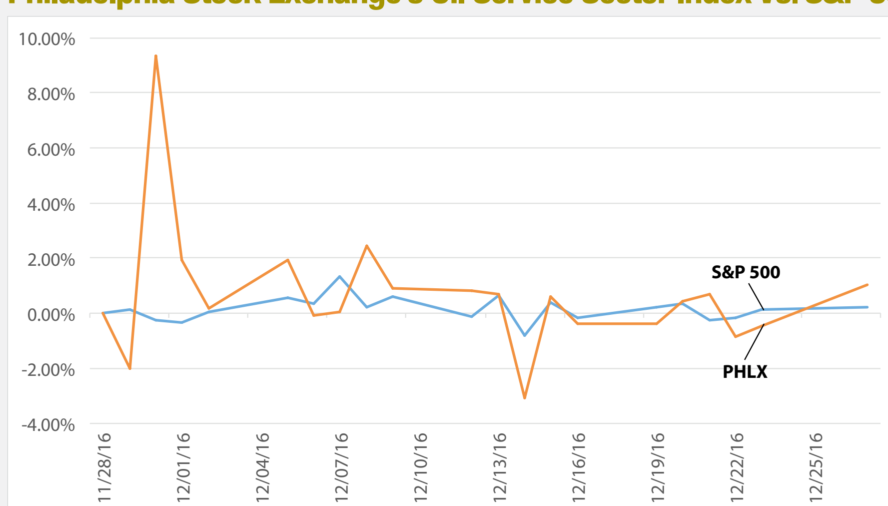
Under the Spectra agreement, Aecon's energy segment will provide planning, construction equipment, labor, materials and supplies related to the shutdown services of gas-processing facilities in British Columbia. The second contract will utilize Aecon's mining segment for reclamation, overburden removal, mine support services and civil construction activities.

Deals include an MTA and a multiple use agreement with a 'major operator.'

Contracts provide a 'predictable revenue stream and added stability.'

"These recurring revenue agreements provide a predictable revenue stream and added stability for both our energy and mining segments," said John M. Beck, president and CEO. Work under both contracts has begun and is anticipated to continue through 2021 and 2020, respectively. As of Sept. 30, Aecon had a project backlog of C$4.6 billion, 34% higher than reported at the same time last year.

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



Source: PLS Research Using Google Finance

PERMIAN BASIN

LEA CO., NM ASSETS FOR SALE
1-Well. 3,583-Net Acres.
NORTHERN DELAWARE BASIN
DENTON & KNOWLES FIELDS
Producing From: Silurian Wristen &
Wolfcamp/Abo Formations
Additional Upside Potential In RTP Wells
Avg 96.7% OPERATED WI; 76.9% NRI
Net Production: 622 BOED
Net Cash Flow: $130,000/Month
Net PDP Reserves: 944 MBOE
Net Total Proved Reserves: 1,775 MBOE
Net Total Proved PV10: $22,600,000
CONTACT AGENT FOR UPDATE
PP 2315DV

PP ~600 BOED

CALL PLS FOR INFO

LEA CO., NM PROPERTY SALE
~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

PP ~20 BOED

RUNNELS CO., TX SALE PACKAGE
17-Producers. 1-SWD. 1-WIW. 1-WSW.
PERMIAN BASIN
Morris Sand & Capps Lime Production
15 Locations Remaining.
Excellent Water Flood Potential.
100% WORKING INTEREST; 75% NRI
Gross Production: 110 BOPD, 205 MCFD
-- & 16 BWPD
CONTACT SELLER FOR MORE INFO
PP 1923DV

PP PERMIAN

TOM GREEN & IRION CO., TX ASSETS
114-Producers. 22,000+ Net Acres.
PERMIAN BASIN EASTERN SHELF
STACKED PAY UPSIDE
Canyon, Cisco, San Andres & Ellenberger
Clear Fork, Wolfcamp, Strawn & Cline
>500 Vertical PUD Locations.
OPERATED WI FOR SALE
Projected Dec 2016 Net Prod: 810 BOED
Average Net Cash Flow LTM: ~$500,000/Mn
Projected Net Cash Flow: $650,000/Mn
ORIGINALLY Q4 2016 SALE
PP 2068DV

PP ~860 BOED

PERMIAN BASIN

DELAWARE BASIN SALE PACKAGE
5-Producing Wells. 20,462-Net Acres.
REEVES & WARD COUNTY, TEXAS
Avalon, Upper Wolfcamp A & B Targets
Lower Wolfcamp B & 2nd Bone Spring
760 Drilling Locations Identified.
Avg 83% OPERATED WI; 75% NRI
October 2016 Net Production: 2,176 BOED
Total EUR: 2,061 MBOE (Wolfcamp A)
Total EUR: 2,034 MBOE (Wolfcamp B)
PP 1781DV

PP ~2,175 BOED

HOWARD CO., TX ASSETS FOR SALE
6-Producing Wells. ~1,774-Net Acres.
PERMIAN BASIN
Wolfcamp & Fusselman Production
Spraberry & Wolfcamp HZ Potential
100% OPERATED WI; 75% NRI
Net Production: ~13 BOPD & 52 MCFD
Gross Production: ~16 BOPD & ~62 MCFD
CONTACT AGENT FOR UPDATE
PP 2502DV

PP WOLFCAMP

BUYERS! NO COMMISSIONS

MIDLAND BASIN
11-Producing Wells. ~9,250-Net Acres.
MIDLAND, MARTIN, HOWARD &
GLASSCOCK CO., TX
Middle & Lower Spraberry & Wolfcamp
A, B, C & D Intervals
805 Total Future Drilling Locations.
~50% Of Acreage Is Held By Production
Current Net Prod: ~1,700 BOED (71% Oil)
Offset IP30 Rates: >1,000 BOED
Proj'd 2017 Net Cash Flow: $1,208,333/Mn
PDP PV10: ~$60,000,000
CONTACT AGENT FOR MORE INFO
PP 2380DV

PP ~1,700 BOED

MIDLAND BASIN SALE PACKAGE
90-Producing Wells. 10,487-Net Acres.
DAWSON, MARTIN & ANDREWS CO., TX
Middle & Lower Spraberry, Wolfcamp
-- A & B Shale Targets
745 Drilling Locations Identified.
1-Operated Rigs Running.
Avg 75% OPERATED WI; 75% NRI
October 2016 Net Production: 1,239 BOED
Total EUR: 2,755 MBOE
CONTACT AGENT FOR UPDATE
PP 1782DV

PP ~1,240 BOED

PECOS CO., TX SALE PACKAGE
60+ Well Package. ~3,500-Gross Acres.
PERMIAN BASIN
49-Producing Wells. 1-SWD.
17-NonProducing Wells w/Recompletion.
~1,200-Net Acres Include Deep Rights.
25-100% OPERATED WI; ~19-77% NRI
Gross Production: 24 BOPD & 235 MCFD
ORIGINALLY Q4 2016 SALE
PP 1693DV

PP PERMIAN

PERMIAN BASIN

PERMIAN BASIN ASSET SALE
~120-Producing Wells. ~25,000-Net Acres.
LOVING, PECOS & REEVES CO., TX
Vermejo, Dimmit & Brooklaw Fields
Atoka, Fusselman, Morrow & Ellenburger
Lower Wolfcamp & Wolfcamp B Prospects
Dimmit & Brooklaw Fields Ready For
-- Waterflood Development
Avg 85% OPERATED WI; 68% NRI
Net Production: 11.2 MMCFED (84% Gas)
CONTACT AGENT FOR UPDATE
PP 2401DV

PP >10 MMCFED

REEVES CO., TX PROPERTY SALE
~10,000-Net Acres.
SOUTHERN DELAWARE BASIN
Wolfcamp A/B/C, Bone Spring, Avalon.
Attractive Blocked Up Acreage Position.
Surrounded By Recent Activity.
>500 Horizontal Drilling Locations.
Avg ~80% OPERATED WI AVAILABLE
Net Production: ~1,600 BOED
CONTACT AGENT FOR UPDATE
PP 1183DV

PP ~1,600 BOED

DEALS FOR SALE

REEVES CO., TX SALE PACKAGE
2-Producers. 9,050-Net Acres on Trend.
PERMIAN - DELAWARE BASIN
Mostly Undeveloped Acreage.
Multiple Proven Wolfcamp Benches.
Additional Upside in Bone Spring.
Potential 350+ Horizontal Wolfcamp Wells
100% OPERATED WI; 75% NRI
Gross Production: 150 BOED
CONTACT SELLER FOR UPDATE
PP 2112L

PP 150 BOED

MIDCONTINENT

CENTRAL KANSAS PROSPECT
2-Wells. 1-SWD. ~4,636-Net Acres.
MCPHERSON & SALINE COUNTIES
1-Producing Well. 1-Well Awaiting Comp.
100% OPERATED WI; 87.5% NRI
6-Mn Gross Production: 16 BOPD
5-Mn Avg Net Income: $12,430/Month
ORIGINALLY Q4 2016 SALE
PP 2195DV

PP OPERATIONS

Contracts

■ **Subsea Integration Alliance**, a JV of **OneSubsea**, **Schlumberger** and **Subsea 7**, has been awarded its first EPCIC contract by **Murphy Exploration & Production Co.**, a subsidiary of **Murphy Oil Corp**. The contract covers the installation of a subsea multiphase boosting system for Dalmatian field in the Gulf of Mexico, which includes topside and subsea controls, as well as a 21-mile integrated power and control umbilical.

■ **Aibel** has been awarded a contract by **Statoil** for the planning building and construction of a gas module on its Troll C platform. Work will begin immediately with a FEED study to be conducted at Aibel's office in Bergen, Norway, with construction taking place at the company's yard in Haugesund. The contract is valued at more than $71 million. The FEED study is due to be completed by May, with installation slated for completion by the end of 2019.

■ **Canada Energy Partners** reached an agreement with an unnamed major operator in northeast British Columbia for the disposal of produced water. The one-year agreement, beginning in January, will see the operator responsible for delivery of water to CEP's disposal facility on a "best efforts" basis with no penalty for failure to dispose. CEP expects the arrangement will generate net revenue of $700,000 to $1,900,000 in the next year, depending on disposal volumes, operating costs and well performance.

Subsea 7 secures Woodside Greater Western Flank contract

Subsea 7 has been awarded a contract ranging from $50-150 million by **Woodside Petroleum** for its Greater Western Flank Phase 2 project offshore Australia. The work is for subsea tieback of adjacent fields to the platform, including the installation of manifolds, umbilicals and spool pieces and pre-commissioning of the system.

Includes tieback of abutting fields and manifold, umbilical & spool installation.

Woodside's project, located on the North West Shelf of Australia, is about 40 miles southwest of its Goodwyn Alpha platform, will develop six fields: Keast, Dockrell, Scultop, Rankin, Lady Nora and Pemberton in the licenses WA-5-L, WA-6-L, WA-24-L and WA-51-R. Project management and engineering will commence immediately with offshore operations scheduled for 2018.

Bibby awarded North Sea contract with Shell

Bibby Offshore has secured a contract with **Shell** to provide engineering and subsea construction activities at Gannet G field in the central North Sea. Under the terms of the agreement, Bibby will lay flexible pipe systems in 312-ft. water through the use of its multipurpose dive support and offshore construction vessel Bibby Polaris and its 1,000-ton basket carousel. An unnamed third-party operator will carry out trenching operations after initial work is completed.

Bibby to provide engineering & subsea construction activities at Gannet G field.

"Securing this project was a direct result of our established and successful track record with Shell," said CEO Howard Woodcock, referring to construction and inspection services completed early this year on assets in Corrib gas field in the North Atlantic. The campaign will begin in 1Q17.

EnerMech to aid Subsea 7 contract at Persephone field

EnerMech has been chosen to assist **Subsea 7** at the **Woodside**-operated North West Shelf Project and North Rankin Complex offshore Western Australia. EnerMech will perform flowline and umbilical pre-commissioning. The work will include flooding, hydro-testing and dewatering of flowlines and well jumpers in addition to testing all hydraulic, electrical and optical cores on the main umbilical, electrical flying leads and hydraulic flying leads.

EnerMech will perform flowline and umbilical pre-commissioning.

EnerMech is already involved with Wood Group's North Rankin Complex, providing specialist testing work. Additionally, the company remarked that it has a strong relationship with Subsea 7 in the major international oil and gas producing hubs. The contract is expected to be executed this month.

HB awarded contracts with Prosafe, OneSubsea & Semco

Broussard, Louisiana-based **HB Rentals**, which supplies and services accommodations and operating essentials for land and offshore projects, has been awarded three contracts worth $1.24 million.

The first, with **Prosafe**, is for the design, manufacture and supply of two welding workshops for the Safe Zephyrus semisubmersible accommodation vessel, which is currently operating offshore Norway. HB also was chosen by **OneSubsea** to supply a local equipment room for operations at Taurus Libra field offshore Egypt. Lastly, HB will work with **Semco Maritime** to deliver a Zone II-rated, pressurized offshore service module for subsea services in the UK North Sea. All of the modules will be designed and manufactured at HB Rentals' service facilities in Aberdeen, Scotland, and will comply with DNV 2.7-1 and 2.7-2 standards.

The three contracts have an estimated value of $1.24 million.

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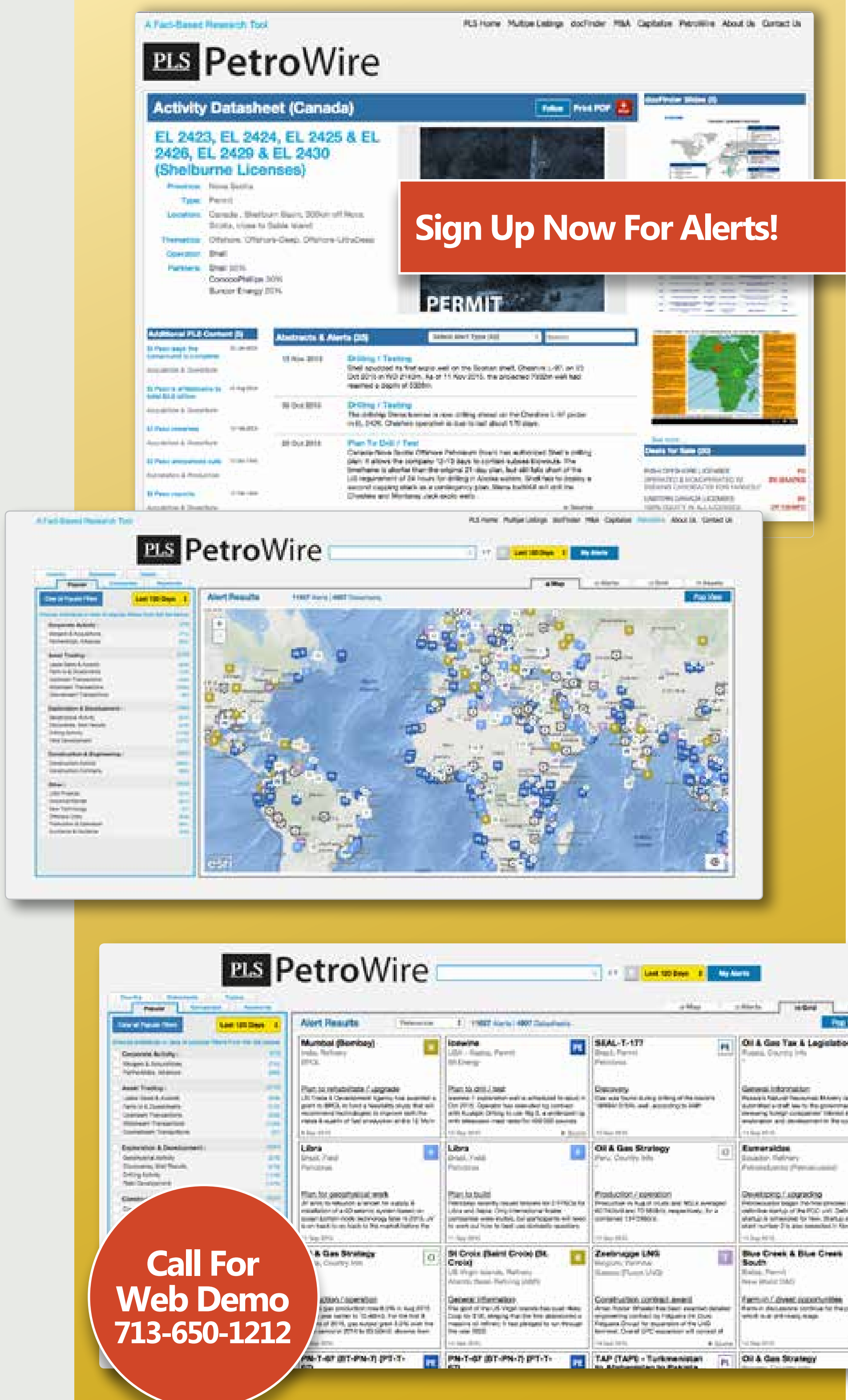

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PLS

Information in the form of Intelligence

MIDCONTINENT

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

PP MIDCON

BUYERS! NO COMMISSIONS

ATOKA CO., OK PROSPECT
3-Active Wells. ~15,634-Net Acres.
MIDCONTINENT
Big Fork & Polk Creek Production
Upper Polk Creek, Lower Womble, Big Fork, Stanley & Novaculite Potential
OPERATED WI FOR SALE
ORIGINALLY Q4 2016 SALE
PP 1903DV

PP MIDCON

CENTRAL OKLAHOMA PROPERTY
6-Total Wells. ~22,700-Net Acres.
WOODFROD SHALE
HUGHES & PONTOTOC COUNTIES
2-HZ Operated & Producing Wells.
4-NonOperated Wells.
Varying OPERATED & NonOperated WI
Gross Prod: 28 BOPD & 3,277 MCFD
12-Mn Avg Net Income: $11,616/Month
CONTACT AGENT FOR UPDATE
PP 1377

PP WOODFORD

NORTH TEXAS PROPERTY SALE
53-Total Wells. >2,500 Net Acres.
PALO PINTO, PARKER, JACK
Barnett Shale, Marble Falls, Strawn & Conglomerate At 1,000-6,000 Ft.
Defined By OH Logs.
Signficant Marble Falls PUD Upside.
84%-100% OPERATED WI; 60%-80% NRI
Net Production: 10 BOPD & 376 MCFD
CONTACT SELLER FOR MORE INFO
PP 1357

PP BARNETT

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
Across 126 High Quality Sections.
MINERALS FOR SALE
IP30 Rate: 8,500 MCFED (Lower Osage)
EURs: ~1 MMBOE
CONTACT AGENT FOR UPDATE
PP 5735M

PP MINERALS

MIDCONTINENT

OKLAHOMA NONOP SALE PACKAGE
268-Producing Wells. 16,750-Net Acres.
SCOOP & STACK PLAYS
Multiple Counties.
Producing From: STACK, SCOOP, Merge & Arkoma Formations
59-Total Rigs Running.
NonOperated WI AVAILABLE
Current Net Production: ~2,300 BOED
CONTACT AGENT FOR UPDATE
PP 2993DV

PP ~2,300 BOED

OKLAHOMA PANHANDLE PROPERTIES
1,103-Wells. ~149,000-Net Acres (HBP).
CIMARRON, TEXAS, BEAVER & HARPER COUNTIES
56-NonOp Royalty & ORRI Wells.
499-Operated Wells. 548-NonOp Wells.
~8,000-Net Mineral Acres.
Varying Operated, NonOp, Royalty & ORRI
3Q Net Production: ~1,000 BOED
Production Is 86% Gas.
SELLER WANTS BIDS DEC 9, 2016
PP 1890RR

PP ~1,000 BOED

CALL PLS FOR INFO

OKLAHOMA SALE PACKAGE
PLS
15-Active Wells. 2-DUCs. 2-Inactive.
JOHNSTON, MARSHALL, LOVE, BLAINE & HARPER CO.
Producing From: Sycamore, Morrow, Chester, Woodford, Viola, Hunton & Miss
Varying Working Interest & NRI.
Gross Production: 1,431 MCFED
Net Production: 313 MCFED
Net Cash Flow: ~$27,500/Mn (3-Mn Avg)
AUCTION FINALIZED - CLOSE PENDING
PP 5875

PP >300 MCFED

MIDCONTINENT

TEXAS CO., OK PROPERTY
159-Producing Wells. 129,000-Net Acres.
ANADARKO BASIN
Council Grove, Morrow & Cherokee
Lansing, Marmaton, Keyes, Topeka & Toronto
Target Depth <7,000 Ft.
Net Production: 58 BOPD, 2,380 MCFD
-- & 57 BNGLPD
Projected Nov Cash Flow: $140,000
PDP Reserves: 382 MBO & 6 BCF
CONTACT AGENT FOR UPDATE
PP 2126DV

PP ANADARKO

DEALS FOR SALE

ROCKIES

DJ BASIN ASSETS FOR SALE
428-Total Wells. 67,496-Net Acres.
LARAMIE CO., WY & WELD CO., CO
Niobrara, Codell, D & J Sands Production
Avg 74% Working Interest; Avg 80% NRI
Current Net Prod: 1,200 BOED (48% Oil)
PDP PV10: ~$42,000,0000
CONTACT AGENT FOR UPDATE
PP 2702DV

PP 1,200 BOED

MULTISTATE & CROSS REGION

LOUISIANA OPERATIONS FOR SALE
6,120-Gross Acres. 4,932-Net Acres.
SHALLOW WILCOX & COTTON VALLEY
Avg 97.6% OPERATED WI; 86.4% NRI
Avg Net Production: 1.3 MMCFED
Proj Oct 2016 Net Cash Flow: $109,000/Mn
Total Proved Reserves: 5.9 BCFE
Total Proved PV10: $9,936,000
CONTACT AGENT FOR UPDATE
PP 2852DV

PP ~1 MMCFED

Oilfield Services Stock Movers—Last 30 Days
Source: CapIQ

	Company	Ticker	$/Share 12/27/16	$/Share 11/25/16	% Change	% Change YOY
Top 5	Atwood Oceanics	ATW	$13.53	$8.24	64%	31%
	Tidewater	TDW	$3.61	$2.26	60%	-46%
	Hornbeck Offshore	HOS	$7.62	$5.07	50%	-21%
	Pioneer Energy Services	PES	$6.95	$4.65	49%	216%
	Parker Drilling	PKD	$2.70	$2.10	29%	39%
Bottom 5	TETRA Technologie	TTI	$4.94	$5.41	-9%	-34%
	USA Compression Partners	USAC	$16.61	$17.96	-8%	56%
	Helix Energy Solutions	HLX	$9.41	$10.00	-6%	83%
	Archrock	AROC	$13.80	$13.65	1%	88%
	FMC Technologies	FTI	$35.67	$33.98	5%	23%

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.

What the Analysts are Saying About Oilfield Services

Weatherford (WFT; $5.11-Dec. 1; Buy; PT-$7.00)

Speaking with management, they confirmed plans to scale back their level of fracking activity, but were non-committal on exactly how low utilization would go. The anecdotes we are hearing seem more like a complete, even if temporary, pullback. Regardless, we view the decision to scale back a money losing business as positive for WFT shareholders and expect to see further value-creating decisions. **—Iberia Capital Partners**

US Silica (SLCA; $50.78-Dec. 1; Overweight/Neutral; PT-$50.00)

SLCA remains well positioned to outperform during the early phases of the NAM recovery with support from upward earnings revisions and accretive M&A. That said, we expect pushback to remain primarily on valuation with SLCA trading at ~$215/ton of annual production capacity (or ~7x peak contribution margins), plus the decision by Fairmount Santrol's PE sponsor to divest a portion of its stake this early in the cycle may only add fuel for the valuation critics. **—Barclays**

Fairmount Santrol (FMSA; $9.52-Dec. 2; Buy)

FMSA remains one of our top OFS stock picks with very attractive upside to ~$13-17/sh, as we're increasingly convinced proppant demand will surprise to the upside lifting frac sand pricing to the high end of the cost curve.

—Tudor, Pickering, Holt & Co.

The Rowan Companies (RDC; $18.08-Dec. 6; Neutral; PT-$19.00)

RDC is issuing $400MM of senior unsecured notes due 2025 and is using the proceeds along with cash on hand to fund a tender offer of up to $750MM of earlier-maturing notes. The company's debt restructuring will further extend RDC's liquidity runway and push out debt maturities in preparation for a potential multi-year downturn scenario, in particular beyond its 2021 revolver maturity. Even before the offering, RDC had $1.2 billion of cash that exceeds all of its debt maturities through 2021. The credit facility is also currently undrawn at a capacity of $1.5B. We continue to view RDC as the best risk-reward among our three neutral-rated offshore drillers. **—Seaport Global**

Forum Energy Technologies (FET; $23.20-Dec. 6; Buy)

SCF partners selling 3.5 million secondary shares after strong recent stock run and FET selling 3.5 million primary shares. Deal may be upsized by 1.05mm shares (50/50 SCF/FET). SCF reducing ownership in FET from ~24.3 to ~20.8 million shares; remaining shares may be viewed as an equity overhang. Deal priced last night at $21.50 or -7% versus close netting FET ~$75mm ($87mm if upsized). Typical FET targets range from ~$50-250mm TEV so equity raise size fits the historical bill...Forum could add cash on hand into the M&A mix. FET historically a cash buyer but management recently indicated that equity might creep into the mix going forward. FET remains a top OFS stock pick with upside to $25-30/sh.

—Tudor, Pickering, Holt & Co.

Atwood Oceaneering (ATW; $11.34-Dec. 7; Sell; PT-$7.00)

ATW negotiated a two-year delay with DSME before taking delivery of its last two UDW rigs under construction. As it currently stands, the company still has some outstanding maturities with which to contend, including has $780MM borrowed on its senior secured revolver (with borrowing base of $1,395MM) that matures in May 2019. ATW also has $441MM senior unsecured note that matures in February 2020. We have adjusted our EPS estimates to reflect the changes in interest expense. We have raised our price target from $6.00 to $7.00 to reflect the reduced financial risk but reiterate our Sell rating. Our multiple is based on a 13.0x multiple of our CY 2018 EBITDA estimate. **—Seaport Global**

Technology

Petrofac uses new descaling approach at Anasuria cluster

Petrofac's team at the Anasuria cluster in the North Sea recently completed what it referred to as the largest squeeze operation in the world using a distinctively innovative approach. Completed for the eponymously named **Anasuria Operating Company**, Petrofac injected more than 50,000 bbl of treatment into the Teal well to dissolve and remove deposits that formed in the well and production tubing. Petrofac proceeded with the project in a way contrary to traditional industry practice, as it did not make use of an intervention vessel. Instead, a team pumped 50,000 bbl of treatment directly from the Anasuria FPSO topsides through a 3.5-mile pipeline to the sea floor, reducing project lead time and increasing cost savings and production, as noted by Petrofac.

Petrofac's method did not require the use of an intervention vessel.

Meanwhile, also in the North Sea, Petrofac was awarded an extension to a support service agreement with an unnamed operator in the Cygnus gas field for four-and-a-half years, through December 2021. Worth an estimated $70 million, the extension of the existing contract will see Petrofac provide enhanced construction services, production and operations supervision, maintenance, and engineering and commissioning support. Petrofac began working on the pre-operational phase of Cygnus field in 2011, which included operations and maintenance services, emergency response and training.

People & Companies

■ **Essential Energy Services'** CEO *Donald Webster* resigned from his position, the company reported Nov. 23. Essential did not provide further details as to whom will serve as successor.

■ *David Giannini* will join **Select Sands'** board of directors as an independent director. The appointment is effective immediately; however, it is still subject to TSX Venture Exchange approval. Giannini is an investment banker registered with **Scarsdale Equities**.

■ **Noble Corp**. named *Adam Peakes* as the company's senior VP and CFO. In these roles, which will take effect Jan. 23, Peakes will oversee corporate finance, financial reporting, accounting, tax and treasury activities, the company reported. Peakes joins Noble from **Tudor, Pickering, Holt & Co**., where he served for five years as director and head of OFS investment banking.

■ *Warren Zemlack*, current president and CEO of **Allied Energy Services** and former longtime senior executive with both **Schlumberger** and **Sanjel**, will serve as the CEO of the "new" **BJ Services**, created by **Baker Hughes**, **CSL Capital Management** and **West Street Energy Partners**, a fund managed by the merchant banking division of **Goldman Sachs**.

■ The **Williams Companies** appointed *Charles Cogut* and *Michael Creel* as new independent directors. The appointments are effective immediately and complete the company's previously announced board refreshment plan. Cogut currently serves as senior M&A counsel at Simpson Thacher & Bartlett, while Creel has previously served as chief executive officer and director of the general partner of Enterprise Products Partners.

■ **Tullow Oil** CEO *Ian Springett* will be joining G4S' board of directors as a non-executive member effective Jan. 1. G4S is the world's largest security company by the number of its employees. Springett, who has been CEO of Tullow since 2008, will also be joining the risk and audit committees at G4S.

What the Analysts are Saying About Oilfield Services

Smart Sand (SND; $13.48-Dec. 7; Buy)

We're initiating coverage on Smart Sand with a buy rating and ~10- 40% upside to our ~$15-19/sh price target range ($13.84 – B) – Smart Sand SND is currently a one-mine operation with its Wisconsin based Oakdale facility driving 100% of production. This flagship complex is a unique, low-cost, scalable asset with an impressive layout and an attractive, unique sand mesh size mix versus other Northern White mines. Oakdale produces ~80% finer-mesh sands (40/70+) and is very low on the cost curve with targeted long-term opex/ton of $11. SND has some heavy lifting left to do on the logistics side of the equation, but we believe the current valuation is attractive and there's upside to our price target range. **—Tudor, Pickering, Holt & Co.**

Flotek Industries (FTK; $11.10-Dec. 08; Buy; PT-$17.00)

FTK shares traded 8.3x the average daily trading volume and fell by 22% early yesterday before recovering to close down by 15% for the day. A negative report on the stock was published by a competitor, alleging that independent studies published by MHA Petroleum Consultants earlier this year regarding the effectiveness of CnF were based on incomplete information and failed to consider certain variables. The report makes assertions and conjectures reaching broadly across a wide range of topics and will require time to evaluate. Toward that end, FTK indicated at an investor conference yesterday that it takes these kinds of claims seriously and is in the process of reviewing the report. Our rating and price target are under review as we examine the numerous allegations and consider management's response. **—Seaport Global**

Patterson UTI (PTEN; $28.67-Dec. 13; Buy; PT-$32.00)

PTEN announced the acquisition of Seventy Seven Energy for a transaction value of $1.76 billion. Our take: We like this transaction and believe it will solidify PTEN's position as one of the top plays on a NAM recovery. We like the timing of this deal, as we believe that a NAM recovery is in the early stages and likely to provide substantial earnings growth. We believe thevaluation is fair, as SVNT is contributing approximately 26% of the total assets (preliminary back-of-the envelope estimate) and will own 25% of the new company's stock. We also favor the deal strategically because it does not depart from PTEN's core competencies of contract drilling and hydraulic fracturing. **—Seaport Global**

Forum Energy Technologies (FET; $23.55-Dec. 13; Buy)

FET's attractive end markets and earnings upside in the eventual upcycle are emboldened by FET's M&A prowess. Acquisitions have led to much of FET's earnings growth dating back to its private days under the wing of OFS private equity guru SCF Partners. We believe the acquisition pipeline is heating up, and the recent ~$75-85 million primary equity offering coupled with these covenant adjustments hammer that thought home. The company typically targets deals in the $50-$250 million ballpark trading at ~6x EV/EBITDA versus FET which historically traded ~8-9x EV/EBITDA, accretion baby. Acquisitions of downhole tools / completions-oriented businesses make the most sense to us and items with a heavy dose of consumables also fit the FET mold (~50-55% of FET revenue is consumable). **—Tudor, Pickering, Holt & Co.**