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INDUSTRY OVERVIEW

Strong global demand and rising oil and gas prices continue to support industry revenue and facilitate strong M&A markets. The S&P equal weight oil and gas index (S&P/TSX: GSPTE) has shown steady growth since the start of the year, and has reached levels not seen since March of 2011. In the US, nearly half of crude oil production is coming from North Dakota and Texas according to the U.S. Energy Information Administration’s Petroleum Supply Monthly report. Production of crude oil in the U.S. reached 8.4 million barrels per day in April. The industry is poised to continue to benefit from the emergence of hydraulic fracturing and horizontal drilling techniques. These technological advances present further opportunity for the US to shift its dependence on foreign oil to oil production state side. With demand still high, the industry as a whole is expected to grow at approximately 2.4% annually until 2019.

Growth in the Oil & Gas industry generally comes through acquisition and 2014 has evidenced this as more transactions are expected to be consummated (on an annualized basis) than 2011, 2012 or 2013. This indicates a unique time for those in the industry to be a part of the booming transaction marketplace.

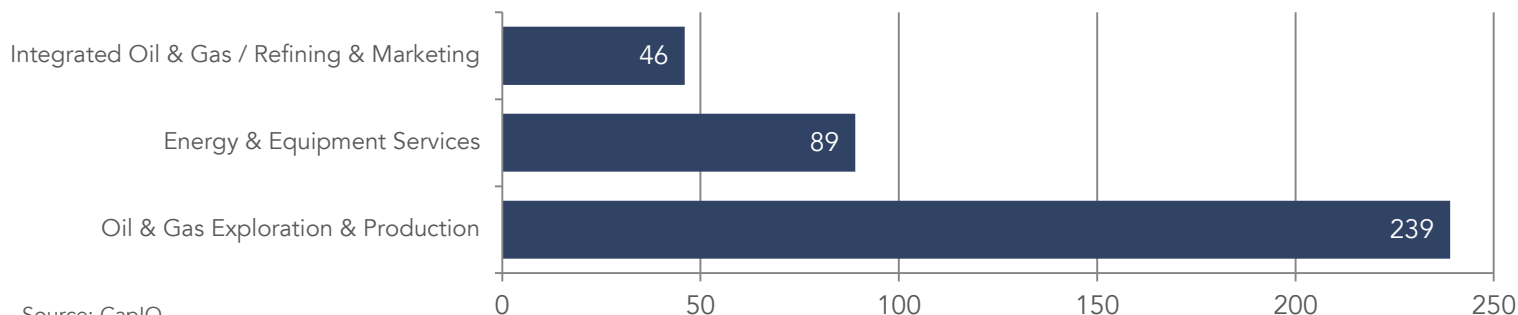
If you have any questions please contact us.

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TRANSACTION HIGHLIGHTS

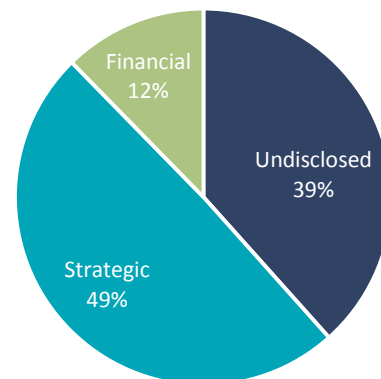
TRANSACTIONS # BY SEGMENT (Q2)



Source: CapIQ

STRATEGIC TRANSACTIONS HIGHLIGHTS

STRATEGIC ACQUISITIONS	Transaction Details
5.21.14	REG Synthetic Fuels, LLC has agreed to invest up to \$35 million in Dynamic Fuels, LLC based on future production volumes.
5.6.14	Legacy Reserve Operating LP has acquired a 29% working interest in assets of WPX Energy Rocky Mountain, LLC in the Piceance Basin wells for \$360 million.
5.15.14	Panhandle Oil and Gas Inc. agreed to purchase 16% non-operating working interests in 11,100 gross leasehold acres in La Salle and Frio Counties in Texas for \$80.4 million.



The information contained herein is based on sources we believe reliable but is not guaranteed by us and is not to be considered all inclusive. It is not to be construed as an offer or consultation of an offer to sell or buy any securities.



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TRANSACTION ACTIVITY

Date	Target	Buyers	Transaction Comments
05/21/2014	Dynamic Fuels, LLC	REG Synthetic Fuels, LLC	Under the terms of the agreement, Renewable Energy Group will pay approximately \$18 million in cash at closing, up to \$35 million in future payments tied to production volume and fund the repayment of \$12 million of Dynamic Fuels' indebtedness to Tyson at closing.
5/20/2014	Exploration & Production Properties in Deepwater Gulf of Mexico	W&T Energy VI, LLC	W&T Energy VI, LLC acquired unknown majority stake in exploration & production properties in deepwater Gulf of Mexico from Woodside Energy (USA) Inc. for \$51 million on May 20, 2014. The transaction includes a 20% non-operated working interest in the producing Neptune Field.
05/15/2014	11,100 Gross Leasehold Acres in LaSalle and Frio Counties, Texas	Panhandle Oil and Gas Inc	Panhandle Oil and Gas Inc. (NYSE:PHX) signed an agreement to purchase 16% non-operated working interest in 11,100 gross leasehold acres in LaSalle and Frio Counties, Texas from private sellers for \$80.4 million on May 15, 2014.
5/6/2014	WPX Energy Rocky Mountain, LLC, Certain Piceance Basin Wells	Legacy Reserves Operating LP	Legacy Reserves Operating LP entered into a definitive agreement to acquire 29% working interest in certain Piceance Basin wells from WPX Energy Rocky Mountain, LLC for approximately \$360 million on May 2, 2014. Legacy will also issue 0.3 million incentive
04/16/2014	Phoenix Oilfield in Gulf of Mexico	Talos Energy LLC	Phoenix Oilfield in Gulf of Mexico comprises oilfield properties.
05/06/2014	SE Hewitt, Highlands, Twin Forks, and Eastman Hills	Mid-Con Energy Properties, LLC	Mid-Con Energy Properties, LLC acquired additional interests in four existing Mid-Con Energy waterflood units for \$7.4 million on May 1, 2014. The acquisition was funded with available cash and borrowings under the Mid-Con Energy Partners, LP's revolving credit facility.
05/05/2014	Ursa Resources Group II LLC, Oil and Gas Properties in Burleson County	Comstock Resources Inc.	
04/17/2014	BP Branded Assets in Chicago and NW Indiana	Lehigh Gas Partners LP	Lehigh Gas Partners entered into an asset purchase agreement to acquire BP branded assets in Chicago and NW Indiana from B&R Oil Company, Inc. for \$50.4 million in cash, on April 16, 2014. Under the terms of the transaction, the purchasers will acquire 55 wholesale supply contracts, 2 commission marketing contracts, 11 fee or leasehold sites for \$38.5 million.

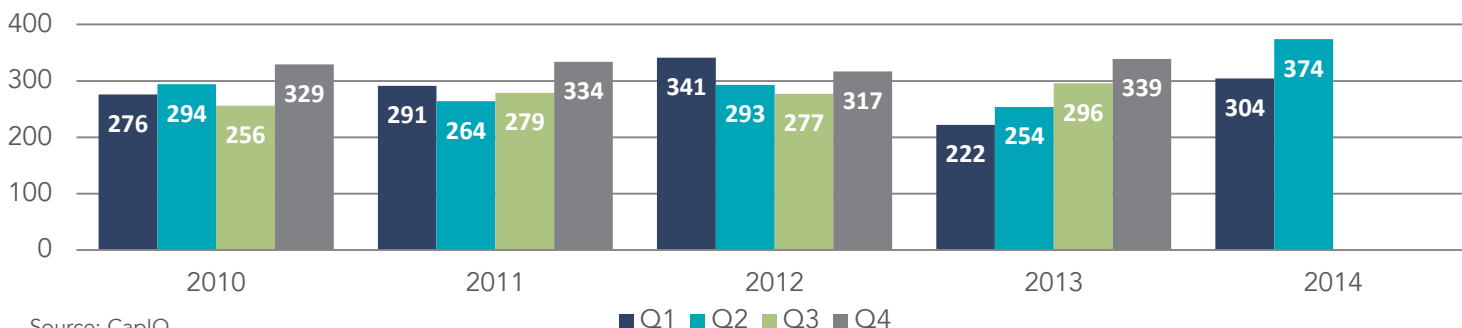
Source: CapIQ

US OIL & GAS M&A ACTIVITY



Source: CapIQ

OIL & GAS TRANSACTIONS # OF TRANSACTIONS BY QUARTER



Source: CapIQ

*Note: These data represent the recorded transactions, are not all inclusive of completed transactions, and are meant to be representative of the industry.



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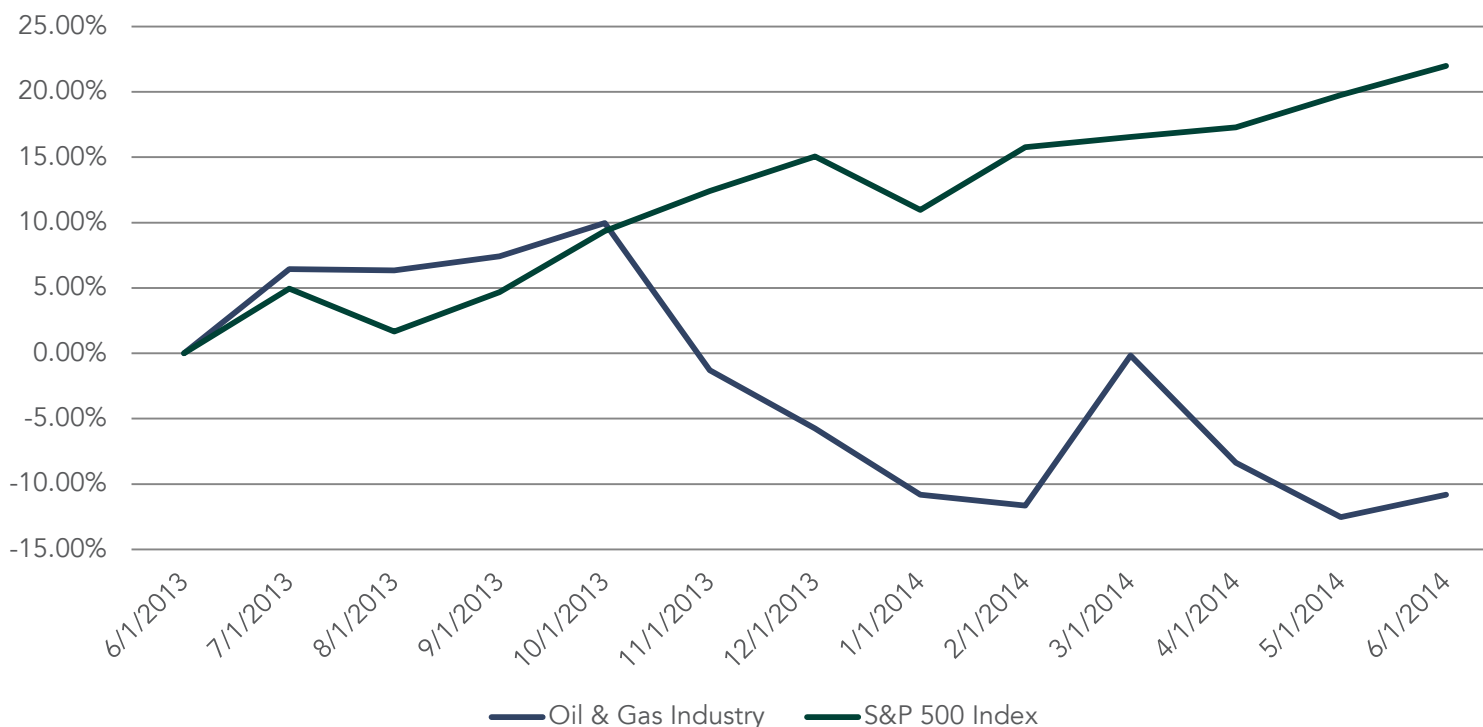
PUBLIC BASKET

Publicly traded Oil and Gas companies have been a mixed bag in the second quarter of 2014. Some companies have performed strongly during Q2 including Buckeye Partners, L.P., Halliburton, and Alleghany while others peaked in April and have been through a trough in Q2 such as Rowan Companies and Southwestern Energy. This peak in April comes on the heels of the highest M&A deal volume witnessed in the sector in over a decade. In relation to the S&P 500, the oil and gas industry saw a pronounced drop after its peak in March of 2014 which seems to be slowly turning upward at the end of the second quarter.

Company	Symbol	State	Market Cap		Stock Price		Price/ LTM EPS	Price/ Book	Price/ Rev	Price/ EBITDA
			(\$ in Mil)	Date	Month Change	YTD Change				
Buckeye Partners, L.P.	NYSE:BPL	TX	\$ 93,987	\$ 81.35	3.68%	14.56%	24.2x	3.1x	3.2x	12.1x
Abengoa SA	CATS:ABG	NA	\$ 3,168	\$ 4.62	13.22%	90.79%	NM	2.9x	1.7x	10.5x
Abraxas Petroleum Corp.	NasdaqCM:AXAS	TX	\$ 609	\$ 5.84	16.33%	79.09%	54.4x	5.9x	6.9x	13.5x
Clayton Williams Energy, Inc.	NYSE:CWEI	TX	\$ 609	\$ 130.50	4.74%	59.24%	54.4x	4.3x	6.9x	13.5x
Halliburton Company	NYSE:HAL	TX	\$ 290	\$ 69.44	7.43%	36.83%	15.3x	4.3x	0.1x	3.7x
Midcoast Energy Partners, L.P.	NYSE:MEP	NA	\$ 1,115	\$ 21.97	(0.18%)	12.09%	NM	0.6x	2.6x	16.1x
Kinder Morgan Energy Partners, L	NYSE:KMP	NY	\$ 1,219	\$ 81.31	6.92%	0.81%	NM	2.6x	5.1x	9.1x
Southwestern Energy Co.	NYSE:SWN	TX	\$ 479	\$ 45.91	0.97%	16.73%	24.7x	4.2x	0.2x	15.2x
Rowan Companies plc	NYSE:RDC	TX	\$ 185	\$ 31.56	1.94%	(10.75%)	NM	0.8x	1.2x	11.0x
Alleghany Corporation	NYSE:Y	NY	\$ 281	\$ 431.07	2.36%	7.78%	41.2x	1.0x	3.2x	13.8x
Average			\$ 10,194	\$ 90.36	5.74%	30.72%	35.7x	3.0x	3.1x	11.8x

Source: CapIQ

OIL & GAS INDUSTRY VS. S&P 500 RUNNING 12 MONTHS



Source: CapIQ



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INDUSTRY SEGMENTS

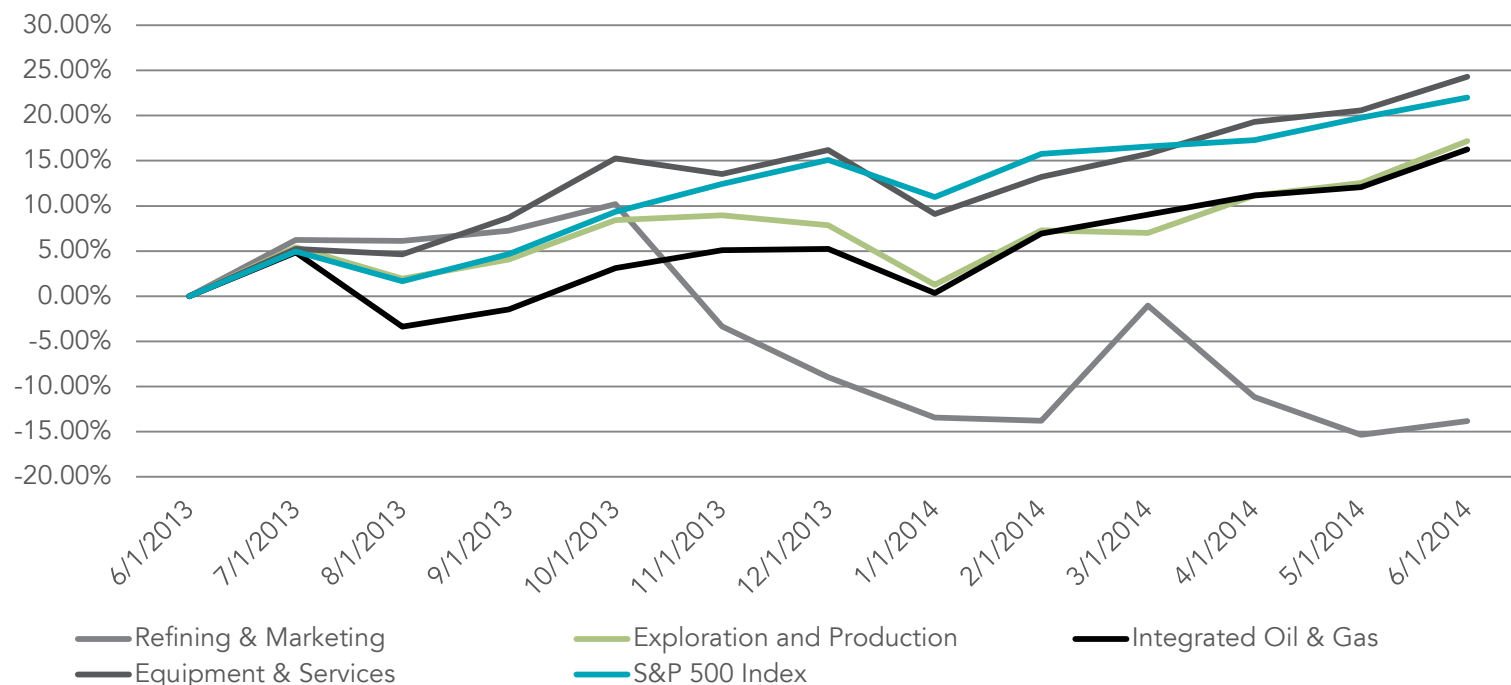
After the peak at the end of the first quarter which was proceeded by a precipitous downside, the oil and gas market has begun to reverse the downward trend with positive growth between May and June of 2014. By segment, oil and gas refining and marketing has struggled the most being 5.3% down for the year; however, the rate reduction is decreasing from the same time one year ago. Integrated oil and gas as well as equipment and services have continued to grow over the past 12 months. While overall there is a bright outlook for the rest of 2014 for the oil and gas segments, the US in particular will need pipeline expansion, which will present both challenges and opportunities for the industry. It is expected that rising production in the Gulf will offset falling output from mature fields in other states. Additionally, regulations of petrochemicals have increased and are expected to increase further in 2014.

Market Segment	Market Cap	Stock Price Delta			Price/ LTM EPS	Price/ Book	Price/ Sales	Price/ EBITDA
		Month	YTD	LTM				
Refining & Marketing	\$ 1,798,302	1.8%	(5.3%)	(13.8%)	41.23x	4.24x	5.06x	12.56x
Exploration and Production	\$ 20,717	4.1%	8.6%	17.2%	38.91x	3.92x	7.19x	11.36x
Integrated Oil & Gas	\$ 148,451	3.7%	10.5%	16.3%	20.64x	1.71x	1.50x	9.64x
Equipment & Services	\$ 8,437	3.1%	7.0%	24.3%	33.74x	2.95x	3.94x	12.82x
Industry Average	\$ 405,867	2.0%	(40.7%)	(10.8%)	39.29x	4.72x	3.91x	12.02x
S&P 500 Average	\$ 35,547	1.9%	6.0%	22.0%	27.93x	4.76x	3.14x	11.68x

Source: CapIQ

OIL & GAS SEGMENTS VS. S&P 500

RUNNING 12 MONTHS



Source: CapIQ

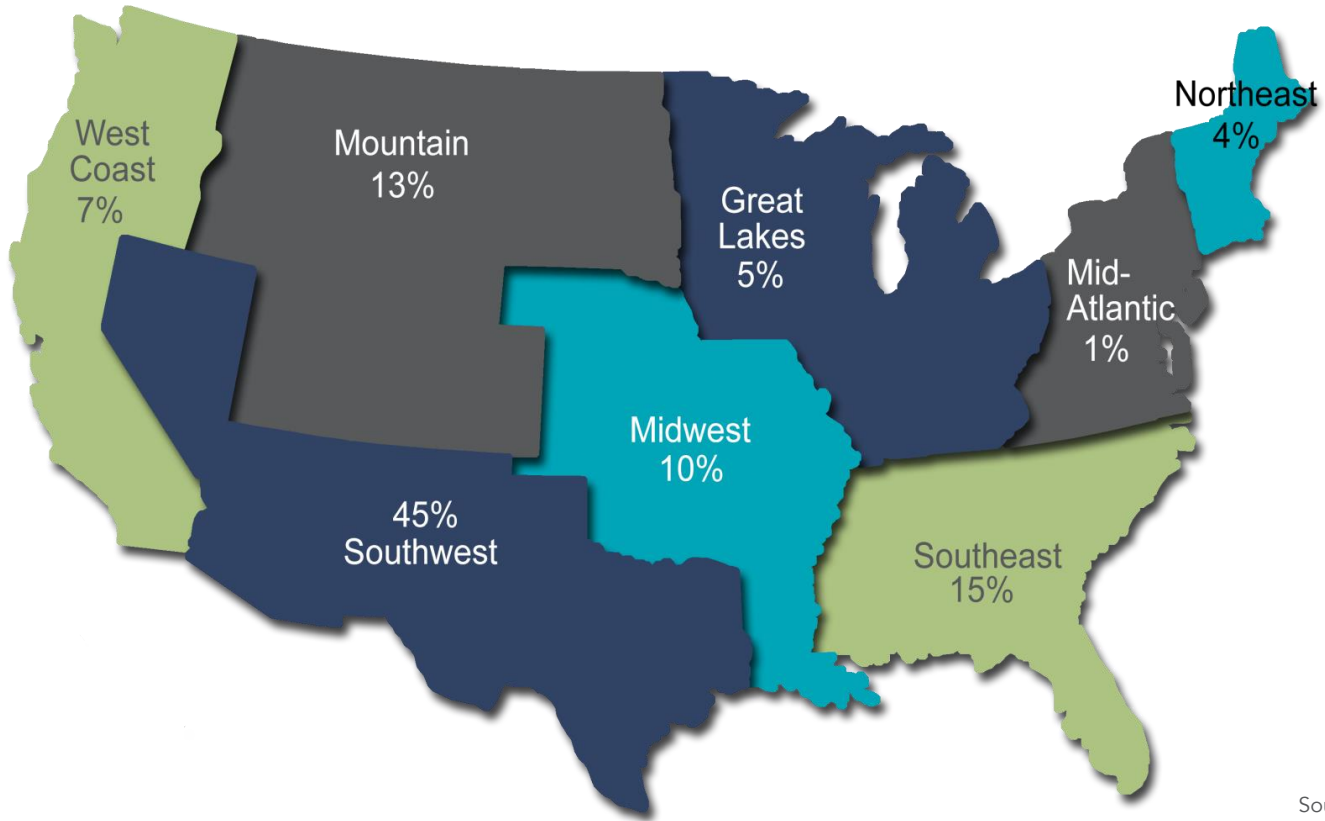


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INDUSTRY GEOGRAPHY

COMPANIES BY REGION

OIL & GAS COMPANIES BY REGION AS OF JUNE 30, 2014



Source: CapIQ

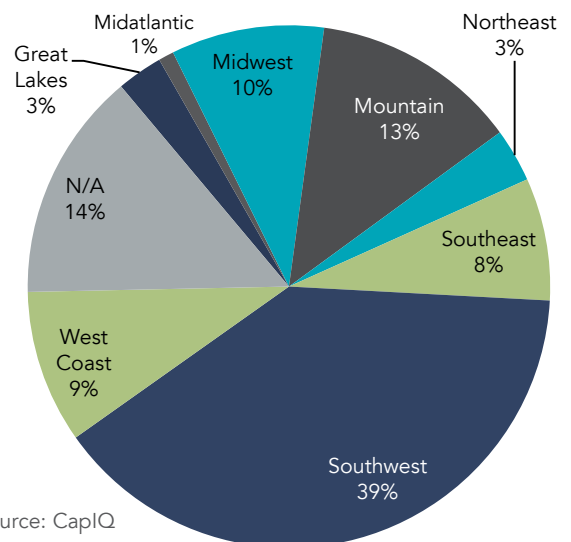
COMPANIES BY SIZE

State	Undisclosed	\$0 - 5 Revenue	\$5 - 10 Revenue	\$10 - 25 Revenue	\$25 - 50 Revenue	\$50 - 100 Revenue	\$100+ Revenue
AZ	31	14	4	6	1	3	1
CO	361	59	44	37	13	12	25
KS	139	12	21	16	3	4	6
ND	95	3	13	6	2	2	3
NE	17	2	4	6	0	2	2
NM	82	7	26	6	2	2	2
OK	464	44	57	41	20	16	34
SD	12	2	7	5	2	0	4
TX	2684	322	304	255	117	100	230
UT	105	12	15	7	6	1	2
WY	108	8	14	5	4	1	0

*Revenue in millions

Source: CapIQ

TRANSACTIONS BY REGION



Source: CapIQ

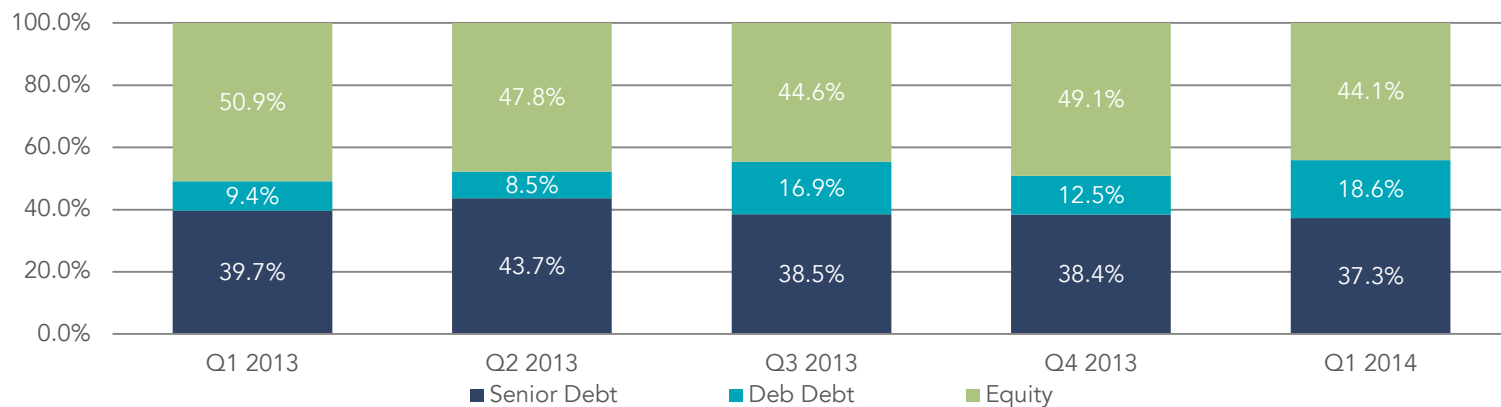
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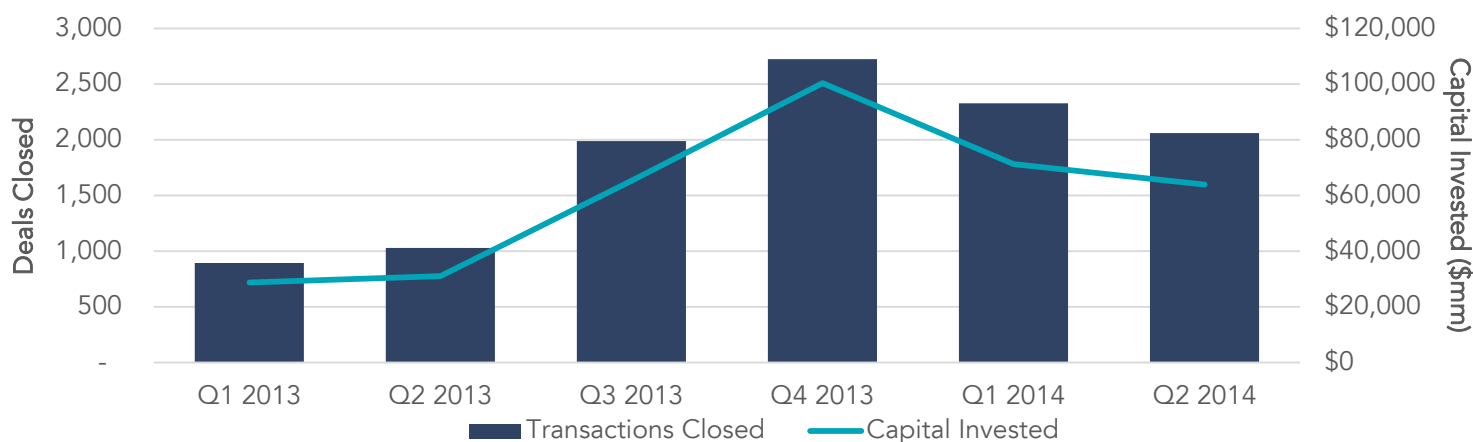
M&A MARKET ACTIVITY – OVERALL LOWER MIDDLE MARKET

CAPITAL STACK



Source: GF Data

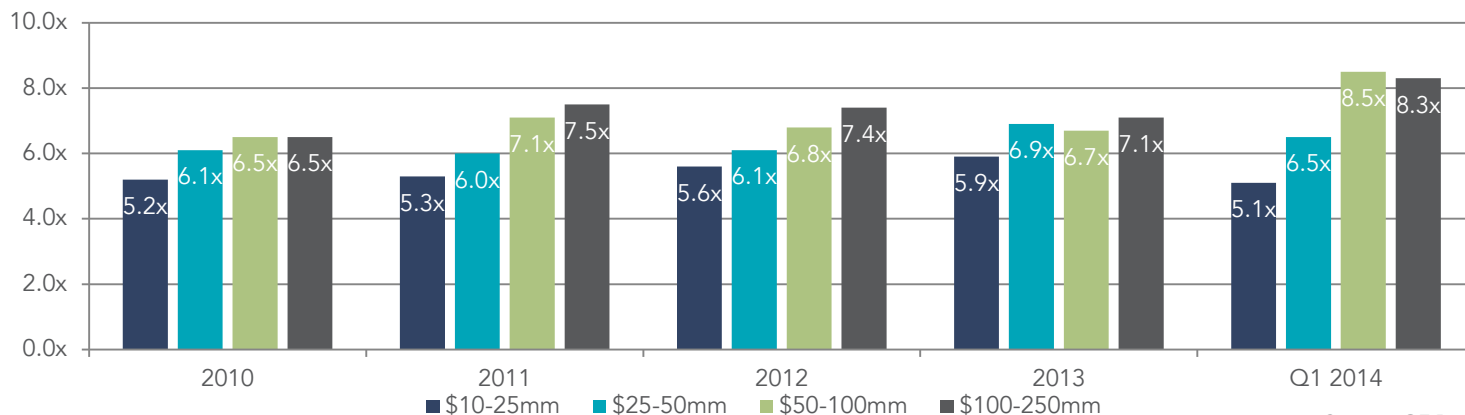
US MIDDLE MARKET M&A ACTIVITY



Source: CapIQ

TRANSACTION MULTIPLES

EBITDA MULTIPLES BY TRANSACTION SIZE



Source: GF Data

*Note: These data represent the recorded transactions, are not all inclusive of completed transactions, and are meant to be representative of the lower middle market.



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ABOUT SDR VENTURES

SDR Ventures is a boutique investment bank serving privately held business owners of companies with values up to \$300 million. Operating beyond the confines of a traditional investment bank, SDR's approach of Thinking Like OwnersSM helps business owners maximize value in their business. SDR offers transaction advisory, capital formation, strategic advisory and performance exchange services.



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SERVICES

TRANSACTION ADVISORY

Buy Side

Running a proven process effective at generating responses, identifying "off-the-radar" opportunities, negotiating and closing accretive acquisitions.

Sell Side

Our process is designed to identify the "right" buyer and maximize shareholder value for our clients.

CAPITAL FORMATION

Private Capital Placement

An effective and efficient process negotiating favorable debt and equity with the right capital partner for our clients

RECENT TRANSACTIONS

<p>JULY 2014</p>  <p>Has been acquired by</p> <p>REVELSTOKE CAPITAL PARTNERS LLC</p> <p>SDR Ventures SELL SIDE TRANSACTION</p>	<p>JULY 2014</p>  <p>Has been acquired by</p>  <p>FRONTENAC COMPANY</p> <p>SDR Ventures SELL SIDE TRANSACTION</p>	<p>APRIL 2014</p>  <p>Has been acquired by</p> <p>Barkwood, Inc.</p> <p>SDR Ventures SELL SIDE TRANSACTION</p>	<p>MARCH 2014</p> <p>PAN Capital Holdings LLC</p> <p>Commercial real estate loan provided by</p>  <p>Hexagon</p> <p>SDR Ventures CAPITAL FORMATION</p>	<p>NOVEMBER 2013</p>  <p>Has acquired</p> <p>A Business Unit of a Public Company</p> <p>SDR Ventures BUY SIDE TRANSACTION</p>	<p>OCTOBER 2013</p>  <p>Debt Financing provided by</p>  <p>CoBiz Structured Finance CoBiz Financial</p> <p>SDR Ventures CAPITAL FORMATION</p>
<p>SEPTEMBER 2013</p>  <p>SDR Ventures CAPITAL FORMATION</p>	<p>SEPTEMBER 2013</p>  <p>Has acquired</p>  <p>Zeus & Company</p> <p>SDR Ventures BUY SIDE TRANSACTION</p>	<p>NOVEMBER 2012</p>  <p>Western Paper Distributors</p> <p>Has acquired</p>  <p>SDR Ventures BUY SIDE TRANSACTION</p>	<p>JUNE 2012</p>  <p>Has been acquired by</p>  <p>newgistics. SHIPPING HAS A NEW HOME</p> <p>SDR Ventures SELL SIDE TRANSACTION</p>	<p>MAY 2012</p> <p>Cohio Ventures LLC</p> <p>Has acquired</p>  <p>Mountain Tech Energy Group, Inc.</p> <p>SDR Ventures BUY SIDE TRANSACTION</p>	<p>MARCH 2012</p>  <p>Capital provided by</p>  <p>Mutual of Omaha Bank</p> <p>SDR Ventures CAPITAL FORMATION</p>

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