

# ENERGY LENDER PRICE SURVEY

Q2 2012

## Q2/12 OVERVIEW

We are pleased to present Macquarie Tristone's Quarterly Energy Lender Price Survey, a commodity pricing poll of energy reserve-based lenders. Our survey of energy lenders' price forecasts covers a broad spectrum of regional, U.S. national and international banks that engage in energy reserve-based lending. The data provided for the Q2/12 Survey indicates that the banks are adjusting their price forecasts as prices rapidly continue to fluctuate.

This quarter's survey includes 41 Participating Banks.

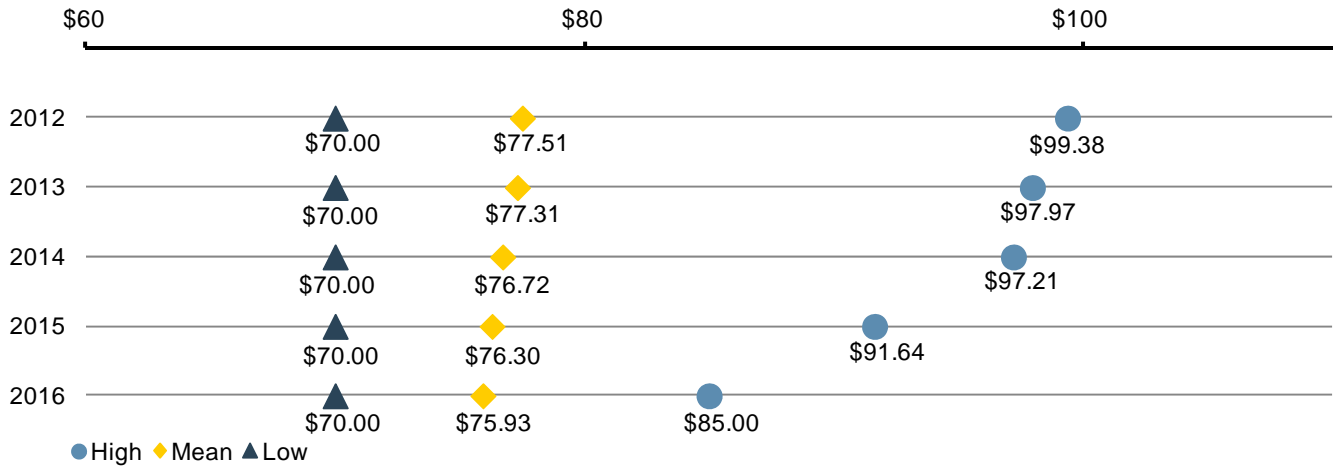
## BASE CASE RESULTS

For 2012, the Q2/12 Survey indicates a mean Base Case WTI oil price forecast of \$77.51/BBL and a mean Base Case Henry Hub gas price forecast of \$2.48/MMBtu. The five-year trend shows a decreasing forward price deck for oil and increasing forward price deck for gas, with average 2016 oil and gas price forecasts of \$75.938/BBL and \$4.07/MMBtu, respectively. Modest escalation of both oil and gas prices after 2016 is common, but prices are capped at means of \$75.17/BBL and \$4.57/MMBtu, respectively. The average discount rate used by Participating Banks is 9%, unchanged from last quarter's average. Operating costs on average are escalated 0.5% per year for both oil and gas.

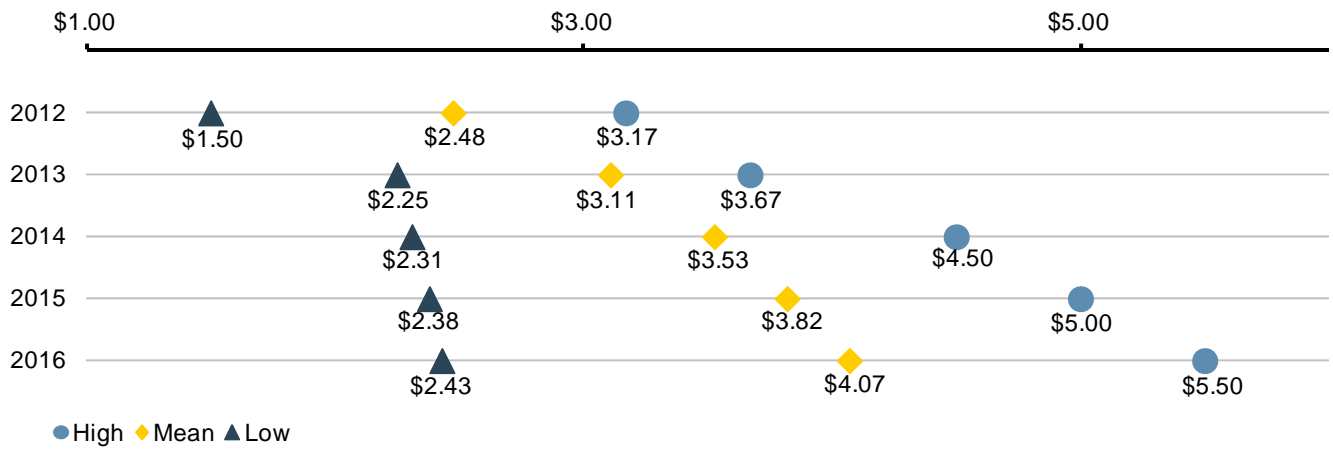
### 2<sup>nd</sup> Quarter 2012 Price Survey: Mean of 41 Participating Banks – Base Case

	Oil (\$/BBL) - WTI	Gas (\$/MMBtu) - Henry Hub
2012	77.51	2.48
2013	77.31	3.11
2014	76.72	3.53
2015	76.30	3.82
2016	75.93	4.07
2017+	0.2%	0.7%
Cap	75.17	4.57
LOE Esc	0.5%	0.5%
Discount Rate	9%	9%

Current Oil Pricing – Base Case (\$/BBL)



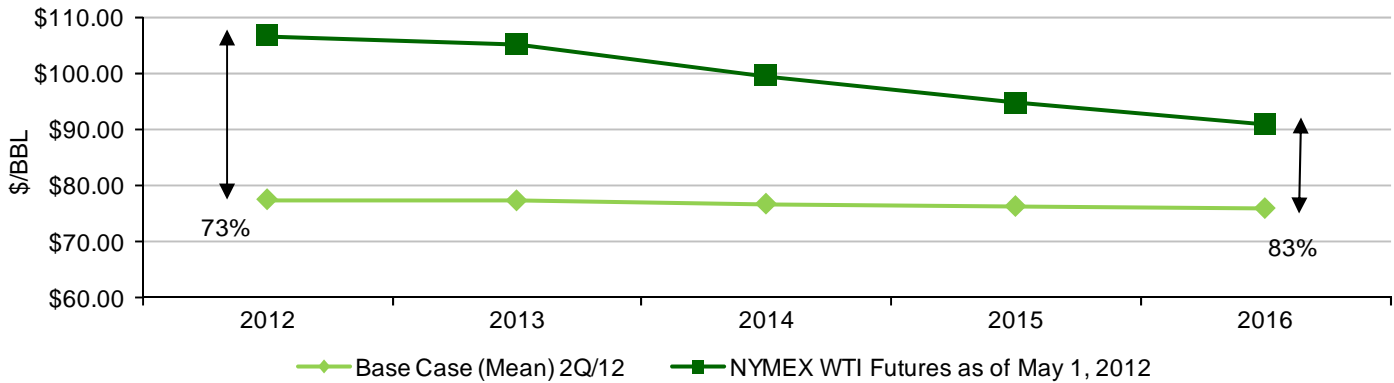
Current Gas Pricing – Base Case (\$/MMBtu)



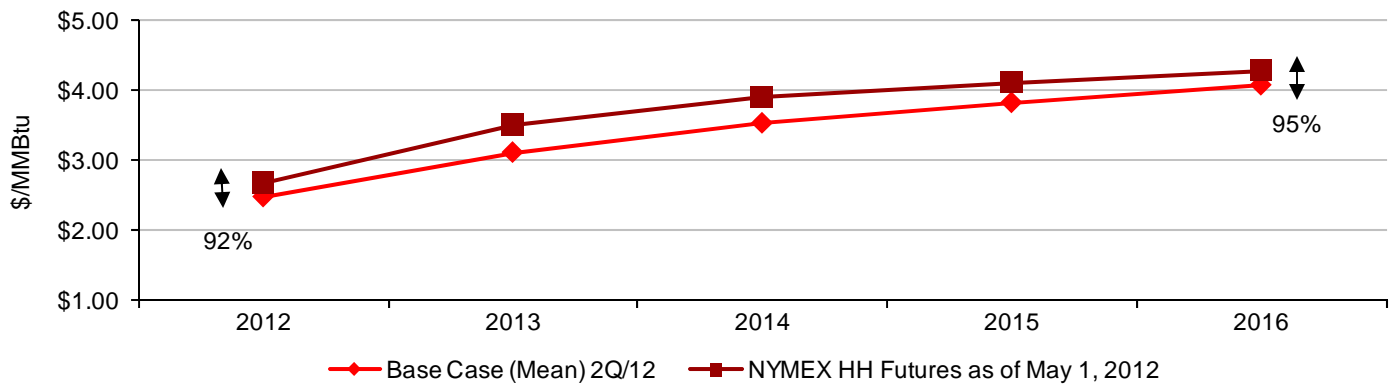
## BASE CASE TO NYMEX TRENDS

### Base Case Q2/12 vs. NYMEX as of May 1, 2012

We compared the average Base Case against NYMEX futures pricing as of May 1, 2012, as shown below. When compared with NYMEX futures pricing, the average Base Case results for oil were 73% of NYMEX West Texas Intermediate (WTI) futures in 2012 and 83% in 2016.



The average Base Case results for gas were 92% of NYMEX Henry Hub (HH) futures in 2012 and 95% in 2016.



## Quarter-to-Quarter Trends

### Quarter-over-Quarter Pricing Trends – Base Case

Compared to last quarter's Survey, front-year pricing has increased by 3% for oil and decreased by 19% for gas. In the later years, forecasts for oil prices in the fifth-year increase by 1%, and forecasts for gas prices in the fifth-year fall by 8%.

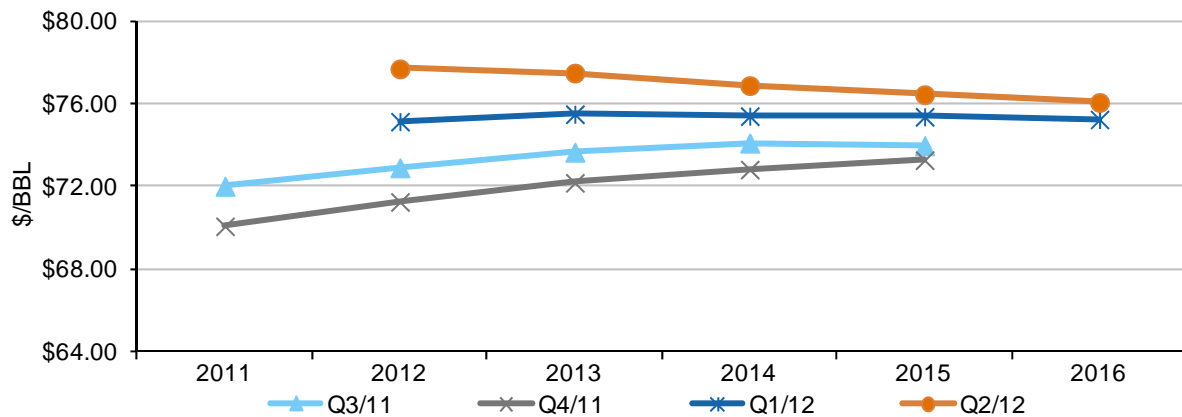
	Oil (\$/BBL) - WTI			Gas (\$/MMBtu) - Henry Hub		
	Q1/12*	Q2/12**	% Increase/ (Decrease)	Q1/12*	Q2/12**	% Increase/ (Decrease)
Front-Year	75.15	77.51	3%	3.05	2.48	-19%
Second-Year	75.51	77.31	2%	3.58	3.11	-13%
Third-Year	75.42	76.72	2%	3.90	3.53	-10%
Fourth-Year	75.38	76.30	1%	4.20	3.82	-9%
Fifth-Year	75.25	75.93	1%	4.44	4.07	-8%
Sixth-Year and Beyond	0.2%	0.2%	N/A	0.7%	0.7%	N/A
Cap	75.05	75.17	0%	4.92	4.57	-7%

\*35 Participating Banks

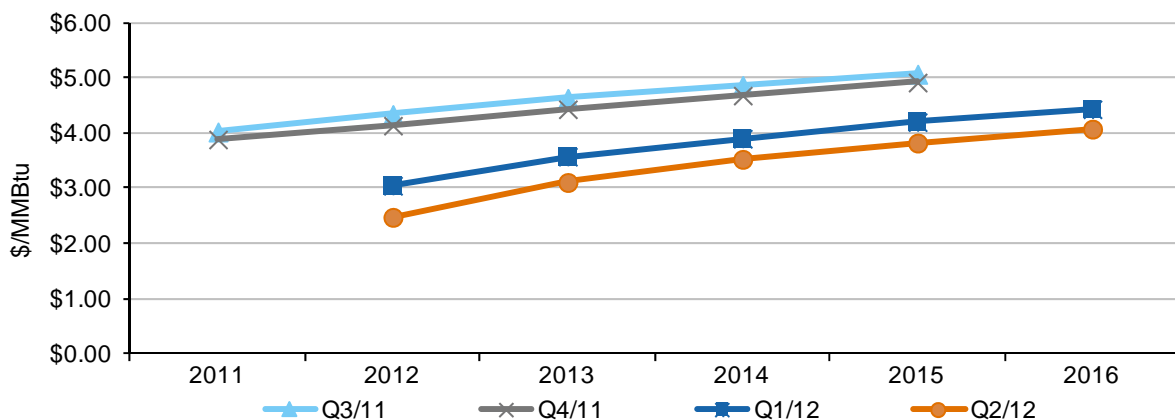
\*\*41 Participating Banks

### Quarter-to-Quarter Base Case Pricing Trends

During the second half of 2011, Base Case oil pricing followed an upward sloping forward curve. Q1 2012 showed a shift from contango to backwardation, and Q2 2012 Base Case oil pricing continues the trend.



Since Q3 2011, Base Case gas pricing has decreased each quarter in contango.



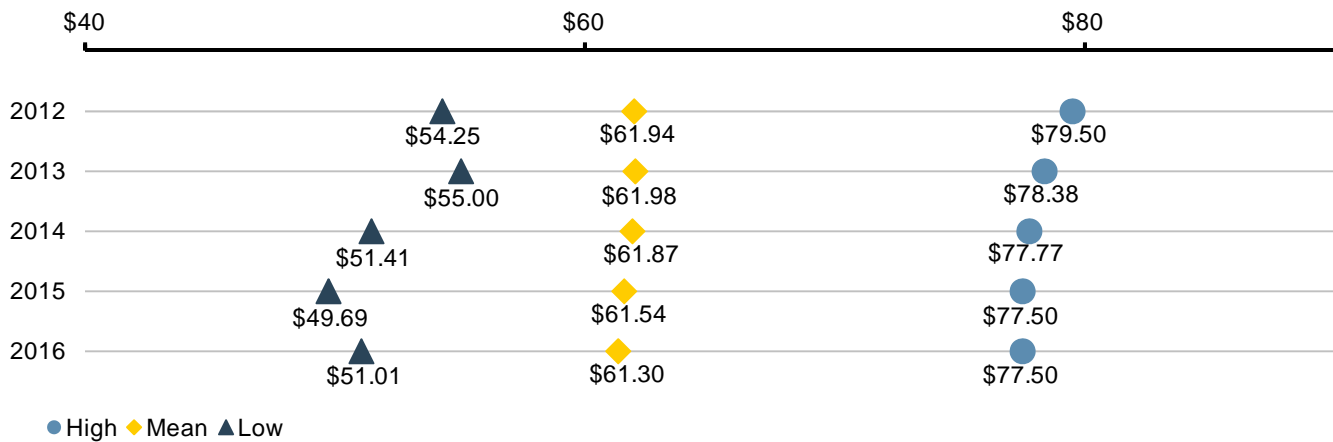
## SENSITIVITY CASE RESULTS

The Q2/12 Survey also includes a Sensitivity Case, which represents the lenders' low or conservative price decks. Of the 41 Participating Banks, 33 banks provided a Sensitivity Case, which averaged a 20% discount to Base Case lending policies for oil and an 18% discount for gas over the five-year strip.

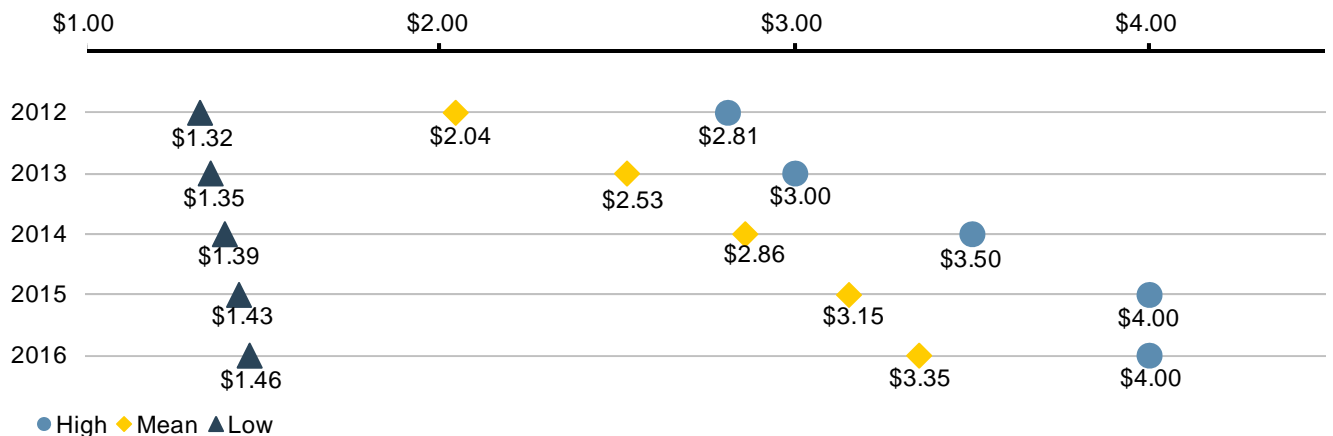
### 2<sup>nd</sup> Quarter 2012 Price Survey: Mean of 33 Participating Banks – Sensitivity Case

	Oil (\$/BBL) - WTI	Gas (\$/MMBtu) - Henry Hub
2011	61.94	2.04
2012	61.98	2.53
2013	61.87	2.86
2014	61.54	3.15
2015	61.30	3.35
2016	0.1%	0.7%
Cap	59.67	3.71
LOE Esc	0.3%	0.3%
Discount Rate	9%	9%

### Current Oil Pricing – Sensitivity Case (\$/BBL)



### Current Gas Pricing – Sensitivity Case (\$/MMBtu)



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## PARTICIPATING BANKS

Macquarie Tristone thanks the following banks for their participation in this quarter's survey.

Amegy Bank	FirstCapital Bank of Texas, N.A.
BancFirst	Frost Bank
Bank of Texas	IBERIABANK
Bank of the West	ING Capital
BB&T	Key Bank
BBVA Compass Bank	Lloyds Bank
BMO Capital Markets	Macquarie Bank Limited
Business Development Bank of Canada	Mizuho Corporate Bank
Cadence Bank	RBC Capital Markets
Canadian Western Bank	Regions Bank
Capital One, N.A.	Royal Bank of Scotland
Citibank, N.A.	Societe Generale
Citigroup	Sumitomo Mitsui Banking Corp.
Citizens Bank	SunTrust Robinson Humphrey
Comerica Bank	TD Securities
Commonwealth Bank of Australia	Texas Capital Bank
Community national Bank	US Bank
Coppermark Bank	Wells Fargo
Credit Agricole	West Texas National Bank
F&M Bank	Western National Bank
First Interstate Bank	

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