



# Divestment Services

 For International Upstream Oil and Gas Companies

## Divestment

- \* *Adding value by achieving the highest possible market price*
- \* *Efficient marketing and sales process*
- \* *Full range of divestment services from portfolio planning, data preparation, marketing to completion*
- \* *First class liaison and reporting to clients*

## INTRODUCTION

Stellar Energy Advisors is an established, independent consultancy specialising in all aspects of Portfolio Management for the upstream international oil and gas community.

We have access to a broad range of facilities, resources and professionals to manage any M & A project.

We are based in our London offices but we have diverse experience of working and running data rooms in many worldwide

locations.

Stellar has a successful divestment track record spanning over +20 years. Stellar has:

- An extensive client base from small Independents to Super Majors;
- Completed >85 Acquisition & Divestment Projects worldwide;
- Been selected by traditional

'buyers' to undertake sales of their own assets;

- Developed bespoke marketing strategies which have received widespread praise from clients;
- Repeat business from established clients.

### Contents:

Introduction	1
Global Reach	1
Scope of Services	2
Preparation	2
Marketing	3
Data Room	4
Offers	6
Reporting	7
Timetable	7
Contact.	8

## GLOBAL REACH



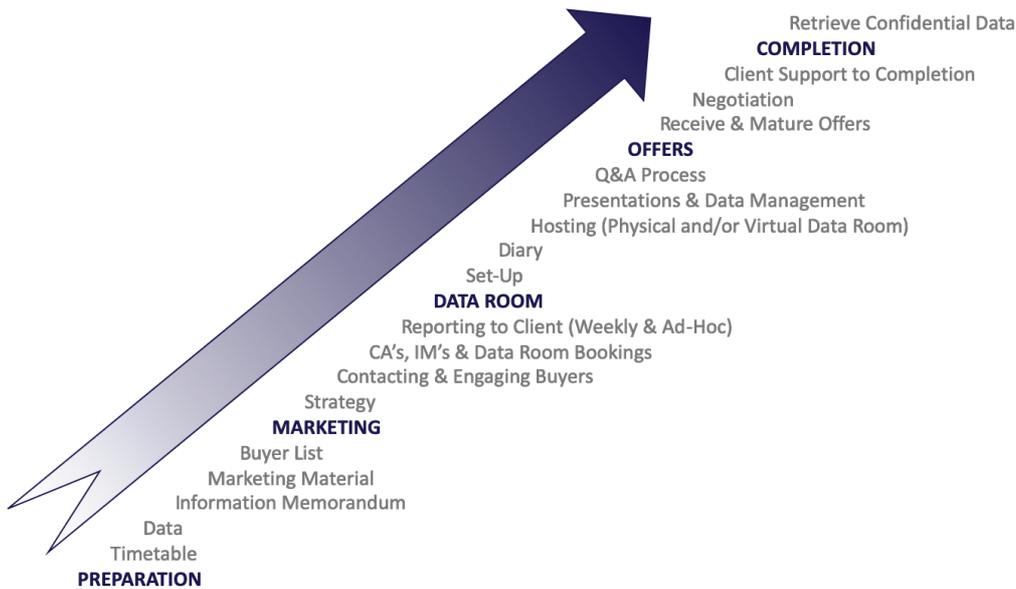
Stellar's location in London is a natural focus for companies based in the Americas, Africa, Europe, the Middle East and Far

East. Our network of worldwide oil and gas contacts is second to none and ensures our clients assets and companies are mar-

keted effectively to the full community of buyers.



# SCOPE OF SERVICES



Stellar will provide a full range of divestment services, from planning, through marketing to completion, or it will provide a bespoke service, inter-acting with

the client to provide selected parts of the overall divestment process.

In the following sections we

address in detail the individual elements of the divestment process.



## PREPARATION

Preparation may, in some cases, begin with portfolio analysis to assist the Client in deciding which assets it may wish to divest. More typically, the Client has decided which assets to divest and preparation consists of deciding how to package the assets, the appropriate marketing technique, e.g. limited auction or placement, open or discreet sales process etc.

A realistic timetable for the sale

must be agreed that gives buyers sufficient time to evaluate the assets and obtain board approvals, while ensuring the Client's needs are met.

A list of prospective buyers is researched, drawing on past deals, current company strategies and companies' availability of funds.

A detailed, confidential Information Memorandum is written and other non-confidential marketing

produced.

A confidentiality agreement, preferably in a standard AIPN format, will be agreed with the Client,

With these materials the marketing phase can be commenced.



## Information Memorandum

Stellar will prepare an Information Memorandum to the highest standards. It will ensure that base case and upside potential in terms of technical and commercial issues are captured and that there is a clear divestment process with a specified timetable and milestones. The Information Memorandum is the "discovery" document and the data room

visit is the "audit".

The Information Memorandum is published to a high hardcopy specification in addition to in electronic format.

As a minimum, Stellar's IM's will contain the following:

- Detail of the Sales Process

and the Offer requirements.

- All the technical and commercial data to allow Buyers to run a preliminary economic evaluation.
- Focus on a positive but realistic base case with upside opportunities explained and





Strictly Private and Confidential

**PremierOil**

**Information Memorandum Location Map**

Proposed Divestment by Premier Oil of the Scott Field, Telford I Field Development near-field

**PremierOil**

Contents

Figure 1-1

TABLE OF CONTENTS	
<b>1.0 EXECUTIVE SUMMARY</b>	<b>1</b>
1.1 Asset Package	2
1.2 Overview	2
1.2.1 Scott-Telford Fields	3
1.2.2 Rochelle Field Development	3
1.2.3 Near-field Discoveries and Exploration	3
1.3 Reserves and Resources	4
1.4 Production Forecasts	5
<b>2.0 DIVESTMENT PROCESS</b>	<b>7</b>
2.1 Transaction Timetable	7
2.2 Data Room	7
2.3 Sale & Purchase Agreement	7
2.4 Effective Date	8
2.5 Offers	8
<b>3.0 SCOTT-TELFORD AREA INTRODUCTION</b>	<b>10</b>
3.1 Overview	10
3.1.1 Participating Interests	10
3.1.2 Voting Procedure	10
3.1.3 Pre-emption Rights	11
3.2 Regional Geology and Depositional Environment	11
3.2.1 Tectonic Setting	11
3.2.2 Depositional Environment	12
3.2.3 Regional Stratigraphy	12
3.2.4 Geophysical Data Coverage and Interpretation	13
<b>4.0 SCOTT FIELD</b>	<b>14</b>
4.1 Exploration and Appraisal History	14
4.2 Structural Configuration	14
4.3 Reservoir Properties	15
4.3.1 Petrophysical Parameters	15
4.3.2 Fluid Properties	15
4.3.3 Hydrocarbon Contacts	15
4.4 Hydrocarbons Initially In Place	16
4.5 Field Development and Facilities	16
4.5.1 Field Development History	16
4.5.2 Facilities Overview	16
4.5.3 Production Capacity	17
4.6 Reservoir Management and Future Development Plans	17
4.6.1 Drive Mechanism & Water Injection	17
4.6.2 Production Optimisation	17
4.6.3 Rig Based Workovers and Drilling Campaigns	18
4.6.4 Interventions	18
4.6.5 Workovers	18
4.6.6 Infill Drilling	19
4.7 Reserves and Production Forecast	21
4.7.1 Reserves Summary	21
4.7.2 Production Forecast	21
4.7.3 Production Yield Factors	23

Premier - Project Saly

described. Costed development scenarios included where appropriate.

- Stress upsides but wary of initially 'over-selling' assets.
- Ensure all issues are covered in data disclosure - no surprises for the buyer.
- Explain the commercial arrangements clearly.
- Ensure investment opportunities, such as exploration, appraisal & in-fill drilling, have attendant data so that value can be ascribed by the buyer.

North Bahariya Egypt

**enap sipetrol**

Sale to Sahara Oil & Gas SA

Sankofa Discovery OCTP Block Ghana

**Vitol**

Farm-Out to Eni E&P Ltd

Petrol Ofisi E&P Limited Offshore Turkey

**OMV**

Sale to Tiway A/S

## MARKETING

Stellar's worldwide network of contacts with key decision makers will get the opportunity in front of the right people. We will make personal contact with them to ensure they are made aware of the divestment opportunity and process, including the timetable. To achieve this we will:

- Draft initial 'non-confidential marketing materials;
- Identify potential purchasers;
- Draft & agree marketing strategy;
- Contact companies utilising Stellar's extensive network;
- Make use of web-based systems as appropriate;
- Issue and receive signed Confidentiality Agreements.

### Bulletin

**nexen**

**PERTH FIELD**

UKCS Blocks 15/21c and 15/21a (Residual Area)

**SUMMARY INFORMATION**

Nexen Petroleum U.K. Limited ("Nexen") is seeking to divest its 42.08% operated interest in the Perth field which is in P.588, Block 15/21c and P.218, Block 15/21a (Residual Area). This presents an opportunity for a potential assignee to enter Perth at the stage of advanced development planning, resulting in near-term oil and cash flow.

The Perth Field is located approximately 125 km northeast of Aberdeen, 6 km from the Tartan platform and 11 km from the Scott platform, in a water depth of 127 m (450 ft).

The divestment will be concluded by inviting offers from a limited number of potential assignees. The data room, in Stellar's London offices, will be open from 21 June until 16 July, 2010, with offers invited by 6 August, 2010.

**Key Features:**

- Acquire a 42.08% operated interest in the Perth field development;
- Total STOIP of over 300 MMbbls and P<sub>10</sub> recoverable reserves for an initial core area development in excess of 80 MMbbls;
- Significant upside to achieve additional recovery through a second phase of development;
- Two development options: Tieback to Tartan or use of an FPSO;
- The opportunity to submit the Field Development Plan as operator to DECC.

June 2010 - Perth Field

**stellar**

Magallanes Basin Blocks Republic of Chile

**ENAP**

Grupo de Empresas

Farm-Out to Geo-Park, Wintershall & YPF



Stellar will make personal contact with all approved buyers utilising an Invitation Letter and non-confidential Summary of Offering (Bulletin) as follows:

**Invitation Letter**

The letter set-out the sales process and timings plus the form of the sale i.e. Client’s preferences for a deal structure, cash sale, farm-out etc.

**Summary of the Offering (Bulletin)**

This short, non-confidential document gives companies an

introduction to the assets, and allows the company to screen the opportunity and determine if it fits its strategy, capital constraints etc.

As far as is compatible with confidentiality limitations the Bulletin will:

- Describe the technical and commercial merits of the assets;
- Indicate the size of the potential resources;

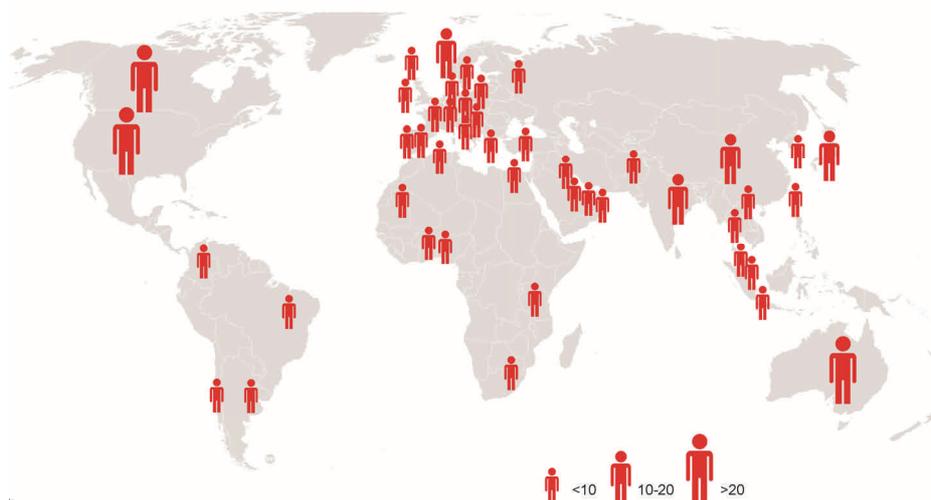
- Future investment concepts, costs and timing;
- Growth potential in the asset and region;
- Infrastructure availability;
- Other E & A opportunities.

**Blocks SM-1035, SM-1036 & SM-1100 Santos Basin, Brazil**

Panoro Energy  
LONDRE EVELDA

Farm-Out to Vanco

**Active Buyers**



**Number of companies visiting Stellar’s offices to attend data rooms in the last 24 months**

Stellar is aware that interaction with potential buyers is key to achieving successful transactions and that face-to-face interactions are best. In this regard,

physical data rooms offer an important opportunity for interaction. As well as Stellar meeting buyers around the world, large numbers of buyers visit

Stellar’s London data rooms every year — the sure way to connect with active buyers.

**North Idku Gas Field Egypt**

MOLGROUP

Sale to RWE-Dea AG

**Lowlander Field UK North Sea**

nexen

Sale to North Sea Ventures Ltd

**DATA ROOM**

Stellar runs data rooms externally and in-house, and these have been widely praised for their efficient and professional management. Recent campaigns have included the management of three simultaneous data rooms in Southeast England and Aberdeen. Project preparation and data loading are also offered. Stellar has two data rooms at Stephenson House both of which are large, light and air-conditioned.

Stellar can also offer to host Virtual Data Rooms, which provides secure, remote access to seismic and non-seismic data.

Stellar will:

- Liaise closely with buyers visiting the Data Room and build links for further communication as the sale process progresses;

- Give marketing presentation in the data room;
- As necessary, provide all facilities including computer hardware, etc;
- Provide secure on-line data room for selected or complete datasets;
- If needed, capture and organise all the data.

**Grebe Development UK Central North Sea**

ExxonMobil

Sale of interest to Petro-Canada UK Ltd



## Physical or Virtual Data Room



Seismic Workstation



### Physical Data Room:

Companies and their professional advisors can review all technical, legal and financial data in a spacious and comfortable environment.

The asset disposal process is conducted in a cost effective, efficient and professional manner, enabling prompt and widespread exposure of the data to potential purchasers.

### Virtual Data Room:

Stellar has responded to the current restrictions on the movement of people by developing and providing a state of the art virtual platform (VDR) for the data room process. The Stellar VDR covers all types of seismic, modelling and other data critical to the timely evaluation of the opportunity and can be accessed securely from remote terminals anywhere in the world.



## Unrivalled Connection with Upstream Buyers

Stellar is constantly active in the Upstream A & D market and maintains links to all the established and emerging oil and gas

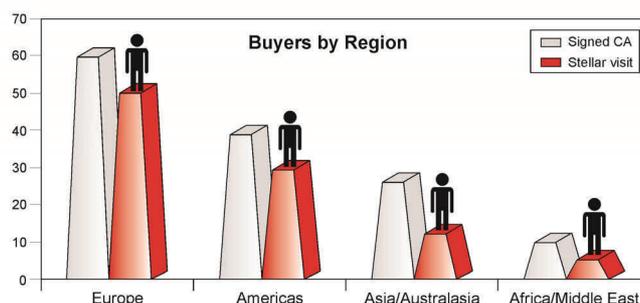
companies around the world. In recent campaigns, Stellar has been in discussions with

over 300 companies as part of its marketing campaigns.

**Stellar has direct access to Upstream decision makers across the globe.**



**Over 75% of the companies that signed a Confidentiality Agreement go on to visit Stellar's data rooms**





# Data Room Management

Stellar's professional staff have commercial and technical backgrounds gained during careers working for E & P companies. Using this experience we assemble and catalogue the appropriate material for the data room. Typically 'additional data' is distributed by FTP. Stellar has a drafting provider and has facilities to copy and print maps, logs and other materials.

Stellar will:

- Contact and schedule visiting companies;
- Prepare and give introductory presentations;
- Receive and action requests for additional information;
- Provide copies of data;
- Receive and action requests for additional information;

- Coordinate and issue the responses to data room questions;
- Complete an accurate and comprehensive log of all data issued.

**DATA RETURN FORM**

As per section xx. of the confidentiality agreement for the COMPANY's divestment opportunity, Stellar Energy Advisors, acting on behalf of THE COMPANY, requests the return of all material provided (details below) during the divestment process and confirmation that any copies and data derived from the process have also been destroyed.

<b>Information &amp; Data</b>		<i>Enclosed or Destroyed</i>	
IM Hardcopy IM on CD-Rom	No. 5 <input type="checkbox"/> x1 <input type="checkbox"/> x1	<input type="checkbox"/>	<input type="checkbox"/>
Data CD's:	1 <input type="checkbox"/> x1 2 <input type="checkbox"/> x1	<input type="checkbox"/>	<input type="checkbox"/>
<b>Q&amp;A Process</b>			
Any additional data provided:		<input type="checkbox"/>	<input type="checkbox"/>
<b>Data Room Visit</b>			
Additional data:		<input type="checkbox"/>	<input type="checkbox"/>
Seismic (screen dumps):		<input type="checkbox"/>	<input type="checkbox"/>

**DECLARATION**

I/we confirm that all material supplied that all reasonable steps to permanent

IM Number	Company	IM and Data Sent	Data CD 1	Data CD 2	Q & A Form	Confirmation of Receipt	Data Return Request Sent	Data Returned	Details / Notes
1	Co1	07-May	✓	✓	✓	✓	03-Jul	15-Jul	all
2	Co2	07-May	✓	X	X	✓	n/a	27-May	all returned before initial response
3	Co3	08-May	✓	✓	✓	✓	03-Jul	15-Jul	data on return CD destroyed
4	Co4	09-May	✓	✓	✓	X	05-Jul	04-Jul	all rec'd
5	Co5	10-May	✓	✓	✓	✓	03-Jul	25-Jul	all rec'd
<b>Please complete</b>									
6	Co6	14-May	✓	✓	✓	✓	n/a	26-Jun	all returned before initial response
All returns should be sent to:									
7	Co7	07-May	✓	✓	✓	✓	03-Jul	15-Jul	all rec'd
8	Co8	15-May	✓	✓	✓	✓	03-Jul	02-Aug	check up - all rec'd now
9	Co9	16-May	✓	✓	✓	X	03-Jul	27-Jul	all rec'd
10	Co10	16-May	✓	✓	✓	✓	03-Jul	13-Jul	all rec'd
11	Co11	16-May	✓	✓	✓	✓	03-Jul	15-Aug	check up - all rec'd 15 Aug
12	Co12	20-May	✓	✓	✓	✓	03-Jul	07-Jul	all rec'd
12			12	11		10		12	

Data Tracking



# OFFERS

In all our divestment campaigns, Stellar is the usual contact point for the receipt of offers and we are well aware of the security requirements of the process. Typically, there will be a number of issues that require clarification and Stellar will contact buyers to seek clarification of the details of their offers in order to allow all the offers to be evaluated on a level basis.

Examples of issues that we are used to handling include:

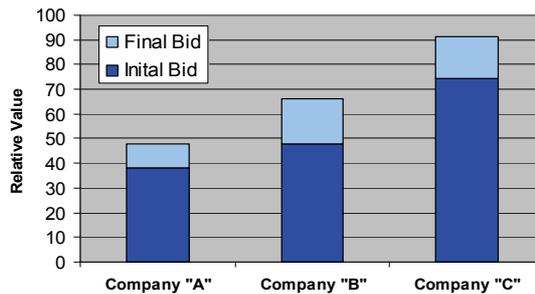
- The highest bid may not initially reach the Client's requirements. Stellar and the Client may consider an "Open Book" approach to coach and secure a satisfactory price;
- Several offers may be very close. Stellar will clarify Buyer's terms and encourage a "best and final" offer.

Once offers have been assessed in conjunction with the Client, Stellar will advise on whether to

enter exclusive negotiations with one company and how to treat offers from other companies.

Stellar's extensive transaction experience is available to assist the Client with the negotiation of a Sale and Purchase Agreement for the deal, providing advice on typical deal parameters, operating in the interim period to completion, regulatory approvals, staffing issues and many other diverse topics that need to be

addressed up to completion of the transaction. Stellar can also provide recommendations for legal, tax and other specialist experts as may be required to assist the Client.



Comparison of Offers





# REPORTING

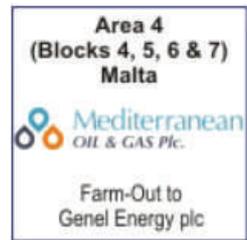
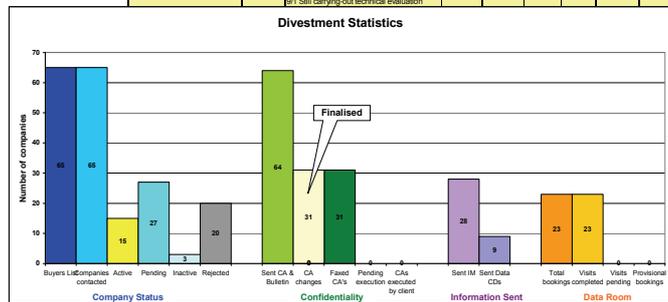
Stellar works closely with clients throughout the divestment campaign and keeps the Client fully apprised of the marketing status via a comprehensive weekly report.

The weekly report tracks companies contacted, their level of interest and evaluation status, data room visits, data room Q & A status and companies' comments on the asset.

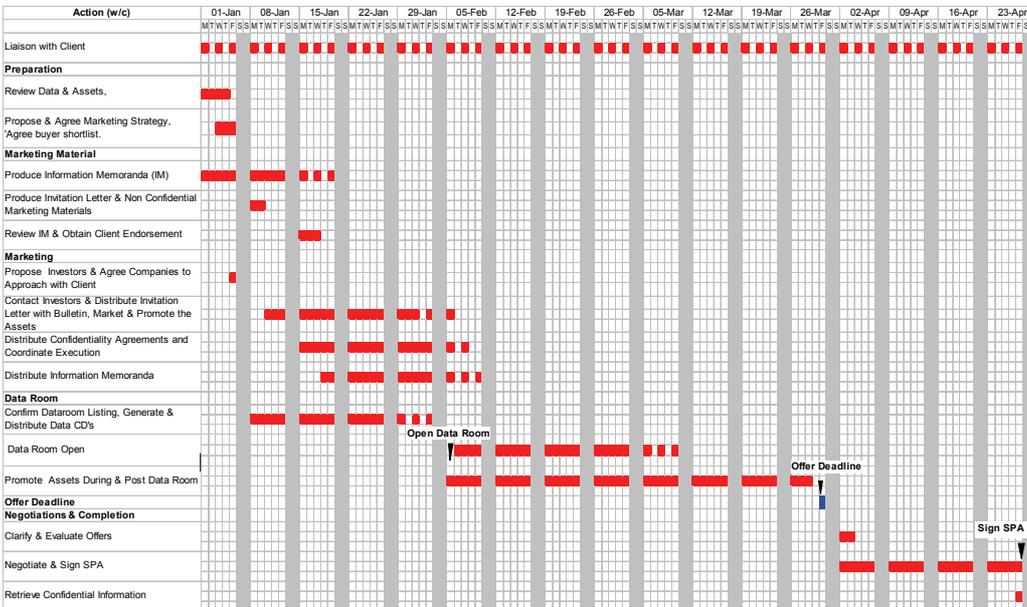
In addition, Stellar tracks all confidential data and lists all documents disclosed to the buyers for attaching to the Sale and Purchase Agreement and recalls all confidential data from the unsuccessful companies.

## Weekly Report

Company	Latest Contact Date	Latest comments	Status	Sent Bulletin & CA	Faxed CA rec'd	Sent IM	Sent Data CD(s)	Date Room Booked
Albert Oil	10-Jan	2012 Pre-empive bid submitted 101 Requested production information for second half of 2007. Is considering rebidding.	Active	14-Nov	15-Nov	21-Nov	21-Nov	26-Nov
CINTA	10-Jan	0512 Confirmed DR booking 8112 Sent draft SPA 1001 Plan to bid	Active	13-Nov	15-Nov	21-Nov	21-Nov	12-13 Dec
Clover Investments	11-Jan	0612 Confirmed DR visit 8112 Sent draft SPA 10 & 1111 Left messages to inquire current status	Active	04-Dec	04-Dec	11-Dec		11-Dec
First Gas	11-Jan	2211 CA received 8112 Sent draft SPA 101 Call to find-out status bu out of office until next week	Active	13-Nov	26-Nov	26-Nov		07-Dec
KBS	11-Jan	0512 DR Booked 8112 Sent draft SPA 1011 Left messages to find out status	Active	22-Nov	03-Dec	03-Dec		12-Dec
Troy Petroleum	10-Jan	2211 Visited DR 8112 Sent draft SPA 1001 Satisfied with data, undergoing internal meetings at moment to decide whether to bid	Active	13-Nov	15-Nov	21-Nov	22-Nov	22-Nov
Baffin Petroleum	09-Jan	2711 Visited DR 8112 Sent draft SPA 81 Still carrying out technical evaluation	Active	13-Nov	14-Nov	21-Nov		27-Nov



# TIMETABLE

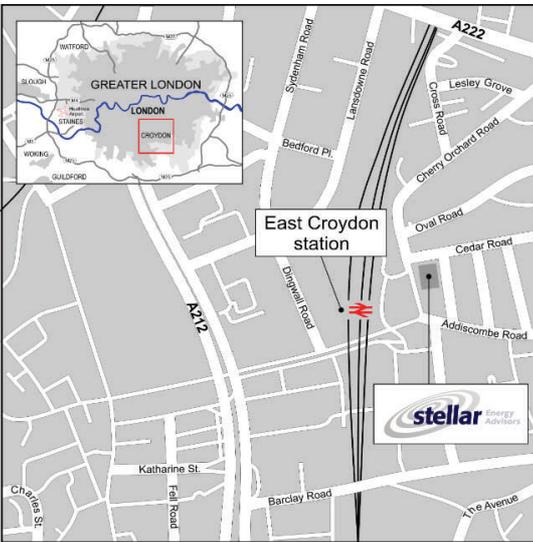


The timetable for each project is bespoke, designed to suit the asset and to meet the Client's needs. The period from the initial

meeting to the offer deadline is typically three months, giving time to prepare the Information Memorandum, market to buyers,

run data rooms, and for buyers to gain board approvals.

## CONTACT



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