

Recent Appalachian Basin Mergers and Acquisitions—2007, Tim Knobloch and Benjamin Thomas, James Engineering Inc., Marietta, OH 45750, tknobloch@jamesenginc.com, thomasb@marietta.edu

A presentation has been prepared of recent Appalachian Basin acquisitions to provide operators better insight into the historic basis for asset sales. The materials presented are drawn from public data sources, press releases, and Securities and Exchange Commission reports.

The presentation includes a discussion on “price drivers”—factors that influence a purchase or sale price—and “pricing yardsticks”—common methods for determining an asset’s worth including quick look “rule of thumb” methods and reserve based methods. The presentation compares the historic impact of the prime interest rate and natural gas prices on oil and gas asset acquisition values. Historic average Appalachian Basin asset values are presented for the years 2000–2006 in dollars per mcf of proved reserves and in dollars per mmcfdeq.

Details of acquisitions are presented including the asset size (dollars), annual cash flow, daily production, net proved reserves, geographic location, well count, miles of pipeline, and acreage.

Acquisition details are presented for Delta Petroleum selling their Appalachian Basin and East Texas properties, EXCO acquiring Power Gas Marketing, and EXCO acquiring some West Virginia properties. Historical acquisitions summaries are also provided for Linn Energy and Chesapeake. Finally, some recent press releases regarding the Appalachian Basin are also reviewed.