



Oil and Gas Asset Marketing & Advisory Services

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Maximizing Oil and Gas Asset Sale Value

Planning a sale of your energy assets or your company? There's a lot of time commitment and work necessary to assure that you receive the best price for your years of sweat, development, investment risk, and hard work!

Today's sophisticated buyers pay top dollar for development potential. However, their manpower and evaluation time is severely limited. They won't go to much effort to discover the upside associated with your properties. It's up to you to make it easy for them to identify, value, and confirm using third-party engineering (no buyer works hard to INCREASE the price of a potential acquisition).

So how do you maximize the value of your asset and prepare for sale? HERE'S HOW:

For the properties that comprise the top 80% - 85% of your PV10 value (for all reserve categories):

- a) Prepare your geologic support (isopach, structure, and land maps).
- b) Review logs and make copies of behind-pipe potential.
- c) Identify and classify all drilling locations. Prepare analogs and statistical data for these locations.
- d) Prepare detailed descriptions and analogs for all secondary, tertiary recovery projects.
- e) Prepare a detailed Lease Operating Statement ("LOS") for each well and property that includes at least one year of history (more is better).
- f) Prepare (at least) an auditable internal reserve report using PHDWin or ARIES in accordance with SEC guidelines so that buyer's auditors will agree with your value.
- g) Compile the above into a dedicated data room for buyers to copy hard data, and a virtual data room (ftp access) to disseminate the basic evaluation data to buyers around the US.
- h) Identify a focused list of potential buyers, as well as a broad list of "other" buyers to create competition for your assets.
- i) Advertise your sale to the buyers. Handle all inquiries about the sale and properties. Obtain confidentiality agreements to protect your lands.
- j) Schedule and conduct data room presentations in your office to the serious buyers (usually 20-30 minimum).
- k) Set up bidding and offer procedures. Negotiate with buyers.
- l) Prepare closing documents - PSA, land exhibits, equipment lists.
- m) Conduct environmental surveys and field visits for buyers.

Final thought: *Selling a property is the last time to make money on an asset - sellers should maximize that opportunity"*