IMPACTING CHANGE ACROSS THE BUSINESS CYCLE
Oil & Gas Practice Overview

How We Make the Critical Difference

In today’s increasingly challenging energy industry, companies must contend with significant oil and gas market volatility with prices falling from historic highs to recent market lows, escalating development costs, declining traditional growth prospects, global climate change and national security concerns. Our professionals have worked on many of the energy industry’s highest profile business issues, regulatory hearings and legal disputes and have provided expert testimony before federal and state courts, domestic and international arbitration panels and federal and state regulatory agencies.

The FTI Consulting Oil & Gas practice is made up of a dedicated team of professionals providing support across the business cycle to all sectors. Our culture and working style reflect a bias for the tangible and a tenacity for solutions that make a meaningful difference.

Industry Experience
Our group includes many of the energy industry’s most respected names in consulting, energy economics and corporate finance. We help clients operating in all aspects of the energy industry, including exploration and production, oilfield service, midstream, downstream, refined products, chemicals, coal and electric power.

Global Reach
FTI Consulting professionals collaborate across the entire firm to bring the right resources together. We work in all the major producing areas, including the Americas, Europe, Middle East and Africa, and Asia.

Definitive Expertise
To assist our clients in these demanding times, we provide a wide array of economic and business consulting services that address the financial, legal, operational, political & regulatory and transactional needs of the industry.

OIL & GAS SECTORS SERVED
- Exploration and Production
- Oilfield Services
- Midstream
- Downstream and Refining

OUR SERVICES
- Business Intelligence and Data Analytics
- Interim Management
- Office of the CFO Solutions
- Operational Transformation
- Performance Improvement
- Strategy and Planning
- Regulatory and Compliance
- Strategic Communications
- Turnaround and Restructuring
- Transaction Services
The drastic decline in commodity prices raises significant issues for exploration and production (“E&P”) companies, which is further exacerbated by global supply and demand imbalances, geopolitical issues and climate change concerns.

To protect enterprise value through this challenging climate, E&P companies must successfully navigate:

- Plugging and Abandonment Costs
- Variance in Federal and State Laws and Regulations
- Reserve Reports Uncertainties
- Hedging
- Borrowing Base Considerations
- Joint Operating Agreements
- Oil and Gas Leases
- Salt Water Disposal
- Royalty Transactions
The Critical Difference: How We Can Help

From an operational perspective, FTI Consulting professionals understand the requirements, cost and timing of plugging and abandonment obligations. We also evaluate joint operating agreements and analyze the underlying facets to ensure that our clients’ interests are protected.

To attend to financial issues, our professionals – including FTI Platt Sparks, our in-house petroleum engineers – possess deep understanding of a company’s oil and gas assets, and perform analyses regarding cash flow, development and valuation. On a day-to-day basis, FTI Consulting assists companies with an arsenal of alternatives that can provide the necessary liquidity runway. In addition, FTI Consulting analyzes hedging risk management programs, international swaps and derivatives agreements and the strategies related to liquidity and risk management. Other areas where we help are analyzing the various factors surrounding capital cost optimization related to water management, including outsourcing alternatives.

FTI Consulting assists counsel with the assessment of leases, security interests, lien challenges and other issues that come into play when assessing various oil and gas leases.

Our professionals advise on oil and gas regulation compliance, analyze data from field operations and make routine regulatory filings required for our clients’ oil and gas operations.
Oilfield Services

With the global downturn in commodity prices, lower rig counts and subsequent reductions in capital expenditures from E&P companies, oilfield services (“OFS”) companies are facing declining demand for their services and liquidity challenges that are threatening their viability.

There are several factors that OFS companies need to consider:

- Asset Utilization
- Pricing Pressure
- Changing Technologies
- Pad Drilling
- Capital Expenditure Requirements
- Geographical Diversity
- Regulatory Requirements and Scrutiny
The Critical Difference: How We Can Help

FTI Consulting professionals assist with asset deployment strategies in order to maximize utilization. In addition, we compile strategic assessment plans for potential asset dispositions. We analyze pricing and direct costs and assist with optimizing a company’s pricing strategy in order to maintain market share without sacrificing margins.

Our professionals perform detailed assessments of a company’s fleet and capital stock to determine if investment is needed to improve and update equipment. We assess long-term impacts that drilling efficiencies may have on demand, asset utilization, pricing and direct costs.

FTI Consulting professionals also assist companies and lending groups in managing the human resource challenges associated with restructuring efforts. We help clients forecast costs across various asset classes, assess specific timing and understand the impact of cold/warm stacking and redeployment of equipment along varying timelines.

We work in all major producing areas and can assist in analyzing field-level profitability and the optimal geographical presence for QFS companies. Our professionals advise clients on state, federal and international oil and gas regulation compliance, analyze field operation data, make routine regulatory filings required for our clients’ oil and gas operations and provide expert testimony before federal and state courts, and domestic and international arbitration panels.
The drastic decline in commodity prices resulted in significant cash flow uncertainty in the midstream sector as E&P companies restructure contracts.

During a restructuring, midstream companies must protect the value of the contracts and services they provide. Areas of opportunities include:

- Take or Pay Contracts
- Gathering Agreements
- Processing Contracts
- Treating Agreements
- Marketing Services
- Commodity Price Volatility Risks and Impacts
- Capital Expenditure Considerations
- Volume Considerations and Impacts
- Processing Economics
- Hedging
The Critical Difference: How We Can Help

FTI Consulting professionals negotiate take-or-pay contracts and other highly complex agreements, giving us the ability to maximize the value of these contracts. We have a fundamental understanding of gathering agreements and help midstream companies protect their financial interests through appropriate restructuring transactions.

Our professionals have extensive knowledge of the value of processing contracts, and can enhance the profitability of the processing strategies of midstream companies. FTI Consulting knows the intricacies of treating agreements, and provides valuable market insight to midstream companies as they explore new treating agreements or address existing agreements.

Our team works on numerous high-profile energy industry cases and leverages our established relationships with our strategic and logistical expertise to provide value to midstream companies in transactions.

Among our many strengths, we help clients forecast costs across various asset classes, assess specific timing and understand the impact of equipment redeployment along varying timelines. FTI Consulting professionals testify in bankruptcy court on behalf of many energy companies in contract disputes, making them the ideal partner to protect the cash flows of midstream operators.

We evaluate a broad range of capital expenditure plans and develop feasible capital expenditure plans for midstream companies in any stage of growth. Our professionals provide sensitivity analyses to quantify and address the risks associated with commodity pricing and production volume for midstream companies.

We are experts in utilizing analytics to determine optimal processing mixes for midstream firms. Our professionals employ sensitivity analyses on processing mixes to assess the relative risks of a prospective processing mix. FTI Consulting professionals work on many high profile energy industry cases where they analyze a variety of hedging positions. We can advise midstream clients on hedging strategy and provide hedging valuation expertise.
Low crude oil and feedstock prices contributed to rising profit margins for the downstream and refining sector for the majority of the downturn.

Today, the industry faces headwinds in order to address domestic and global demand, declining E&P volumes, an increasing focus on carbon emissions and potential volatility in finished product prices. It is critical for industry participants to manage:

- Crude Prices and Other Feedstock Costs
- Finished Product Prices
- Crack Spreads
- Overall Refining Margins Import and Export Dynamics
- Hedging
- Wholesale and Retail Operations
- Regulatory Requirements and Issues
- Significant Letter of Credit Needs
- Maintenance and Turnaround Expenses
- Capital Growth Expenditure Needs
- Liquidity Forecasting and Management
- Borrowing Base Considerations
The Critical Difference: How We Can Help

FTI Consulting professionals are able to quantify and mitigate input cost risk to downstream clients and assist them in hedging strategies in any market environment. We assist downstream clients in the negotiation of finished product sales contracts, locking in profitable margins and achievable volumes to provide clients with cash flow certainty and increased profitability. Our professionals have significant experience analyzing crude pricing and crack spread data to mitigate crack spread volatility.

FTI Consulting professionals assist downstream clients with refinery optimization to ensure margins are conducive to continued operations and sustainable long-term profitability. Our global footprint allows professionals worldwide to provide expertise in matters of international scope to downstream clients.

We are experts in the evaluation of hedging positions, with a unique ability to value hedges books, determining optimal hedging strategies and terminating unfavorable hedges. FTI Consulting has significant experience in evaluating market potential, and assists downstream clients in choosing the ideal distribution method to maximize profitability.

We are constantly monitoring the issuance of new regulations and provide clients with valuable strategic insight to minimize the effect of new regulatory requirements on profitability. In addition, our professionals have the expertise and lender relationships to ensure that downstream clients have sufficient working capital to fund operational growth as needed.

FTI Consulting professionals understand the refinery regulations and the related costs, which allow us to assist clients in planning accurate maintenance budgets for any scenario. We regularly analyze capital expenditure budgets – both conservative and aggressive – and are experts at assessing the feasibility of any proposed capital expenditure plan.

Our professionals analyze liquidity and assemble accurate, sustainable capital and operating expenditure budgets to address both the short- and long-term client needs. We have extensive experience evaluating borrowing bases and can assist downstream clients in planning and negotiations to maximize the borrowing base.
Why Hire FTI Consulting?

Our highly experienced energy professionals work in your industry, know your business and understand your customers. We provide unparalleled expertise and innovative thought leadership in the oil and gas industry to help you address critical opportunities or challenges – whether they are event-driven or long-term.

DEAL LIFECYCLE AND FORENSIC EXPERTISE
Transactions closed prior to the commodity price decline will be increasingly uneconomic, breeding disputes – including issues around reserve values and development strategy. We conduct forensic investigations to determine what happened and – importantly – when it happened.

SUPPORT THROUGHOUT ALL OIL AND GAS SECTORS
We offer customized portfolio realignment activity throughout the vertically integrated chain from oil and gas exploration and production to fuel and petrochemical production, and support you in strategic communications throughout all stakeholder engagements.

FACT-BASED DECISIONS
Our industry professionals gather intelligence on overseas sources of potential supply and demand, as well as public policy (e.g., crude oil exports) analysis, to help you make the most informed decision.

REGULATORY AND LITIGATION SUPPORT
We address U.S. Security Exchange Commission (“SEC”) and Department of Justice (“DOJ”) activity around financial reporting issues (impairment charges or lack thereof) and disclosures in mergers, dispositions and acquisitions (“MD&A”), press releases and earnings calls. We provide extensive litigation and lease/contract negotiation support throughout the process.

AWARD-WINNING PRACTICE
FTI Consulting oil and gas deals were honored by the 11th Annual M&A Advisor Turnaround Awards for the highest levels of performance during 2016 in the distressed investing and reorganization industry, covering lower middle market to multi-billion dollar restructurings and transactions.

- Restructuring Deal of the Year (Over $1 billion to $5 billion) for Chapter 11 Reorganization of Quicksilver Resources
- Cross-Border Restructuring Deal of the Year (over $1 billion) for the restructuring of Pacific Exploration
- Energy Deal of the Year (over $1 billion) for the restructuring of Midstates Petroleum Company
- Energy Deal of the Year ($100 - $500 million) for the Chapter 11 reorganization of Venoco
- Energy Deal of the Year ($10 - $100 million) for the sale of Juniper GTL LLC
About FTI Consulting

FTI Consulting is an independent global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional.

Our breadth and depth extend across every major social, political and economic hub across the globe.

We are a trusted advisor with diverse expertise and exceptional credentials serving clients globally.

We combine unparalleled expertise and industry knowledge to address critical challenges in both event-driven and long-term scenarios.

GLOBAL REACH

Our breadth and depth extend across every major social, political and economic hub across the globe.

INDUSTRY EXPERIENCE

We are a trusted advisor with diverse expertise and exceptional credentials serving clients globally.

DEFINITIVE EXPERTISE

We combine unparalleled expertise and industry knowledge to address critical challenges in both event-driven and long-term scenarios.

77 Offices in 77 cities around the globe
56 56 of Global 100 corporations are clients
FCN Publicly traded
97 Advisor to 97 of the world’s top 100 law firms
10/10 Advisor to world’s top 10 bank holding companies
$1.6 BLN NYSE listed market capitalization*
3,600+ Professionals
28 Presence in 28 countries
16 Industry Specializations

* Number of total shares outstanding as of October 19, 2017, times the closing share price as of October 27, 2017.
EXPERTS WITH IMPACT™

FTI Consulting would like to bring its deep expertise, tenacious culture, breadth of services and practical industry experience to your organization to have a meaningful impact on the issues you face across the globe.
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About FTI Consulting
FTI Consulting is an independent global business advisory firm dedicated to helping organizations manage change, mitigate risk and resolve disputes: financial, legal, operational, political & regulatory, reputational and transactional. FTI Consulting professionals, located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges and opportunities.

FTI Consulting, Inc., including its subsidiaries and affiliates, is a consulting firm and is not a certified public accounting firm or a law firm.

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