



Figure 33: Relative Value – Lower Quality

Lower Quality	MEG	DNR	EPE	CRC	CHK	BBG
<b>Bond Details</b>	(1)					
Rank	Senior	Senior Subordinated	Senior	2nd Lien Secured Notes	Senior	Senior
Maturity	31-Mar-24	15-Jul-23	15-Jun-23	15-Dec-22	15-Mar-23	15-Oct-22
Coupon	7.00	4.83	6.38	8.00	5.75	7.00
Am't Outstanding	US\$1000	376	518	2250	338	400
S&P/Rby	Caa2(Stable)/BB-(Stable)	Caa3(Stable)/D	Caa3/CC	Caa2(Stable)/CCC+(Neg)	Caa1(Stable)/CCC (Pos)	Caa2(Pos)/CCC (+)
<b>Bond Pricing</b>						
Bid Price	85.0	83.0	52.0	77.3	92.5	102.0
YTW (in %)	10.3	14.55	26.02	14.58	7.51	6.21
Play/Basin exposure (based on Q3 17)	Canadian Oil sands -100%	Gulfcoast -64% Rockies -36%	Eagle Ford -41% Permian -37% Altamont -22%	San Joaquin-70% Los Angeles - 21%	Appalachian - 45% Haynesville - 25% Eagle Ford - 17%	DJ basin -89% Uta-11%
<b>LTM Operational and Credit Metrics <sup>(2)</sup></b>						
Production Growth YoY (%)	-5%	-2%	-13%	-9%	-18%	3%
Production (MMboe)	28	22	30	48	198	6
Liquid Mix in Production	100%	97%	75%	76%	26%	79%
EBITDA(\$M)	576	315	764	707	1,840	148
Unhedged EBITDA	577	387	553	700	1,864	114
Total Debt (\$M)	4,651	2,716	4,037	5,139	9,296	819
Cash (\$M)	398	0	0	28	0	366
Market Cap	1,429	687	496	722	3,343	352
Enterprise Value (\$M)	5,683	3,413	4,536	5,833	14,563	755
Borrowing Base (\$M)	NA	1,050	1,440	NA	3,800	300
Commitment (\$M)	1,821	NA	NA	1,000	3,800	300
Revolver Available (\$M)	1,746	493	916	878	3,058	274
Net Leverage	7.4x	8.6x	5.3x	7.2x	5.1x	1.7x
Unhedged Net Leverage	7.4x	7.0x	7.3x	7.3x	5.0x	2.2x
Interest Coverage	1.6x	1.8x	2.4x	1.8x	2.7x	2.9x
Liquidity Available (\$M)	2,144	493	916	906	3,058	840
Debt/Flowing Bbl (\$/Boe)	60,552	45,014	49,812	38,793	17,277	29,670
Debt/EB	82%	80%	89%	88%	64%	82%
<b>LTM Cash Flow Bridge</b>						
EBITDA <sup>(3)</sup>	576	315	764	707	1,840	166
Current tax	0	20	3	0	6	0
Capex	(408)	(266)	(540)	(282)	(2,331)	(173)
Change in W/C	89	(45)	(565)	(97)	(500)	(11)
Cash Available for Debt Service	256	24	(339)	348	(986)	(18)
Interest (excl. capitalized interest)	(364)	(142)	(318)	(391)	(477)	(58)
FCF	(108)	(118)	(657)	(43)	(1,463)	(75)
Acquisition	0	(92)	(29)	0	0	0
Divestitures	8	2	0	53	1,582	(1)
FCF (Incl. asset sale)	(100)	(208)	(686)	10	120	(77)
<b>Reserve Metrics as of FY16</b>						
1P Reserve (MMbbl)	1134	254	432	568	1708	55
Proved Developed Mix (%)	17%	82%	47%	71%	70%	68%
Liquid Mix (%)	100%	97%	72%	82%	37%	77%
Reserve Life <sup>(4)</sup>	38.8	11.5	14.3	12.0	8.7	8.0
PV-10	10,259	(5) 1,542	1,052	2,848	4,405	329
Reserve Life (PD) <sup>(5)</sup>	6.8	9.4	6.8	8.6	6.0	5.3
Net Debt/1P (\$/Boe)	3.7	10.7	9.3	9.0	5.4	4.6
EV/1P (\$/Boe)	5.0	13.4	10.5	10.3	8.5	13.8
PV-10/debt	NA	(5) 0.57x	0.28x	0.55x	0.47x	0.53x
Senior Unsecured Debt coverage <sup>(6)</sup>	NA	(5) -0.50x	-2.80x	0.20x	(5) 0.09x	1.13x
<b>Hedge Ratio - FY18/19 <sup>(7)</sup></b>						
FY 18E Production Hedged	47%	49%	45%	19%	54%	32%
FY 18E Hedge Floor Price (\$/boe)	\$42.90	\$48.34	\$42.09	\$54.37	\$23.68	\$49.44
FY 19E Production Hedged	0%	0%	4%	1.0%	0%	4%
FY 19E Hedge Floor Price (\$/boe)	NA	NA	\$17.82	\$40.86	NA	\$50.52
<b>LTM Per unit metrics</b>						
Unhedged Realization	38.4	47.2	32.7	38.9	22.2	34.3
Total Operating Cash Costs <sup>(10)</sup>	19.4	29.9	14.5	25.8	12.0	14.1
Operating Cash Margin (\$/Boe)	18.9	17.3	18.2	13.0	10.2	20.2
Interest (\$/Boe)	13.0	7.8	10.6	8.1	3.5	9.0
Net Cash Margin (\$/Boe)	5.9	9.5	7.6	4.9	6.8	11.2
Operating Cash Margin (in %)	49%	37%	56%	34%	48%	59%
Net Cash Margin (in %)	15%	20%	23%	13%	30%	33%
3 Yr FD (excl. Price Revisions)	6.0	MM	80.5	13.1	6.0	19.7
Full Cycle (\$/boe) <sup>(11)</sup>	38.4	MM	105.6	47.0	21.5	42.8

(1) All numbers of MEG in Canadian dollars except for bond data which is in US\$  
 (2) EBITDA, debt, cash, revolver and debt/flowing bbl numbers FF for post Q3 17 events and acquisitions & divestitures done during LTM period  
 (3) Reported LTM EBITDA i.e. does not include PF impact  
 (4) Reserve life based on FY 17 consensus production  
 (5) PV-10 of MEG is based on future strip pricing, hence not comparable to peers  
 (6) Debt coverage is based on PV-10, cash, hedges MTM (@ \$55/3 in '18 and \$50/3 thereafter for oil/gas respectively) and midstream assets  
 (7) CRC's debt is almost entirely at secured level hence showing recovery at 2nd lien  
 (8) Production numbers for FY 18 and FY 19 as per consensus  
 (9) Operating cash costs consists of upstream segment LOE, gathering & processing and cash G&A costs  
 (10) Full cycle costs consists of operating cash cost, interest and 3 yr FD&A (excl. Price Revisions)  
 Source: Company data, Bloomberg Finance LP, Deutsche Bank