

# Acquisition opportunities of North American Unconventional Plays

## Situation



A large corporation in Japan was interested in evaluating and validating a buy-side partnership opportunity in a shale play in North America and understanding how the offer and carried capex terms of the transaction would impact corporate metrics of net income and cash flow.

## Action



Upstream Oil & Gas Consultants:

- Developed a probabilistic valuation model, identified and evaluated key value drivers, and tested key assumptions provided by the seller
- Created an economic model that incorporated all terms including a flexible option from the partnership deal structure
- Provided key economic metrics for evaluating the opportunity (ROR, NPV10, Payout and IRR)

## Result



The client used the probabilistic valuation model to analyze the partnership opportunity against a range of technical and non-technical uncertainties and to evaluate the overall deal structure and terms. As a result, a successful offer was tabled for the partnership opportunity.

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