

## Oilfield Service A&amp;D

**Helix exiting upstream to focus on intervention & robotics**

Helix Energy Solutions Group announced it will sell its upstream sub Energy Resource Technology GOM to a subsidiary of privately held Houston oil and gas company Talos Energy for \$610 million plus overriding royalty interests on its US GOM Wang exploration prospect (70% WI) and other prospects. Helix said it was making the move in line with its strategy of focusing on its well intervention and robotics service lines, and plans to use proceeds to repay debt and accelerate plans to grow both of those businesses.



The deal builds on Helix's October ~\$253 million sale of three

pipelay vessels and related equipment for similar reasons. CEO Owen Kratz told conference call attendees Helix's service sector growth would be directly impacted by its balance sheet: "If we wait and fund the growth out of oil and gas, it's probably at a slower pace." Kratz hopes to spend \$50-60 million per year to grow Helix's robotics business and has ambitions for another two vessels for its well intervention fleet.

Adjustments at closing of the upstream sale should push the sale price closer to \$700 million, as preliminary results from the Wang well subsequent to the deal announcement showed over 100 feet of high-quality net oil pay at over 11,800 psi of bottomhole pressure. Closure is expected in Q1 on the back of a spate of recent US GOM dealmaking. Jefferies was Helix's financial advisor.

**Helix plans to spend \$50-60 million per year on robotics buildout.**

**Oil States buys downhole completion provider Tempress**

Oil States International subsidiary Oil States Energy Services acquired downhole toolmaker Tempress Technologies for \$52.5 million. Tempress designs, develops and sells highly specialized, hydraulic-activated tools for use in downhole completions. Specific offerings include the HydroPull tool, which facilitates bridge plug milling in longer wells with fewer short trips by use of a cycling valve creating water-hammer pressure pulses; HydroBlast tool which utilizes a similarly functioning valve to vacuum the wellbore; motor gas separator and water bypass sub tools which help motors



operate at higher flow rates; the JetRotor tool which helps eliminate power loss due to leakage and friction, delivering

maximum hydraulic power to jets for scale removal and well stimulation; and NitroBlast and VibraFlow acoustic generators which assist through-tubing well intervention, loosening fines and enhancing acid and chemical placement and reactivity.

Oil States president and CEO Cindy Taylor said the company's portfolio of patented tools and specialized service offerings for use in horizontal wells built on Oil States' already broad tool and service offering base. Taylor also highlighted Tempress' customer relationships as an asset. Tempress is expected to have generated \$8.0 million in EBITDA in 2012. Oil States funded the acquisition with borrowings from its US revolver, which it subsequently paid off with proceeds from a \$400 million private debt offering.

**Oil States funded the \$52.5 million Tempress deal with revolver liquidity.**

**Equipment maker Rush Sales bought by investment firm**

Tenex Capital Management acquired frac water heater and hot oil unit manufacturer Rush Sales Co. and affiliates Overland Tank, Viper Blasting & Coating and Western Rentals for an undisclosed sum. According to Rush Sales CEO Jim Poer, the financial support and operational strength provided by Tenex will allow the manufacturer to efficiently expand production capacity in response to increased demand.

"Our main objective during our current growth phase will be to continue to provide the highest levels of quality and safety in our products, while we also continue to provide market-leading service and product innovation," said Poer.

Petro Capital Securities LLC served as exclusive M&A advisor to Rush Sales and its affiliates.

## Service A&amp;D Briefs

• **Schlumberger** acquired Norwegian software company **GeoKnowledge** for an undisclosed price. GeoKnowledge focuses on oil and gas exploration decision-support software. Its GeoX offering provides exploration prospect risk, resource and value assessment tools, with over 100 oil and gas customers globally. Schlumberger plans to combine GeoX with its Petrel E&P software platform for fully integrated exploration risk and probabilistic resource evaluation support. Schlumberger Information Solutions president Tony Bowman called GeoKnowledge highly respected and said its decision-centric focus complements Schlumberger's model-centric approach. GeoKnowledge plans to grow its customer base and service infrastructure.

**Schlumberger**

• **Xtreme Drilling and Coil Services** will sell a newbuild ultra-deep XSR unit to an unspecified Middle Eastern operator for \$9.8 million, including ancillary equipment for closure by year's end. Proceeds will reduce debt. Xtreme also entered a long-term, price-undisclosed contract with an existing customer for an XDR 500 rig in the Colorado Niobrara. Work will begin in January. The deal brings total Colorado Xtreme rigs to 10 and total contracted days for the fleet to more than 5,800 for 2013, or 89% of the available operating days for the year.

**Xtreme**

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