

## Rice Energy Announces Acquisition of Vantage Energy

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### Strategic Acquisition of 85,000 Net Acres and Midstream Assets in the Marcellus Dry Gas Core

CANONSBURG, Pa., Sept. 26, 2016 /PRNewswire/ -- **Rice Energy Inc.** (NYSE: RICE) ("Rice Energy") today announced it has entered into a purchase and sale agreement ("PSA") to acquire Vantage Energy, LLC and Vantage Energy II, LLC (collectively, "Vantage Energy") for approximately \$2.7 billion, including the assumption of debt. In connection with the acquisition, **Rice Midstream Partners LP** (NYSE: RMP) ("RMP") will purchase the acquired midstream assets from Rice Energy for \$600 million. The transaction is expected to close in the fourth quarter of 2016, subject to customary closing conditions.

The E&P assets to be acquired by Rice Energy include approximately 85,000 net core Marcellus acres<sup>(1)</sup> in Greene County, Pennsylvania, with rights to the deeper Utica Shale on approximately 52,000 net acres and 37,000 net acres in the Barnett Shale. Second quarter 2016 net production of the acquired assets was 399 MMcfe/d (approximately 65% Appalachia, 35% Barnett). The core midstream assets to be acquired by RMP include 30 miles of dry gas gathering and compression assets. As part of the transaction, Rice Energy will dedicate the acquired Pennsylvania acreage to RMP to provide gas gathering, compression and water services.

#### Transaction Highlights

- Core acquisition with organic upside potential
- Expands high return inventory of drilling locations by 66%
- Leasehold is approximately 50% held or owned in fee
- Extends RMP's 20% distribution growth target through 2023
- Immediately accretive and credit enhancing to both E&P and RMP
- Positions Rice Energy as the premier dry gas Appalachia company with 231,000 net acres, approximately 70% 2017 estimated production growth and 2017 estimated leverage of less than 2.5x

Following this transaction, Rice Energy will control approximately 231,000 net acres in the Marcellus and Ohio Utica cores with an inventory of 1,164 drilling locations that generate average single well returns of approximately 95% at strip pricing. Similarly, Rice Midstream Partners will control one of the largest and most concentrated core dry gas acreage dedications in the Marcellus Shale, covering approximately 199,000 acres in Washington and Greene Counties.

Daniel J. Rice IV, Chief Executive Officer, commented, "This deal represents the largest core dry gas Marcellus acquisition to date, one that is truly transformational for Rice Energy, Rice Midstream Partners and our respective shareholders. This acquisition adheres to our proven strategy of pursuing core shale gas acreage, leveraging our industry-leading technical shale team to deliver best-in-class well results and capturing a greater share of the value chain through our premier midstream services business. Our transaction financings are meant to strengthen Rice Energy's balance sheet even further, including positioning us to capture an additional 20,000 – 40,000 acres of leasehold adjacent to our existing position. Our proven success developing the Marcellus Shale in Greene County gives us tremendous confidence in our ability to generate meaningful growth and create substantial value on the acquired assets for both Rice Energy and Rice Midstream Partners, and we look forward to seamlessly integrating the acquired assets into our leading-edge shale development in Appalachia."

Roger Biemans, CEO of Vantage Energy, said "Vantage, together with its three sponsors – Quantum, Riverstone, and Lime Rock – has assembled one of the largest and most attractive core dry gas positions in the Marcellus Shale. We believe the combination of Rice and Vantage creates the premier natural gas company in the country. Rice will have a multi-decade inventory of the most economic dry gas in North America, a tremendous growth story for its midstream business, and a management team that has proven its ability to execute on its strategy."

1. Includes approximately 5,000 net royalty acres, the majority of which are leased to Rice Energy.

## Transaction Terms and Financing

Pursuant to the PSA, Rice Energy Appalachia LLC ("REA"), a wholly-owned subsidiary of Rice Energy, will acquire from Vantage Energy Investment LLC and Vantage Energy Investment II LLC (collectively, the "Vantage Sellers") their ownership interests in Vantage Energy for aggregate consideration at closing of approximately \$2.7 billion. Total consideration consists of approximately \$1.02 billion in cash, the assumption and retirement of assumed net debt of approximately \$700 million and the issuance of membership interests in REA that are immediately exchangeable into approximately 39.1 million shares of common stock of Rice Energy, valued at approximately \$980 million. The issuance of membership interests in REA will allow for tax deferral of the equity portion of the consideration paid to the Vantage Sellers.

Concurrent with Rice Energy's acquisition of Vantage Energy, Rice Energy entered into a purchase and sale agreement with RMP, pursuant to which RMP will purchase the midstream assets associated with the Vantage acquisition from Rice Energy for aggregate consideration of \$600 million. RMP intends to fund the midstream asset acquisition through borrowings under its revolving credit facility and potential equity and debt financings prior to closing, or the issuance to Rice Energy of up to \$250 million of RMP common units representing limited partner interests.

These acquisitions are expected to close concurrently in the fourth quarter of 2016, subject to customary closing conditions.

Evercore acted as financial advisor to Rice Energy's Board of Directors. Wells Fargo Securities, LLC and Barclays Capital Inc. provided committed financing to Rice Energy and RMP's upsized revolving credit facilities. Latham & Watkins LLP served as legal counsel to Rice Energy. Simmons & Company International | Energy Specialists of Piper Jaffray served as exclusive financial advisor to the conflicts committee of RMP and provided a fairness opinion for the midstream asset acquisition by RMP. Akin Gump Strauss Hauer & Feld LLP served as legal counsel to the conflicts committee of RMP. Goldman Sachs acted as financial advisor to the Vantage Sellers. Vinson & Elkins LLP served as legal counsel to the Vantage Sellers.

## Guidance

Rice Energy has updated its 2016 capital budget and guidance pro forma for the anticipated fourth quarter 2016 transaction closing. Our Marcellus drilling and completion capital investments increased by \$40 million to reflect ongoing activity on the acquired acreage. Our land capital budget increased by \$35 million, as a result of anticipated successful organic leasing and leasehold costs associated with the acquired acreage

2016 Capital Budget (\$ in millions)		2016 Production Guidance	
<b>E&amp;P</b>		Net Production (MMcfe/d)	755 – 775
Operated Marcellus	\$ 270	% Natural Gas	100 %
Operated Ohio Utica	\$ 240	% Core Marcellus	65 %
Non-Operated Ohio Utica	\$ 90	% Core Utica	35 %
<b>Total Drilling &amp; Completion</b>	<b>\$ 600</b>	% Operated	85 %
Land <sup>(1)</sup>	\$ 135		
<b>Total E&amp;P</b>	<b>\$ 735</b>		
Rice Midstream Holdings LLC	\$ 155		

1. Excluding acquisitions.

## 2017 Preliminary Outlook

In addition, Rice is providing a preliminary 2017 outlook pro forma for the Vantage Energy acquisition. We expect our

drilling and completion budget to be within a range of \$950 – \$1,125 million. Furthermore, we expect 2017 net production to be within a range of 1,280 – 1,355 MMcfe/d, which is approximately 70% above our increased 2016 estimated net production, based on the mid-point of guidance.

## **Conference Call**

Rice Energy and Rice Midstream Partners will host a joint conference call on September 27, 2016 at 10:00 a.m. Eastern time (9:00 a.m. Central time) to discuss this strategic transaction. To participate in the live audio call, please dial 1-888-317-6003 and enter passcode 0936767. A replay of the conference call will be available for two weeks and can be accessed from [www.riceenergy.com](http://www.riceenergy.com) and [www.ricemidstream.com](http://www.ricemidstream.com). A simultaneous webcast of the call and slides summarizing the transaction may be accessed at [www.riceenergy.com](http://www.riceenergy.com) and [www.ricemidstream.com](http://www.ricemidstream.com).

## **About Rice Energy**

Rice Energy Inc. is an independent natural gas and oil company engaged in the acquisition, exploration and development of natural gas and oil properties in the Appalachian Basin.

For more information, please visit [www.riceenergy.com](http://www.riceenergy.com).

## **About Rice Midstream Partners**

Rice Midstream Partners LP is a fee-based, growth-oriented limited partnership formed by Rice Energy Inc. to own, operate, develop and acquire midstream assets in the Appalachian basin. RMP provides midstream services to Rice Energy and third-party companies through its natural gas gathering, compression, and water assets in the dry gas cores of the Marcellus and Utica Shales.

For more information, please visit [www.ricemidstream.com](http://www.ricemidstream.com).

## **About Vantage Energy**

Vantage Energy is a growth-oriented, independent oil and natural gas company engaged in the acquisition, development and exploration of oil and natural gas properties in the United States, with a focus on the Appalachian basin. Vantage Energy received investments from affiliates of Quantum Energy Partners, Riverstone Holdings LLC and Lime Rock Partners.

## **Forward-Looking Statements**

This release includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control. All statements, other than historical facts included or incorporated herein that address activities, events or developments that we expect or anticipate will or may occur in the future are forward-looking statements. All forward-looking statements speak only as of the date of this release. Although we believe that the plans, intentions and expectations reflected in or suggested by the forward-looking statements are reasonable, there is no assurance that these plans, intentions or expectations will be achieved. Therefore, actual outcomes and results could materially differ from what is expressed, implied or forecast in such statements.

We caution you that these forward-looking statements are subject to risks and uncertainties, most of which are difficult to predict and many of which are beyond our control. Furthermore, we may not be able to close the Vantage acquisition in a timely manner or at all, the ultimate funding sources for the transaction may differ from our current expectations, we may not be able to recognize the expected benefits from the transaction (including our expectations for production growth) and our capital program may exceed budgeted amounts. Information concerning these and other factors can be found in our filings with the Securities and Exchange Commission, including our Forms 10-K, 10-Q and 8-K. Consequently, all of the forward-looking statements made in this news release are qualified by these cautionary statements and there can be no

assurances that the actual results or developments anticipated by us will be realized, or even if realized, that they will have the expected consequences to or effects on us, our business or operations. We have no intention, and disclaim any obligation, to update or revise any forward-looking statements, whether as a result of new information, future results or otherwise.

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SOURCE Rice Energy Inc.; Rice Midstream Partners LP

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