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WHY HIRE A BROKER?

Many sellers like to contact a small group of “friends” or associates when they decide to sell oil and gas assets. These properties never reach the public market place. Sometimes there can be advantages to this sale method such as: (1) no fees to pay up front or after a sale; (2) the seller is usually confident that their “friend” has the money and will close; (3) minimal time involved associated with the selling process. But do they receive the best price? Not usually. If they don't care about price or profit, this is the best way to sell. If they do care, most companies need to hire a broker.

A. **A broker maintains a large Buyer list.** They “know” and can qualify most of their buyers, and can advertise to a large, focused group. There really is no other place to go to get an active buyer's list for the oil and gas industry. Most of the buyers of larger assets buy exclusively through brokers.

B. **A broker creates competition for your asset(s).** Whether choosing a bid or a negotiated sale process, a broker exposes your property to more buyers, creating competition and thus higher offers.

C. **A broker adds value.** Most sellers assume that when they hire a broker, they're just getting a list of buyers. Nothing can be further from the truth. All full-service brokers have technical teams (engineers, geologists) with years of exploitation training. They identify quantifiable and saleable proved undeveloped, probable, and possible upside for you in the form of additional drilling locations, modern drilling and completion methods, secondary and tertiary recovery, deeper and/or behind-pipe potential, etc., that you might not have ever had the time to identify, and then make sure you're paid for it. They know how to get the highest price for your assets, and they will typically add much more value than the fees that they charge.

D. **A broker saves time.** Most operating staffs are “lean”, and a comprehensive sale effort takes enormous staff time and effort. When a broker manages a sale for you, you and your staff are free to continue the everyday duties of making money for your corporation. A broker provides you with your own highly experienced contract technical and marketing group.

E. **A broker adds credibility.** Many buyers seek out assets that are “for-sale-by-owner”. They know that these sellers are time and staff-constrained, and many times have missed value. When a broker is involved, buyers expect all of the value to be identified. And the broker will package and present the assets in a professional, organized fashion – which is suitable for the presentation of a multi-million dollar asset in any industry.

F. **Which broker should I choose?** It's fairly simple. If you are selling a company, choose a large stock-brokerage house with business professionals that can help with company issues: Jeffries, Petrie Parkman, Lehman Bros, etc. If you are selling properties only, you'll save a HUGE amount of money by choosing a broker with solid technical support and experience in the geographic area(s) of your properties. Then compare fees. You'll quickly find that AEA-PLS is your best choice.