

Overall M&A activity within the Energy sector increased 5% over the last twelve months (LTM) ending December 31, 2005 with 197 deals reported compared with 188 deals for the same period last year and with median valuation multiples at 1.8 x Revenue, 11.3 x EBITDA, 17.9 x EBIT and 2.7 x Book Value.

### M&A TRANSACTIONS BY SUBSECTOR

	For the Last Twelve Months Ended December 31,									
	01		02		03		04		05	
Oil & Gas Production	35	23%	25	20%	36	26%	56	30%	60	30%
Oil & Gas Pipelines	31	20%	27	22%	31	22%	34	18%	35	18%
Oil & Gas Refining & Marketing	36	24%	27	22%	31	22%	37	20%	34	17%
Oil & Gas Services	27	18%	24	20%	23	16%	33	18%	34	17%
Energy Machinery & Equipment	9	6%	7	6%	9	6%	16	9%	22	11%
Diversified Oil & Gas	14	9%	13	11%	11	8%	12	6%	12	6%
<b>Total</b>	<b>152</b>	<b>100%</b>	<b>123</b>	<b>100%</b>	<b>141</b>	<b>100%</b>	<b>188</b>	<b>100%</b>	<b>197</b>	<b>100%</b>

Based upon Mosaic Capital research and subject to qualifications found on our website. Valuation multiples include public transactions and premiums for control, which can vary significantly between public and private companies. Private company transactions also typically include valuation discounts for limited liquidity, due to a lack of a public market.

National and international strategic buyers lead the demand for U.S.-based businesses in this sector. In addition, private equity groups own or control over 143 portfolio companies and also are fueling demand. Buyers objectives include:

- ▀ Access and replenish reserves necessary to maintain current production rates
- ▀ Expand drilling opportunities in Asia, the Middle East and West Africa
- ▀ Obtain operating efficiencies via resource consolidation
- ▀ Upgrade refinery capacity to meet new clean fuel standards

#### About Mosaic Capital

Mosaic Capital LLC is a leading national investment banking firm specializing in merger and acquisition and related corporate finance transactions, as well as business valuations for middle-market companies. The private placement of debt and equity securities is provided through affiliate Mosaic Capital Securities LLC - member NASD/SIPC. Mosaic Capital is a member of International Merger & Acquisition Partners (www.imap.com), an exclusive global partnership of leading M&A advisory firms with 98 offices in 24 countries, the partners of which have completed 1,000 middle market transactions exceeding \$18 billion in value since 2000.

Mosaic Capital seeks introductions to owners and management teams in the following lines of business:

#### Oil & Gas Production, including:

- ▀ Mixed, Manufactured & Liquefied Petroleum Gas Production
- ▀ Oil & Gas Extraction

#### Oil & Gas Pipelines, including:

- ▀ Crude Petroleum Pipelines
- ▀ Refined Petroleum Pipelines
- ▀ Natural Gas Pipelines
- ▀ Other Oil & Gas Transportation

#### Oil & Gas Services, including:

- ▀ Geophysical Mapping & Surveying
- ▀ Oil Rig Services

#### Oil & Gas Refining & Marketing, including:

- ▀ Petroleum Refining
- ▀ Lubricating Oils & Greases
- ▀ Crude Petroleum
- ▀ Natural Gas
- ▀ Natural Gas Liquids & Gasoline

#### Energy Machinery & Equipment, including:

- ▀ Well Measurement Equipment
- ▀ Drilling Rigs & Drilling Equipment
- ▀ Field Exploration Machinery
- ▀ Production Equipment
- ▀ Other Oil & Gas Machinery & Equipment

#### Diversified Oil & Gas, including:

- ▀ Integrated Oil & Gas
- ▀ Other Oil & Gas