STATE OF THE "ENERGY" NATION: INVESTOR PERSPECTIVES

IPAA/TIPRO LUNCHEON – OCTOBER 12, 2016

IOG CAPITAL

UNLOCKING THE VALUE OF AMERICA'S ENERGY RESERVES.

IMPORTANT INFORMATION

This presentation (the "***Presentation***") is being provided by IOG Capital, LP ("***IOG***") to certain selected qualified prospective investors on a confidential basis for informational and discussion purposes only and may not be relied on in any manner as legal, tax, or investment advice or as an offer to sell or a solicitation of an offer to buy an interest in the investment fund described herein (the "***Fund***"). A private offering or solicitation for the purchaser of interests in the Fund will only be made pursuant to definitive documentation for the Fund, which will include, without limitation, a confidential memorandum, a Limited Partnership Agreement and subscription documents released thereto (the "***Transaction Documents***"), which only will be furnished to certain qualified investors on a confidential basis. The Transaction Documents, including the risk factors and potential conflicts of interest described therein, should be read carefully prior to investment. The interests in the Fund have not been, nor will they be, registered under the U.S. Securities Act of 1933, as amended, or qualified or registered under any applicable foreign, state, local, provincial, or other laws, statutes, rules, or regulations or approved or disapproved by the U.S. Securities and Exchange Commission or by any foreign, state, local, or other authority.

Certain economic and market information contained herein has been obtained from published sources prepared by other parties. While such sources are believed to be reliable, actual economic and market information may differ materially from those presented. IOG assumes no responsibility for such information. Unless otherwise indicated, all internal rates of return shown in this Presentation are presented on a "gross" basis (*i.e.*, before management fees, fund-level expenses, carried interest, and similar items). Under no circumstances should the expectations of the Fund referred to in this Presentation be regarded as a representation, warranty, or prediction that the Fund will achieve or is likely to achieve any particular result, or that investors in the Fund will be able to avoid losses, including a total loss of their investment.

This Presentation and remarks based upon it may include estimates and projections with respect to future performance, as well as other forward-looking statements. Forward-looking statements are statements not based on historical information and which relate to future operations, strategies, financial results, or other developments. Statement using verbs such as "expect," "anticipate," "believe," or words of similar import, generally involve forward-looking statements. Without limiting the foregoing, forward-looking statements include statements that represent the Fund's beliefs concerning future results of profitability of the Fund's activities. Actual performance of the Fund may be materially different from any future performance expressed or implied by any forward-looking statements. Such statements are subject to the risks and uncertainties we discuss in detail in our confidential memorandum. We expressly disclaim any obligation to update forward-looking statements made during the course of or otherwise in conjunction with this Presentation.

This Presentation (as may be amended or supplemented in writing from time to time), is proprietary to the Fund and is being provided on a confidential basis solely for the information of those persons to whom it is provided by the Fund and their professional advisers so that they may consider an investment in the limited partnership interests in the Fund. This Presentation is not to be reproduced, distributed, or used in whole or in part for any other purpose. Each person accepting this Presentation hereby agrees to return it promptly upon request.

THE FOLLOWING INFORMATION CONTAINED IN THIS PRESENTATION IS QUALIFIED IN ITS ENTIRETY BY THE PRECEDING DISCLAIMER.

STATE OF THE INDUSTRY

IN JUST OVER TWO YEARS…

Macro Volatility

- Oil has been over $100 and below $30 per barrel
- Gas has ranged between $3.50 and $1.50 per mmbtu
  - Spot Marcellus as low as $0.25 at one sale point
- OPEC's influence has waned
- Industry has been blamed for:
  - Earthquakes, water contamination, road destruction, pollution and global warming, etc.
- Industry focus on Permian and STACK/SCOOP, others are largely out of favor

Capital Scarcity

- 100+ bankruptcies
- Many commercial bank lenders have exited the business
  - 60+ names active in 2014
  - <30 active today
- OCC has re-written the "pass" rules
  - Total Funded Debt/EBITDAX ≤3.5x
  - Total Funded Debt/CAPITAL ≤50%
  - Additional (new) requirements on debt coverage/repayment
- Upstream MLPs have collapsed
- Fewer hedging counterparties in number/depth

HOPE ABOUNDS

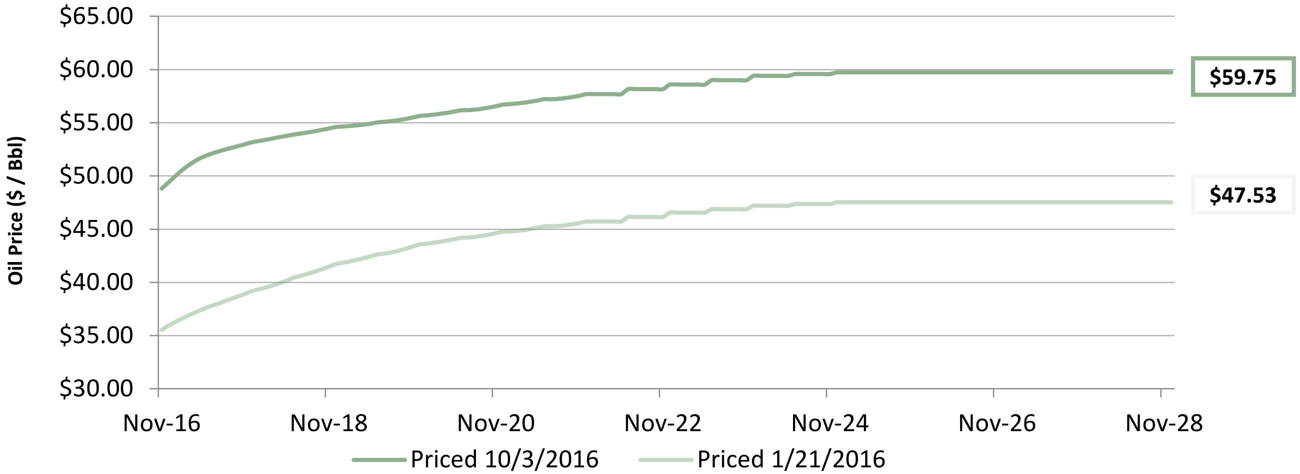
- Market conditions have been steadily improving since Q1 2016
  - Public equity markets are wide open for attractive stories
    - >$23 billion raised YTD
  - Private capital is plentiful
    - Estimated $100 billion available from private equity, institutions, pension funds, endowments, and sovereign wealth funds
  - Sellers are capitulating to sell in the current market and most are reasonably happy with the future price outlook
  - Buyers are being cautiously aggressive, “leaning into” strip of the day
- With >$50 billion in E&P M&A YTD, sellers continue to come to market with additional asset sales :
  - To sell non-core assets to clean portfolios
  - To take advantage of buyer demand
  - Acknowledgment that under capitalized assets are more valuable to others
  - To maintain liquidity and pay down debt

HOPE ABOUNDS

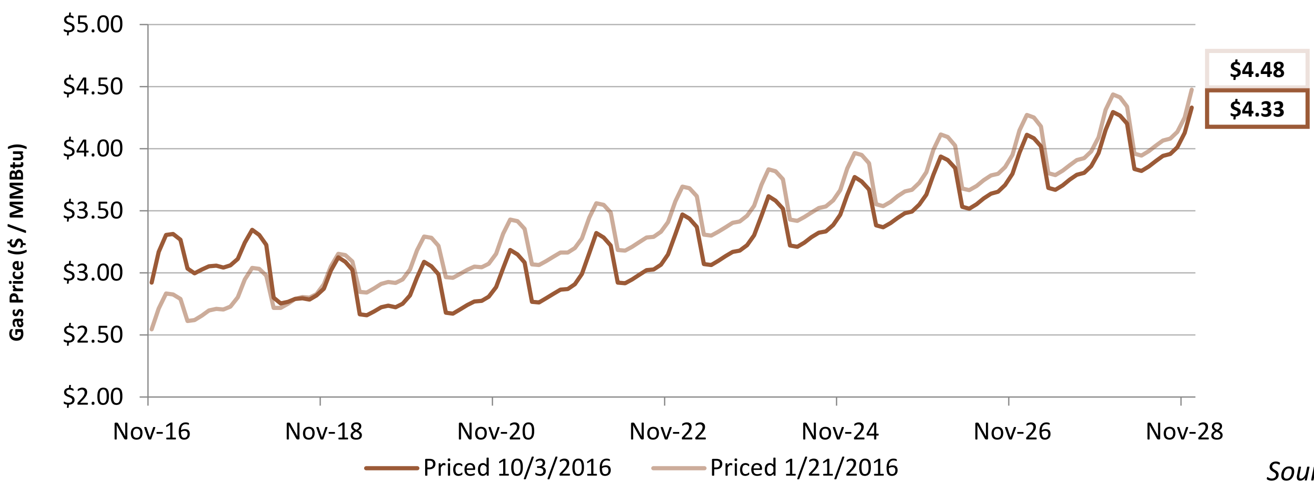
- Deal flow strength expected to continue throughout 2016 and into 2017
  - The market is somewhat starved for asset supply
  - “Normal” deal flow is $50-75 billion per year and it’s been half that recently
  - Majors are in the early days of asset sales programs (XOM/XTO, Shell, CVX)
  - With improved cost structures and application of new technology, companies are redefining what is core and non-core to their portfolio
- Classes of strong buyers continue to grow
- Drilling, completion, and cost efficiencies continue to surprise

COMMODITY PRICE SPREADS FROM JANUARY TO NOW

Futures NYMEX Oil Prices ($ / Bbl)



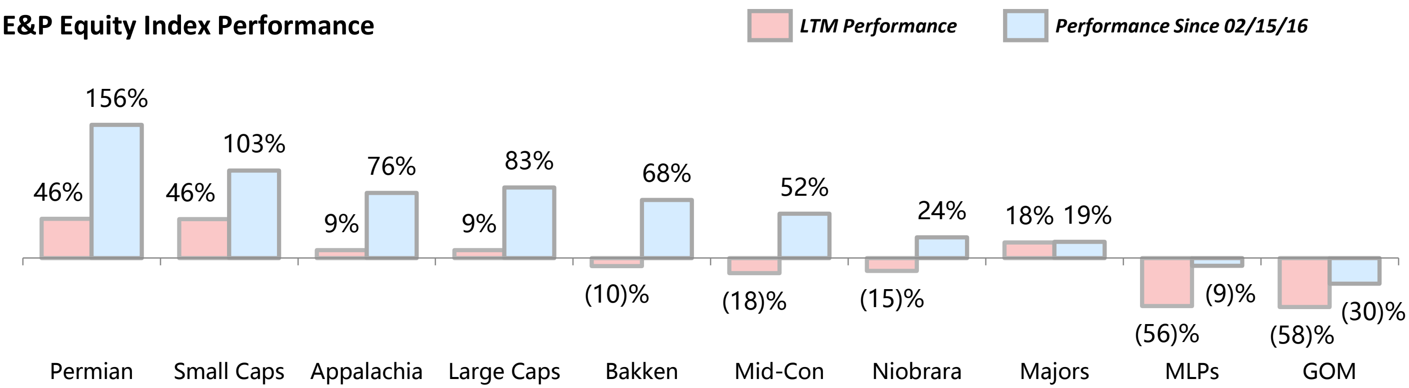
Futures NYMEX Natural Gas Prices ($ / MMBtu)



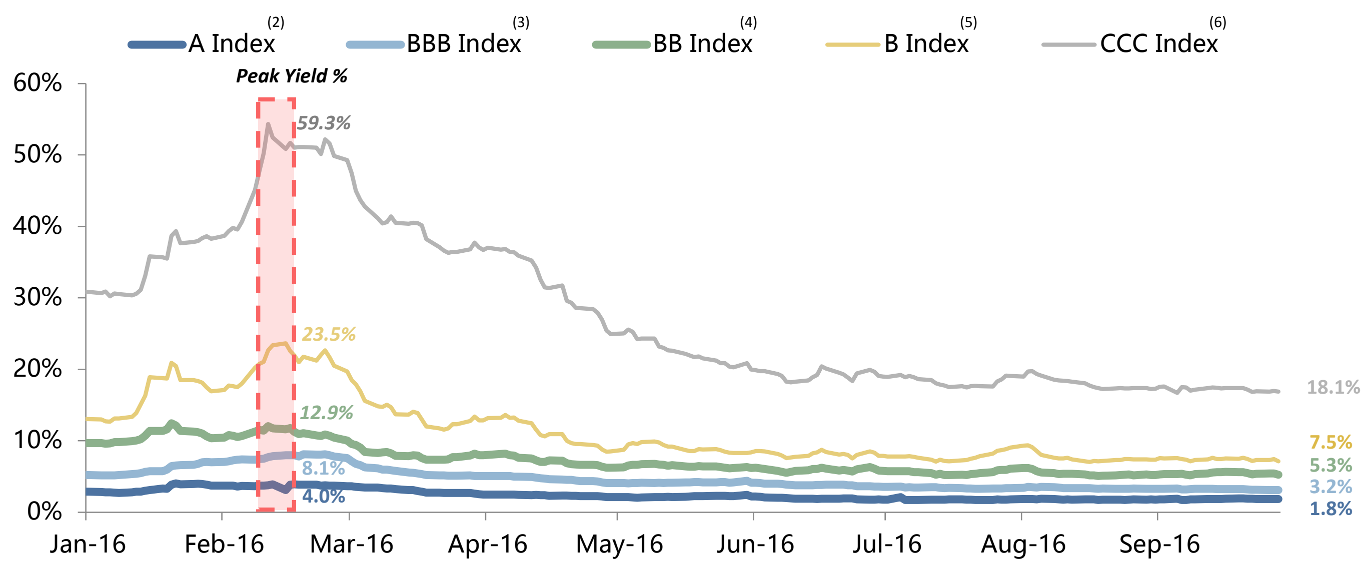
Source: Jefferies LLC

CAPITAL MARKETS ENVIRONMENT IS IMPROVING

E&P Equity Index Performance



E&P Debt Performance



Source: CapIQ as of 10/3/16.

(1) Yield indices illustrate weighted average yield based on size of issuance.

(2) A Index includes issues from COP and OXY.

(3) BBB Index includes issues from APA, APC, DVN, ECA, EOG, EQT, HES, MRO, MUR, NBL, PXD and XEC.

(4) BB Index includes issues from the following : AR, CXO, CLR, EGN, FANG, NFX, PDCE, QEP and SWN.

(5) B Index includes issues from the following: CRZO, CrownRock, GPOR, LPI, MRD, MTDR, OAS, RICE, RSPP, SM, SN, WLL, and WPX.

(6) CCC Index includes issues from the following : ALTA, AREX, BBG, CRC, CWEI, DNR, EVEP, LGCY, LNR and NOG.

Source: Jefferies LLC

SELECTED FINANCING ALTERNATIVES

- Public and private equity
- 2nd Lien
- Private Unsecured Notes
- DrillAdvance / DrillCo
- Convertible Preferred
  - Mandatory
  - Perpetual

3 TYPES OF PEOPLE IN THIS WORLD

3 TYPES OF PEOPLE

Don’t need money

- Core-of-core asset base
- Clean balance sheet
- Funding from cash flow
- Access to equity markets
- Well hedged
- Experienced, well-respected management

3 TYPES OF PEOPLE

Don’t need money

- Core-of-core asset base
- Clean balance sheet
- Funding from cash flow
- Access to equity markets
- Well hedged
- Experienced, well-respected management

Can’t get money

- Assets uneconomic at current prices
- Over-levered
- Out of compliance
- Little or no hedge protection

3 TYPES OF PEOPLE

Don't need money	Everyone else	Can't get money
▪ Core-of-core asset base ▪ Clean balance sheet ▪ Funding from cash flow ▪ Access to equity markets ▪ Well hedged ▪ Experienced, well-respected management	▪ Project(s) that generate 30%+IRR at wellbore and current cost/strip ▪ Decent balance sheet ▪ Limited expansion capital ▪ Need to replace production/reserves ▪ Need to preserve acreage ▪ Would like to keep team together	▪ Assets uneconomic at current prices ▪ Over-levered ▪ Out of compliance ▪ Little or no hedge protection

ALTERNATIVES FOR "EVERYONE ELSE"

- Sell something (whoops, only my best stuff is saleable)
- Get Private Equity financing
- Add additional debt
- Joint Venture Financing
  - Industry Partner
  - IOG
- Wait it out
- Considerations:
  - Everyone is different
    - Balance sheet
    - Management experience
    - Asset quality
  - Operators deserve custom solution
    - Sometimes there is no solution

ON THE HORIZON:

- New and increased focus on ROI vs. IRR
- Less debt and more equity
- Less acreage acquisition and more producing assets/development
- Integrated/Major companies scaling back or restructuring U.S. shale operations
- MLPs (upstream) disappear
- Oil supply/demand balances in 3-5 years
- Gas remains cost sensitive – oversupply for ? Years
- Service costs will increase as prices improve

Q&A