



TAILWATER  
CAPITAL

## 2017 IPAA Private Capital Conference

January 2017

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# Tailwater Capital

- Middle market private equity focused exclusively on the energy industry
- History of creating solutions oriented, value-added partnerships
- Well-established track record, having executed more than 35 transactions representing \$11 billion in value over the last 19 years
- Invest growth equity across the midstream and upstream sectors
- Currently manage \$1.7 billion across four distinct funds of capital

*Growth Mindset, Partnership Oriented*

# Current Investment Funds

## Midstream

### Investment Vehicle

- Tailwater Energy Fund II LP
- \$650 million
- Seeking operated investments

### Partner with Experienced Management

- Deep basin-specific experience
- Entrepreneurial mindset
- Strong producer relationships

## Upstream

### Investment Vehicle

- Tailwater E&P Opportunity Fund II LP
- \$218 million
- Seeking non-operated investments

### Partner with Best-in-Class Operators

- Proven, low cost operator
- Core acreage positions
- Delineated basins

# Midstream Strategy

## Partnership Alignment

- Most critical element of our strategy
- Focused on developing long-term, repeat partnerships
- Diversify through projects, not teams
- Recognize and trust team's industry expertise

## Vast Midstream Industry

- Interest/ experience across midstream industry
  - Gathering
  - Disposal
  - Treating
  - Compression
  - Processing
  - Transportation
  - Storage
  - Fractionation

## Transaction Structure Creativity

- Interest/ experience across transaction structures
  - Anchored greenfield
  - Acquisitions
  - Joint ventures
- Flexible in terms of project size
- Differentiated upstream investing promotes midstream investing

# Midstream Strategy in Practice, Midstream Fund II



- Spent lubes processing
- Baytown, TX operations
- CEO, Jim Lelio



- Solids waste disposal
- Permian and Eagle Ford
- CEO, George Wommack



- Gas gathering & processing
- East Texas, North Louisiana
- CEO, Fritz Brinkman



PRODUCERS MIDSTREAM

- Gas gathering & processing
- Permian
- CEO, Jim Bryant



- Water gathering and disposal
- Bakken, Permian
- CEO, Patrick Walker



- Refined products pipeline
- South Texas
- CEO, Phil Mezey

# Upstream Strategy

## Proven Operators in the Core of Proven Basins

- Emphasize operator expertise and track-record
- Delineated basins in the "core"



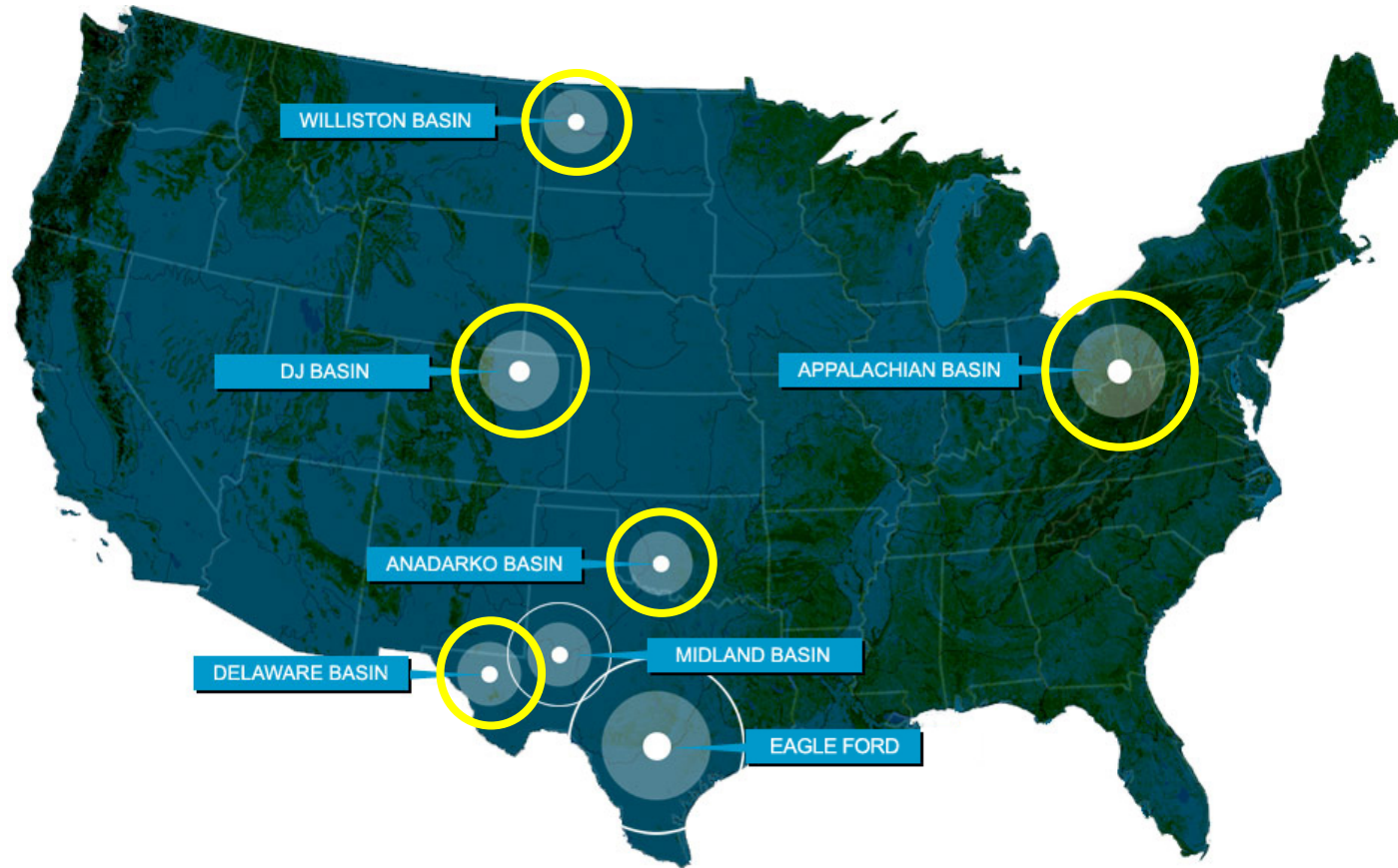
## Basins of Interest

- Tailwater currently has positions in the following basins
  - Anadarko
  - Appalachian
  - DJ
  - Permian
  - Williston

## Transaction Structure Creativity

- Interest/ experience across non-operated structures
  - Primary leasing
  - Acreage acquisitions
  - Wellbore purchases
  - Joint ventures

# Upstream Strategy in Practice, E&P Funds I & II





# Align Midstream





# Investment Thesis Review



## Original Thesis

Target overlooked but established basins with significant underlying reserve potential

Purchase underutilized (but strategically located) assets cost effectively

Leverage management's deep commercial relationships



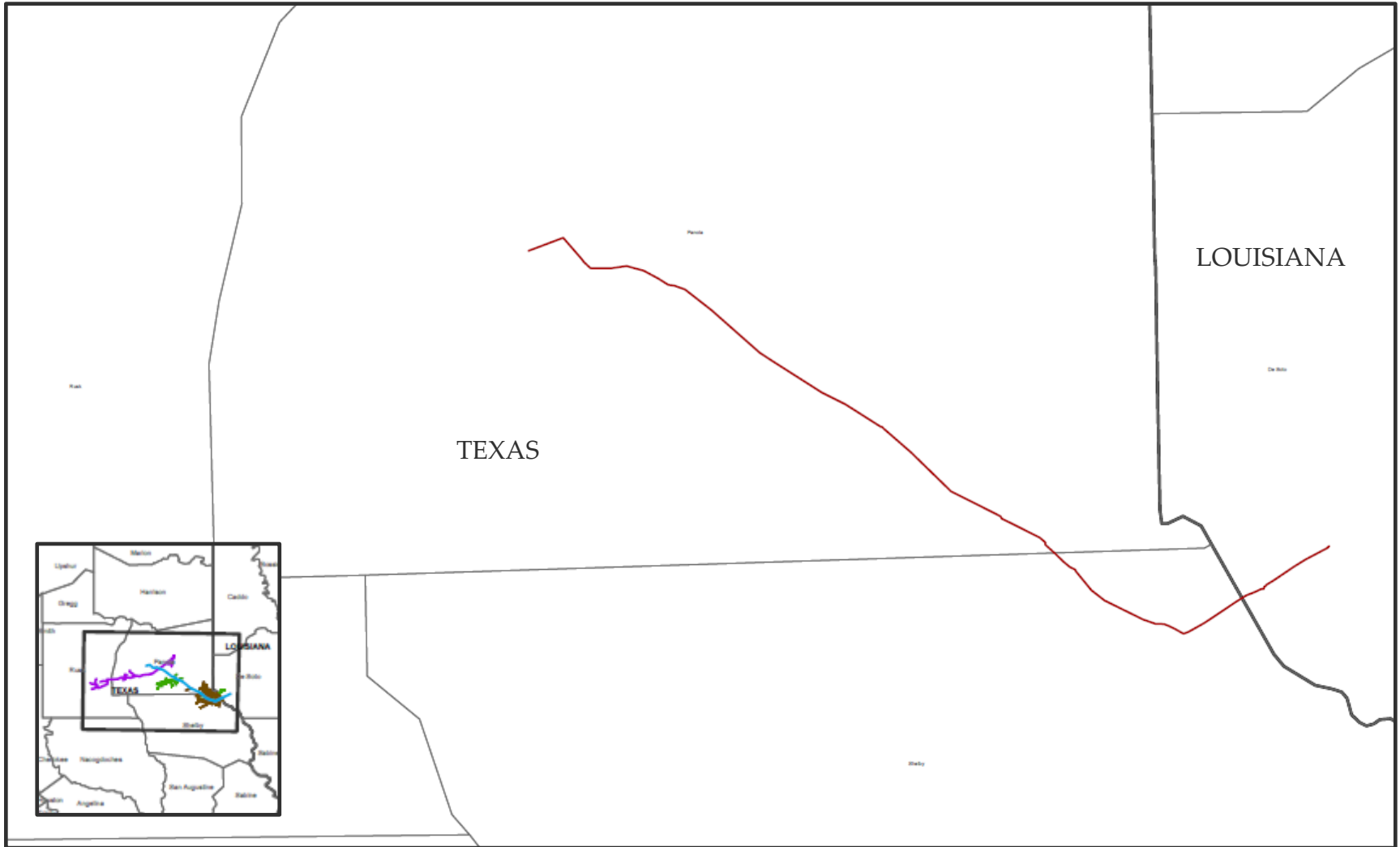
## Success to Date

Recognized private upstream capital pouring into East Texas, North Louisiana (Haynesville and Cotton Valley). New upstream capital provides midstream opportunity

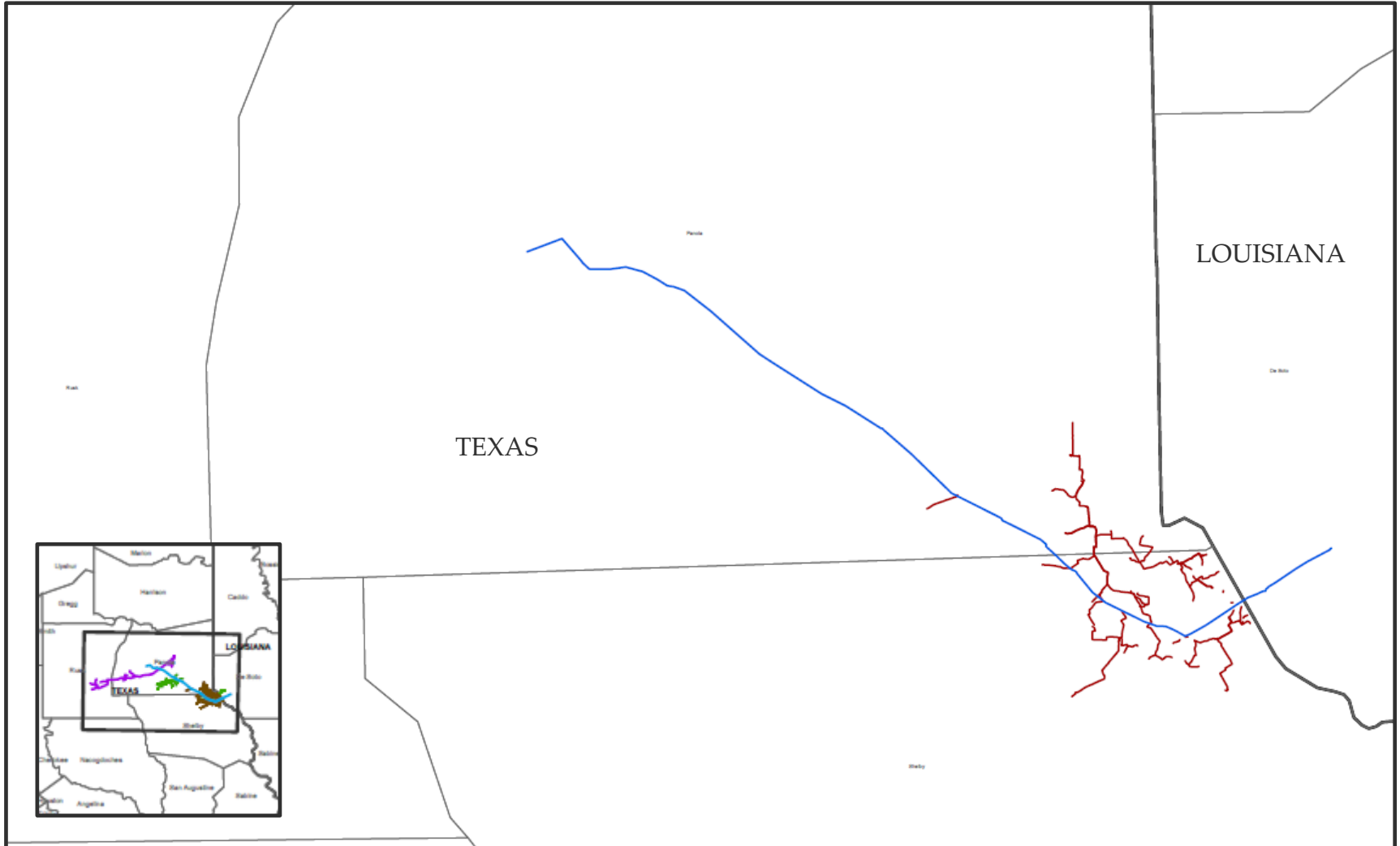
Align has closed on four strategic acquisitions of underutilized assets

Led by Fritz Brinkman, Align positioned itself with producers to utilize the purchased idle assets in advance of making the acquisitions

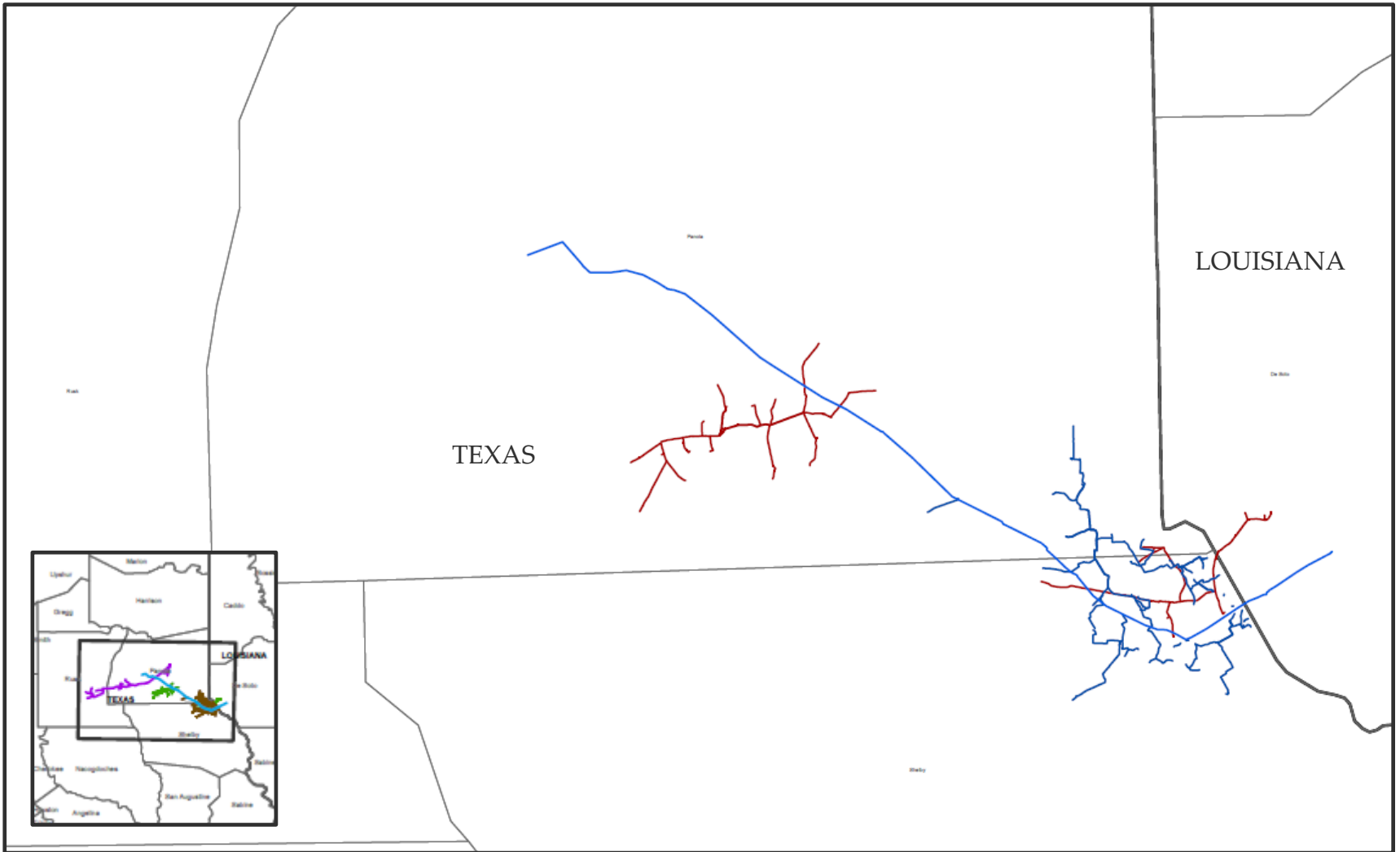
# Acquisition #1 (Apr 2015)



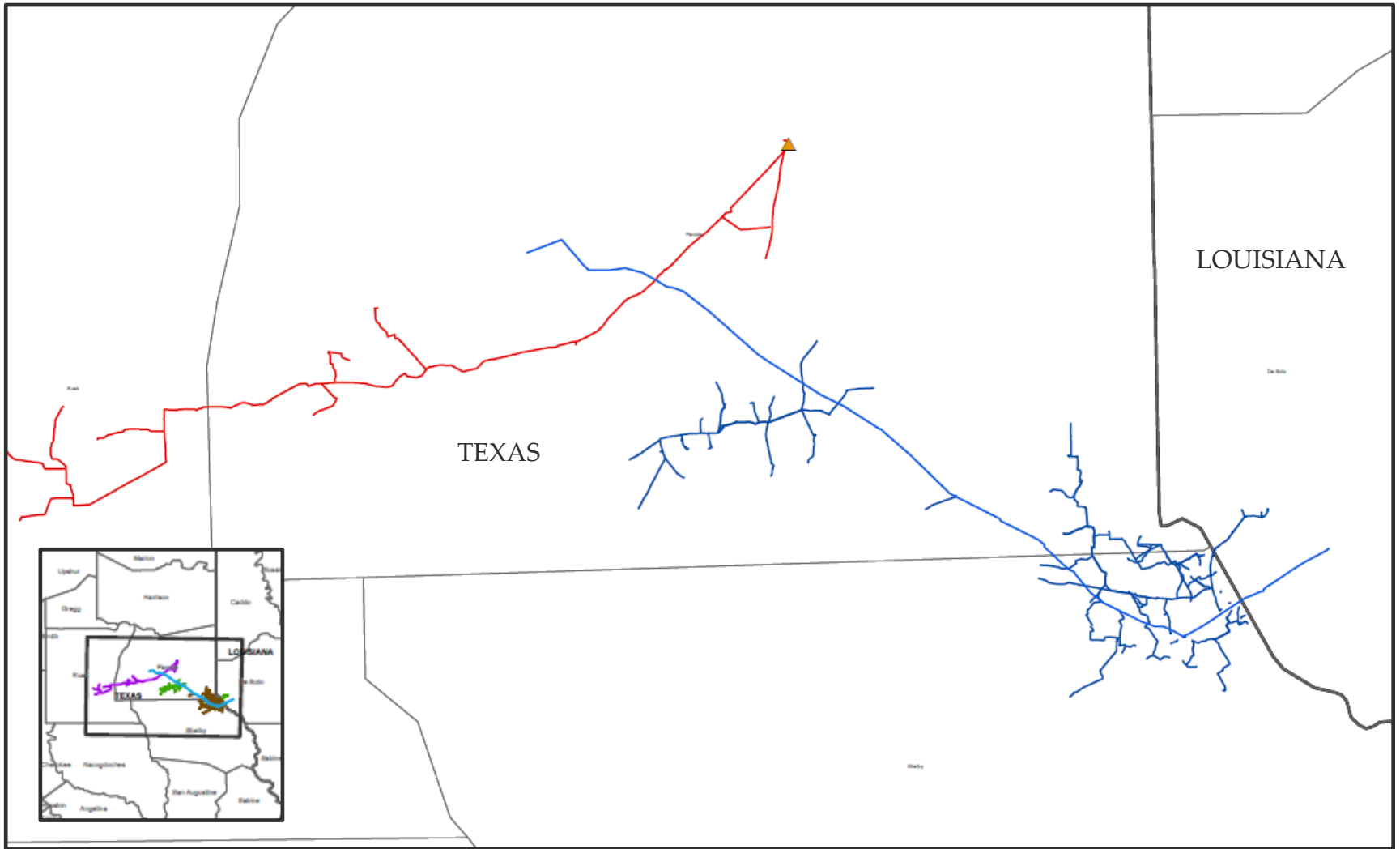
# Acquisition #2 (Nov 2015)



# Acquisition #3 (Jan 2016)



# Acquisition #4 (Aug 2016)



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# Tailwater Opportunities Looking Forward

- Infrastructure to handle expected U.S. crude oil production growth
- Infrastructure as production flow changes from Northeast to the Gulf Coast
- Provide creative solutions to E&P companies and MLPs
  - Acquiring producer midstream assets
  - Offer liquidity / JV solutions to midstream companies
- Consolidate fragmented industries with undercapitalized participants
- Partner with E&P companies to help fund capex budgets through our non-op upstream strategy
- Participate in creative balance sheet restructuring

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# Contact Details



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# Questions

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