

QUANTUM ENERGY PARTNERS<sup>SM</sup>

***Navigating the Process***  
***IPAA Private Capital Conference***

**January 24, 2012**

# About Quantum

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- ▶ Founded in 1998, Quantum currently has approximately \$6.5 billion in assets under management (“AUM”)
- ▶ Fund V: \$2.5 billion
- ▶ Seeking opportunities in upstream, power, midstream and oilfield services
- ▶ Targeting investments with enterprise values from \$200 million to \$2 billion
- ▶ Entities:



QUANTUM ENERGY PARTNERS



QUANTUM UTILITY GENERATION



# About Quantum – Selected Portfolio Companies

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## BLUESTEM | ENERGY

- ▶ **Bluestem Energy Partners** – Upstream. Led by Jack Hightower. Focused on Permian /other North America



**CERITAS  
ENERGY II**

- ▶ **Ceritas Energy II** – Midstream. Focused in Marcellus. JV with Reliance



- ▶ **Chalker Energy Partners III** – Upstream. Focused on the Ark-La-Tex, Panhandle and Ft. Worth Basins and along the Texas Gulf Coast.

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Crump Energy Partners 

- ▶ **Crump Energy Partners** – Upstream. Midland-based, acquire and exploit strategy focused on Permian.

# About Quantum – Selected Portfolio Companies

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- ▶ **Native American Resource Partners** – Investment vehicle formed to promote energy-focused commercial activity on tribal reservation lands
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- ▶ **Quantum Utility Generation** – Operating platform focused on power projects in North America.
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- ▶ **Ute Energy** – Upstream Co formed by Quantum and the Ute Indian Tribe. Uinta basin focus.
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- ▶ **Vantage Energy** – Upstream. Denver-based. Focused on unconventional oil and gas properties in the United States and Canada
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# Navigating the Process

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## ► What we look for...

- A CEO and team we like, trust and admire
- A proven track record
- Complete functional team with prior experience working together
- Respect for capital
- Proven ability to allocate capital effectively

# Navigating the Process

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## ▶ What you should look for...

- More than just capital
- An engaged partner – commercial, technical and financial acumen
- A firm that will stay the course through commodity cycles
- Examples of successful entrepreneurs who have re-upped with that PE firm after a successful exit

# Navigating the Process

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## ▶ Other key questions...

- How “fully baked” should your business plan and team be before approaching a private equity firm?
- How many firms should you talk to?
- How much capital should you raise?
- Will your sponsor back competing enterprises?
- Do I need to have my first acquisition in hand?

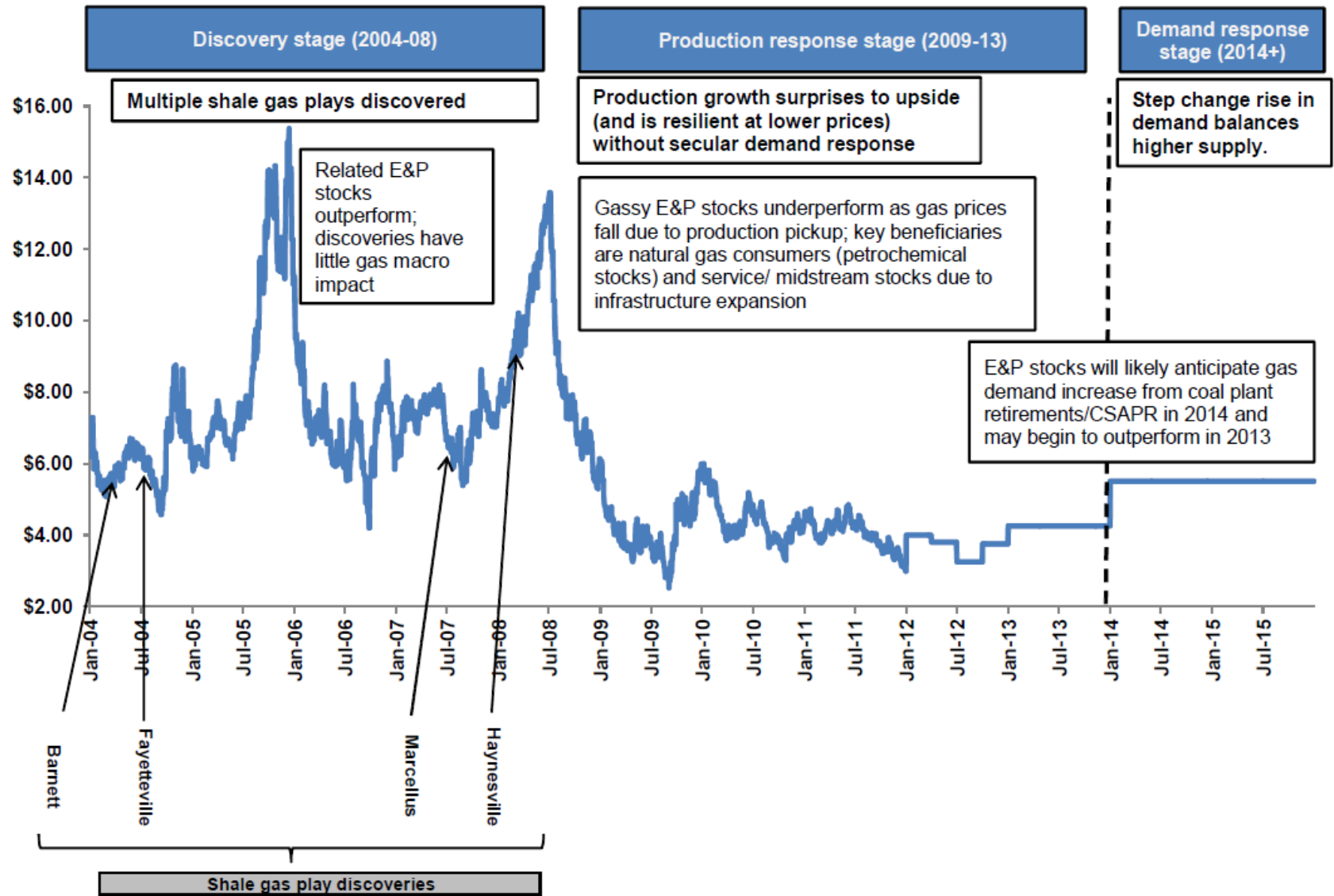
# Outlook for 2012

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- ▶ Select PE monetizations will continue
- ▶ PE still looking for entry points/land positions in key emerging unconventional plays
- ▶ PE fund raising active and gaining momentum
- ▶ Continuing debate on nat gas and how to play it...is now the time to buy?



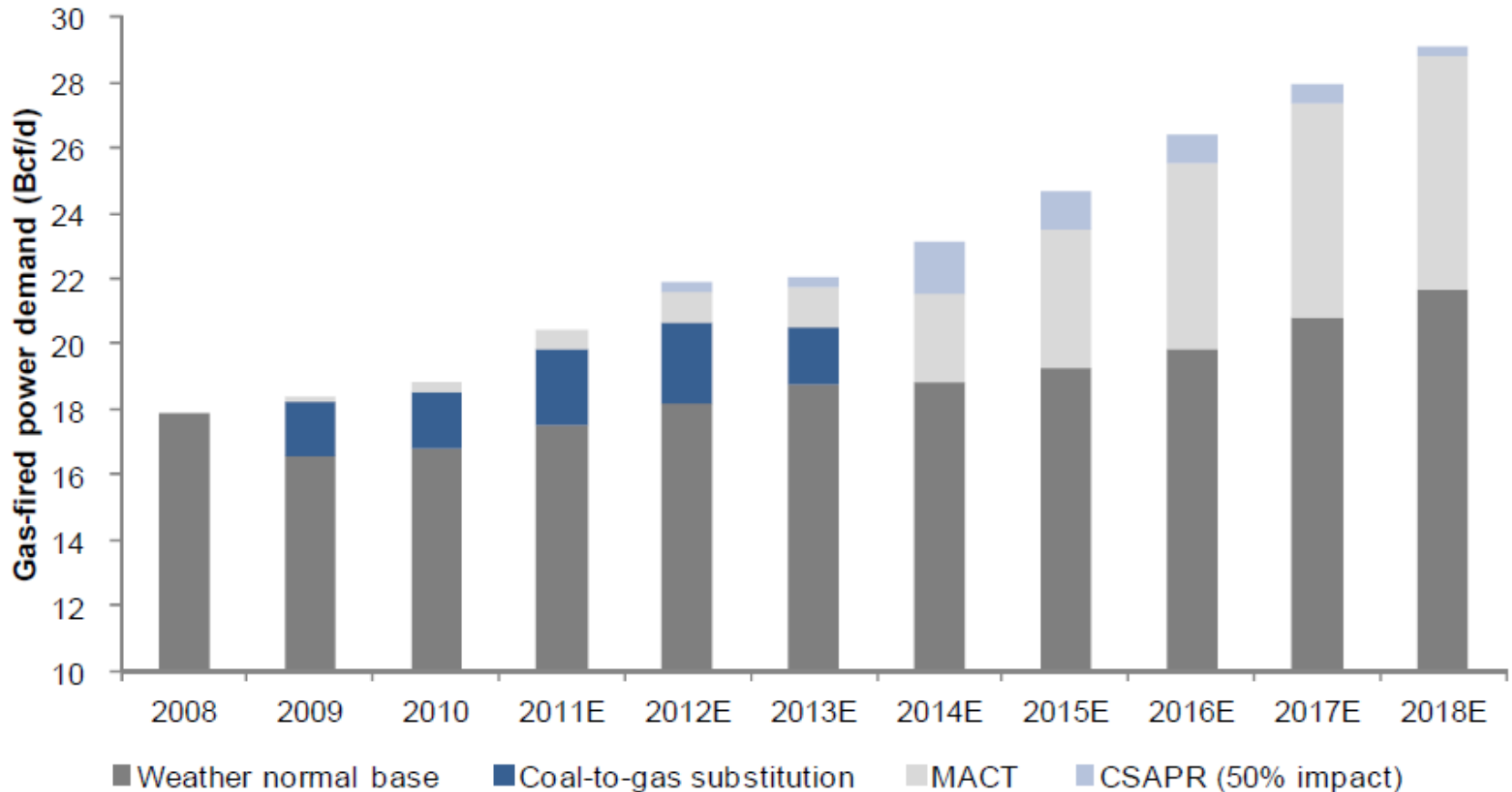
# Thoughts on Natural Gas



Source: Goldman Sachs Research

# Thoughts on Natural Gas

- ▶ Maximum Achievable Control Technology Rule (MACT) and Cross State Air Pollution Rule (CSAPR) are projected to cause a meaningful increase in gas-fired power demand



Source: Goldman Sachs Research