
Success Stories

Where Private Equity is Currently Investing

Presented by
Roger Biemans, Chairman & CEO
Vantage Energy

Company Overview

- Founders:
 - Roger Biemans (EnCana)
 - Tom Tyree (Bill Barrett Corp)
- Private Equity Investors:
 - Lime Rock Partners
 - Quantum Energy Partners
 - Riverstone Holdings
- Employees:
 - 25 staff, most with a track record in unconventional plays
- Headquartered in Englewood, Colorado

Building a Highly Desirable Asset Base

- Scalable, large inventory projects
- Low risk development
- Multiple basins
- High impact exploration prospects

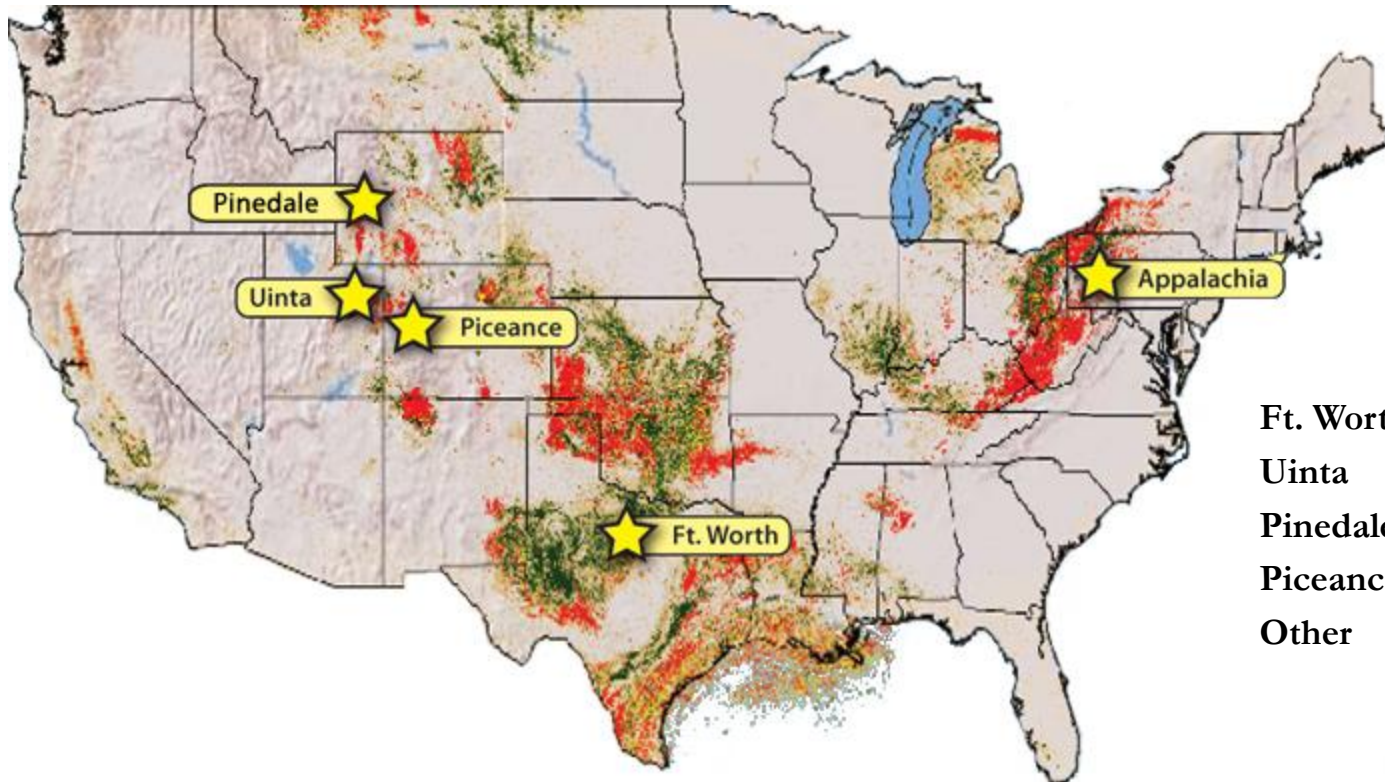
Vantage Approach

- Focus on large impact unconventional plays
- Technology savvy team
- Create legacy, high quality assets
- Maintain strong financial liquidity
- Proactively manage regulatory and land access risk
- Be opportunistic
- Relentless focus on maintaining appropriate risk to reward ratio
- Have fun!!!

Private Equity & Vantage

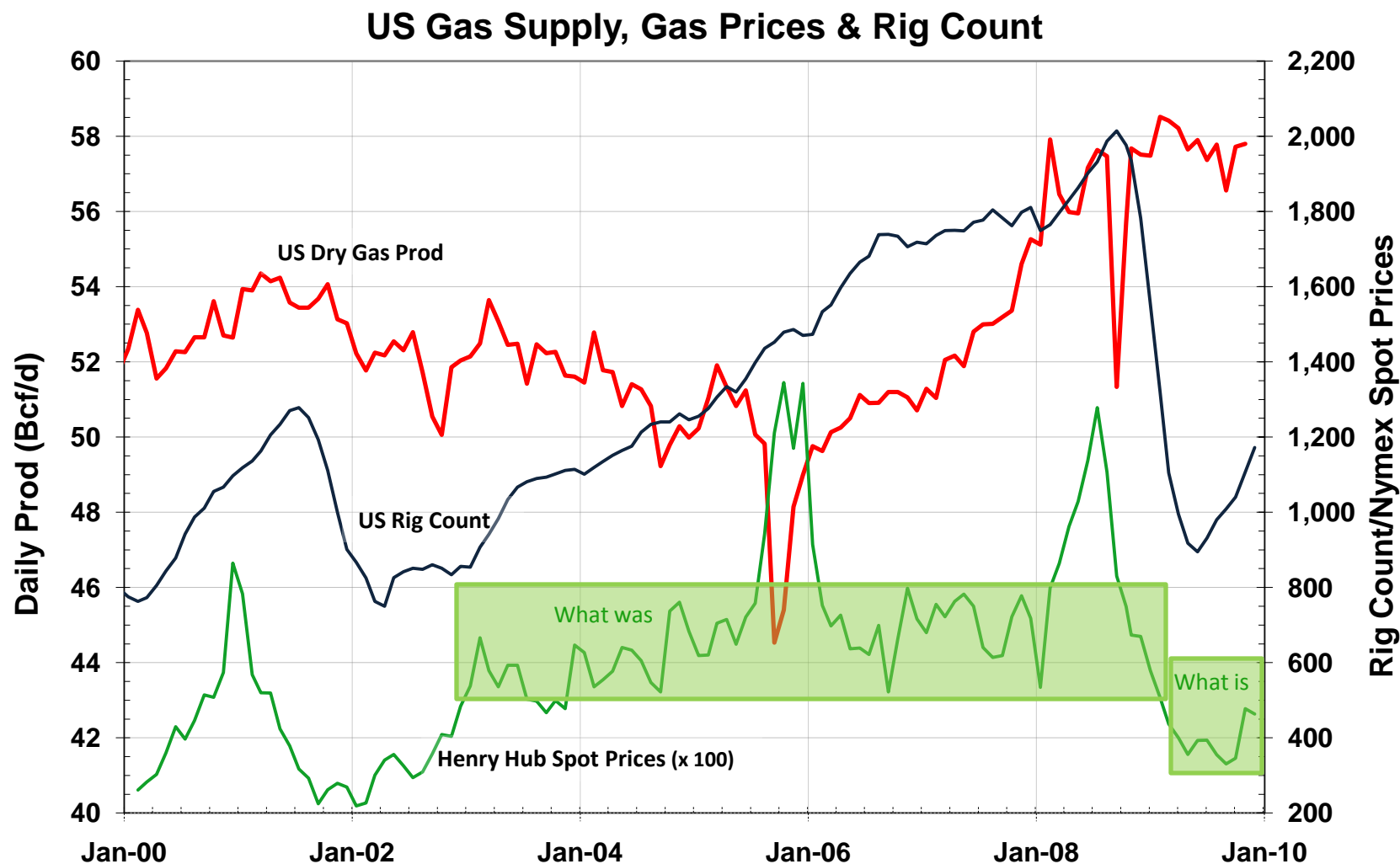
- Private equity looking for:
 - investments in the growing unconventional space
 - team with a track record
 - a focused business plan with scale
- Founders looked for:
 - capital intensity required sizable investment for sufficient runway
 - interest in a fixed life business
 - ability to scale investment with success

Current Projects



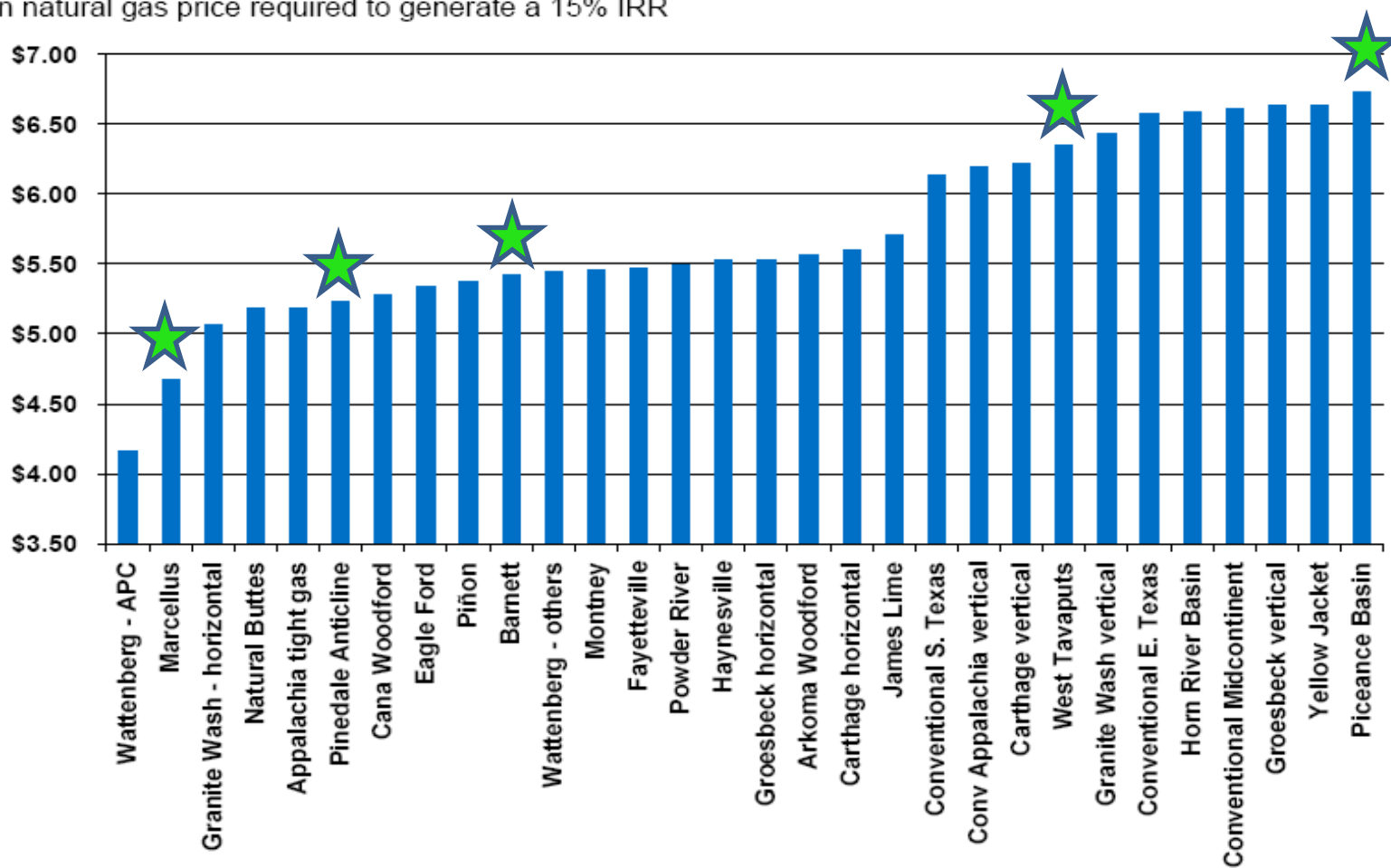
| | |
|-----------|--------------|
| Ft. Worth | 53,900 acres |
| Uinta | 84,400 acres |
| Pinedale | 1,300 acres |
| Piceance | 4,800 acres |
| Other | 21,000 acres |

Changing Fundamentals



Today's Economics

Break-even natural gas price required to generate a 15% IRR



Source: Goldman Sachs Research.

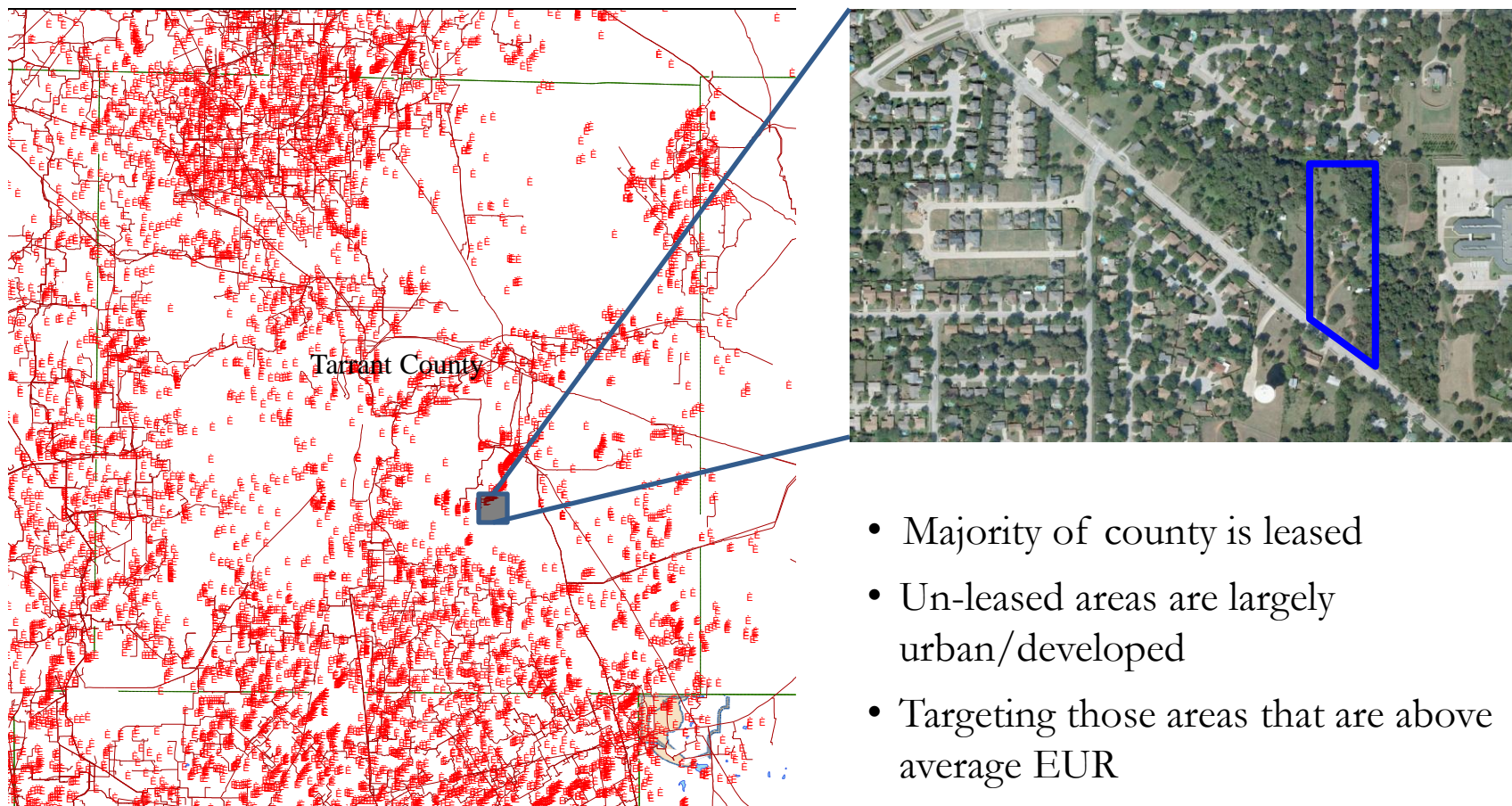
Unconventional Plays – Integrating Earth Sciences

- Gross thickness is highly predictable, but not particularly critical
- Structure matters
- Reservoir quality is a key success factor
- Fracture network complexity
- Things that make good rocks go bad
- Reservoir management planning

Barnett Shale – What's the Attraction?

- Thick gas column
- Good shale characteristics
- Strong resource concentration
- Capital and EUR performance improving (good F&D)
- Repeatability

Building A Position (1/2 acre at a time)



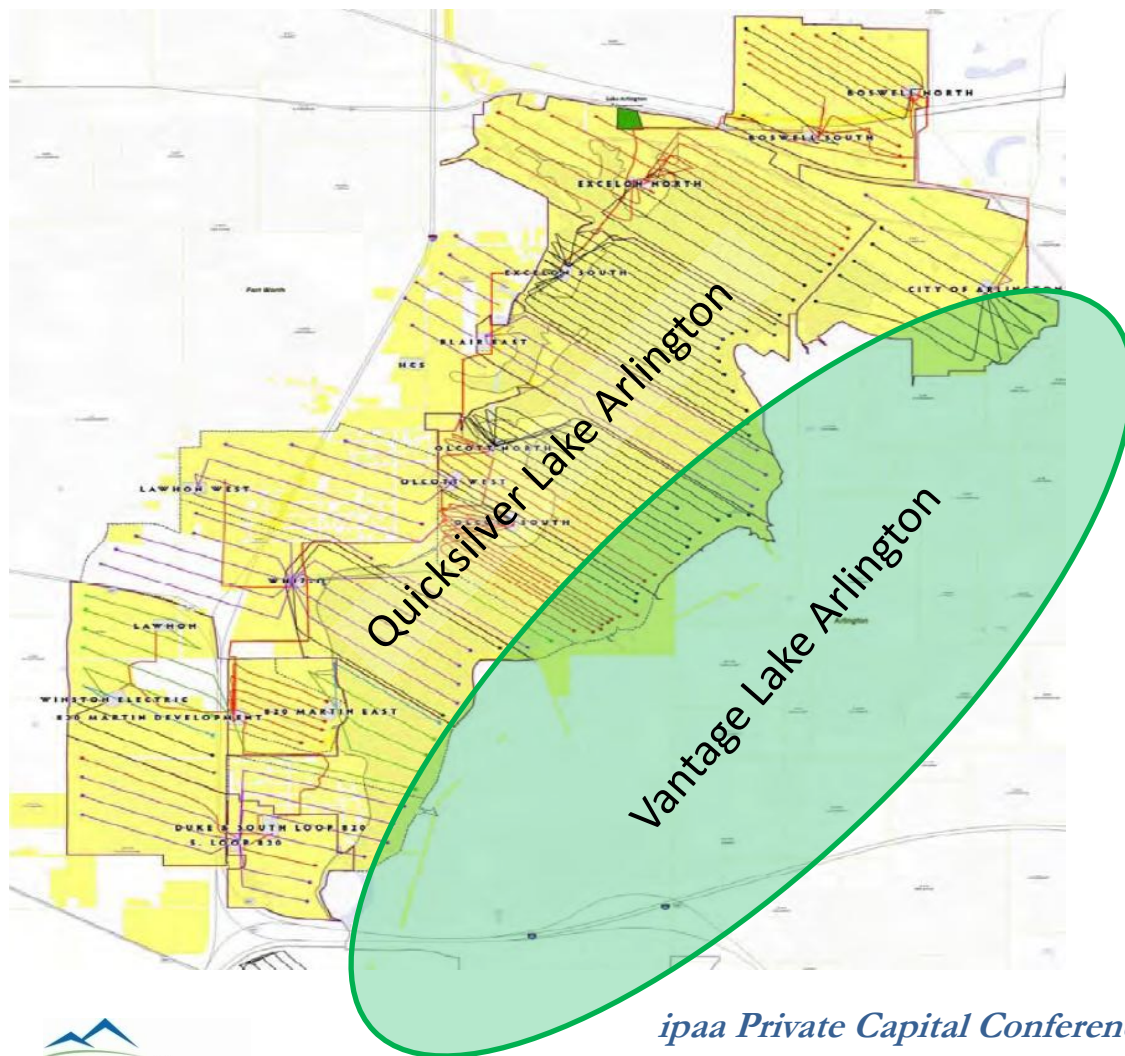
- Majority of county is leased
- Un-leased areas are largely urban/developed
- Targeting those areas that are above average EUR

Urban Ft Worth - Heavy Lifting

| Activity | Time Required (<i>months</i>) | |
|------------------------------------|------------------------------------|--------------|
| | Rural | Urban |
| Leasing | 1-3 | 3-18 |
| Seismic (incl. permitting) | 1-4 | 2-9 |
| Title | 1-3 | 2-6 |
| Well Permits (SUP, RRC, City) | 0.5 | 6-12 |
| Drilling and Completion | 1 | 1-2 |
| Gathering | 1-2 | 1-12 |
| Elapsed Time ⁽¹⁾ | 6-12 | 18-48 |

(1) Multiple Tasks completed concurrently

Lake Arlington (Barnett Shale)



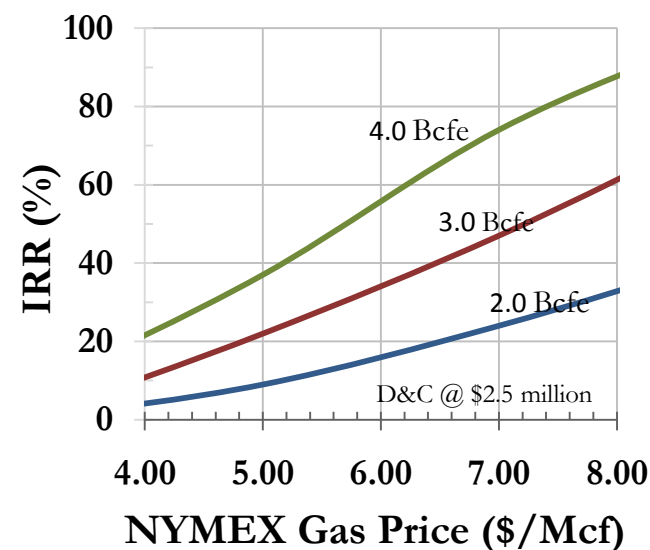
Project Potential

D&C: \$2.5 million/well

EUR's > 4.0 Bcfe/well

Acreage: 2,200 G/1,100 N

Rec. Potential: 130 Bcfe net



Exploration Projects

- Large upside (multiple Tcfe)
- Balance risk and reward (portfolio approach)
- Finding the “sweet spots”
- Working with partners

Acquisitions

- Willing to accept a modest return if project offers downside support (PDP) and reasonable upside
- Bid-Ask spread generally getting better
- Quality of marketed packages generally low
- Pursue opportunities in out of favor areas
- Be creative in deal structure

Where Private Equity is Currently Investing

- Quality projects
- Teams with a business plan that works at lower commodity prices and a track record
- Willing to take measured risk if upside warrants
- Not reliant on strategic buyers as a critical success factor
- Technical competencies