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

<table>
<thead>
<tr>
<th>Location</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ft. Worth</td>
<td>53,900</td>
</tr>
<tr>
<td>Uinta</td>
<td>84,400</td>
</tr>
<tr>
<td>Pinedale</td>
<td>1,300</td>
</tr>
<tr>
<td>Piceance</td>
<td>4,800</td>
</tr>
<tr>
<td>Other</td>
<td>21,000</td>
</tr>
</tbody>
</table>
Changing Fundamentals

US Gas Supply, Gas Prices & Rig Count

- US Dry Gas Prod
- US Rig Count
- Henry Hub Spot Prices (x 100)

What was

What is
Today’s Economics

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

Source: Goldman Sachs Research.

ipaa Private Capital Conference
February 25, 2010
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

<table>
<thead>
<tr>
<th>Activity</th>
<th>Time Required (months)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rural</td>
</tr>
<tr>
<td>Leasing</td>
<td>1-3</td>
</tr>
<tr>
<td>Seismic (incl. permitting)</td>
<td>1-4</td>
</tr>
<tr>
<td>Title</td>
<td>1-3</td>
</tr>
<tr>
<td>Well Permits (SUP, RRC, City)</td>
<td>0.5</td>
</tr>
<tr>
<td>Drilling and Completion</td>
<td>1</td>
</tr>
<tr>
<td>Gathering</td>
<td>1-2</td>
</tr>
</tbody>
</table>

**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

NYMEX Gas Price ($/Mcf) vs. IRR (%)

- D&C @ $2.5 million
- 2.0 Bcfe
- 3.0 Bcfe
- 4.0 Bcfe
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