



ENERGY SPECTRUM CAPITAL



ENERGY SPECTRUM CAPITAL

IPAA Private Capital Conference

Houston, TX

January 21, 2013



- **Focused on the midstream sector of the oil and gas industry**
- **Strategy**
 - Buy and build, including greenfield projects
 - Operational expansion and growth
 - Low to moderate leverage (2.0x to 3.0x cash flow)
 - Primarily exits from sales to strategic buyers
- **Experience**
 - Managing midstream private equity capital since 1996
 - Long-term relationships with the industry's leading midstream management teams



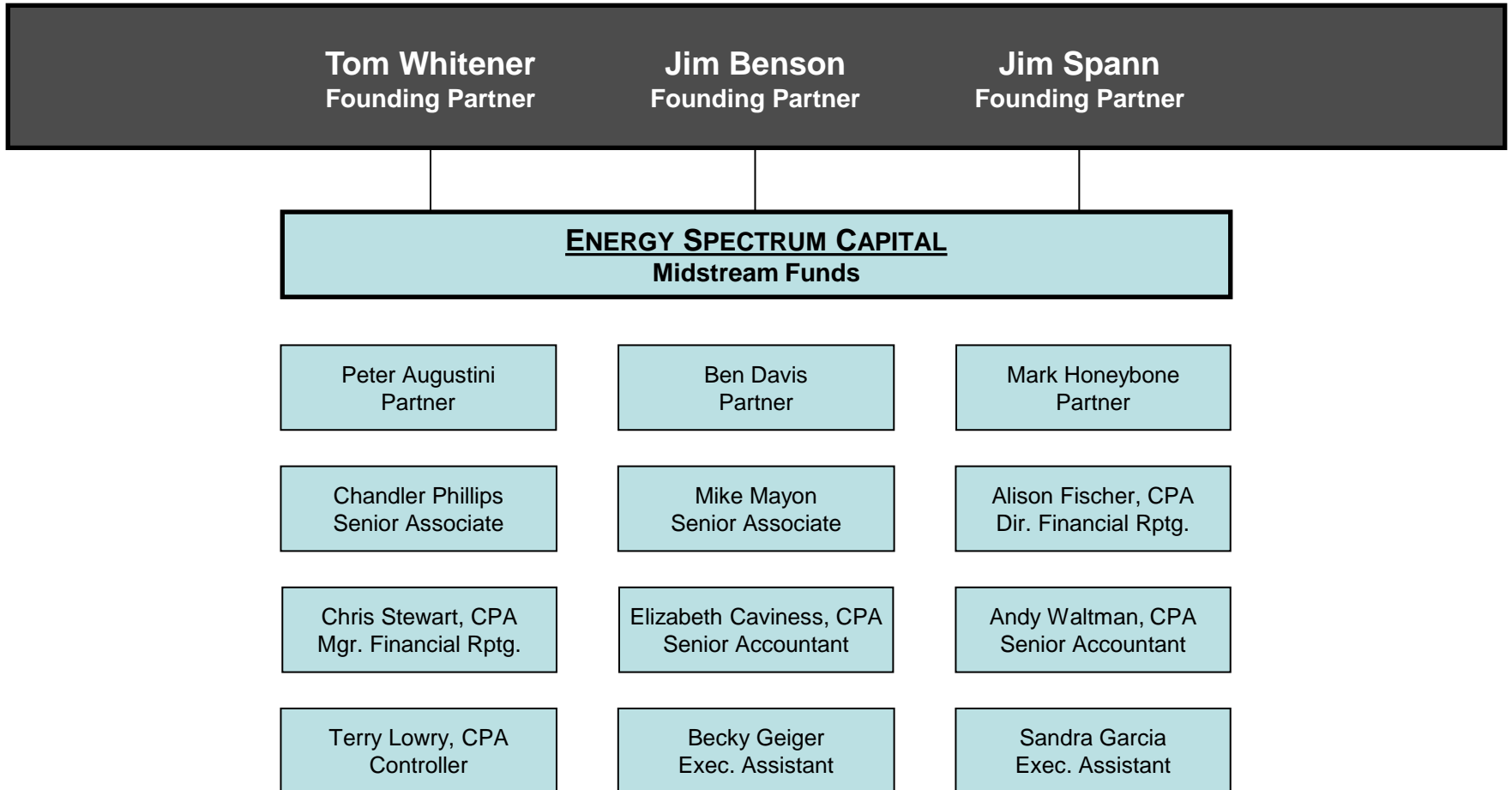
Fund History

	Fund Size	Vintage	Investments	Fund Status
Energy Spectrum Partners LP	\$140 million	1996	Eight portfolio companies (70% in midstream sector)	Fully Realized
Energy Spectrum Partners II LP ^(a)	\$133 million	2000	Seven portfolio companies (75% in midstream sector)	Fully Realized
Energy Spectrum Partners III LP ^(a)	\$86 million	2000	Seven portfolio companies (75% in midstream sector)	Fully Realized
Energy Spectrum Partners IV LP	\$354 million	2004	Ten portfolio companies (80% in midstream sector)	Active "Harvest Mode"
Energy Spectrum Partners V LP	\$612 million	2007	Ten portfolio companies (100% in midstream sector)	Active "Growth & Harvest"
Energy Spectrum Partners VI LP	\$999 million	2011	Nine portfolio companies formed to date (100% in midstream sector)	Active "Pursuing New Investments"

(a) Energy Spectrum Partners II & III operated as a single \$218 million investment vehicle.

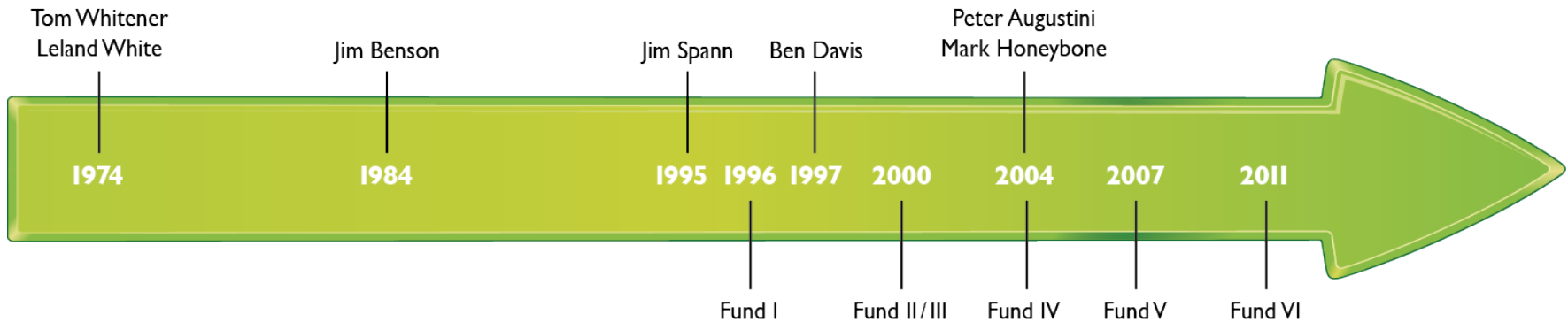


Organization Chart



Team Continuity

- **Energy Spectrum's seven partners have worked together an average of 23 years**
 - All seven partners have an average 26 years of energy industry experience



Benefits to Producer

Capital

Energy Spectrum funds the midstream CapEx, so the producer can spend its capital developing production. Monetization option may also be available to extract cash value at time-zero from existing producer-owned midstream assets.

Expertise

Portfolio company leaders are experienced midstream veterans with C-suite resumes and extensive midstream-specific technical proficiency.

Focus and Execution

Portfolio company leaders have significant equity in the business. You're talking to the owners, and the entire team is dedicated to your project.

Manpower

Producer's manpower resources can be spent on its core business of developing production.

Market Optionality

Producer is given market alternatives and improved access, resulting in higher commodity prices received by the producer.

Cost Savings

Handling production of more than one producer creates economy-of-scale cost savings while still providing individualized service and segregating production as necessary.



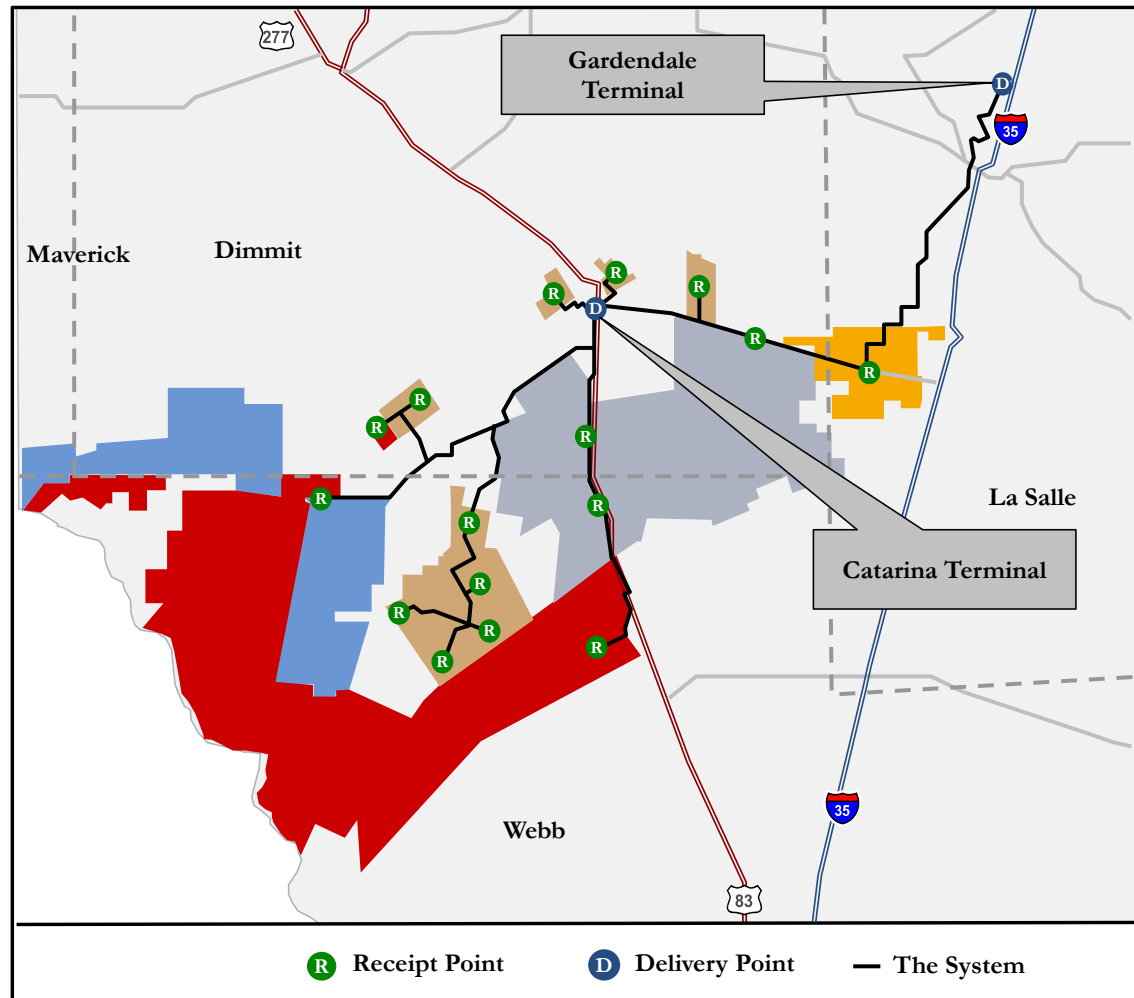
Sample Investment – Velocity Midstream Partners, LLC



MIDSTREAM PARTNERS, LLC

CEO – Rick Wilkerson

- **Built a 121-mile condensate gathering, transportation and storage system in the Eagle Ford**
 - Established the Gardendale Hub
 - Producer customers included Shell, Rosetta, SM Energy, Talisman and Chesapeake
- **Provided a total solution:**
 - Truck loading & unloading
 - Product stabilization & storage
 - Takeaway alternatives: highway access for trucks, long-haul pipeline optionality and rail access



Sample Investment – Stonehenge Energy Resources LP



Partner – Kahuna Ventures

- Stonehenge operated a joint venture with Rex Energy Corp (NASDAQ: REXX) to develop natural gas gathering and processing assets to support Rex's liquids rich Marcellus production in Butler County, PA
- **Staged processing solution**
 - Initially installed a 40 MMcfd cryogenic processing plant to "prove the resource," then added an additional 50 MMcfd plant
- **Rex reduced execution risk and capital exposure, but maintained economic upside with ownership**



Active Portfolio Companies





ENERGY SPECTRUM CAPITAL

ENERGY SPECTRUM CAPITAL

Ben Davis, Partner
(214) 987-6122
ben.davis@energyspectrum.com





LEADING INDUSTRY VETERANS ON THE STATE OF ENERGY INVESTING

sponsored by

