



# **IPAA Private Capital Conference**

## **January 2014**

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## EIG Global Energy Partners

### **EIG is a Leading Provider of Growth Capital to Energy and Resource Companies Globally**

- Including \$6 billion committed from the recent closing of its latest flagship fund, EIG Energy Fund XVI, EIG has \$16.1 billion under management as of December 1, 2013
- Unique and tailored investment style ideally suited to large-scale energy and resource projects
- Not limited to any one sub-sector. We invest in upstream, midstream, infrastructure, resources, power, transportation and renewables

### **Fully Integrated Technical and Investment Capabilities**

- 43 investment professionals including 12 engineers with an average of 18 years experience

### **32 Years of Investing in Energy and Resources**

- 16 funds / 290+ portfolio investments
- We have seen it all

### **Global Capability**

- Teams in Washington, Houston, Hong Kong, London, Sydney, Seoul and Rio de Janeiro
- Investments to-date in 34 countries on six continents
- Strong technical team



# Invested in 34 Countries Worldwide





# Target Investments

## We Provide Growth Capital for Proven Teams with Tangible Projects

### We Seek ...

- Investments underpinned by physical assets with long useful lives
- Project finance style structures and approach
  - Hybrid debt: Secured by shares or assets with equity participation
  - Structured equity: Preferred or common supported by assets and contracts
- Partner-like relationship with management/owners

### Highly Flexible Vis-à-vis Position in the Capital Structure

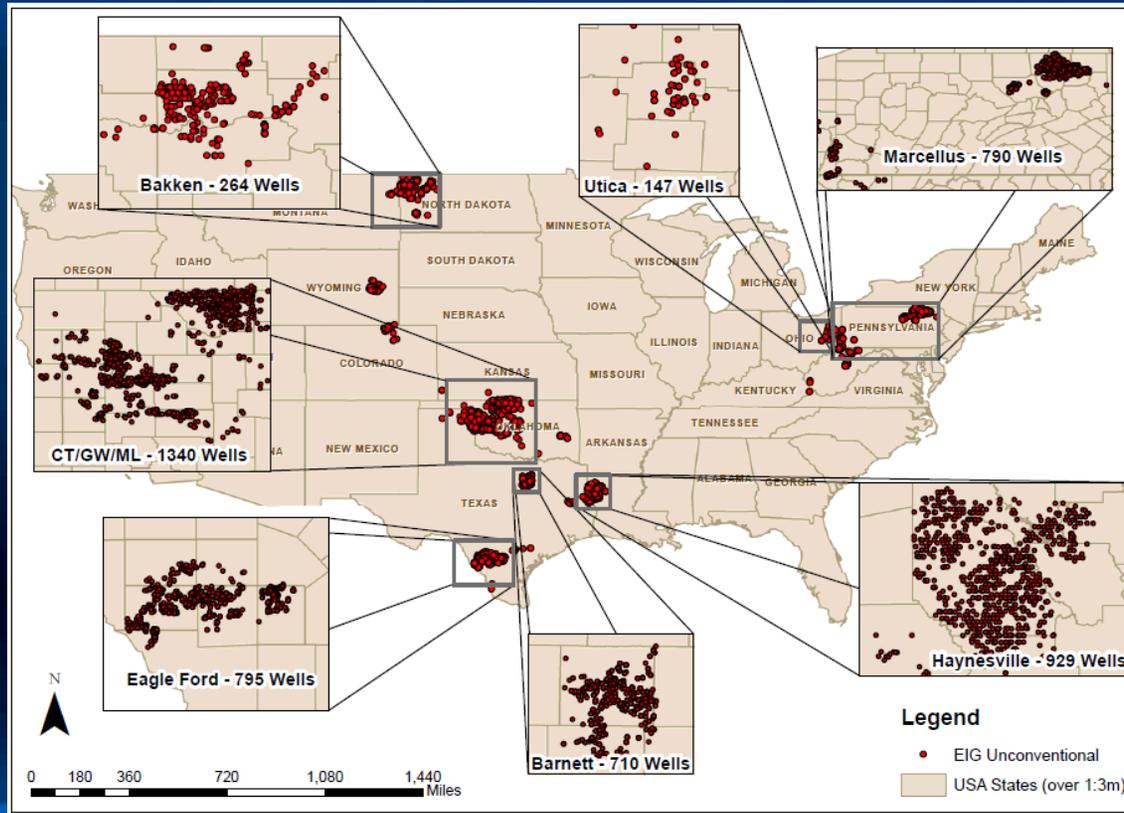
- The opportunity and need dictate where we invest
- Investments include common equity, preferred equity, debt and other forms of hybrid capital
- Focus on preservation of capital with upside potential

### Target Amounts

- \$150 - 750 million per investment
- Larger amounts with fund co-investment



# EIG's Experience in Unconventional Gas



Source: 2013 EIG Partners



# US Natural Gas Market Dynamics

## **2007-2011 unprecedented “land grab” of shale and unconventional gas resource leases in North America**

- Amount of land leased and prices paid were on a scale never before seen
- Billions of dollars paid up front for effectively 3-5 year drill-or-lose call options

## **Created an unprecedented demand for development capital**

- Typical North America wells (horizontal / frac'd) now cost \$7-10 mm per well
- ~14,300 total unconventional wells drilled in 2012
- Infrastructure commitments compounded capital needs

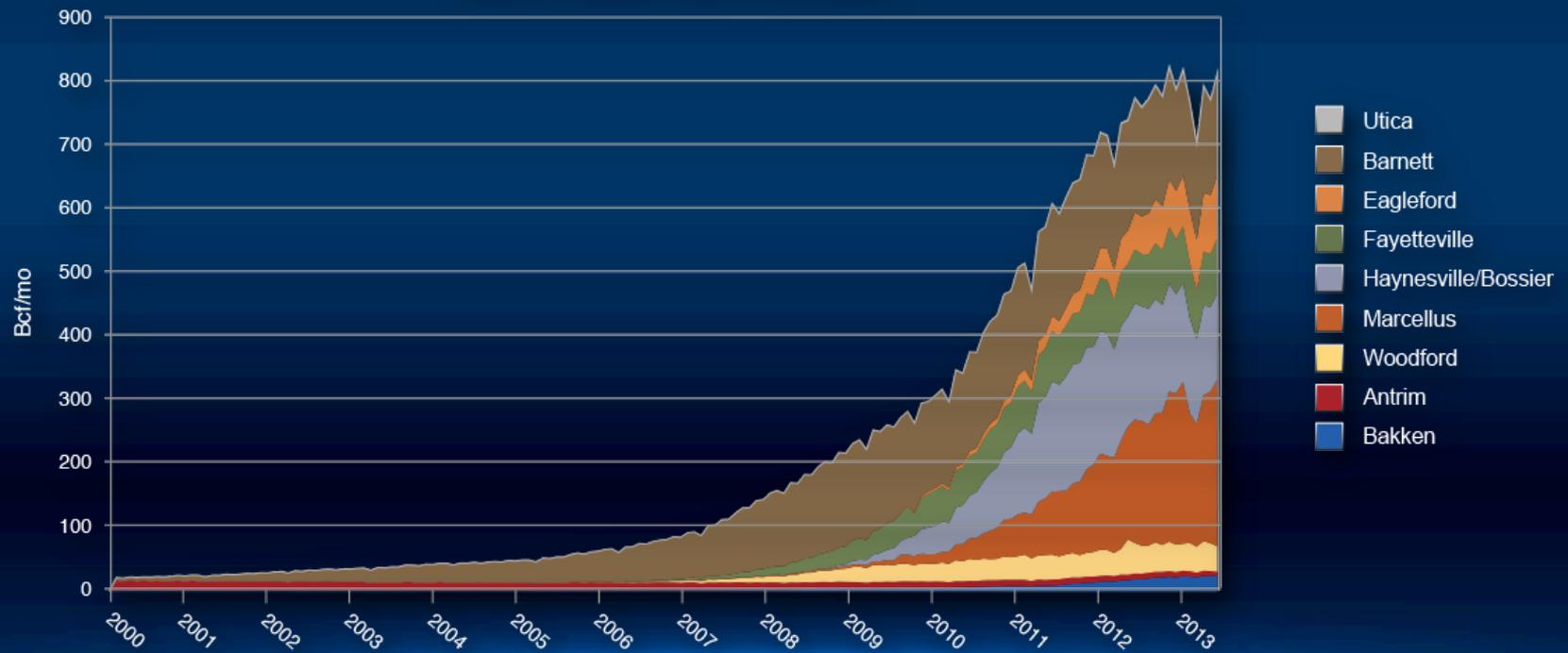
## **Today’s low gas prices and massive capital spending have strained corporate balance sheets**

- Many independents cash flow negative
- Markets penalizing over-weighted gas companies
- Many independents driven to reduce gas exposure through outright asset sales, joint ventures or working interest partners to lessen their capital obligations



# U.S. Shale Plays

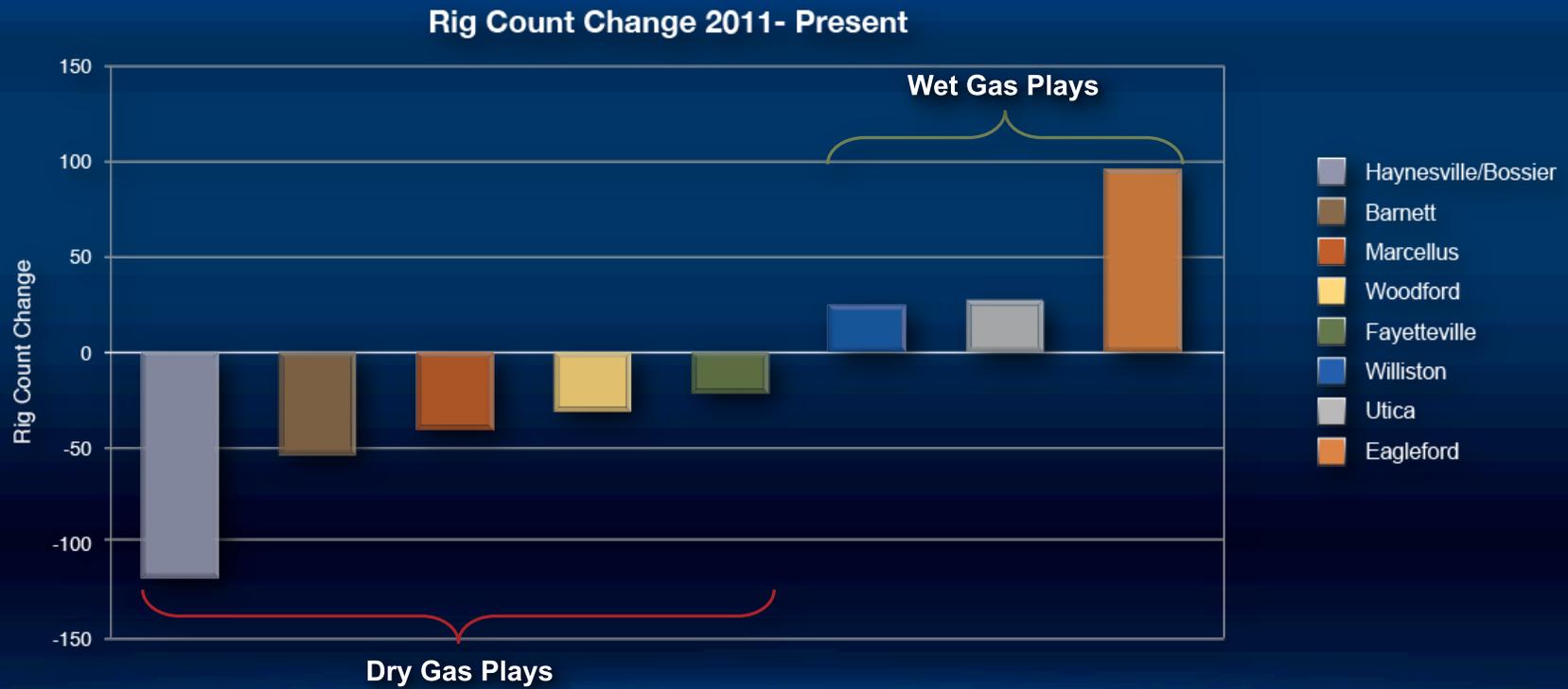
## Historic Shale Gas Production



Source: 2013 DrillingInfo EIA and EIG Partners



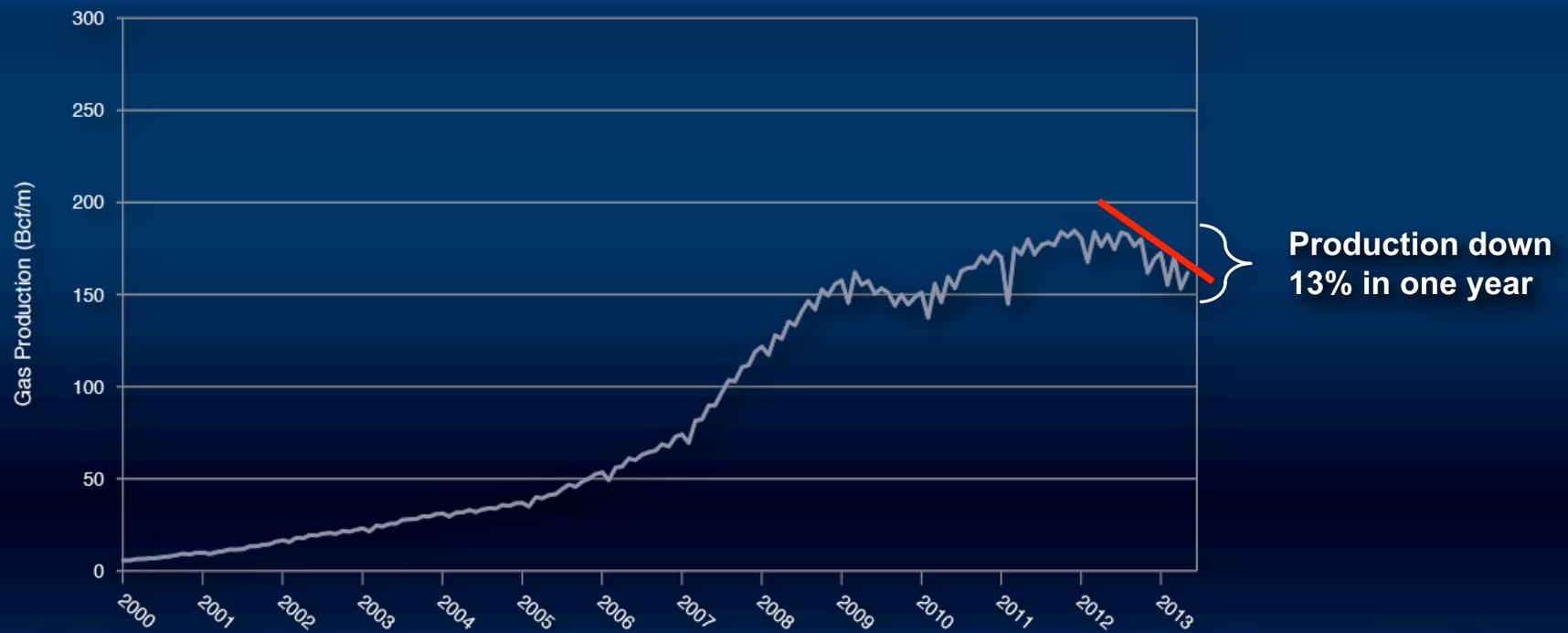
# Changing Target of Drilling Rigs – Dry Gas to Wet Gas



Source: 2013 Baker Hughes Rig Count



# Barnett Gas Production



Source: 2013 DrillingInfo EIA and EIG Partners



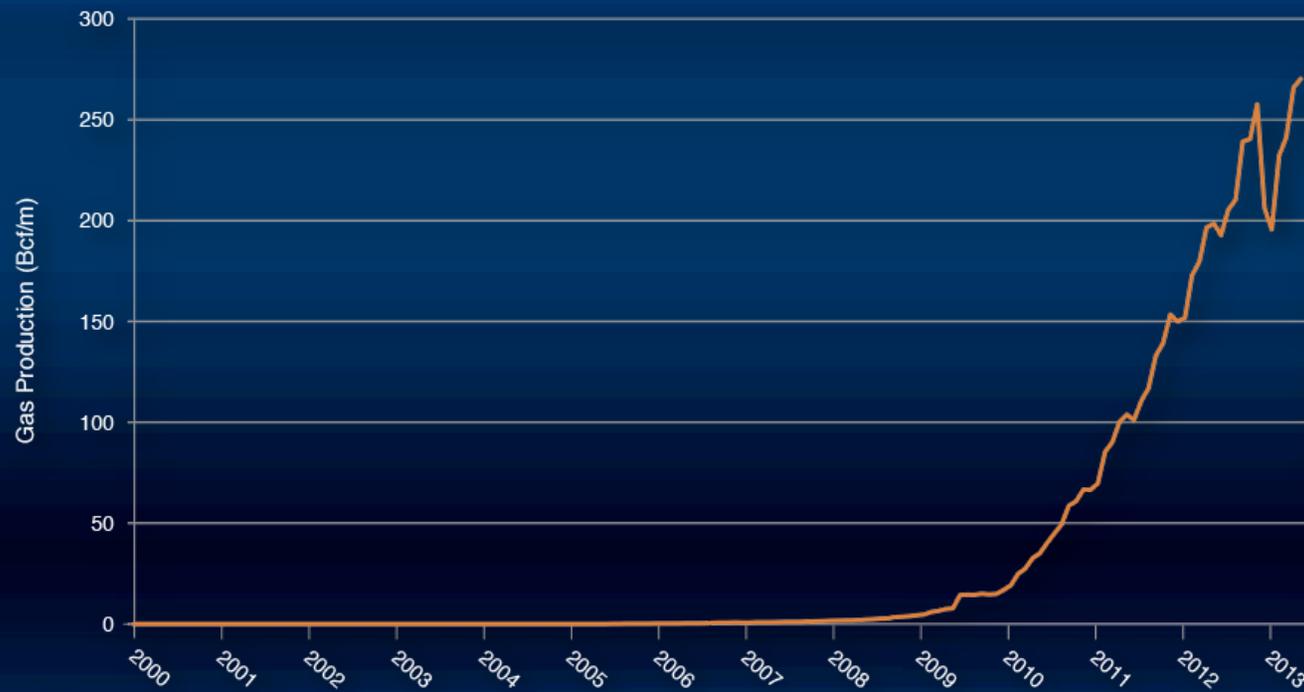
# Haynesville Gas Production



Source: 2013 DrillingInfo EIA and EIG Partners



## Marcellus Gas Production



**Marcellus is the most prolific gas play in the U.S., currently producing 10-11 Bcf/day**

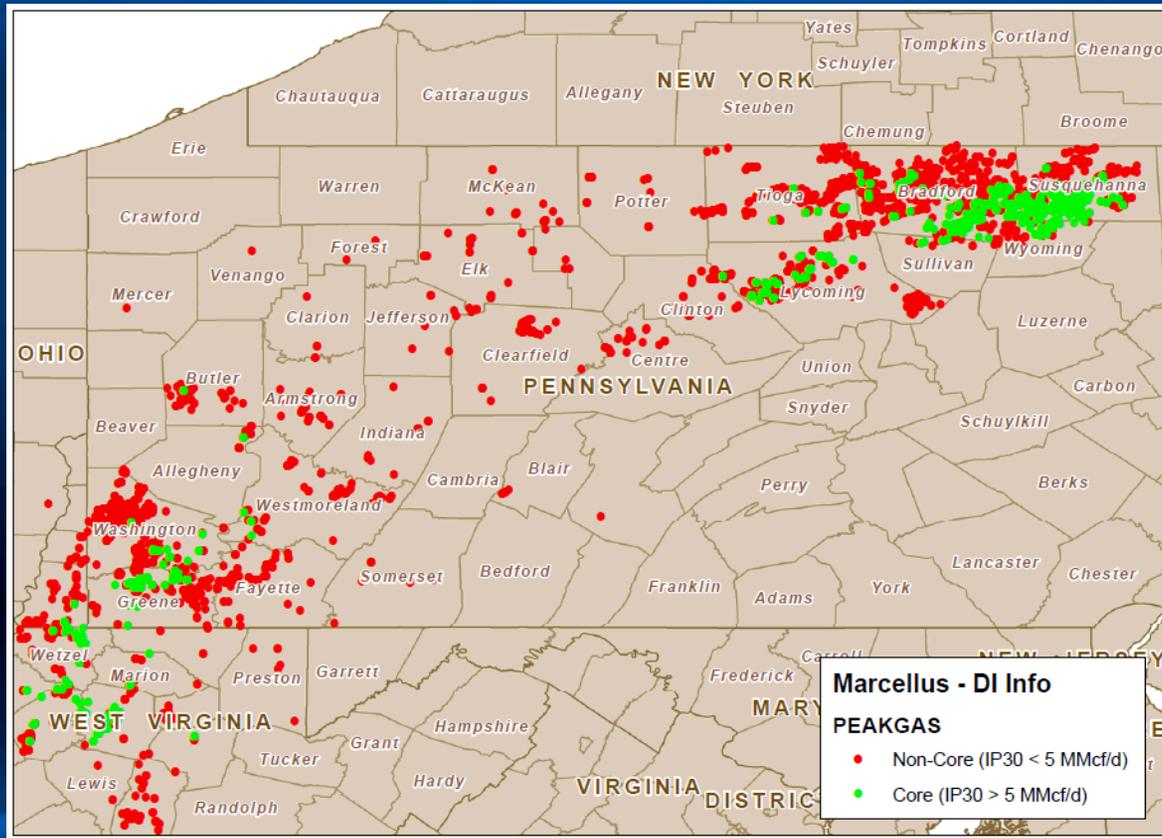
Source: 2013 DrillingInfo EIA and EIG Partners

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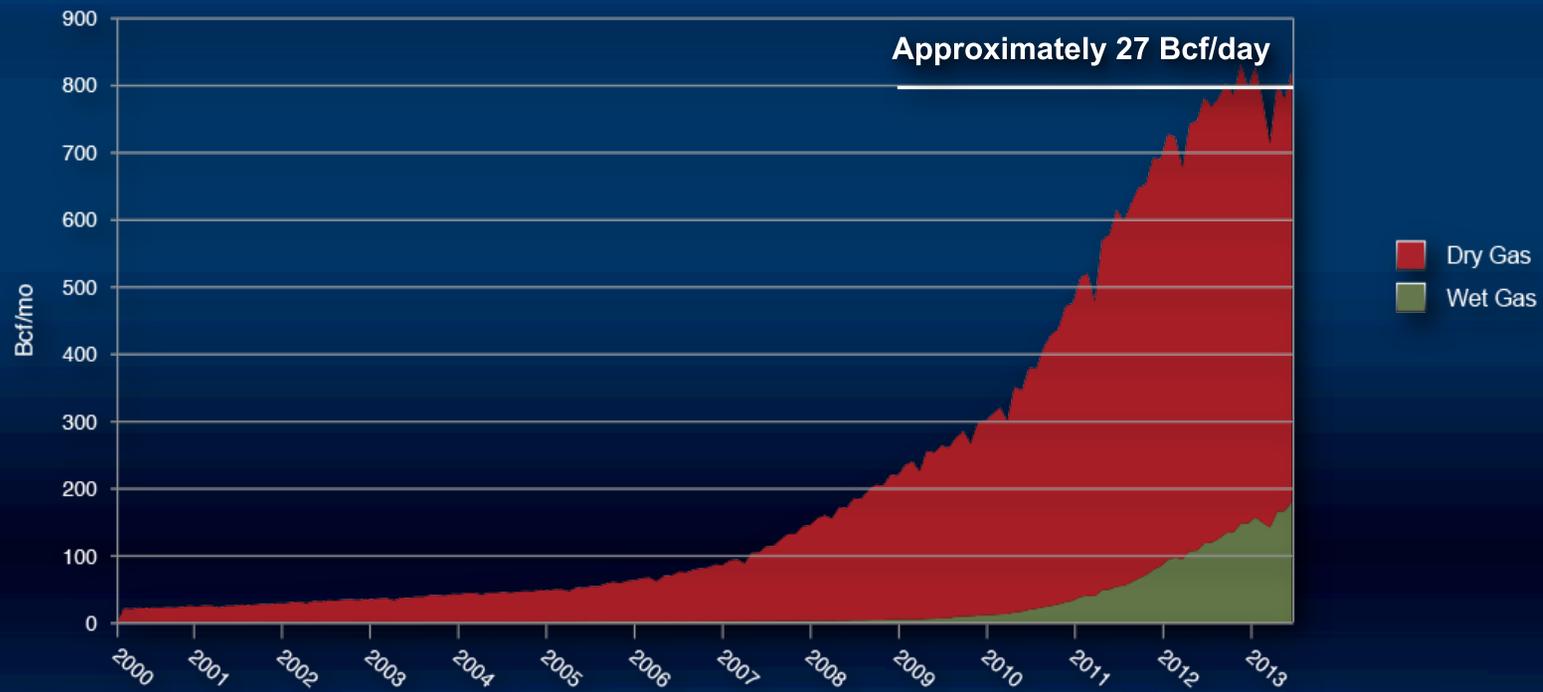
# Core Areas of the Marcellus



Source: 2013 DrillingInfo



# Shale Gas Production has Plateaued



Source: 2013 DrillingInfo EIA and EIG Partners



## Case Studies\*

### Plains Offshore



- \$450 Million
- Deepwater Gulf of Mexico
- Convertible Preferred

### CHK Utica



- \$1.25 Billion
- Utica Shale
- Non-Convertible Preferred with Royalty

### Blackbrush



- \$420 Million
- Eagleford Shale
- Common Equity and Debt

### Prumo Logística



- \$590 Million
- Brazilian Port
- Common Equity

\* Case studies highlighted have been selected to provide a representative cross-section of assets and types of financing structures EIG seeks.



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### CASE STUDIES/INVESTMENT SUMMARIES

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