



EnCap Flatrock Midstream



IPAA Private Capital Conference

Houston, Texas

January 21, 2014

EnCap Flatrock Midstream

EnCap Investments L.P.

- 25 year history
- \$18 billion over 17 funds
- Upstream focus

Flatrock Energy Advisors, LLC

- Midstream M&A advisors
- Midstream veterans

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- Founded 2008
- Midstream oil & gas only
- North America focus
- EnCap business plan

EFM builds midstream companies through greenfield development or acquisitions to create profitable growth-oriented enterprises

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EFM is a Unique Private Equity Firm

Overview

- Platform created early 2008
- Target 2.0x and 25% IRR
- \$3 billion⁽¹⁾ of commitments in two active funds

10 portfolio companies in most attractive basins



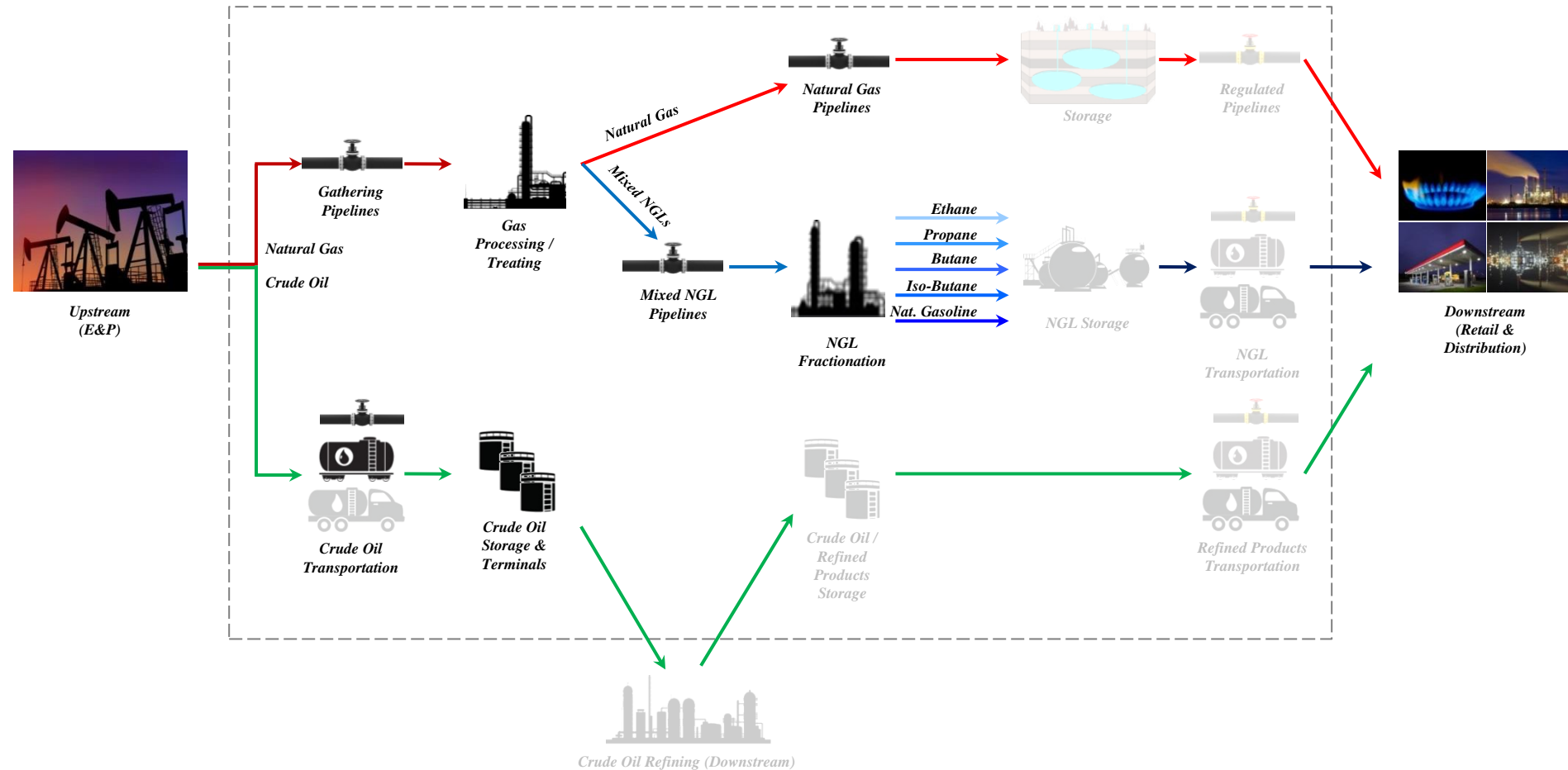
Investment staff are midstream industry veterans



(1) Includes co-investments.

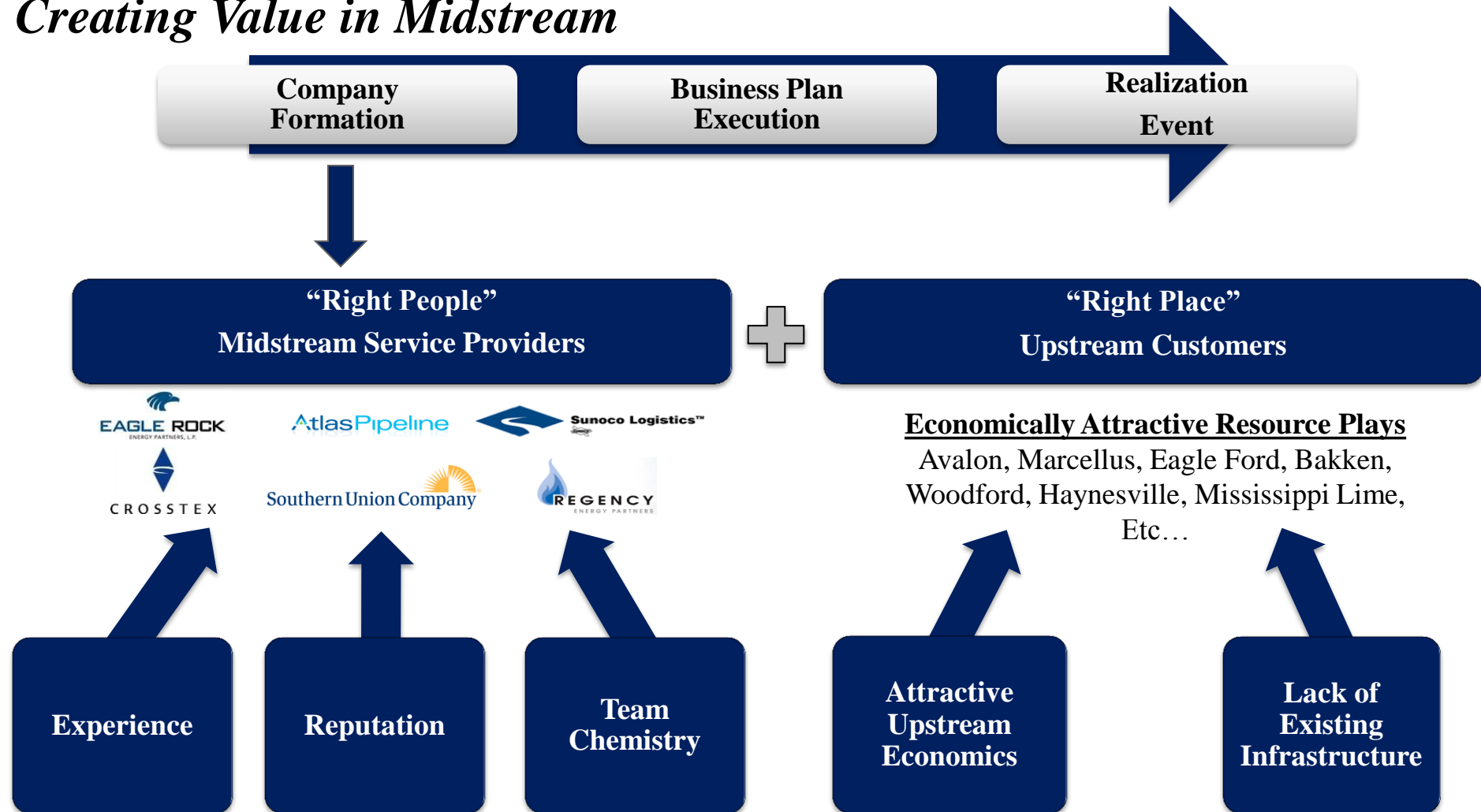
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The Midstream Industry Value Chain



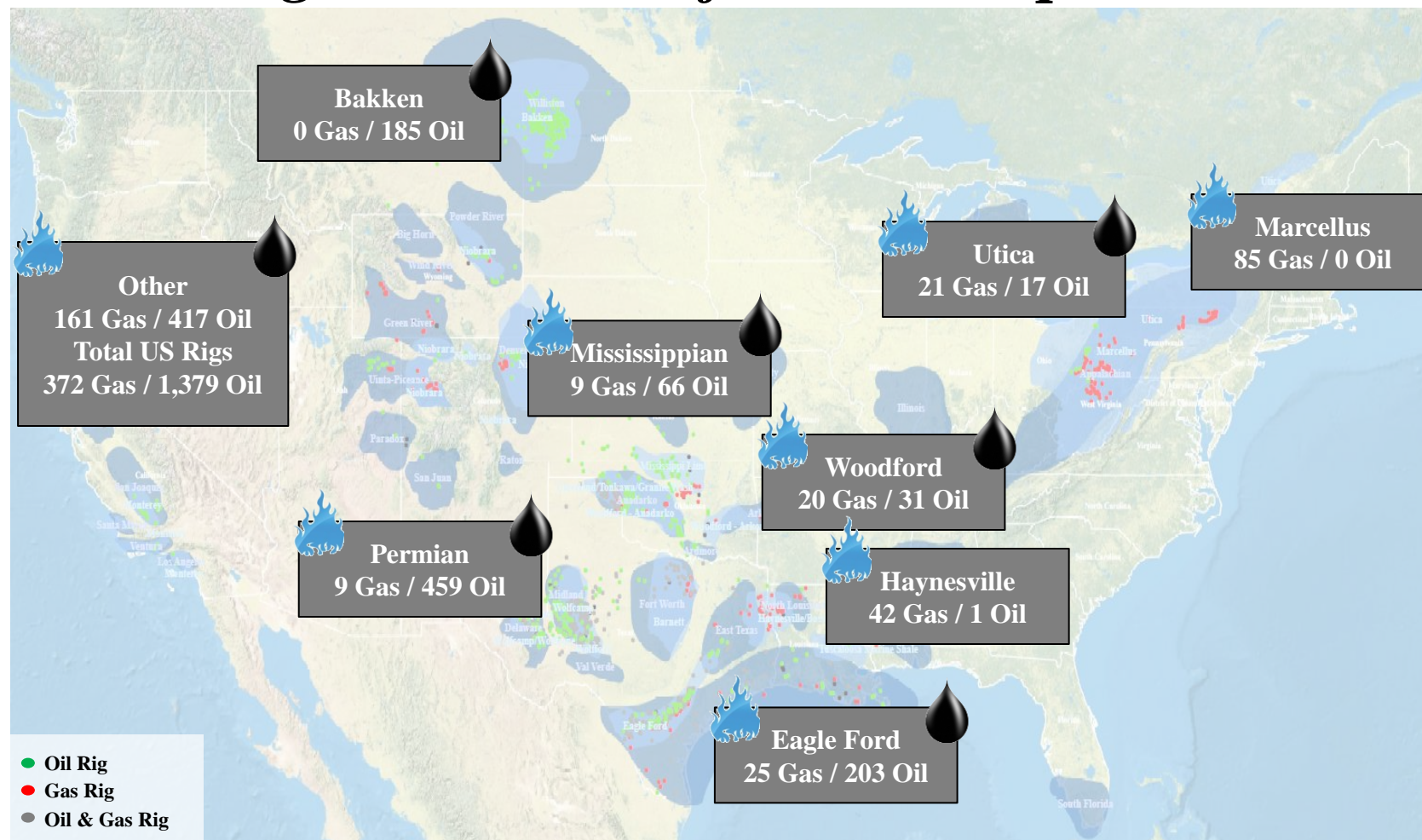
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Creating Value in Midstream



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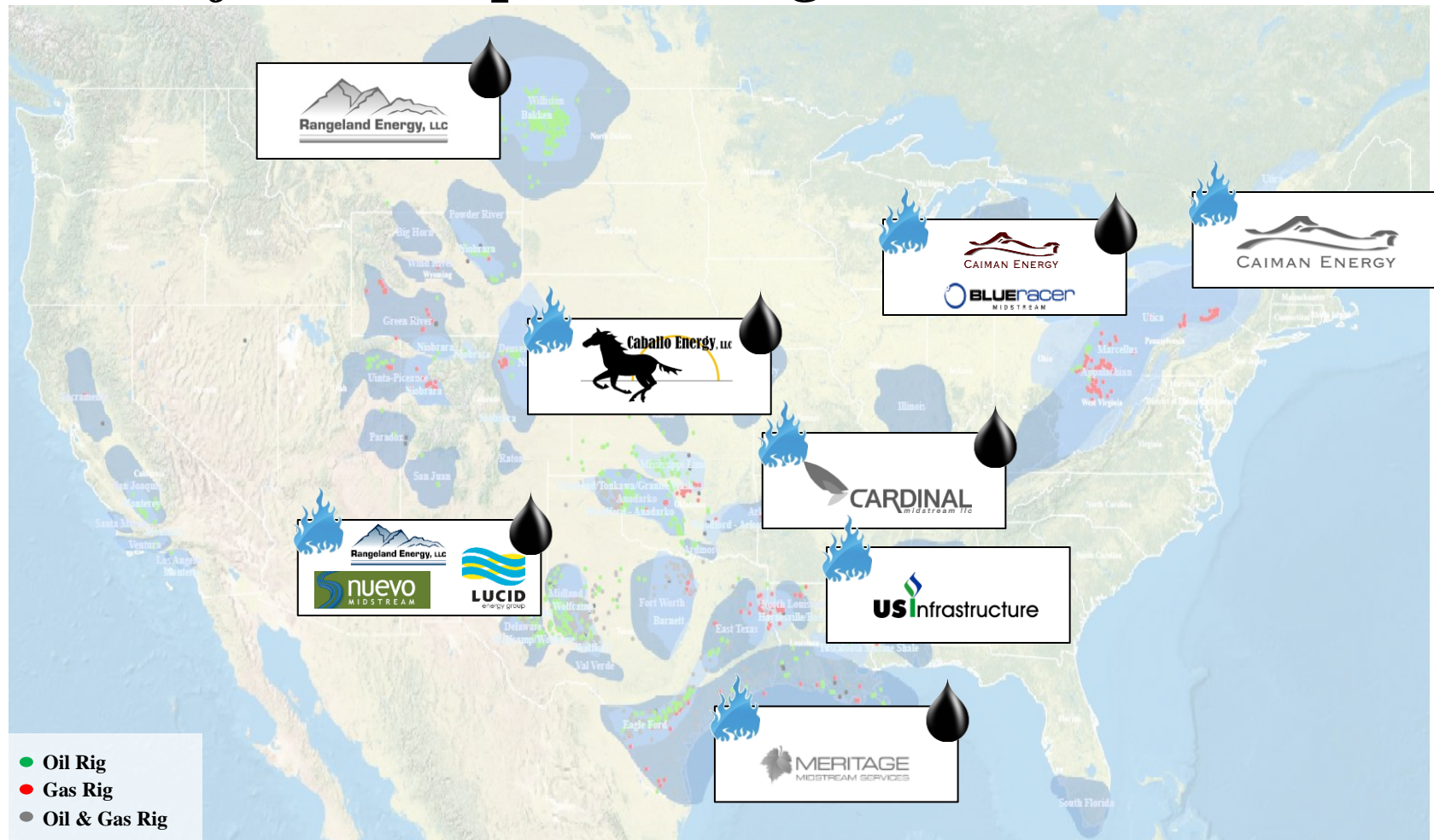
Rigs Drive Greenfield Development



Source: HPDI, EFM. Baker Hughes rig count data as of 1/3/2014.

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EFM Portfolio Companies Target the Most Active Areas



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Fund / Management Team Life-Cycle

EFM follows a standard pattern for each fund / management team

- Make equity commitments to new and repeat management teams over 1 - 3 years
 - Commit \$100 to \$250 million per management team
 - Maintain 10 - 15 active companies across total portfolio
- Invest growth capital over 3 - 5 years
- Monetize company within 5 - 7 years once growth platform has matured
 - Majority of sales involve well-established, publically traded MLPs
 - Specific timing of monetization dependent upon economic environment

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EFM Value to Producer Community

EFM normally does not serve as a traditional financing source for a producer owned & operated midstream venture

How EFM creates midstream value

- Provides a team of midstream veterans to accomplish the following:
 - Design a functional system to provide all required and necessary services
 - Construct and operate all plants, compression and pipelines
 - Capitalize on third party production to create an optimized and efficient system
 - Secure a “geographic franchise” through dedicated acreage or volume-based contracts to create a credible growth story

EFM portfolio companies can provide flexible solutions and work with producers to create a “win-win” situation