

SFC ENERGY PARTNERS IPAA PRIVATE CAPITAL CONFERENCE

THE STATE OF ENERGY INVESTING

JANUARY 21, 2013



Private equity energy fund focused on low to moderate risk investments in the onshore North American Oil & Gas Industry

- Private equity investments primarily in upstream sector
- Private equity capital for management teams and companies; no direct investments; no exploration investments
- Prepared to risk the return on capital, but not the return of capital

Fund I

- *Closed on September 30, 2007 with \$415 million in subscriptions*

Fund II

- *Closed on March 31, 2011 with \$596.7 million in subscriptions*

Founding partners: 100+ years of oil and gas investment and partnering experience

- Strong history and track record of identifying, evaluating and understanding oil and gas investments
- Proven partnering capabilities
- “Been There, Done That” experience
- Geoscience, engineering, finance and land industry professionals
- Technical depth and acumen

OUR PORTFOLIO



○ Sedimentary Basin
○ Non-Sedimentary

- Strong management teams with proven track record of success and value creation
- Drilling projects and/or acquisitions with embedded growth opportunities
- Alignment of interests through partner relationship
- Disciplined exit strategy in 2 to 5 years
- Oil bias

WHAT IS OUR TYPICAL INVESTMENT?

- Experienced, multi-discipline management team
- Cogent, compelling business plan
- Focused target area
- Identified use of proceeds
- Timeline
- Exit

- Investments in the form of equity
- Investment size ranges generally from \$50 million to \$100 million
- Structure and terms tailored to fit each investment
 - Start-ups, projects, acquisitions, drilling and mid-stream investments
 - Multi-tiered back-ins for management team tied to investment performance
 - Collaborate on a disciplined exit strategy at time of investment

- Develop a solid, compelling presentation
- Be prepared (practice your presentation prior to presenting it)
- Understand who you are presenting to
- John Cleveland's Pet Peeves
 - "Invest" vs. "Spend"
 - Exit - Exit - Exit



LEADING INDUSTRY VETERANS ON THE STATE OF ENERGY INVESTING

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