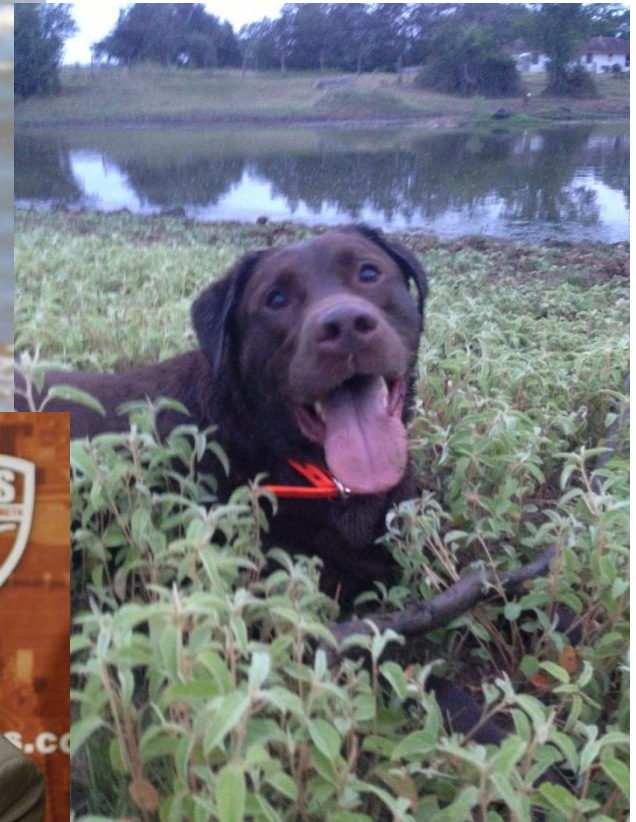




IPAA Private Capital Conference  
Service and Midstream Financing Solutions  
Will Franklin

January 2014

# Who is Will Franklin



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# Who is Lime Rock

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Lime Rock Partners is a creative private equity investment partner in building exceptional oil and gas businesses, side by side, with entrepreneurs every day.

Since 1998 we have helped build differentiated, high-growth E&P and oilfield service companies worldwide.

We bring our specialist finance and operating expertise, global presence, technology leadership, people-centered strategies, and patient hard work to help our investors and portfolio company partners profit from operational growth.

## Lime Rock Partners by the Numbers

**\$5.5 B**

in total  
capital  
commitments

**9**

funds

**23**

investment  
team  
members

**38**

current  
portfolio  
companies

**57%**

of capital  
invested in  
North America

**54%**

of capital  
invested in  
oilfield service

**\$3.9 B**

in total  
commitments  
to Lime Rock  
Partners  
funds

**6**

Lime Rock  
Partners  
funds

**3**

offices:  
Houston,  
London, and  
Westport, CT

**42**

exited  
portfolio  
companies

**43%**

of capital  
invested in  
Europe,  
Middle East,  
and Asia-  
Pacific

**46%**

of capital  
invested in  
E&P and  
other

# Team Seeks to Be Creative Partner in Building Differentiated Oil and Gas Businesses, Side by Side, Every Day

 <b>PEOPLE-CENTERED STRATEGIES</b>	<ul style="list-style-type: none"> <li>▶ Seek creative and flexible ways to partner with exceptional entrepreneurs</li> </ul>
 <b>SPECIALIST FINANCE AND OPERATING EXPERTISE</b>	<ul style="list-style-type: none"> <li>▶ Exclusively focused on upstream oil and gas across E&amp;P and service, finance and operations, and different regions</li> </ul>
 <b>GLOBAL PRESENCE</b>	<ul style="list-style-type: none"> <li>▶ Presence on three continents to help companies grow internationally and understand how global trends will affect them</li> </ul>
 <b>TECHNOLOGY LEADERSHIP</b>	<ul style="list-style-type: none"> <li>▶ Leader in backing both leading-edge technology developers and in helping all E&amp;P and service companies gain technical edge</li> </ul>
 <b>PATIENT HARD WORK</b>	<ul style="list-style-type: none"> <li>▶ Work tirelessly alongside management to create value, through good times and bad</li> </ul>

# Investment Scope

## SECTORS

- ▶ **Upstream oil and gas**, principally:
  - ▶ Exploration & production
  - ▶ Oilfield service
  - ▶ Oil service technology

## STAGE

- ▶ **Growth**, principally
- ▶ Also late venture-stage, buyouts of discounted assets, and secondary positions in fast-growing companies

## SIZE

- ▶ **Niche**
- ▶ \$25-\$100 MM investments in companies with enterprise values up to \$500 MM
- ▶ Selected smaller oil service technology investments

## CONTROL

- ▶ **Strong preference for lead investor role with majority ownership**
- ▶ Will opportunistically pursue minority or co-investment positions

## VALUE CREATION

- ▶ **Diverse, proven strategies for value creation**
- ▶ Buy-and-build, high-impact technologies, organic asset growth, strategic joint ventures, discounted asset purchases

## REGIONS

- ▶ **Global**
- ▶ Historical concentration in the United States, Canada, and Northwest Europe
- ▶ Select focus on Middle East, Asia-Pacific, and other markets
- ▶ Other areas also pursued

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# Select Oilfield Service Investments

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# Patriot Drilling: Company Snapshot

## INVESTMENT DATA

Oilfield Service	
Headquarters	Casper, WY
Investment Date	March 2003
Exit Date	April 2004

## DESCRIPTION

Patriot Drilling, a private drilling contractor focused on the Rocky Mountain region, expanded and upgraded its fleet with growth capital from Lime Rock Partners.

## INVESTMENT HISTORY AND THESIS

- ▶ Lime Rock Partners approached by executive of former portfolio company with investment opportunity
- ▶ Company had exposure to growing Rocky Mountain natural gas development
- ▶ Management with deep experience in the area
- ▶ Attractive valuation

## POST-INVESTMENT DEVELOPMENTS

- ▶ During investment period, the Patriot team grew the rig fleet from two rigs to ten rigs
- ▶ The company was able to source a number of rigs ideally suited for the Rockies market at attractive valuations
- ▶ Late in 2003, the company began receiving unsolicited interest at Rockies rig counts grew
- ▶ Grey Wolf acquired the company in April 2004



# GEODynamics: Company Snapshot



## INVESTMENT DATA

Oilfield Service	
Headquarters	Houston, TX
2013E Revenue	~\$80 MM
Investment Date	November 2011

## DESCRIPTION

GEODynamics specializes in the manufacturing, assembly, and sale of high performance perforating systems for oil and gas producers and service companies around the globe.

## INVESTMENT HISTORY AND THESIS

- ▶ Opportunity to invest in a differentiated equipment manufacturer in a market with attractive dynamics
- ▶ Industry-leading standard perforating systems as well as two other highly differentiated product lines
- ▶ Business had steadily grown and remained well positioned to increase productivity in shale gas and tight oil reservoirs
- ▶ Attractive price given the company's differentiation and growth profile

## POST-INVESTMENT DEVELOPMENTS

- ▶ Expanded aggressively in the United States with opening of seven warehouses since initial investment, accessing several additional high growth basins
- ▶ Testing with an IOC concluded that GEODynamics perforation tools provide more than 50% better open flow than the competition, including big name service companies
- ▶ GEODynamics is now exclusive charge provider to one IOC's complex deepwater Gulf of Mexico projects; working with a large Eagle Ford operator on significant installation of differentiated CONNEX charges and Linx Toe Valves

# UTEC International: Company Snapshot



## INVESTMENT DATA

Oilfield Service	
Headquarters	Houston, TX
2013E Revenue	~\$85 MM
Investment Date	August 2010

## DESCRIPTION

UTEC Survey is one of the world's largest independent offshore survey companies providing a wide range of geotechnical services including construction support, industrial measurement, positioning, and geophysical survey services worldwide.

## INVESTMENT HISTORY AND THESIS

- ▶ Led by former executive at successful offshore services company
- ▶ Uses acoustic and dynamic positioning interfaces to allow offshore construction providers to position, install, understand, map, locate, remove, and maintain oil and gas (and occasionally offshore wind) assets
- ▶ Market notable for one large competitor and high fragmentation among other localized service providers
- ▶ Expand geographically, into other service lines, and into other parts of the value chain through organic growth and consolidation of niche operators

## POST-INVESTMENT DEVELOPMENTS

- ▶ In 2011, opened new offices in Dubai, Rio de Janeiro, Newfoundland, and Naples to expand global reach; won work from major new customers; launched new brand; entered geotechnical and geophysical survey market; added high caliber managers to team
- ▶ 2012 results driven by an expansion of the client base and a resurgence in Gulf of Mexico and North Sea activity
- ▶ In 2012/2013, worked with company to complete two acquisitions, expanding the company's capabilities and service offerings for offshore development



# Xtreme Coil Drilling: Company Snapshot

## INVESTMENT DATA

Oilfield Service  
 Headquarters Houston, TX  
 2013E Revenue ~C\$200 MM  
 Investment Date October 2008

## DESCRIPTION

Xtreme Coil Drilling (TSX: XDC) develops and applies leading-edge technology to design, build, and operate drilling rigs and well service rigs.

## INVESTMENT HISTORY AND THESIS

- ▶ Differentiated and potentially important product and service offering: drilling rig technology that lowers cost and drilling time
- ▶ Distressed hedge fund seller allowed Fund V to get large initial block purchase at good price in negotiated sale
- ▶ 13 rigs under long-term contract: 10 with Weatherford in Mexico and 3 with Anadarko in Rockies

## POST-INVESTMENT DEVELOPMENTS

- ▶ Company has been very successful in putting rigs to work in U.S. shale and tight oil plays after leaving Mexico market in 2009
- ▶ Fund V participated in several follow-on financings, allowing Xtreme to deleverage company and grow rig fleet
- ▶ In 2010-2012, shifted to primarily North American-oriented business through transfer of rigs, newbuilds, and new coil service fleet
- ▶ Company now has 21 drilling rigs and 8 coil service rigs, versus 13 drilling rigs total at time of initial investment
- ▶ A number of speed and efficiency records for drilling and coil service rigs

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# What We See in the OFS Market

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## OVERALL ENVIRONMENT

- ▶ E&P spending forecasted to reach record mark
- ▶ Rig counts flat, well counts up -> 5-10%
- ▶ International and domestic growth rates anticipated to be instep
- ▶ Bullish NOC spending outlook trumps flat/down IOC profiles
- ▶ NAM Gas directed activity likely finally bottomed

## PRODUCTS & SERVICE COMPANIES

- ▶ Volume/operating leverage driving margin expansion more likely than pricing
- ▶ Rising completions activity and complexity
- ▶ Multi-well pad operations creating “haves and have-nots” in well count beta businesses
- ▶ Land drilling asset replacement cycle continues
- ▶ Non-rig assets in NAM stable/maintenance-mode
- ▶ Technology still commands a revenue premium
- ▶ Subsea equipment and consumables to catch-up to early 2013 forecasts

# Oilfield Service Strategy: Find Well-Managed, Differentiated Companies Pursuing Four Core Growth Strategies

	NEW MARKET LEADERS	MARKET SHARE GROWTH	REGIONAL/GLBL EXPANSION	NEW TECHNOLOGY
<b>PRODUCTS</b> 	Clear market leader in attractive, sizable subsector	Better technology, better service, or better price	From success in a basin or country, to other basins or the world	Clear value proposition over incumbent solutions
<b>SERVICES</b> 	LRP EQUITY CHECK \$75-\$100 MM	\$30-\$75 MM	\$30-\$75 MM	\$10-\$20 MM
<b>RIGS/HEAVY ASSETS</b> 	INITIAL PROFILE Starter acquisitions, business plan, or initial success	EBITDA-positive with track record of growth	EBITDA-positive with track record of growth	Proof of concept verified by customers
<b>TECHNOLOGY</b> 	GROWTH STRATEGIES Organic growth and platform for tuck-in acquisitions	Organic and acquisition driven growth	Primarily organic growth	Technology commercialization
	EXIT MARKETS IPOs and secondary PE buyouts	Strategic sales and secondary PE buyouts	Strategic sales and secondary PE buyouts	Strategic sales
	REPRESENTATIVE PORTFOLIO COMPANIES Shelf (2012) OilSERV (2010) EnerMech (2009) Hercules (2004-2010)	Patriot (2003-2004) Tercel (2009) PSL (2003-2008) Serimax (2004-2010) Acteon (2003-2006)	TWMA (2007) VES (2011) GEODynamics (2011) UTEK (2010) Xtreme (2008) Roxar (1999-2007)	EV (2010) Silixa (2010) Reelwell (2010) TGT (2011) ALC (2011) V-Tech (2005-2008) Sensa (2000-2001)

# Lime Rock Global Investment Team

## US-BASED INVESTMENT TEAM

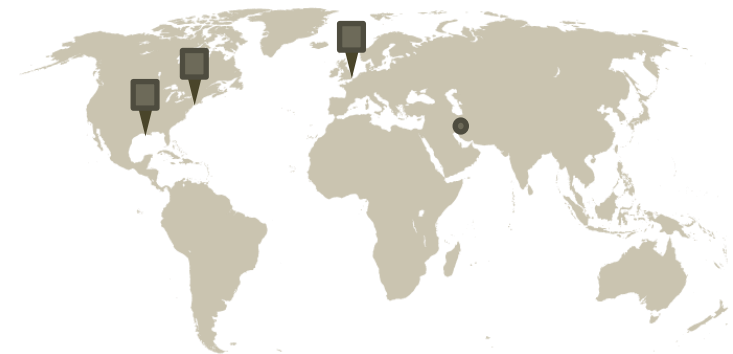
Jonathan Farber	Managing Director	1998	Goldman Sachs
John Reynolds	Managing Director	1998	Goldman Sachs
Will Franklin	Managing Director	2003	Riverstone
J McLane	Managing Director	1998	Pioneer
Townes Pressler	Managing Director	2007	Peregrine, CS
Greg Highberger	Director	2006	Credit Suisse
James Wallis	Director	2007	Petrie Parkman
Ben Smith	Senior Associate	2009	Simmons
Greg O'Brien	Senior Associate	2011	JP Morgan
Ben Conner	Senior Associate	2011	JP Morgan
Andrew Gautier	Associate	2012	Lazard Frères
Michael Henson	Associate	2012	Tudor, Pickering
Lysle Witter	Associate	2013	Lazard Frères
Tiffany Finch	Engineering Analyst	2011	Netherland Sewell

## FINANCE, IR, BD, AND LEGAL

Mark McCall	Managing Director and CFO	1998	Lehman Brothers
Gary Sernovitz	Managing Director IR/BD	2004	Goldman Sachs
Kris Agarwal	Managing Director and GC	2008	Skadden Arps, V&E
Anu Mehta	Associate General Counsel	2012	V&E, Latham
Allie Stone	Senior Associate IR/BD	2010	Morgan Stanley

## LONDON-BASED INVESTMENT TEAM

Jeffrey Scofield	Managing Director	2005	H. Lovegrove, CS
Trevor Burgess	Managing Director	2009	Expro, BHI, SLB
Hossam Elbadawy	Senior Op. Partner (Dubai)	2010	CEO, Tercel
Stuart Paton	Senior Industry Consultant	2012	Ex-CEO, Dana
Rob Willings	Director	2004	Schlumberger
Blair Barlow	Vice President	2008	Signalta Resources
Lynn Calder	Vice President	2008	Talisman
Oliver Phillips	Senior Associate	2011	Lazard Frères
G. Papineau-Legris	Associate	2012	Perella Weinberg



Lime Rock Partners Investment Committee members