Frank A. Lodzinski
CEO and President
Oak Valley Resources, LLC

“Scorecard for Success”

IPAA Private Capital Conference
January 21, 2014
Private Equity Ingredients

- Capable management team with a history of value creation
- Honesty, integrity, and forthrightness
- Strong technical and operational backgrounds
- Ability to adapt with changing market environments
- Shared view of risk management and capital preservation
- Receptive to “partnership” relationship
- Entrepreneurial mindset towards cultivating economical projects
- “Skin-in-the-Game”
- Exit strategy
Oak Valley Resources, LLC (“OVR”) has been formed to pursue economically attractive, U.S. onshore upstream opportunities

- Senior management team has generated significant shareholder value in prior ventures
- Capitalized with $215 million of cash commitments from EnCap, Vlasic, Wells Fargo, Friends and Family, and Management
- EnCap contributed a portfolio of stranded assets to OVR in December 2012
  - Properties provided immediate cash flow and upside potential
- OVR acquired its Eagle Ford properties in July 2013
  - Significantly enhances OVR’s cash flows, production, reserves, and liquids exposure
- Near-term objective of establishing a public presence

### OVR Capitalization Overview ($mm)

<table>
<thead>
<tr>
<th>Investors</th>
<th>Cash Commitment</th>
<th>Capital Invested</th>
</tr>
</thead>
<tbody>
<tr>
<td>EnCap</td>
<td>100</td>
<td>39</td>
</tr>
<tr>
<td>Wells Fargo</td>
<td>25</td>
<td>15</td>
</tr>
<tr>
<td>Vlasic</td>
<td>20</td>
<td>12</td>
</tr>
<tr>
<td>Friends and Family</td>
<td>63</td>
<td>38</td>
</tr>
<tr>
<td>Management</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>215</strong></td>
<td><strong>108</strong></td>
</tr>
<tr>
<td>Contributed Properties</td>
<td></td>
<td>60</td>
</tr>
<tr>
<td>Credit Facility Borrowings</td>
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<td>11</td>
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<tr>
<td><strong>Total Capitalization</strong></td>
<td></td>
<td><strong>178</strong></td>
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<tr>
<td><strong>Liquidity</strong></td>
<td></td>
<td><strong>165</strong></td>
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Oak Valley Resources is Backed by Top Tier Equity Investors

**Oak Valley Management**

-- Management team formerly of GeoResources prior to sale to Halcon Resources in 2012

-- CEO has 40 years of experience with several successful prior companies

-- Executive officers have over 30 years of industry experience gained from GeoResources and its predecessor entities as well as from other independent E&Ps

-- Prior companies include GeoResources, Southern Bay, Texoil, and others

**Vlasic Group**

-- Partnered with Management for 25 years

-- Director of Halcón Resources

-- Former investor and director of GeoResources and predecessor entities

-- Previously affiliated with Vlasic Foods prior to sale to Campbell Soup

**Friends and Family**

-- Many repeat investors

-- Long-term investment horizons

-- Petroleum engineers, geologists, industry bankers and lawyers, asset managers, endowments, family trusts, high net worth individuals

-- Source of incremental deal flow and advice

**Energy Capital Group**

-- Part of Wells Fargo Energy Group, a $30bn capital provider to the North American energy industry

-- Predecessor entities have partnered with management previously

**EnCap Investments L.P.**

-- Leading provider of private equity to the independent E&P sector

-- 25-year history of providing capital

-- Repeat investors

-- Long relationship with Management
Management

- Strong management and technical team with demonstrated ability and prior success

- OVR benefits from a full compliment of technical, operations, financial/accounting, and administrative personnel, nearly all of whom are investors in OVR and have been involved in prior successful ventures

<table>
<thead>
<tr>
<th>Name</th>
<th>Years of Experience</th>
<th>Years with Team</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frank Lodzinski</td>
<td>41</td>
<td>25</td>
<td>CEO &amp; President</td>
</tr>
<tr>
<td>Robert Anderson</td>
<td>26</td>
<td>10</td>
<td>A&amp;D, Reservoir Engineering</td>
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<td>Steve Collins</td>
<td>26</td>
<td>16</td>
<td>Completion &amp; Operations</td>
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<tr>
<td>Chris Cottrell</td>
<td>30</td>
<td>16</td>
<td>Land &amp; Marketing</td>
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<tr>
<td>Tim Merrifield</td>
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<td>13</td>
<td>Geological &amp; Geophysical</td>
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<td>Francis Mury</td>
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<td>25</td>
<td>Drilling &amp; Development</td>
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<tr>
<td>Bret Wonson</td>
<td>12</td>
<td>6</td>
<td>Chief Accounting Officer</td>
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<tr>
<td>Neil Cohen</td>
<td>9</td>
<td>1</td>
<td>Finance</td>
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**Track Record**

*Team members have repeatedly executed a highly successful strategy, earning significant value for shareholders*

- Track record of creating value and liquidity
- Success with multiple entities over an extended period of time
- Several long-term and recurring shareholders
- Extensive industry and financial relationships
- Significant technical and financial experience
- Team has been together through multiple entities

**Southern Bay investors (2005) achieved a combined 7.4x ROI upon the merger with GeoResources (2007) and subsequent sale in 2012**
Track Record (Cont’d)

GeoResources Average Daily Production (Boepd)

CAGR = 47%

GeoResources EBITDA Growth ($mm)

CAGR = 90%

Note: 2012 based on annualized H1 2012 actuals
Oak Valley Strategy

**Strategy employed is similar to the objectives implemented and realized in Management’s prior entities in which significant returns were delivered to shareholders**

<table>
<thead>
<tr>
<th>Asset Strategy</th>
<th>Corporate Strategy</th>
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</table>
| **Objective I:** Optimize Existing Properties  
- Operational improvements and efficiencies  
- Fully define geological and engineering upside  
- Pursue tactical acquisitions and leases in the vicinity of existing properties/fields | **Target low development, operating, and G&A cost structure** |
| **Objective II:** Enhance Production / Cash Flow  
- Pursue production based deals  
- Acquire liquids production with a stable cost structure and development potential  
- Re-establish operating presence | **Solicit industry and financial partners on a promoted basis** |
| **Objective III:** Growth thru the Drill-Bit  
- Acquire acreage at favorable economics  
- Execute multi-year development drilling program  
- Continue to survey and execute low-risk / high-impact exploration drilling opportunities  
- Subsequent selective asset acquisitions | **Maintain financial flexibility and a clean balance sheet to execute acquisitions/mergers** |
| | **Re-establish Denver office and Rockies presence** |
| | **Public merger and/or ultimate sale** |
Property Overview

**LeFlore County:**
14,025 net acres with 37 PDP wells in Red Oak Field

**Grayson County:**
2,480 net acres prospective for horizontal Viola play

**LaSalle County:**
27,000 gross / 3,115 net acres; 10% to 15% working interest non-op position to BHP
Active Eagle Ford drilling program: 57 PDP wells, 6 wells waiting on completion, ~140 drilling locations

**Zapata County:**
1,630 net acres; 10 PDP wells; Lobo formation; operated and non-operated

**Milam/Burleson Counties:**
20,735 net acres prospective for Austin Chalk, Buda, Eagle Ford, Georgetown, and Woodbine formations

**North Louisiana:**
( Caddo & DeSoto Parishes )
20 PDP wells

**East Texas:**
9,290 net acres prospective for Travis Peak, Pettet, Rodessa, James Lime, and Haynesville/Bossier formations
96 PDP wells and an inventory of ~145 recompletions and drilling locations

**Gonzales/Fayette Counties:**
14,825 net acres; operated position
33 PDP wells with 200+ drilling locations

**Eagle Ford Acreage:**
Gonzales, Fayette, LaSalle Counties
17,940 net acres
90 PDP wells

**Portfolio of conventional and unconventional assets located in:**
-- South Texas (Eagle Ford)
-- East Texas
-- Eastern Oklahoma
-- North Louisiana
OVR and Flatonia Energy acquired Halcon’s Eagle Ford position of 51,000 net acres

- Developed by OVR management team while at GeoResources prior to its sale to Halcon in 2012
- OVR acquired a 30% working interest, operated position
- Parallel Resource Partners, a private equity firm, formed Flatonia Energy to participate with a 70% working interest
- Significant exposure to the oil window of the Eagle Ford trend in South Texas
- Nearly all 33 producing wells were drilled by OVR management team/former employees of GeoResources; extensive in-house knowledge of geology, land, title, drilling and completion costs, and upside potential
- Current 3,000 gross Boepd
- Currently 1-rig running targeting the Eagle Ford, with plans to have a 4-rig program by year-end 2014, and 1-rig running targeting the Austin Chalk
Eagle Ford Position – LaSalle County

◆ 3,115 net acres, non-op position to BHP
◆ 57 producing wells, with another 6 expected to come online in the next 3 months
◆ Two areas:
  ▪ White Kitchen
    ▪ HBP
    ▪ Gas and Liquids
    ▪ 15% working interest
    ▪ 8,300 gross / 1,250 net acres
  ▪ Martin Ranch
    ▪ Gas
    ▪ 10% working interest
    ▪ 18,700 gross / 1,900 net acres
◆ Economics are adequate in the current price environment
◆ Substantial upside from HBP acres and increased natural gas prices
Current Private Equity Environment

- Most private equity firms deploy capital to teams that they have funded previously and achieved prior success
- Will consider top-tier executives leaving mid/large-cap public and private companies
- Assemble and flip model becoming antiquated / unappealing
- Assets must reach a greater stage of development
- Longer holding periods
- Must consider exit strategy
  - Special circumstances – Devon / GeoSouthern; Marathon / Hilcorp
  - Sale to publicly-traded C-corps and/or MLPs
  - Monetize via the public markets (e.g., IPO)
  - Sale to other private equity firms or to their portfolio companies
Suggestions for Those Seeking Private Capital for the First Time

- Assemble an experienced team across all major disciplines – technical, operational, and financial

- Skin in the Game
  - Invest personal funds into the company to align management and investor interests
  - If you have a deal – great; even a small starter deal could attract the right investor(s)

- If you do not have a deal, then have a specific focus area

- Become knowledgeable of A&D / M&A environment and metrics

- Communicate clearly and convincingly how you will deliver profits/shareholder value

- Discuss exit strategy