

TALARA

CAPITAL MANAGEMENT

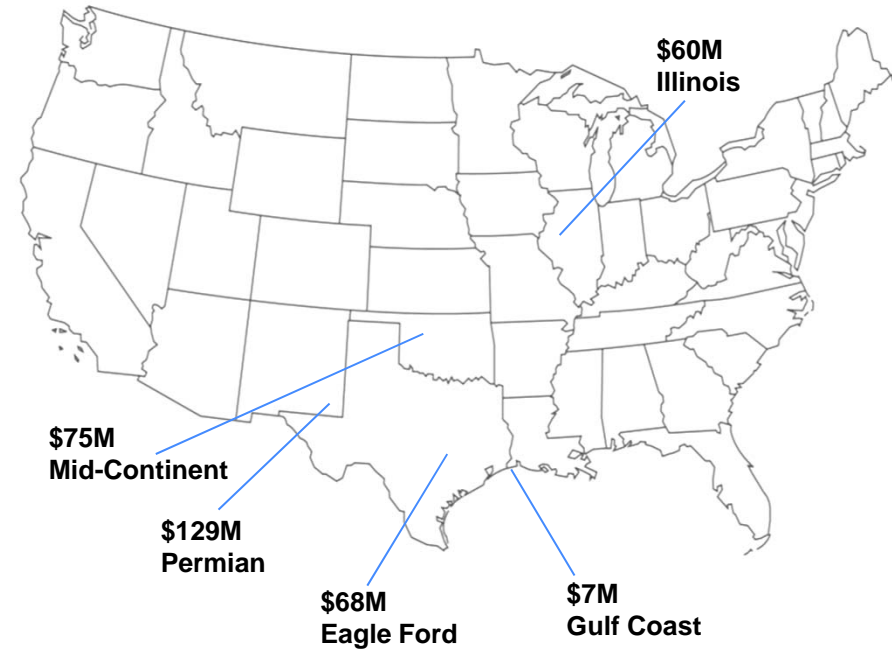
IPAA Private Capital Conference

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Talara Capital Management Overview

- Private equity firm focused on U.S. upstream energy investments
- Founded in 2010 with offices in Houston and the New York metro area
- \$339M committed to 6 transactions in the Permian, Mid-Continent, Eagle Ford, Illinois, and Gulf Coast basins, mostly since 2013
- \$50M-\$150M equity investments
- Looking to commit \$500M over the next few years

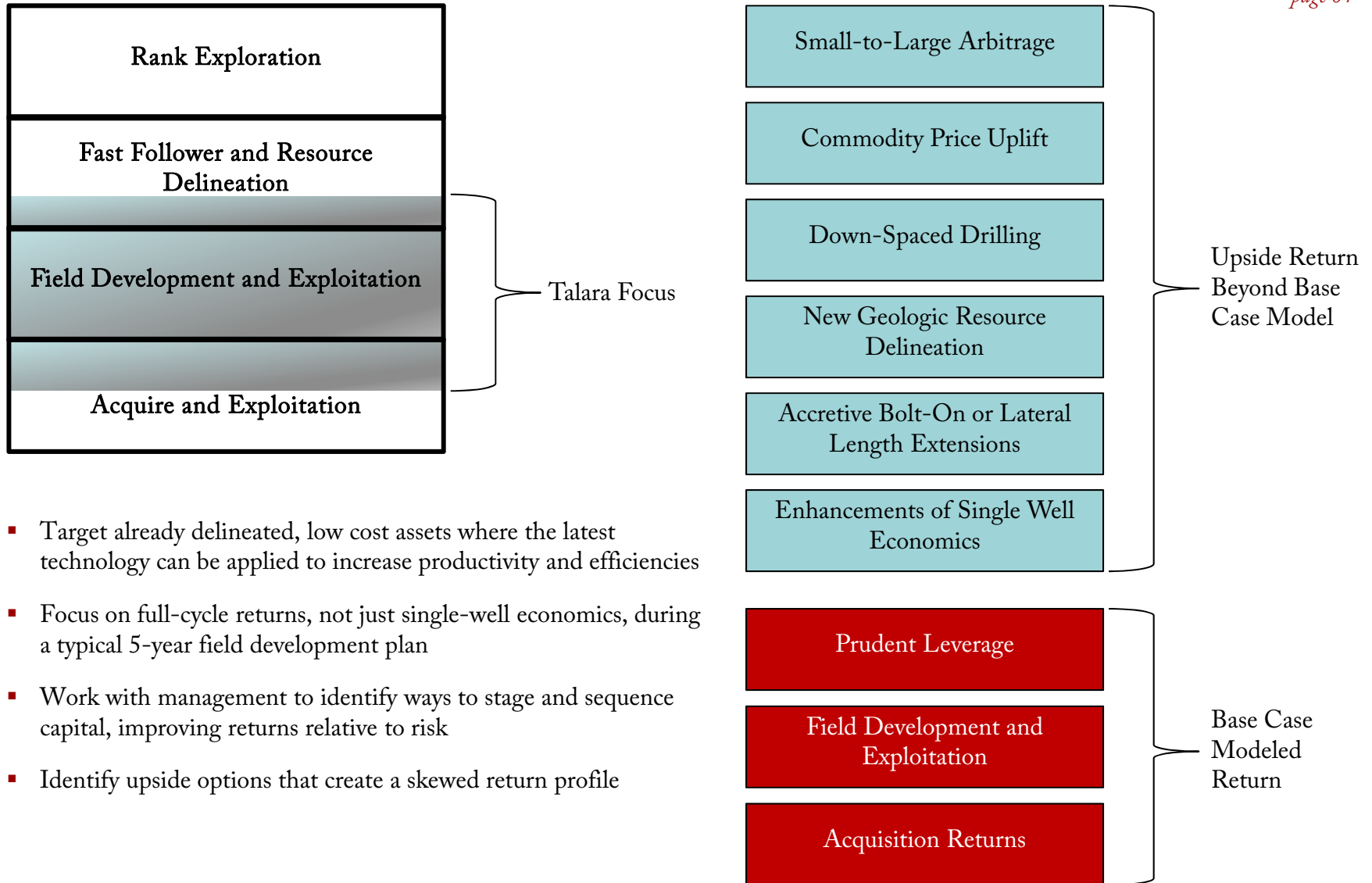


Creative Solution-Oriented Capital

Talara is asset-focused, control-oriented, and flexible to investment structure:

- Asset purchases
- Field development focused joint ventures
- Field development focused farm-ins
- Bankruptcies and restructurings
- Preferred equity and other structured investments
- Take-private transactions

Talara's Approach and Target Asset Profile



- Target already delineated, low cost assets where the latest technology can be applied to increase productivity and efficiencies
- Focus on full-cycle returns, not just single-well economics, during a typical 5-year field development plan
- Work with management to identify ways to stage and sequence capital, improving returns relative to risk
- Identify upside options that create a skewed return profile

A Mutually Beneficial Relationship with our Teams

Any strong partnership starts with an alignment of goals and interests

What we look for in a team:

- Localized operating expertise
- Strong technical abilities
- Data centric mindset
- Good communication skills
- Embraces collaboration
- Understands risk
- Track record of operating success

What we offer teams:

- Sizable and scalable capital commitments
- Strong oil and gas operating and financial experience
- Focused collaboration without legacy issues
- Responsive and nimble communication and action
- Decision makers on the board and in meetings
- Network that will actually be used
- Informed perspectives across oil and gas supply chains

Keys to Success in Today's Oil and Gas Environment

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Sourcing and structuring well is only half the battle; the war is won by beating operating metrics

- Optimize scale of organization and pace of spending around costs and learnings
- Stage capital-at-risk whenever possible
- Run lean and/or variable G&A structure

Don't fall in love with any particular area - it is all about creating the cheapest barrel of oil or Mcf of gas

- Always work to improve your position on the cost curve
- Employ the latest technologies to maximize production and efficiencies

Buy properties and manage businesses with the expectation of full cycle development, not a quick flip

- Projects should meet return hurdles with oil at \$50-55/bbl and natural gas at \$2.75-3.00/Mcf
- Properly model infrastructure costs, regional differentials, and assume some level of cost inflation

Use price volatility to your advantage

- When prices are down do accretive bolt-on deals, position for forced pooling, and manage vendors
- When prices are up sell assets, hedge production, and offload risk to speculators

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