



ENCAP INVESTMENTS L.P.



Oil and the Financial Sector; Private Equity Perspective

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- Leading provider of private growth capital across upstream and midstream oil and gas
- Raised aggregate capital commitments of approximately ~\$27 billion across 19 institutional funds since 1988
- Exceptional track record of 2.4x ROI and 52% IRR on 174 realized investments across 19 funds
- Investment strategy revolves around partnering with seasoned oil and gas executives with demonstrable track records of success

Upstream - EnCap Investments

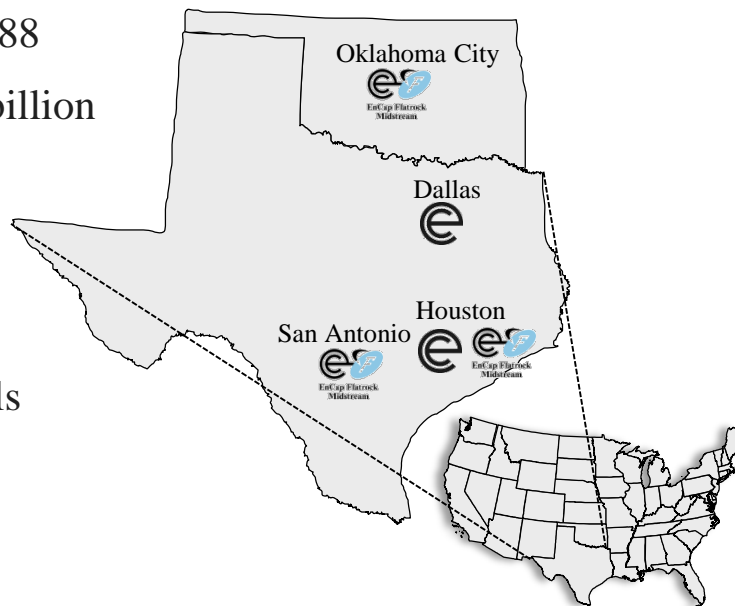
- Core funds started in 1988
- 16 funds totaling ~\$21 billion

Houston Office

- 49 Employees
- 19 Investment Staff
- 5 Technical Professionals

Dallas Office

- 16 Employees
- 11 Investment Staff
- 1 Technical Professional



Midstream - EnCap Flatrock

- 2nd business line started in 2008
- 3 funds totaling ~\$6 billion
- 21 total employees

San Antonio Office

- 11 Investment Staff

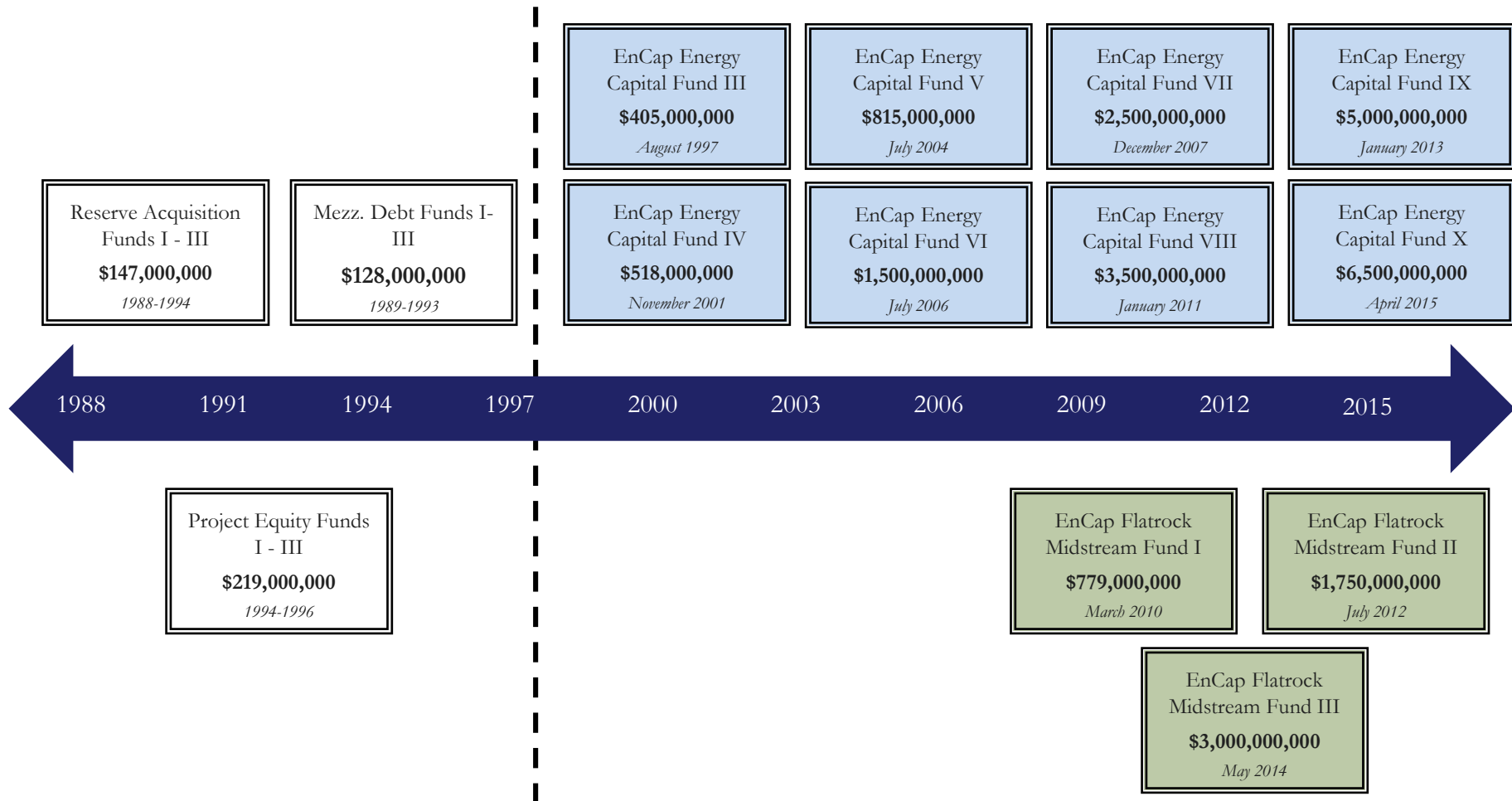
Oklahoma City Office

- 3 Investment Staff

Houston Office

- 2 Investment Staff

- Long history of helping companies grow and create shareholder value
 - Provided growth capital to 242 oil and gas companies
 - 174 realized investments



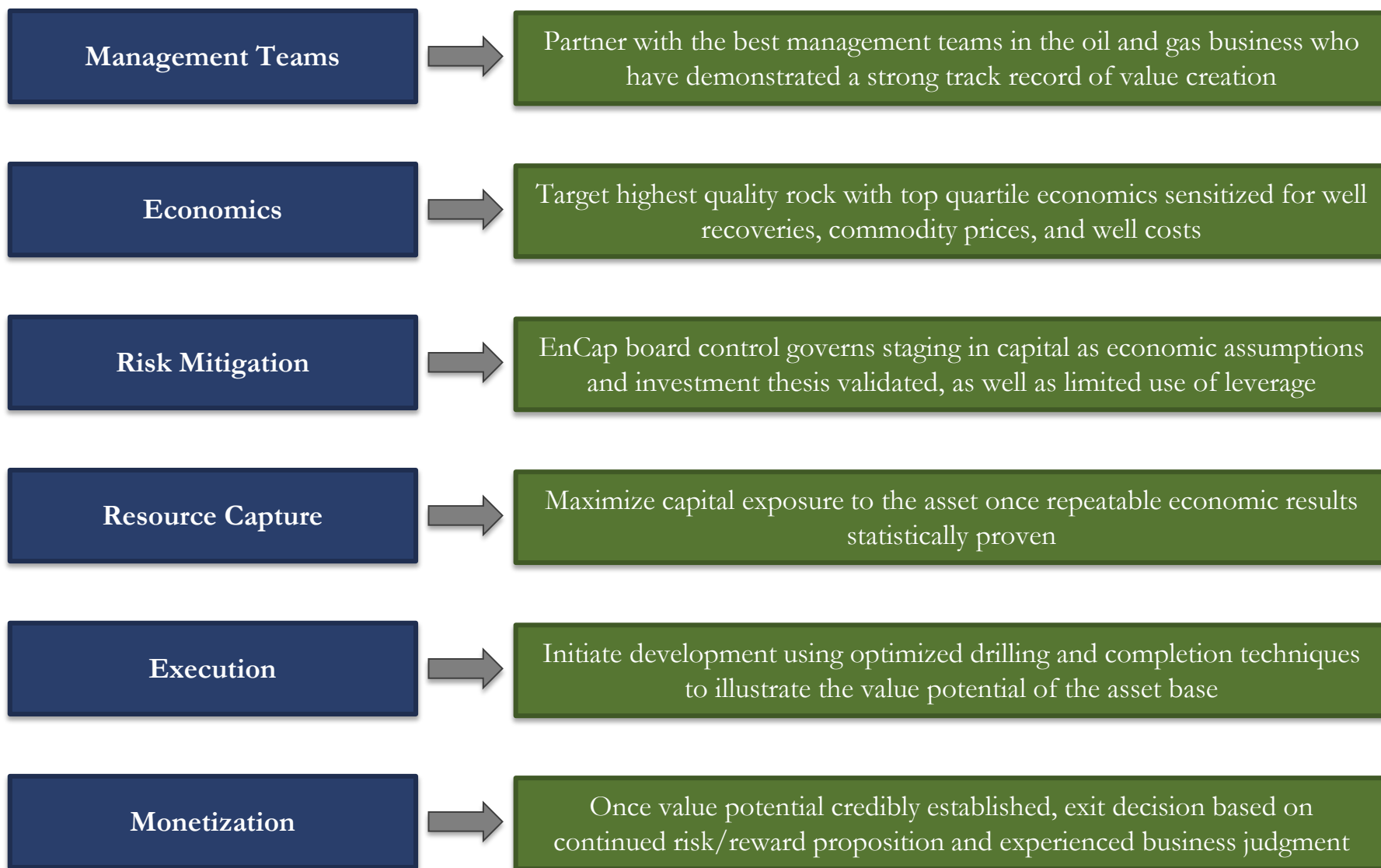
Private Equity Capital Raised Over Last Five Years (\$ in Billions)

Rank	Firm	Headquarters	Capital Raised
1	The Blackstone Group	New York	\$60.0
2	Kohlberg Kravis Roberts	New York	\$35.2
3	Warburg Pincus	New York	\$28.6
4	Advent International	Boston	\$27.0
5	The Carlyle Group	Washington, DC	\$25.7
6	Apollo Global Management	New York	\$24.1
7	CVC Capital Partners	London	\$23.5
8	<i>EnCap Investments</i>	<i>Houston</i>	<i>\$21.1</i>
9	TPG	Fort Worth	\$20.7
10	Partners Group	Baar-Zug	\$18.6

Ranking of World's Largest Natural Resources-Focused Private Equity Firms

Natural Resources Private Equity Capital Raised Over Last Five Years (\$ in Billions)				
Rank	Overall Rank	Firm	Headquarters	Capital Raised
1	8	<i>EnCap Investments</i>	<i>Houston</i>	<i>\$21.1</i>
2	16	Riverstone Holdings	New York	\$12.0
3	23	NGP Energy Capital Mgmt.	Irving, TX	\$10.0
4	28	The Energy & Minerals Group	Houston	\$8.8
5	55	Energy Capital Partners	Short Hills	\$5.8
6	63	<i>EnCap Flatrock Midstream</i>	<i>San Antonio</i>	<i>\$5.5</i>
7	83	First Reserve Corporation	Greenwich	\$3.9
8	85	Denham Capital Management	Boston	\$3.8
9	100	Quantum Energy Partners	Houston	\$3.5
10	120	Energy Spectrum Capital	Dallas	\$2.8

EnCap's Investment Strategy



Portfolio Opportunities

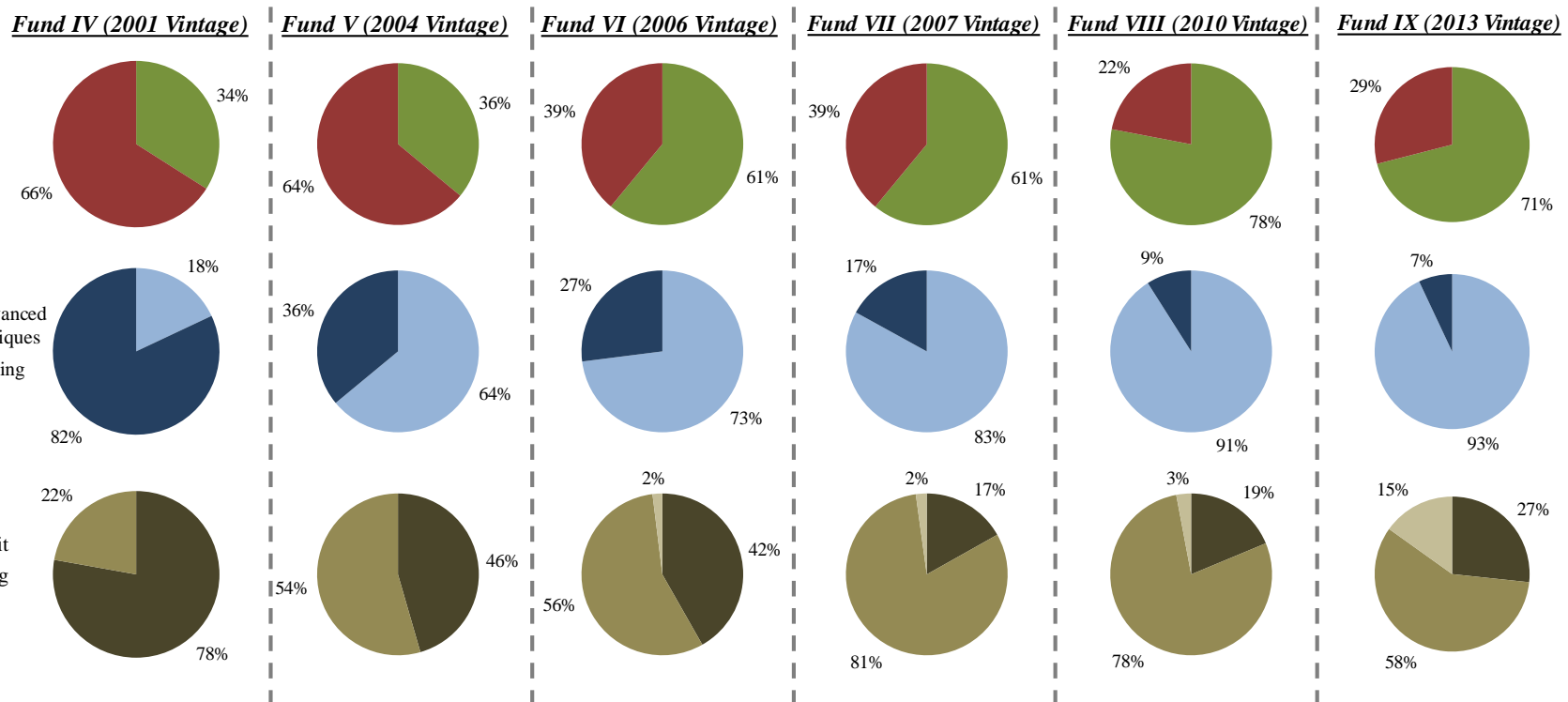
- EnCap currently has 71* upstream and midstream portfolio companies operating in the most economically advantaged basins across the U.S.



Note: Companies that have not yet acquired assets are not shown
 *Includes EnCap & EFM Funds

Adaptability to Dynamic Market Environment Over Time Creates Value

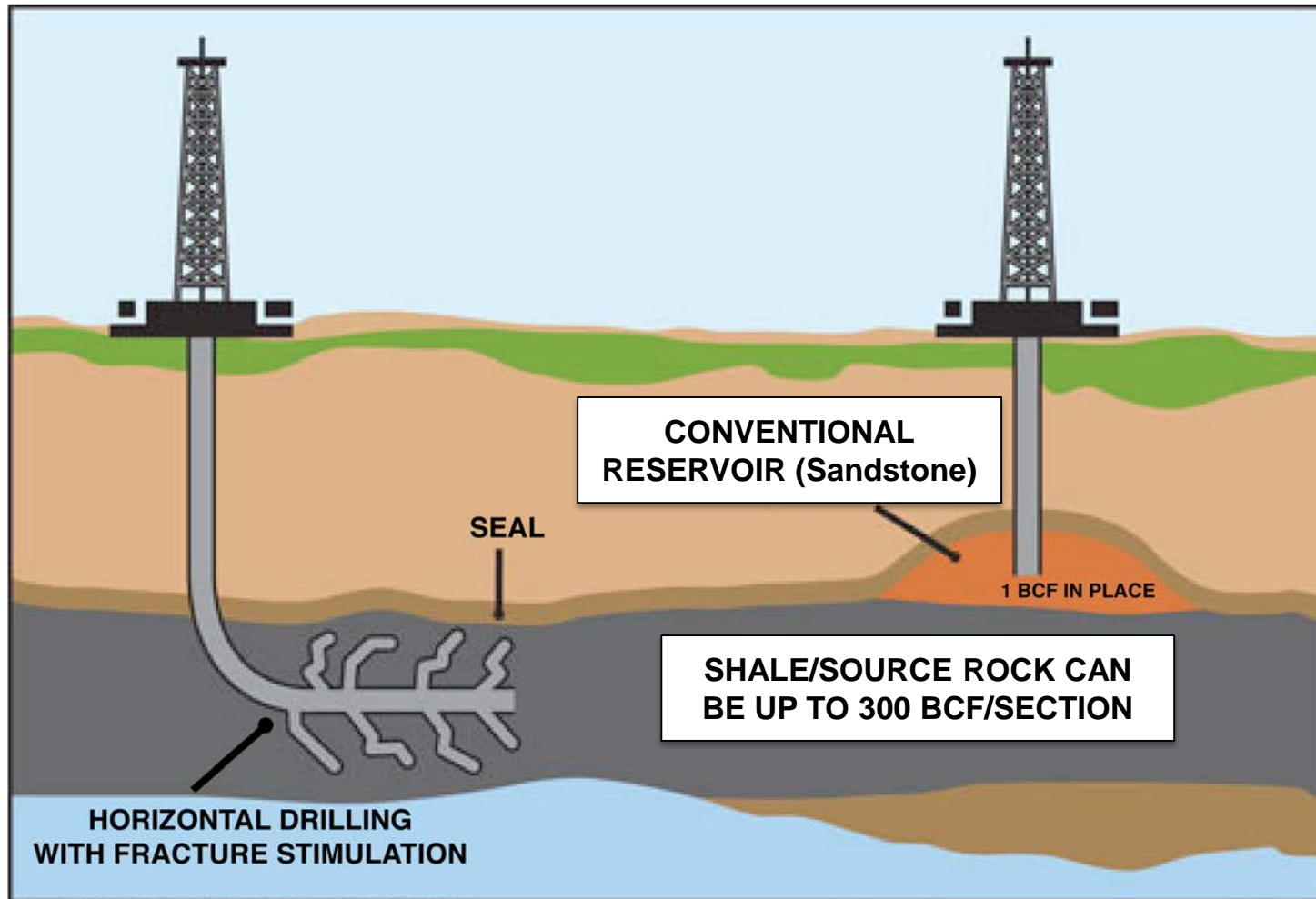
- EnCap has consistently sought opportunities that represent the most attractive risk/return equation
- Throughout its history, EnCap has adapted to changing market dynamics by shifting strategies and allocating capital to the most economically attractive opportunities



Note: Charts are based on invested capital for realized and unrealized portfolio. Oil/Gas mix is based on proved reserve volumes and targeted acreage plays at a 20:1 MCF/BO ratio. Classification of individual deals within each fund as Horizontal/Vertical Drilling or Acquire & Exploit/Low Risk Drilling is based on where the majority of capital has been spent. Charts exclude midstream focused investments. Fund X not included due to immature nature of the portfolio.



Oil & Gas Industry Overview



Recent Market Downturn Nearly Unprecedented in Duration and Severity

Severity of Downturns – Last 30 Years

Chart Legend	Disruptive Market Event	Dates		WTI Price		Days to Bottom	Percent Drop
		Peak	Trough	Peak	Trough		
A	Exxon Valdez, OPEC raises production ceiling to 19.5 mmbbls/d	4/20/89	6/20/90	\$24.62	\$15.43	426	(37%)
B	Gulf War (August 2, 1990 - January 17, 1991)	10/11/90	2/22/91	41.07	17.43	134	(58%)
C	Asian Financial Crisis	1/8/97	12/10/98	26.55	10.82	701	(59%)
D	OPEC increases quotas to maintain \$22-\$28 price band; 9/11	9/20/00	11/15/01	37.22	17.50	421	(53%)
E	Demand destruction after run up from Israel/Lebanon war/North Korea missile test	8/7/06	1/18/07	77.05	50.51	164	(34%)
F	US subprime mortgage and global banking system crisis	7/3/08	12/23/08	145.31	30.28	173	(79%)
G	Current	6/20/14	2/11/16	107.95	26.19	601	(76%)

WTI Non-Inflation Weighted Price (\$/Bbl)



Source: EIA and press releases. Market data as of 10/31/2016.

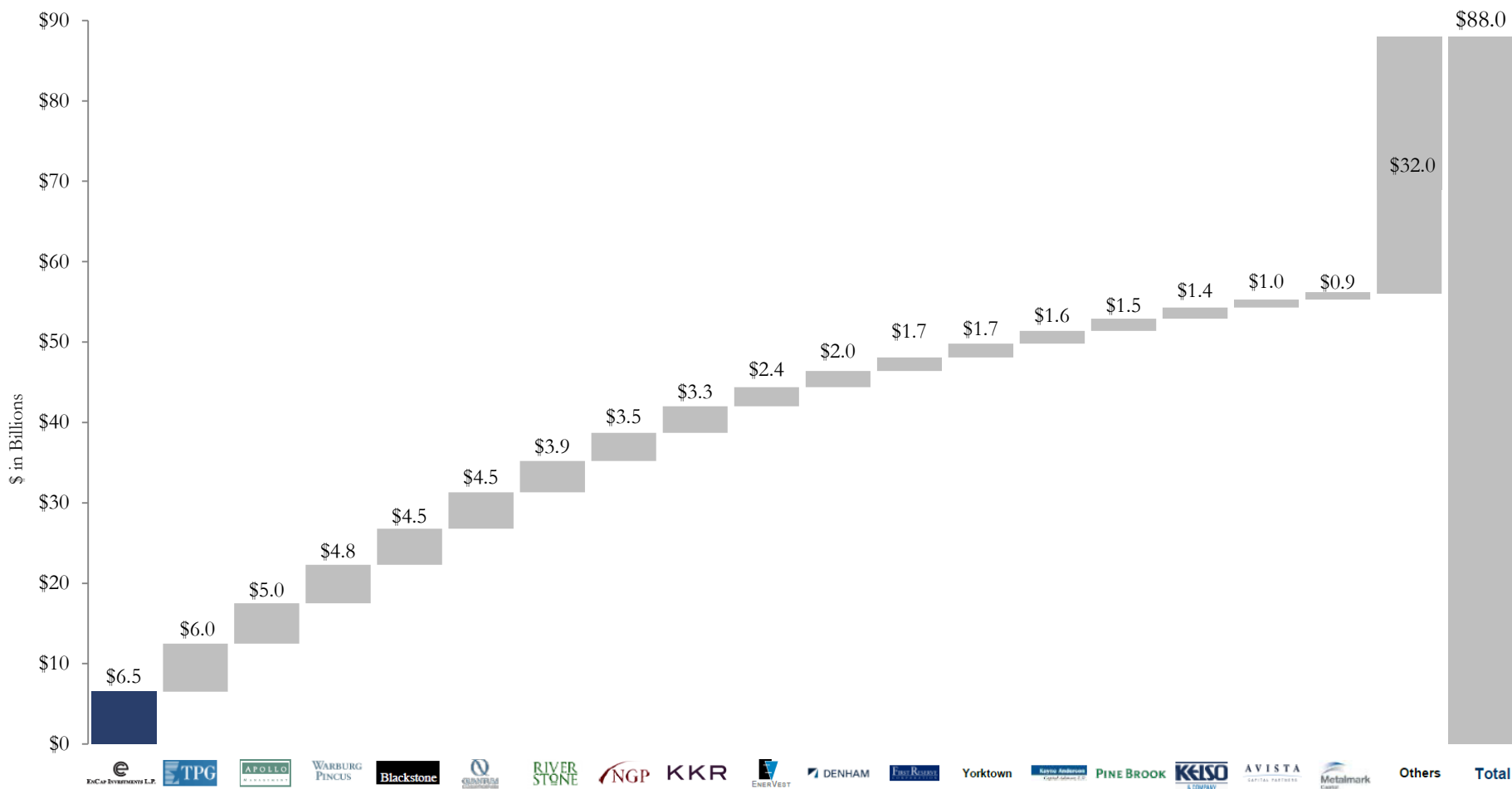
- Current global oil production and supply are nearly in-step resulting in improved market sentiment

Category	Metric	Value
Global	• Current Global Oil Production	96 MMbpd
	• Current Global Oil Demand	96 MMbpd
	• Current OPEC Crude Oil Production	33 MMbpd
	• Total Oil Rigs <i>% of Total Rigs</i>	1,116 75%
US	• Current US Crude Oil Production	~8.5 MMbpd
	• Current Average US Crude Oil Demand From Refineries	~16.5 MMbpd
	• Current Average US Crude Oil Imports	~8.0 MMbpd
	• US Oil Rigs <i>% of Total US Rigs</i>	450 79%

Source: EIA and Baker Hughes as of 10/31/2016.

Private Equity Well-Capitalized with \$85+ Billion Raised

- As conventional financing sources retreat from the sector, private equity is filling that void and continues to become a primary source of financing for oil and gas companies

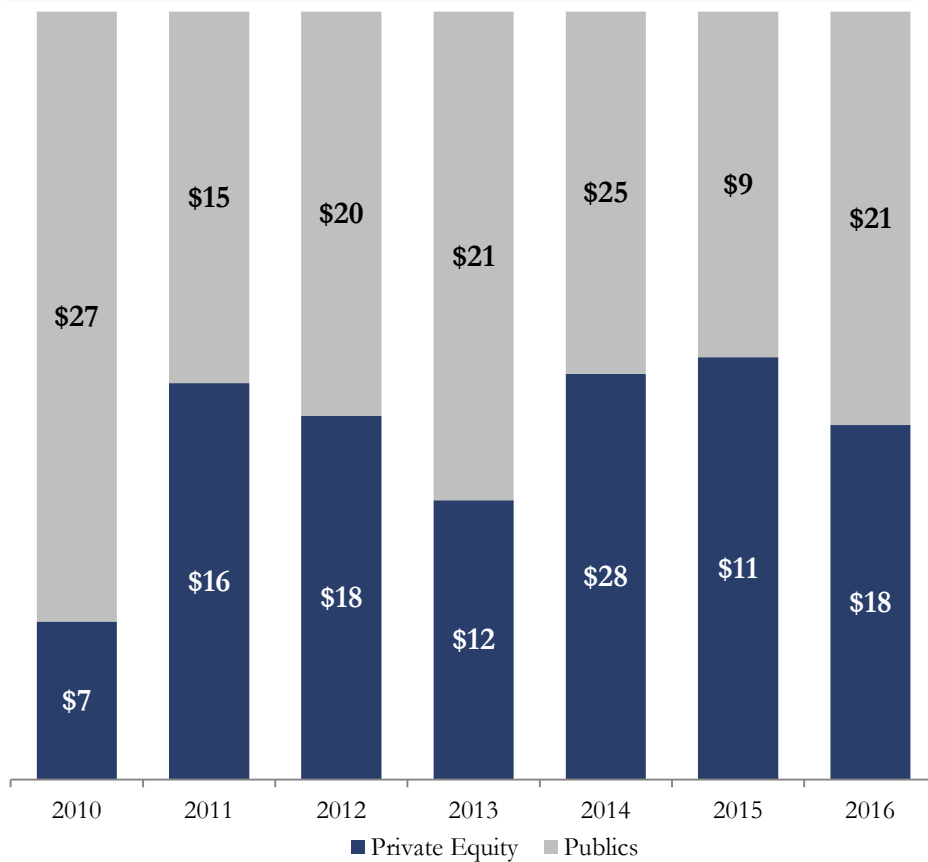


Source: RBC Richardson Barr.

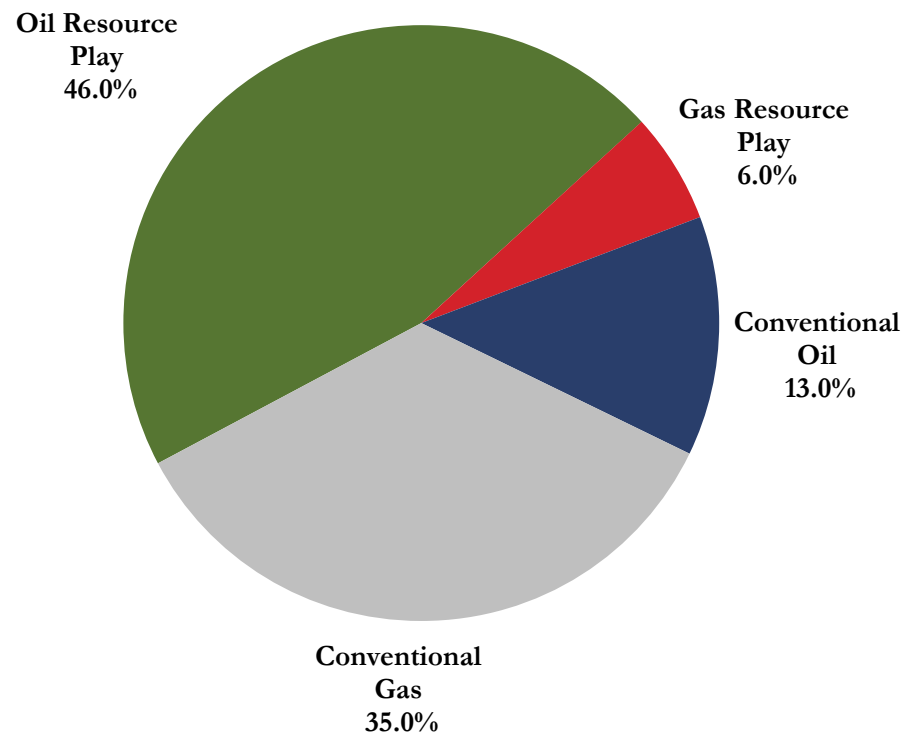
Private Equity is Comprising a Significant Portion of Asset Demand

- Private equity becoming increasingly acquisitive during the present downturn
- Competing directly with public companies in becoming acquirers of core-of-the-core assets in the most sought after resource plays

U.S. E&P Onshore A&D Demand by Sector (\$Bn)



YTD Private Equity Demand by Asset Type

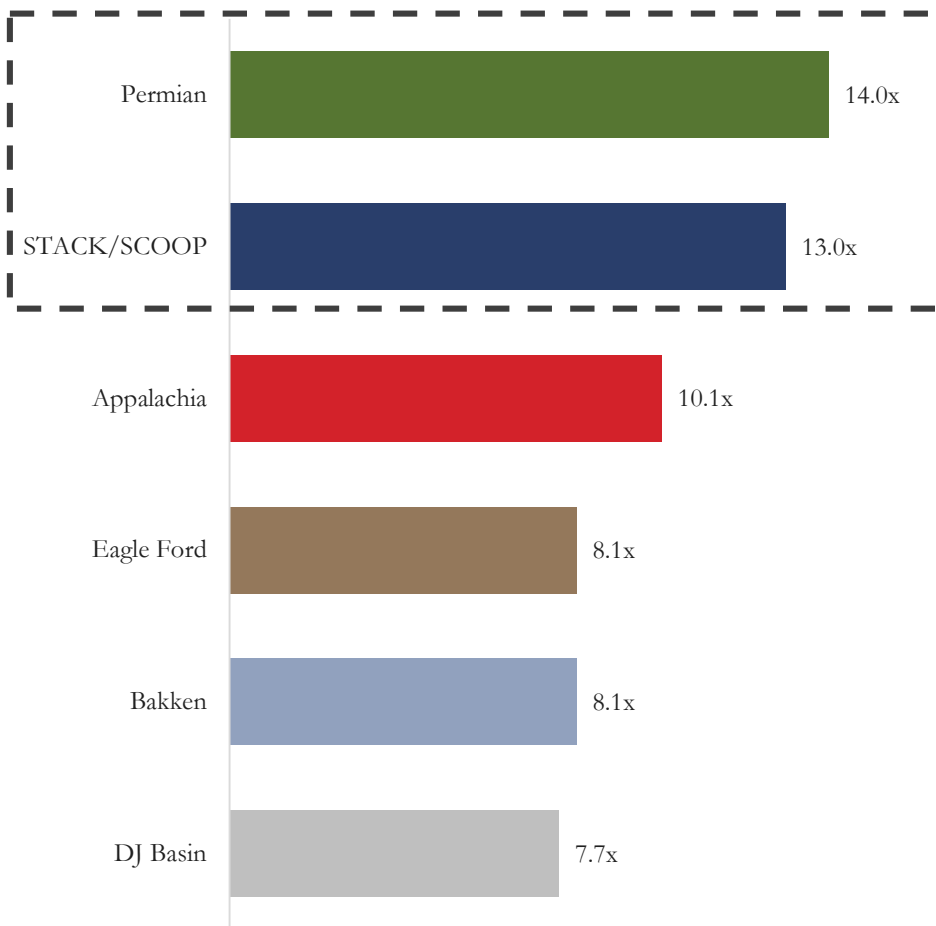


Source: RBC.

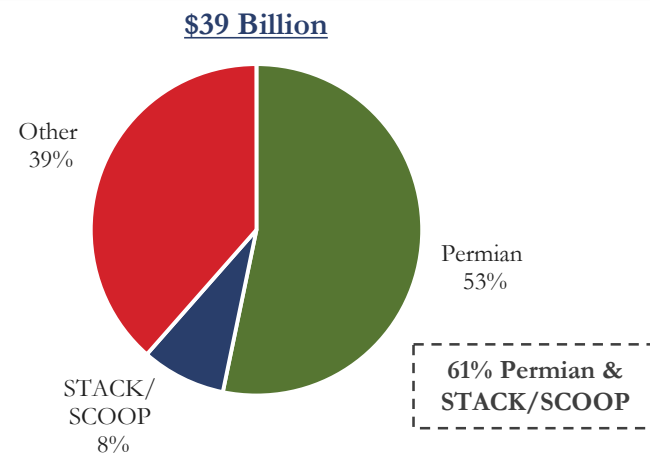
Market Ascribing Premium Valuations to Those Select Basins

- Public and private investor risk appetite heavily focused on Permian and STACK/SCOOP exposure

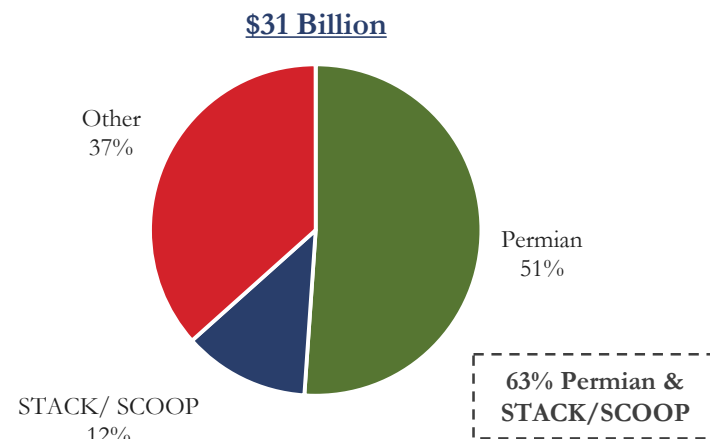
Relative Valuations (EV / NTM EBITDA)



YTD 2016 A&D Activity by Basin⁽¹⁾



YTD 2016 Equity Issuances by Basin⁽¹⁾

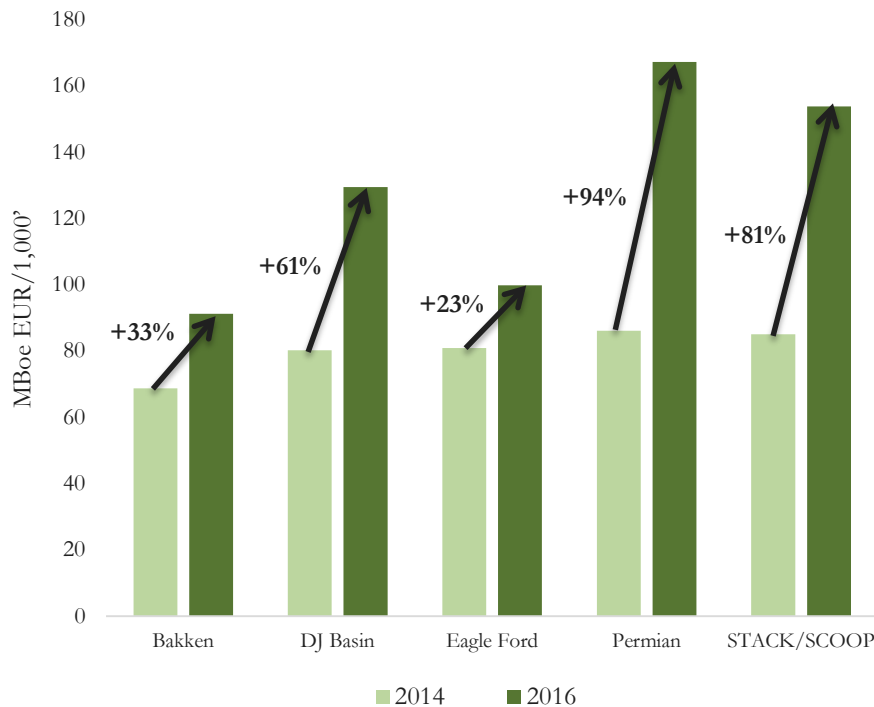


Source: Company filings, Wall Street research, FactSet, and Goldman Sachs. Market data as of 10/31/2016.

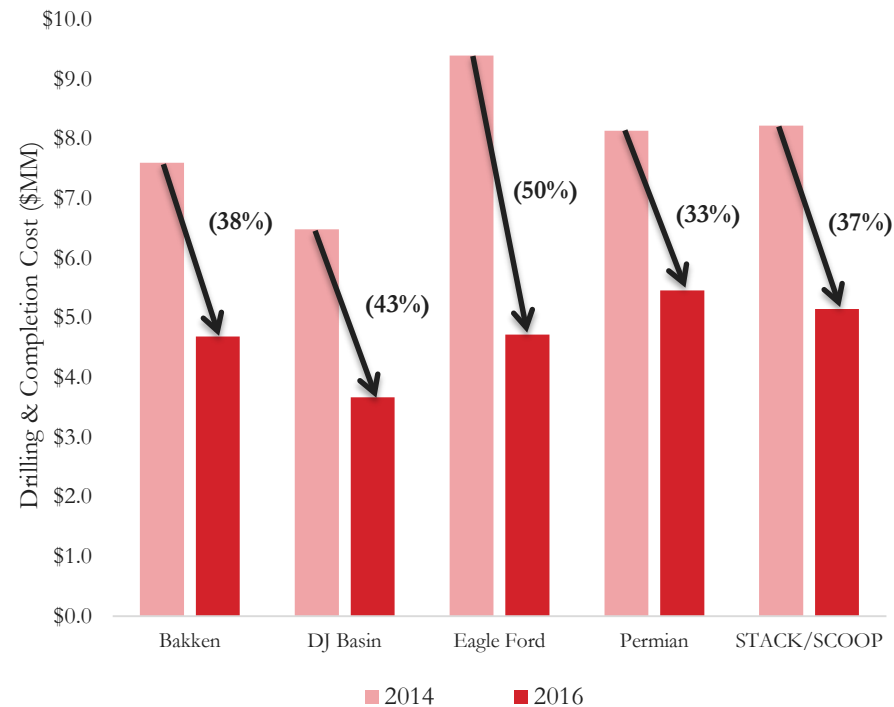
(1) A&D activity and equity issuance related to onshore assets. Includes EOG direct equity issuance to Yates Oil & Gas to fund Permian Basin acquisition.

- In response to sustained low prices, the industry has made efficiency gains that are broadening the economic landscape
- Advancements in development practices, such as optimized spacing patterns, precision landing zones, and customized completion techniques are increasing well productivity
- These enhancements, together with declining D&C costs, are reducing breakeven costs in all major unconventional plays

Well Productivity Increasing...



...As Drilling and Completion Costs Decreasing



Source: Company filings and RSEG.