

LOGOS Resources II, LLC

Small Business
Opportunities and
Challenges in Oil and Gas
Production

October 29, 2019





LOGOS Resources I and II Overview

- **San Juan Basin (SJB) pure play oil and gas exploration and production (“E&P”) company**
- **LOGOS Resources I was formed in January 2012 with a total capital commitment of \$100 million from an affiliate of ArcLight Capital Partners (“ArcLight”)**
- **Majority of LOGOS Resources I assets were successfully sold in 2014**
- **LOGOS Resources II was formed in July 2016 with a capital commitment of \$150 million from ArcLight**
 - Top 10 natural gas producer in the State of New Mexico
 - Total position of ~270,000 net / 410,000 gross acres and currently produce ~100 MMcfepd (70% gas)
 - Operates over 1,400 wells and has drilled 45 horizontal and vertical wells since inception
- **Invested over \$400 million dollars in the region since 2012 with nearly \$100 million in 2019 and have paid over \$40 million in taxes and royalties**
- **Directly employ nearly 80 local residents and at times over an additional 100 local residents**

LOGOS Management Team – Decades of SJB Experience



Name & Title	Years Experience	Previous Experience
Jay Paul McWilliams Chief Executive Officer	>15	<ul style="list-style-type: none"> • Founder of LOGOS II in 2016 and its predecessor, LOGOS I in 2012, which grew production to over 1,700 boe/d before divesting the majority of the assets for a significant return • Previously served as the lead acquisition engineer at LINN Energy, where he led approximately \$1.0 billion in transactions, as well as holding various engineering positions while at Burlington Resources and Resolute Natural Resources • BS Chemical Engineering from New Mexico Tech (Highest Honors) and MBA from Fuqua School of Business at Duke University (Fuqua Scholar)
John Bruner Sr. Vice President Finance, Accounting, and Regulatory	>30	<ul style="list-style-type: none"> • Formerly in charge of asset management, strategic planning, subsurface management, commercial and business development in various basins around the globe for ConocoPhillips over the course of 28 years • Most recently served as Development and Strategy Manager for ConocoPhillips' San Juan Basin Unit • BS Petroleum and Natural Gas Engineering from Pennsylvania State University
Kelly Maxwell Sr. Vice President Midstream	>40	<ul style="list-style-type: none"> • Former Operations Manager for ConocoPhillips and Burlington Resources • Extensive experience in gas gathering, hydraulic modeling, compression, facilities optimization and production optimization throughout his 38 year career with ConocoPhillips and Burlington Resources in the San Juan Basin
Chris Jeffus Vice President Land and Legal	>10	<ul style="list-style-type: none"> • Previously worked in the Rockies and Permian Asset Team at EnerVest where he was responsible for numerous properties throughout New Mexico and Utah, including the negotiation and management of various joint operating, farm-out and gas gathering agreements • Began his career as an associate attorney at a Houston-based oil and gas law firm • BS Accounting and a Master of Science in Finance from Texas A&M University and Juris Doctor from University of Texas School of Law
Marcia Brueggenjohann Vice President Reservoir	>15	<ul style="list-style-type: none"> • Prior to joining LOGOS, she was the Reservoir Engineering Manager, San Juan & Williston Basins for WPX • Prior to that role, she was the San Juan Basin Reservoir Engineering Team Lead / Reservoir Engineer for WPX • BS Petroleum Engineering from the University of Texas
Krista McWilliams Engineering Manager	>15	<ul style="list-style-type: none"> • Former senior engineer with ConocoPhillips and Burlington Resources in various capacities • Founder of Diamond Derrick Consulting, a provider of high-quality oil and gas project and data management services • BS Mechanical Engineering from New Mexico Tech (Highest Honors)

Firm

Leading private equity firm focused on North American energy infrastructure assets

- Founded in 2001, \$17 billion of commitments across seven funds
- 108 investments, 67 exits since inception

Team

Seasoned investment team augmented by in-house technical, operational, and commercial specialists

- 34 specialist investment professionals
- Access to 1,000+ portfolio operations professionals through Consolidated Asset Management Services (“CAMS”)
- All investment partners have been with the firm 13 years or longer

Strategy

Partner with highly experienced and successful corporates, entrepreneurs, and management teams

- Provide capital to acquire, finance, construct or develop cash generative energy assets and businesses
- Offer unique resources, industry relationships and insights that enhance decision making and execution

Introduction to Capital Partners ArcLight (Cont)

Investing Across the Value Chain and Working with Industry Leaders

	 Midstream	 Production	 Power
\$ Invested	\$9.0 billion	\$3.0 billion	\$9.0 billion
# of Investments	25	20	52
Partners and Counterparts			

Relationships built through the acquisition, exit, commercial management, and/or joint-ownership

Note: Select entities with whom ArcLight has a business relationship or has completed a transaction. As of June 30, 2019.

Note: As of June 30, 2019 unless otherwise noted. Portfolio operations professionals refers to CAMS, ArcLight's asset management affiliate. Number of investment professionals as of August 1, 2019.

Jay Paul McWilliams Background



- **CEO of LOGOS Resources II, LLC**
- **Co-founded LOGOS Resources I and II**
- **Prior to founding LOGOS, Mr. McWilliams was the lead acquisition engineer at LINN Energy where he led approximately \$1 billion in successful transactions**
- **Prior to joining LINN, Mr. McWilliams, held various engineering positions while working for Burlington Resources and Resolute Natural Resources**
- **Education**
 - Bachelor of Science in Chemical Engineering New Mexico Tech (Highest Honors)
 - MBA from the Fuqua School of Business at Duke University (Fuqua Scholar)
- **Fourth generation to work in the oil and gas industry in the SJB**
 - New Mexico Native
 - Lived through the booms and the busts...

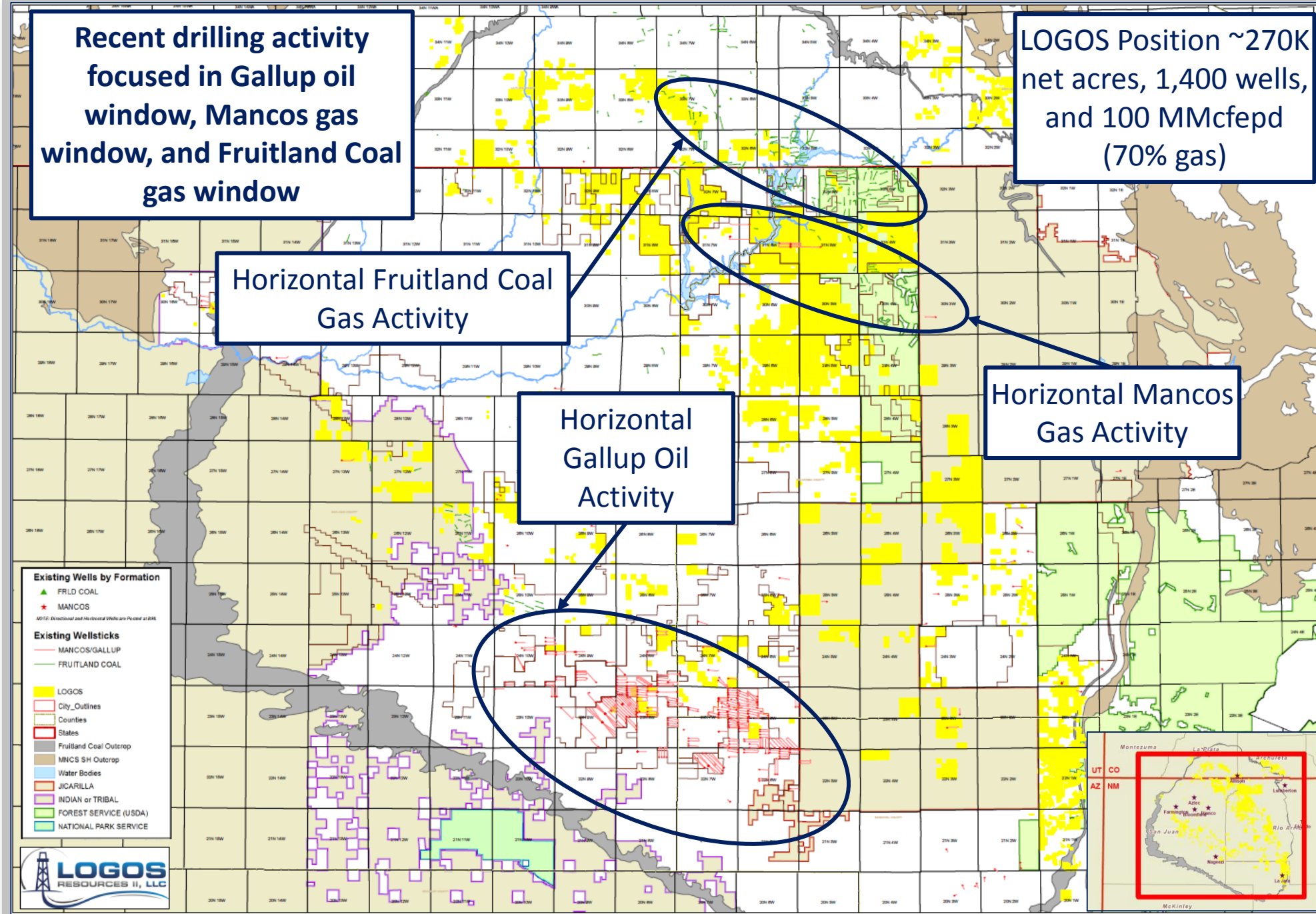




San Juan Basin Overview

- **Highly prolific oil and gas basin exploited over the past 90 years**
 - ~30,000 wells drilled to depths ranging from 1,000' to 8,000'
 - Stacked pay with conventional, unconventional, and coalbed methane zones
 - Well defined oil, gas, and condensate windows in the Mancos Shale
 - Basin development techniques remain behind the technology curve
 - Fragmented ownership structure creates an inefficient acquisitions and divestiture market (A&D)
- **Recent drilling activity focused in Gallup oil window, Mancos gas window, and Fruitland Coal gas window**
 - Gallup horizontal oil play with economics among the best in the country
- **Historically, SJB assets have been owned by large publicly traded E&Ps with very little acquisitions and divestiture activity**
 - Unprecedented asset turn-over in the last 24 months with an estimated over \$4 billion in deals closed

San Juan Basin Locator Map

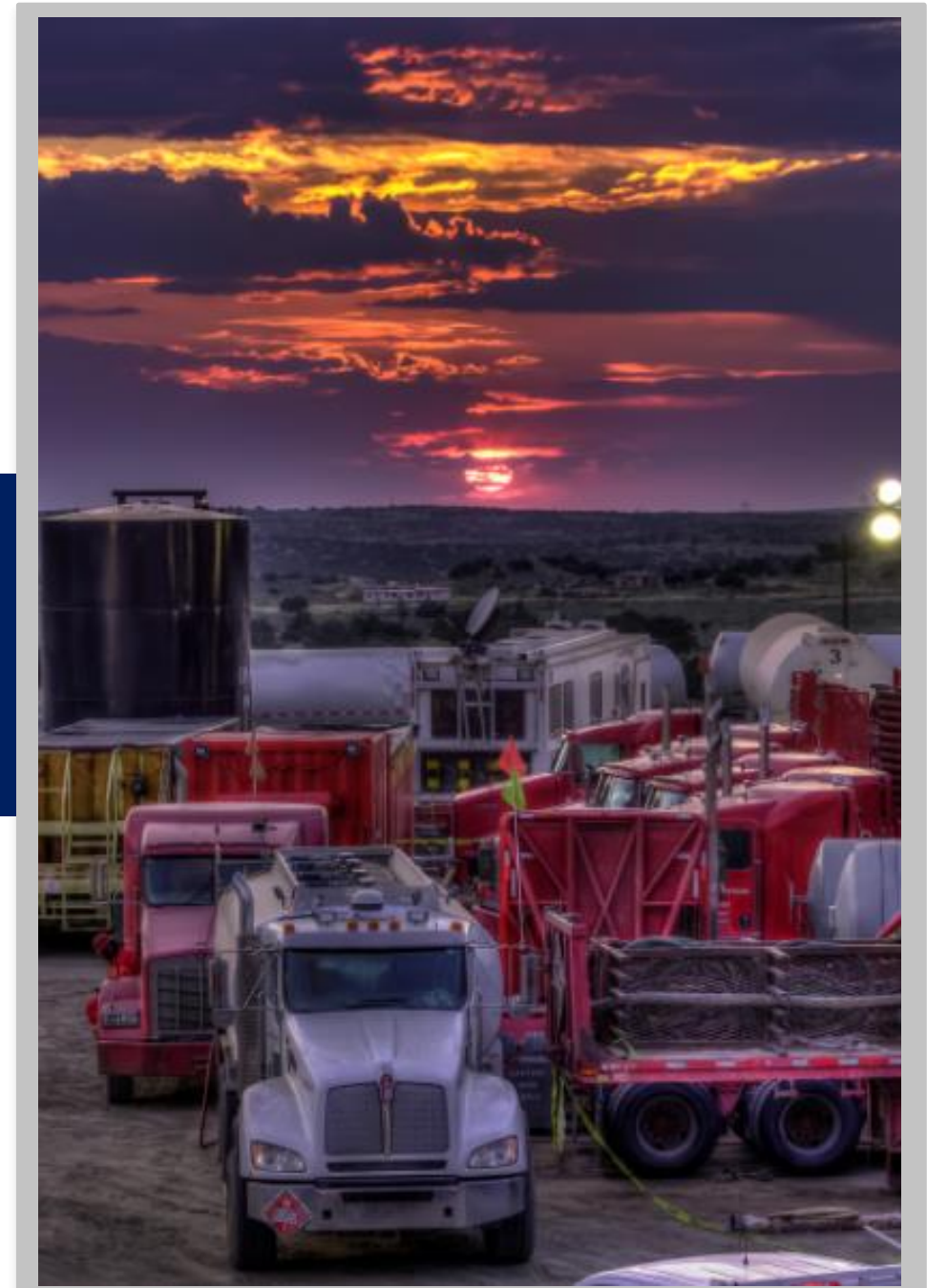




Small Business Opportunities and Challenges in Oil and Gas Production

Current Challenges

- Unfortunately, we have a lot challenges...
- San Juan Basin natural gas prices are terrible
 - Prices near all time inflation adjusted lows
 - Falling tide lowers all boats
- Outside of the Gallup horizontal oil window, economic drilling opportunities are limited
- There are a lot of very marginal wells at these gas prices
- Challenging regulatory environment
- Access to capital is limited
- Shrinking, skilled workforce
 - Very limited career opportunities resulting in individuals leaving the Four Corners



Current Opportunities

- **Significant opportunities continue to exist in the San Juan Basin**
- **Utilize technology in all areas of our businesses**
- **Leverage enhanced hydraulic fracturing methods to significantly enhance new drill performance**
- **Utilize Big Data and Artificial Intelligence to make more data driven decisions in businesses**
- **Continue attempting to seek alternative uses for San Juan Basin gas and electrical grid**
 - Generate misc. petroleum based products and electricity with inexpensive feedstock (plastics, etc.)
 - Export Liquefied Natural Gas (LNG) to Asia
 - Weaning Asia off of coal is the best thing we can do to reduce carbon emissions



Current Opportunities (Cont.)

- **Development of professional workforce**
 - The Four Corners is full of smart people with deep local ties
 - We need more engineers, computer programmers, accountants, etc.
- **Work with capital providers to invest in our community**
 - We have great local banks like Four Corners Community Bank
 - ArcLight is ready to invest more in New Mexico for good opportunities
- **Railroad to reduce transportation costs**
- **The Four Corners will continue to evolve to survive the current environment**
 - We have a lot hard working people with a ton of grit

