

# Energy Environment Comparison

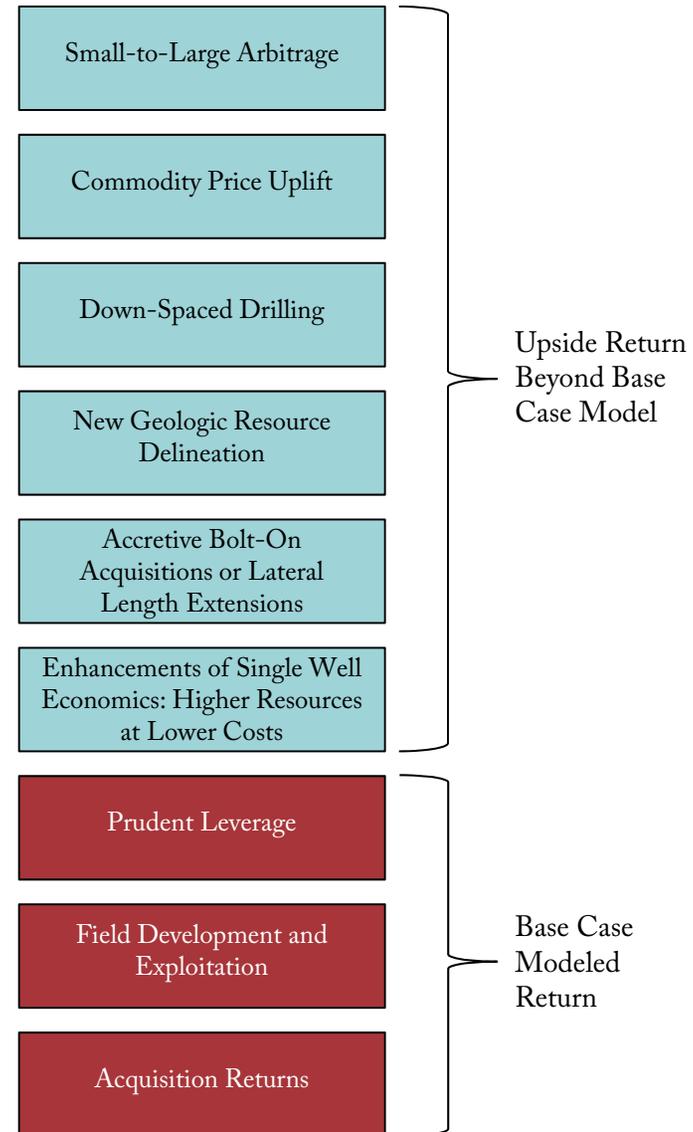
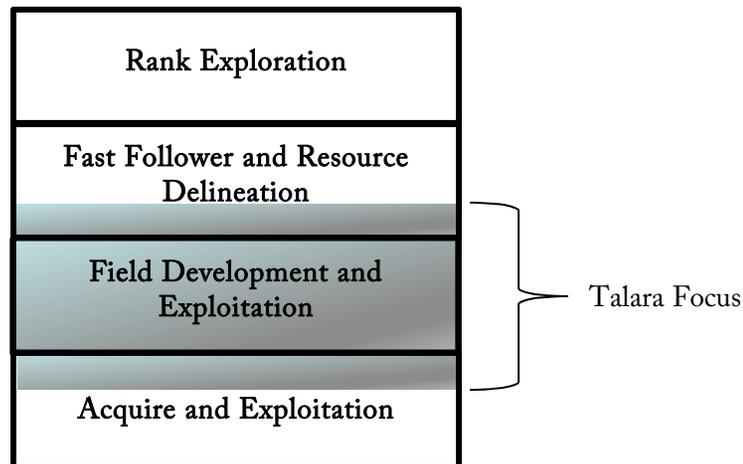
*Industry Focus has Shifted from Land Grab and Delineation to Efficient Development*

	Typical Approach Then (2003-2014)	Correct Approach Now (2015-Present)
<b>Opportunity: Entry / Exit</b>	Venture capital-like land grab, delineation, and flip strategies. Presumed sale to aggregators. Funding levels rely on exit opportunities that are not controlled by the developer (e.g., capital markets, IPO demand, greater fool buyers).	Asset development strategy with sufficient inventory, significant analog well-control, and strong single-well returns. New completion technologies applied to increase production and efficiencies. Must be appropriately capitalized for full-scale development to achieve economies of scale.
<b>Most Critical Skill Sets</b>	Land, geology, and luck.	Engineering, logistics, and finance.
<b>Sponsor / Management Team Integration</b>	Teams funded, often with a blank-check, with a mandate to quickly aggregate land, delineate, and flip. Lower level of integration.	Development strategy incorporates a high degree of integration between sponsor and management teams. This allows for better staging and sequencing of capital and risk mitigation.
<b>Risk Profile of Successful Operators</b>	Significant capital deployed on more risky geologic delineation plays with a wide dispersion of returns or low-risk and low-return pure-PDP seeking strategies.	Development program centered around applying new technology to re-engineer already delineated areas.
<b>Primary Risks During Life of Investment</b>	Risks were primarily geologic in nature and results were more binary.	Risks are primarily related to the execution of a full-scale asset development program (achieving production and reserve growth on budget in an economic fashion).
<b>Exit Strategy</b>	Predicated on a robust IPO market, strategic public buyers prioritizing inventory growth, and MLP buyers.	Predicated on the sale of PDP, the most liquid reserve category with numerous buyers.

# Field Development Strategy

## *Talara Positioning and Categories of Value Creation*

- We focus on full-cycle returns, not just single-well economics, during a typical 5-year field development plan.
- The exhibit on the left shows that Talara is focused on field development and exploitation, avoiding higher risk exploration. We target already delineated, low cost assets where the latest technology can be applied to increase productivity and efficiencies.
- The exhibit on the right shows that Talara's base case modeled returns are derived only from the purchase and subsequent development of an asset. There are numerous ways to achieve upside beyond the base case return.
- We work with best-in-class management teams to identify ways to stage and sequence capital, improving returns relative to risk.



# A Collaborative Partnership

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*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:

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

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

# Contact Us

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