

**Introduction to Fuse Energy**  
**Commissioner's Court of Montague County**

February 23, 2015

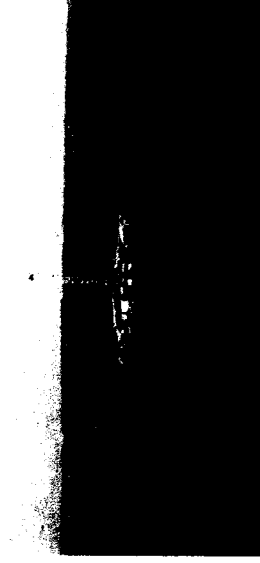
## Fuse Energy - Company Overview

- Denver based private company formed to acquire and exploit long lived oil and gas reserves.
- Financially backed with a \$300 million equity commitment from EnCap Investments, LP
  - Board members include:
    - EnCap Investments, LP
      - Robert Zorich, Managing Partner, Jason DeLorenzo, Partner and Brad Thielemann, Managing Director.
    - Fuse Management – David Wolf, CEO
- EnCap Energy Capital Fund IX owns 98% of Fuse and Management owns 2%
  - \$200 million undrawn commitment to Fuse after close of Pioneer transaction.
  - Six member Bank group led by Bank of Montreal and Wells Fargo: Significant borrowing capacity - \$140mm credit facility post close.
- Fuse has targeted both conventional and unconventional assets with long reserve lives, low decline rates, low risk resource and consolidated operated acreage positions
- Fuse has assembled a multi-disciplined management team with a proven experience base.

# Barnett Acquisition Summary

- Signed PSA on August 4<sup>th</sup> for all of Pioneer's Barnett assets - \$155 MM.
- Closing planned on September 19<sup>th</sup> September 22 - September 23!!.
- Transition services provided by Pioneer through December 31, 2014.
- Focused on land leasing strategy to expand the acreage position.
- Pursue bolt-on acquisitions to build out a strong inventory of locations.
- Planned 1 rig program but optionality to add a second rig depending upon returns. Commodity Prices have dictated that we put a hold on our drilling program for now.

## News Release



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**Pioneer Natural Resources Announces Sale of Hugobon and Barnett Shale Assets for \$495 Million**

09/23/14

11:44 AM






## PXD Market Summary

**\$199.48**

CHANGE **↑**  
VOLUME **799,300**

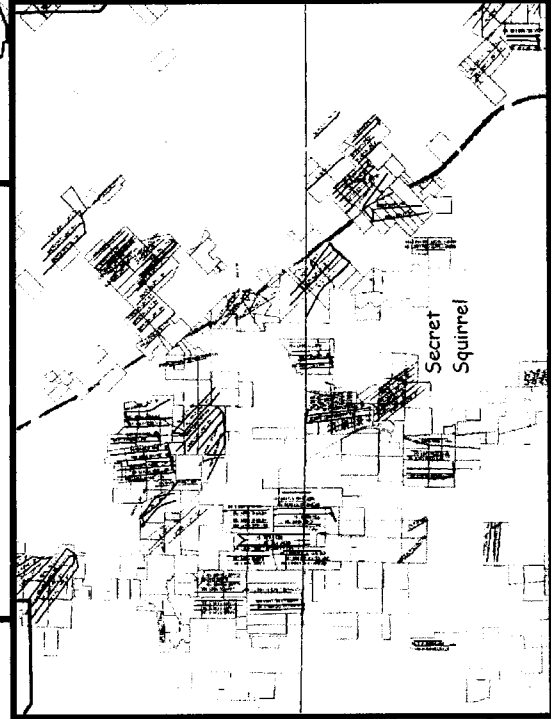
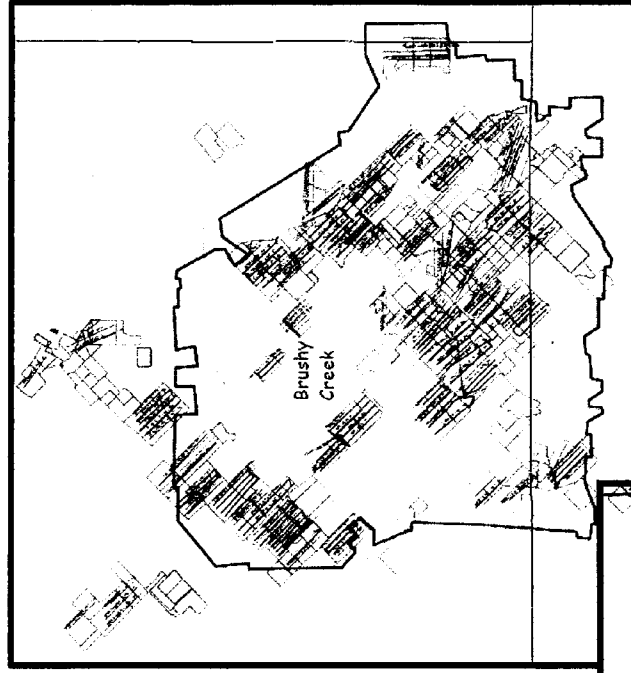
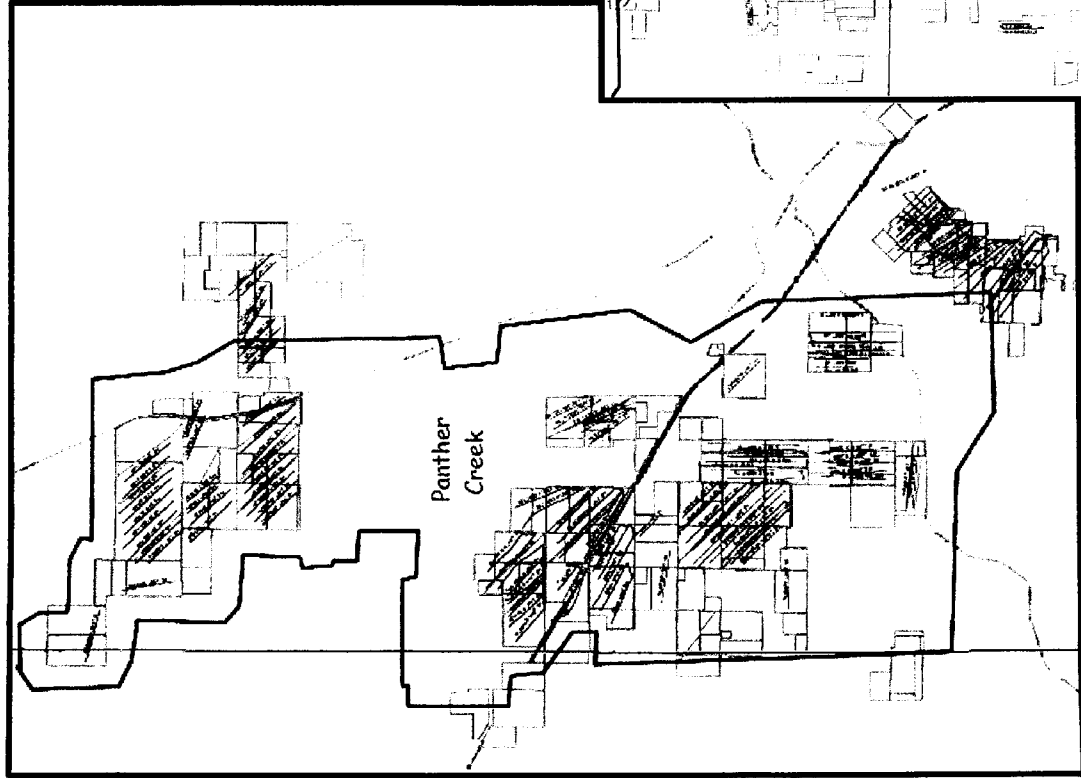
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## INVESTOR PRESENTATIONS

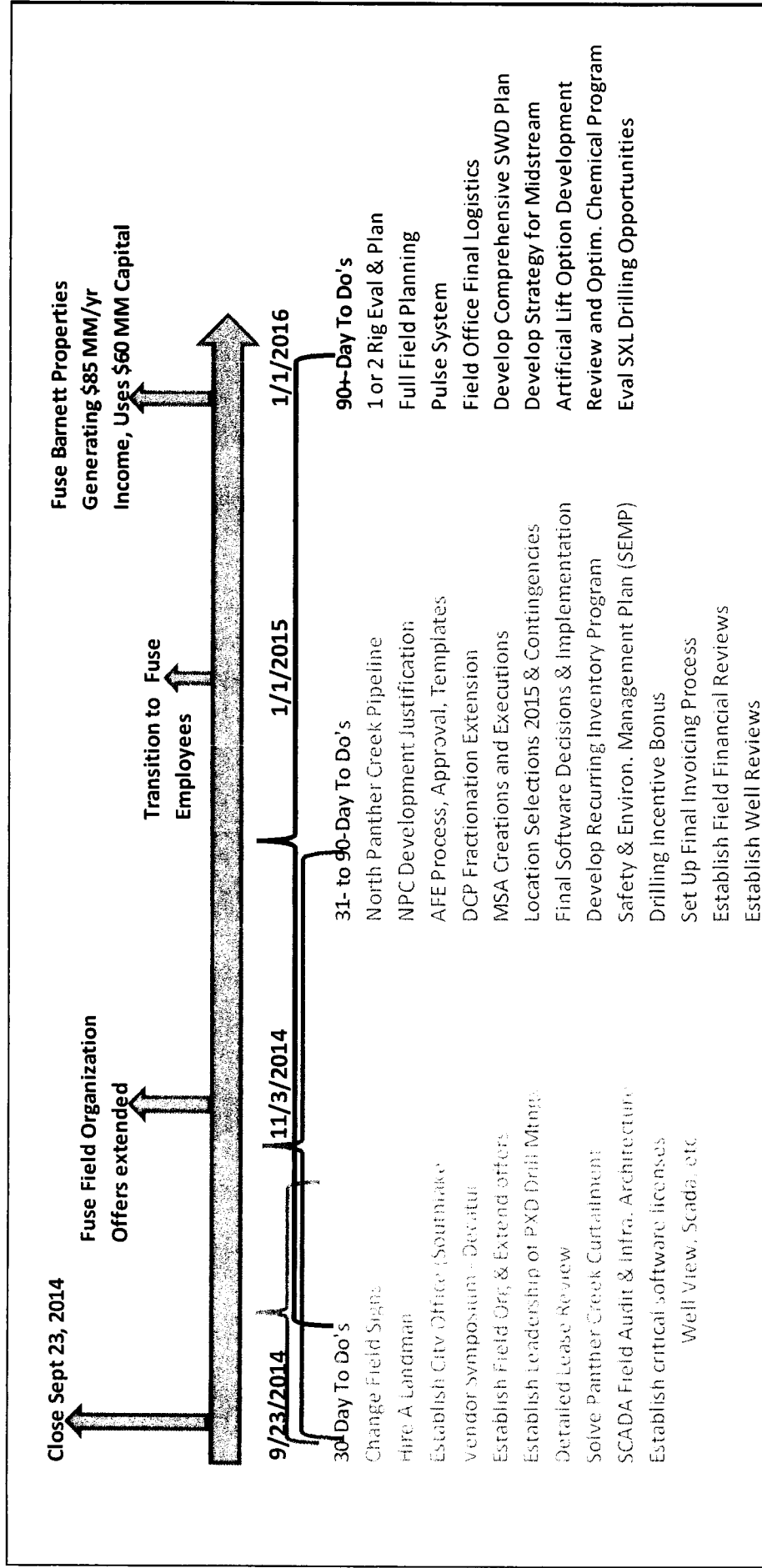
-  [Bart Energy 2014 EBITDA Page Four](#)
-  [September Investor Presentation](#)
-  [October 2014 Earnings](#)
-  [Bart Energy Energy Analysis Conference Presentation](#)
-  [Bart Energy 2014 EBITDA Permian Basin Conference Presentation](#)



# Barnett Acquisition Summary



# Fuse Energy, LLC – Transition Time Line



# Fuse Energy Management Team

	Position	Years Experience	Description
David Wolf	CEO	19	<ul style="list-style-type: none"> <li>• EVP &amp; CFO of Berry from 2008 – 2013</li> <li>• Managed the commercial and technical aspects of Berry's corporate development, also strategic planning IR, tax, accounting, treasury and marketing</li> <li>• Managing Director in JP Morgan Investment Banking Group from 1995 – 2008</li> <li>• Advised / executed numerous E&amp;P acquisitions and divestitures (over \$30 billion)</li> </ul>
Daryll Howard	COO	27	<ul style="list-style-type: none"> <li>• Vice President and regional business unit leader of Newfield from 2009 – 2014. Responsible for complete P/L of a \$2.5 billion business unit with a \$500 million annual capital budget. Delivered 5 year growth metrics on production and reserves of 18% and 15%, respectively</li> <li>• Significant E&amp;P transaction experience negotiating large acquisitions as well as complex land deals</li> <li>• Strong track record in starting up operations in various regions, building high performance teams and driving operational efficiencies</li> </ul>
Shawn Canaday	CFO	16	<ul style="list-style-type: none"> <li>• Vice President of Finance and Treasurer of Berry from 2009 – 2013 with responsibility for capital markets, strategic planning and budgeting, risk management, investor relations, treasury, tax, and contracts</li> <li>• Positions at Berry from 2003 – 2009 including interim CFO, Treasurer and Controller with a broad range of responsibilities in both finance and accounting</li> <li>• Previous experience at Chevron and public accounting</li> </ul>
Ann Verzeletti	Vice President Corporate Development, Engineering	25	<ul style="list-style-type: none"> <li>• 20+ years engineering experience in all phases of E&amp;D including reservoir, exploration/exploitation, completions, production and drilling</li> <li>• Managed Berry's business development and reserves</li> <li>• Previous experience at Amadeus Petroleum as VP Engineering with responsibility over engineering and 20 field personnel, XTO and Cimarex</li> </ul>
Steven Parks	Geological Manager	34	<ul style="list-style-type: none"> <li>• Senior development geologist with experience in a majority of the U.S. oil and gas basins.</li> <li>• Proven record of successful acquisitions and divestitures at companies including ARCO, Tom Brown and Orion.</li> </ul>

# Fuse Operational Contacts

Name	Position	Years Experience	Description	Contact Information
Darryl Howard	Chief Operating Officer	27	<ul style="list-style-type: none"> <li>*Strong operational leader with a focus on safety, process efficiency, team work and profitability.</li> <li>*Previous experience with Shell Western E&amp;P, Anadarko and New Field Exploration Company</li> </ul>	Dhoward@fuseenergy.com
Tim Mullen	Asset Manager	21	<ul style="list-style-type: none"> <li>*Operations Manager for New field Exploration Rocky Mountain Business Unit, Drilling Lead for EOG Resources in Barnett Combo Play</li> <li>* Broad background in drilling, completions, production, facilities, midstream and asset development</li> </ul>	tmullen@fuseenergy.com
Jeff Watson	Commercial Manager	30	<ul style="list-style-type: none"> <li>* Diverse background in supply chain, corporate finance, operations and drilling</li> <li>* Previous experience at Shell Oil Company &amp; Affiliates, Berry Petroleum, Hess Corporation and Tri Service Drilling</li> </ul>	jsw@fuseenergy.com

# Safety and Environmental Management Strategy

“Everyone goes home Safe and Sound everyday.”

Safety Leadership + Effective Procedures = Efficient Execution

## Your Commitment to work with Fuse Energy:

- **Demonstrate** Courageous Self Leadership through Actions and Words
  - **Conduct** effective safety meetings with Moments of High influence (MOHI).
- **Exercise** Stop Work Authority (SWA): It is your obligation.
- **Use** proper tools, methods, procedures and equipment
  - **Communicate** Safety Policies and Procedures.
- **Implement** behavior-based safety systems: Reward and correct behaviors
  - **Measure** Key Performance Indicators (KPI's) and act on Leading Indicators.

Fuse Energy employees and contractors are responsible and accountable for complying with all environmental policies and procedures for State and Federal Regulations.



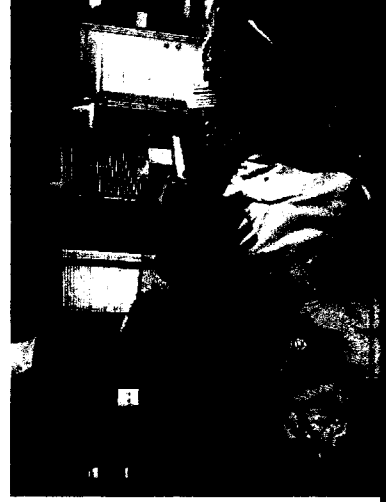


# Safety and Environmental Management Strategy

**Implement** behavior-based safety systems: Reward and correct behaviors.

“The Stick and the Carrot – they work best as a team.” – *Tim Mullen*

- Safety Leadership Training
- Safety Meetings worth having!
  - “There are no souls saved after 20 minutes of the Homily” (Pope Clement).
- Catch them doing something right – Recognizing and Rewarding the behaviors that keep us safe.
- Confronting those that are undertaking an unacceptable risk – Focus on the behavior, not on the person.
- Delegating Authority, Managing Accountability.



# Fuse Barnett Combo Strategy

- Control of operations
- Maximize cash flow (Make sound economic decisions!)
  - Maximize production – Every well producing at capacity everyday
  - Maximize throughput volumes into midstream system
  - Improving cost structure – Prudent lease operating expenses
  - Efficient development strategy – Area focus, Highest returns
- Drive to increase rig count – Grass roots leasing, bolt-on acquisitions and Improved cash flow margins will allow additional rig program
- Top tier operator in the Fort Worth Basin
  - Doing the right things right at all times
  - 2% better than our competition in all areas
- Ability to rapidly make decisions and react to opportunities
- Talented Employees: Results oriented, value driven, mindset of an owner



# Fuse Energy – Montague County Employee Base

- Fuse’s Energy Currently Produces approximately 55 MMCFD natural gas, 1,600 BOPD oil, and 13,000 BWD water.
- This activity level results in employment levels of 29 Full Time company employees or Contractors in our Alvord Office and 7 Full Time company employees or contractors in our Westlake Office.
- In addition, we use dozens of vendors each day for tasks such as Pipeline Construction Supervision, Well Intervention Supervision, Measurement Troubleshooting, saltwater hauling, wellhead facility construction, pipeline construction, compressor maintenance, chemical treating, well work and remediation, etc etc etc.
- Fuse’s current Real Estate holdings are our Sunset Yard (87 acres, of which front 5 acres is our yard), Alvord Office (leased) and Westlake Office (leased).

	Alvord Office	Westlake Office
Company Employees	19	5
Full-Time Contractors	10	2
Consultants & Vendors	Dozens	

## Fuse Energy – Contact Information

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Asset Manager - Barnett  
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