Frontier Energy Services, LLC

Screening & Developing Projects / Financing

Energy Pipeline Management Summit

July 12 - 14, 2021 New Orleans, Louisiana

Overview

Frontier Energy Services, LLC

- Overview of Project Financing
- General Investment Return Benchmarks
- Project Screening & Evaluations; Model Development & Scenarios
- Evaluating Competition and Exits

Financing Overview

Overview of Project Financing

General Investment Return Benchmarks

Project Screening & Evaluations; Model Development & Scenarios

Evaluating Competition and Exits

Financing Overview

Frontier Energy Services, LLC

Private Equity Financing

- Investing for a piece of the action
- Receive monies only after certain events are achieved, i.e. start of positive cashflow; sale of asset(s); etc.
- Actual payout is variable and dependent on a variety of factors in which there are no firm guarantees, i.e. the investment has a certain level of risk.

Debt Financing

- Investing for an agreed return
- Receive monies based on a payment calculation of principle, interest, and debt term; usually beginning well before positive cash flow from the project.
- Payout is known and fixed; investment risk is generally limited to default by one of the parties; risk mitigations (collateral) are required as part of the loan.

Private Equity Financing

Frontier Energy Services, LLC

Oil & gas private equity (PE) investment entities typically have multiple institutional investors.

PE's normally have covenants with the institutional investors providing the capital to invest, that affords for relatively narrow investment portfolio's.

For example, some institutional investors finance only in exploration & production; others in midstream assets; others in service companies.

Institutional investors, and by extension PE's, have specific minimum return hurdles on invested capital required to be met by investments.

Private Equity Financing

Frontier Energy Services, LLC

What Investor's Look For in a Company / Project

PRODUCTION / VOLUME / DEDICATION[1]

[1] *ACREAGE OR VOLUME*

DEVELOPMENT

ABILITY TO GROW

OPERATIONS

SUPPORT

- CEO
- CFO
- Commercial
- Accounting
- Legal
- Project Mgmt
- HR
- Administration

Prudent planning and capital allocation

Solid negotiation capabilities; collaboration and alignment

Experienced, knowledgeable organization

Typical return target is a minimum of 2.50 to 3.00+ Multiple of Money (MoM) on invested capital.

Private Equity Financing

Key Components of a Deal

Project Conditions	▪ **Strong project rationale & fundamentals–answers "why?"** ▪ Long term acreage or volume commitments ▪ Clear and stable relationships: technical, regulatory / legal, and financial
Rates / Tariffs (FERC and/or State)	▪ Suitable tariff structure for revenue build ▪ Indexing & annual rate adjustments ▪ **Tariff levels have to be competitive vs alternative routes**
Contracts and Agreements	▪ Robust contractual framework with reputable counterparties ▪ **Long-term TSA's and/or D&T's[1]** ▪ Creditworthy shippers / producers ▪ **Commitment terms**
Intangibles	▪ Compliance with stringent environmental standards ▪ Compliance with stringent social standards

[1] *TSA = Transportation Service Agreement / D&T = Dedication & Transportation Agreement*

General Benchmarks

Overview of Project Financing

General Investment Return Benchmarks

Project Screening & Evaluations; Model Development & Scenarios

Evaluating Competition and Exits

General Benchmarks

Frontier Energy Services, LLC

What is EBITDA and Why is it Important?

EBITDA	Asset Sale
(Earnings before interest, taxes, depreciation, and amortization)	(Gross Project Sale Revenue)
EBITDA = Gross revenue - OPEX - G&A	**Total Sale =** next[2] 12 months of projected EBITDA x Sales Multiple

[2] *This can be either the trailing 12 months or forecasted next 12 months – both have advantages / disadvantages.*

General Benchmarks

Frontier Energy Services, LLC

Year	Quarter	Date	Generic Data	Crude Revenue ($)	OPEX ($)	Corporate G&A / Mo ($)	EBITDA ($)
			Rate ($ / Mcf or BBL)	$2.25			
			Begin Earning Revenues	Nov-21			
			Escalation Factor	2.0%			
			Escalation Timing	2023+			
			Positive Cashflow Date	June 30, 2025			
2020	Q2 2020	6/30/2020		-	-	($235,000)	($235,000)
2020	Q3 2020	7/31/2020		-	-	($235,000)	($235,000)
2020	Q3 2020	8/31/2020		-	-	($235,000)	($235,000)
2020	Q3 2020	9/30/2020		-	-	($235,000)	($235,000)
2020	Q4 2020	10/31/2020		-	-	($235,000)	($235,000)
2020	Q4 2020	11/30/2020		-	-	($235,000)	($235,000)
2020	Q4 2020	12/31/2020		-	-	($235,000)	($235,000)
2021	Q1 2021	1/31/2021		-	-	($235,000)	($235,000)
2021	Q1 2021	2/28/2021		-	-	($235,000)	($235,000)
2021	Q1 2021	3/31/2021		-	-	($235,000)	($235,000)
2021	Q2 2021	4/30/2021		-	-	($235,000)	($235,000)
2021	Q2 2021	5/31/2021		-	-	($235,000)	($235,000)
2021	Q2 2021	6/30/2021		-	-	($235,000)	($235,000)
2021	Q3 2021	7/31/2021		-	-	($235,000)	($235,000)
2021	Q3 2021	8/31/2021			-	($235,000)	($235,000)
2021	Q3 2021	9/30/2021		-	-	($235,000)	($235,000)
2021	Q4 2021	10/31/2021		-	-	($235,000)	($235,000)
2021	Q4 2021	11/30/2021		-	-	($235,000)	($235,000)
2021	Q4 2021	12/31/2021		8,718,750	($5,124,000)	($235,000)	$3,359,750
2022	Q1 2022	1/31/2022		8,718,750	($5,124,000)	($235,000)	$3,359,750
2022	Q1 2022	2/28/2022		7,875,000	($5,124,000)	($235,000)	$2,516,000
2022	Q1 2022	3/31/2022		8,718,750	($5,124,000)	($235,000)	$3,359,750
2022	Q2 2022	4/30/2022		8,437,500	($5,124,000)	($235,000)	$3,078,500
2022	Q2 2022	5/31/2022		8,718,750	($5,124,000)	($235,000)	$3,359,750
2022	Q2 2022	6/30/2022		8,437,500	($5,124,000)	($235,000)	$3,078,500
2022	Q3 2022	7/31/2022		8,718,750	($5,124,000)	($235,000)	$3,359,750
2022	Q3 2022	8/31/2022		8,718,750	($5,124,000)	($235,000)	$3,359,750
2022	Q3 2022	9/30/2022		8,437,500	($5,124,000)	($235,000)	$3,078,500
2022	Q4 2022	10/31/2022		8,718,750	($5,124,000)	($235,000)	$3,359,750
2022	Q4 2022	11/30/2022		8,437,500	($5,124,000)	($235,000)	$3,078,500
2022	Q4 2022	12/31/2022		8,718,750	($5,124,000)	($235,000)	$3,359,750
2023	Q1 2023	1/31/2023		8,893,125	($5,226,480)	($235,000)	$3,431,645
2023	Q1 2023	2/28/2023		8,032,500	($5,226,480)	($235,000)	$2,571,020
2023	Q1 2023	3/31/2023		8,893,125	($5,226,480)	($235,000)	$3,431,645
2023	Q2 2023	4/30/2023		8,606,250	($5,226,480)	($235,000)	$3,144,770
2023	Q2 2023	5/31/2023		8,893,125	($5,226,480)	($235,000)	$3,431,645
2023	Q2 2023	6/30/2023		8,606,250	($5,226,480)	($235,000)	$3,144,770
2023	Q3 2023	7/31/2023		8,893,125	($5,226,480)	($235,000)	$3,431,645
2023	Q3 2023	8/31/2023		8,893,125	($5,226,480)	($235,000)	$3,431,645
2023	Q3 2023	9/30/2023		8,606,250	($5,226,480)	($235,000)	$3,144,770
2023	Q4 2023	10/31/2023		8,893,125	($5,226,480)	($235,000)	$3,431,645
2023	Q4 2023	11/30/2023		8,606,250	($5,226,480)	($235,000)	$3,144,770
2023	Q4 2023	12/31/2023		8,893,125	($5,226,480)	($235,000)	$3,431,645
2024	Q1 2024	1/31/2024		9,070,988	($5,331,010)	($235,000)	$3,504,978
2024	Q1 2024	2/29/2024		8,485,763	($5,331,010)	($235,000)	$2,919,753
2024	Q1 2024	3/31/2024		9,070,988	($5,331,010)	($235,000)	$3,504,978
2024	Q2 2024	4/30/2024		8,778,375	($5,331,010)	($235,000)	$3,212,365
2024	Q2 2024	5/31/2024		9,070,988	($5,331,010)	($235,000)	$3,504,978

Column groups: Generic Data (Year, Quarter, Date); Revenue Build (Crude Revenue); Expenses, Taxes, Debt Service & Depreciation (OPEX, Corporate G&A / Mo, EBITDA).

OPEX

G&A

EBITDA

Gross Revenue

Proposed Sale Date (May 31, 2023)

Typically the next 12 months of forecasted EBITDA x Sales Multiple = Sell Price

$39.8M EBITDA
x 10 Sales Multiple
= $398M Sale Price

General Terms & Benchmarks

Multiple of Money (MoM)	Ratio of the realized equity value divided by the capital invested in the project. In simple terms it is the total sale amount divided by the total invested amount, less cash flow from operations. Investors typically look at a minimum of 2.50 - 3.00 or higher.
Internal Rate of Return (IRR)	Defined as NPV = NET*1/(1+IRR)^year); or the interest rate at which the net present value of all the cash flows (both positive and negative) from a project equal zero. The higher the IRR, the more profitable the project. Investors typically look at a range of 15% - 25%+.
Years to Hold	An approximation is made based on current and forecasted market conditions and typically ranges from 1 to 5 years, with 3 years being quite common.

General Benchmarks

Frontier Energy Services, LLC

Sales Multiple	Sales multiple is a bit subjective at the evaluation stage; typically an investment bank with oil & gas experience is sourced to provide a range of executed sales multiples in the area of interest. Scenarios are developed, for evaluation purposes, around a range of sales multiples, i.e. 6x, 8x, 10x, and 12x.
OPEX	Total operational expenditures (OPEX), on a monthly, basis required to properly operate a system; includes labor, equipment, supplies, vendors, electricity (power), consultants, training, etc.
EBITDA	Earnings before interest, taxes, depreciation, and amortization. A key benchmark that forms the basis of the ultimate sales amount.

General Benchmarks

Corporate G&A	The total costs of the company required to support the operations of the system; including accounting, finance, management, HR, payroll, receivables/payables, contracting, etc.
CAPEX	Total cost of all construction activities required to commission the system for operations, including any growth capital costs that are planned.
Project Payout	The time (normally in years) it takes for project net cash flows to pay off the capital expenditures of the project.
Net Cash Flow	Total cash flow from operations (EBITDA), less interest, taxes, depreciation, and amortization. This determines how the project can fund itself until the asset sale.

General Benchmarks

Tariff / Rate	Rate at which shippers or producers are charge for using the system to move their product. Coupled with the volume/throughputs, is used to calculate the total gross revenue.
Volume / Throughput	Total volume that will be transported through the system on an average monthly basis. This, along with the tariff / rate, forms the basis for developing the revenue build portion of the model.
Delivery Options / Optionality	Optionality of the system is a critical component when looking at exit strategies and appeal of the system to investors. If multiple delivery options can be developed and afforded to a potential buyer, typically the attractiveness and hence the sales multiple will increase.

Project Evaluations

Overview of Project Financing

General Investment Return Benchmarks

Project Screening & Evaluations; Model Development & Scenarios

Evaluating Competition and Exits

Project Evaluations

1 Define Project

- ✓ *Identify exit strategy*
- ✓ ***Based on the volumes and locations, develop a system "map".***
- ✓ ***Calculate gathering line sizes by area; including main delivery line***
- ✓ ***Identify pump/compressor and measurement requirements.***
- ✓ ***Identify location(s) for facilities***
- ✓ ***Determine delivery point(s) – optionality***

2 Capital Expenditures (CAPEX)

- ✓ ***Estimate:***
  - ✓ ***Contractor costs for pipelines and facilities***
  - ✓ ***Equipment and material costs, including line pipe, valves, launcher/receivers.***
  - ✓ ***Land and land acquisition costs***
  - ✓ ***Engineering and inspection, including survey costs***

3 Operations (OPEX)

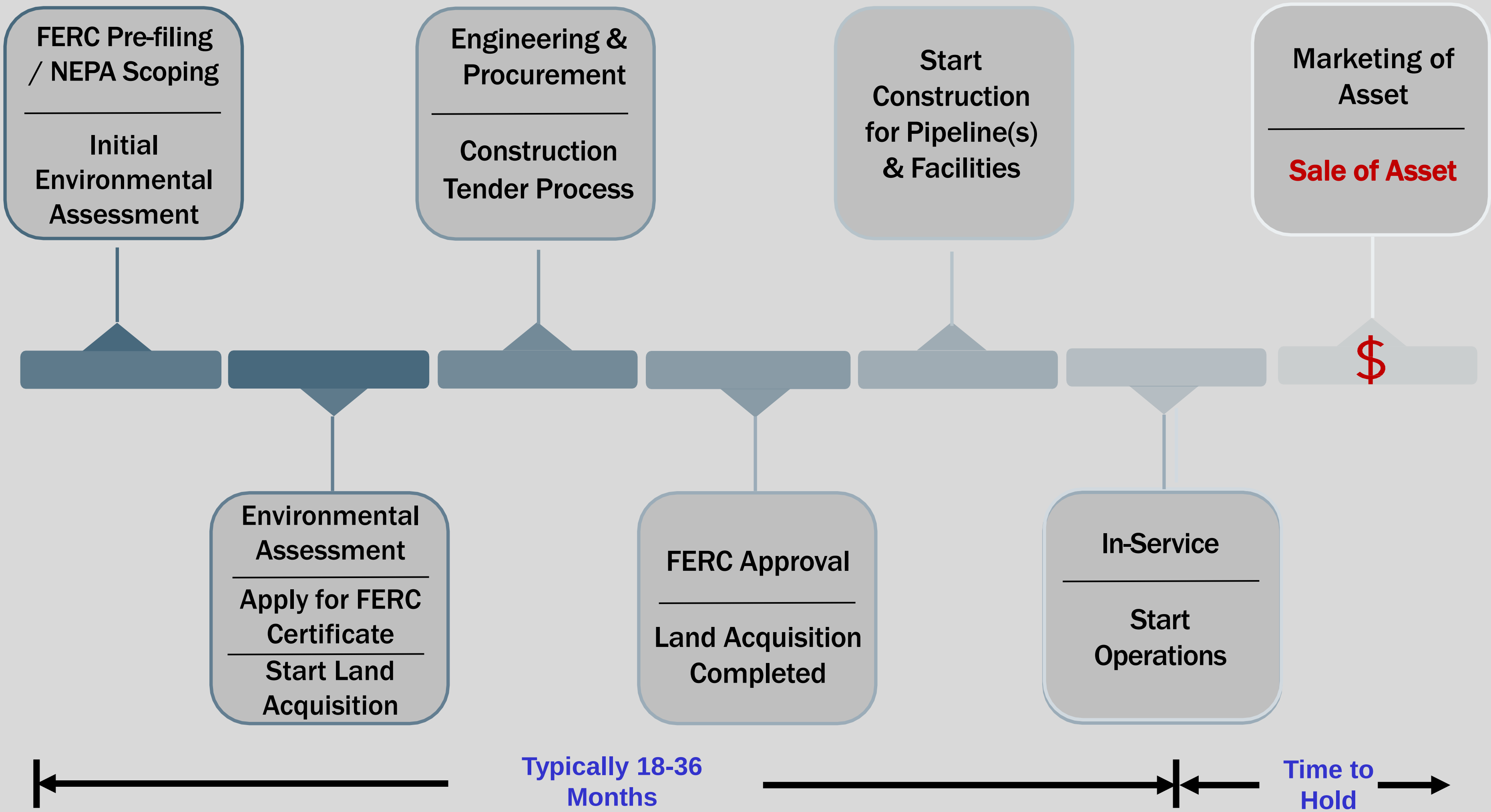
- ✓ ***Determine manpower required to operate the system; including supervision, operators, technicians, and support staff.***
- ✓ ***Determine power requirements of pumps, compressors, measurement, and ancillary equipment.***
- ✓ ***Develop operating & maintenance philosophy***

4 Tariff / EBITDA / Sale / Exit Multiple

- ✓ ***Determine a competitive rate or tariff***
- ✓ ***Estimate EBITDA.***
- ✓ ***Determine years to hold until sale.***
- ✓ ***Investigate sales multiples in the area; determine a reasonable range for comparisons.***
- ✓ ***Develop model with scenario capabilities***
- ✓ ***Receive project financing from PE Entity***

Project Evaluations

General Project Execution Overview & Timeline



Project Evaluations

Frontier Energy Services, LLC

Example Project – Key Assumptions

- Project is an interstate, 16" x 150 mile pipeline; 1 Pump Station; 1 Storage Facility; 125K BPD Throughput;
- Project is a 50%/50% JV
- Project has a $1.75/bbl Transmission Tariff.
- Pipeline will be filled by Shippers in tranches, initiating upon commissioning, continuing over an 18 month period to full volume – 20 year commitment.

Project Evaluations

Frontier Energy Services, LLC

Pipeline Project Participation Model

Monthly Cashflow

Generic Data				Revenue Build	Expenses, Taxes, Debt Service & Depreciation										
Year	Quarter	Date		Crude Revenue ($)	OPEX ($)	Corporate G&A / Mo ($)	EBITDA ($)	CAPEX ($)	Depreciation ($)	Taxes ($)	Ad Valorum Tax ($)	Debt Service ($)	Terminal Value ($)	Net Cashflow ($)	Cummulative Cashflow ($)
			Rate ($ / Mcf or BBL)	$1.75											
			Begin Earning Revenues	Sep-23											
			Escalation Factor	2.0%											
			Escalation Timing	2023+											
			Positive Cashflow Date	May 31, 2024											
2021	Q2 2021	6/30/2021		-	-	($235,000)	($235,000)	-	-	-	-	-	-	($235,000)	($235,000)
2021	Q3 2021	7/31/2021		-	-	($235,000)	($235,000)	-	-	-	-	-	-	($235,000)	($470,000)
2021	Q3 2021	8/31/2021		-	-	($235,000)	($235,000)	-	-	-	-	-	-	($235,000)	($705,000)
2021	Q3 2021	9/30/2021		-	-	($235,000)	($235,000)	-	-	-	-	-	-	($235,000)	($940,000)
2021	Q4 2021	10/31/2021		-	-	($235,000)	($235,000)	-	-	-	-	-	-	($235,000)	($1,175,000)
2021	Q4 2021	11/30/2021		-	-	($235,000)	($235,000)	-	-	-	-	-	-	($235,000)	($1,410,000)
2021	Q4 2021	12/31/2021		-	-	($235,000)	($235,000)	-	-	-	-	-	-	($235,000)	($1,645,000)
2022	Q1 2022	1/31/2022		-	-	($235,000)	($235,000)	-	-	-	-	-	-	($235,000)	($1,880,000)
2022	Q1 2022	2/28/2022		-	-	($235,000)	($235,000)	-	-	-	-	-	-	($235,000)	($2,115,000)
2022	Q1 2022	3/31/2022		-	-	($235,000)	($235,000)	-	-	-	-	-	-	($235,000)	($2,350,000)
2022	Q2 2022	4/30/2022		-	-	($235,000)	($235,000)	-	-	-	-	-	-	($235,000)	($2,585,000)
2022	Q2 2022	5/31/2022		-	-	($235,000)	($235,000)	($60,000)	-	-	-	-	-	($295,000)	($2,880,000)
2022	Q2 2022	6/30/2022		-	-	($235,000)	($235,000)	($13,788,188)	-	-	($82,729)	-	-	($14,105,917)	($16,985,917)
2022	Q3 2022	7/31/2022		-	-	($235,000)	($235,000)	($13,788,188)	-	-	($82,729)	-	-	($14,105,917)	($31,091,833)
2022	Q3 2022	8/31/2022		-	-	($235,000)	($235,000)	($13,788,188)	-	-	($82,729)	-	-	($14,105,917)	($45,197,750)
2022	Q3 2022	9/30/2022		-	-	($235,000)	($235,000)	($13,788,188)	-	-	($82,729)	-	-	($14,105,917)	($59,303,667)
2022	Q4 2022	10/31/2022		-	-	($235,000)	($235,000)	($13,788,188)	-	-	($82,729)	-	-	($14,105,917)	($73,409,583)
2022	Q4 2022	11/30/2022		-	-	($235,000)	($235,000)	($13,788,188)	-	-	($82,729)	-	-	($14,105,917)	($87,515,500)
2022	Q4 2022	12/31/2022		-	-	($235,000)	($235,000)	($13,788,188)	-	-	($82,729)	-	-	($14,105,917)	($101,621,416)
2023	Q1 2023	1/31/2023		-	-	($235,000)	($235,000)	($13,788,188)	$1,006,014	-	($82,729)	-	-	($13,099,903)	($114,721,319)
2023	Q1 2023	2/28/2023		-	-	($235,000)	($235,000)	($13,788,188)	$1,006,014	-	($82,729)	-	-	($13,099,903)	($127,821,222)
2023	Q1 2023	3/31/2023		-	-	($235,000)	($235,000)	($13,788,188)	$1,006,014	-	($82,729)	-	-	($13,099,903)	($140,921,125)
2023	Q2 2023	4/30/2023		-	-	($235,000)	($235,000)	($13,788,188)	$1,006,014	-	($82,729)	-	-	($13,099,903)	($154,021,028)
2023	Q2 2023	5/31/2023		-	-	($235,000)	($235,000)	($13,788,188)	$1,006,014	-	($82,729)	-	-	($13,099,903)	($167,120,931)
2023	Q2 2023	6/30/2023		-	-	($235,000)	($235,000)	($13,788,188)	$1,006,014	-	($82,729)	-	-	($13,099,903)	($180,220,834)
2023	Q3 2023	7/31/2023		-	-	($235,000)	($235,000)	($13,788,188)	$1,006,014	-	($82,729)	-	-	($13,099,903)	($193,320,737)
2023	Q3 2023	8/31/2023		-	-	($235,000)	($235,000)	($13,788,188)	$1,006,014	-	($82,729)	-	-	($13,099,903)	($206,420,640)
2023	Q3 2023	9/30/2023		-	($7,215,480)	($235,000)	($7,450,480)	($13,788,188)	$1,006,014	-	($82,729)	-	-	($20,315,383)	($226,736,023)
2023	Q4 2023	10/31/2023		6,916,875	($7,215,480)	($235,000)	($533,605)	-	$1,006,014	($141,723)	($81,075)	-	-	$249,612	($226,486,411)
2023	Q4 2023	11/30/2023		6,693,750	($7,215,480)	($235,000)	($756,730)	-	$1,006,014	($74,785)	($79,453)	-	-	$95,046	($226,391,366)
2023	Q4 2023	12/31/2023		8,300,250	($7,215,480)	($235,000)	$849,770	-	$1,006,014	($556,735)	($77,864)	-	-	$1,221,185	($225,170,181)
2024	Q1 2024	1/31/2024		11,288,340	($7,359,790)	($235,000)	$3,693,550	-	$2,298,656	($1,797,662)	($76,307)	-	-	$4,118,238	($221,051,943)
2024	Q1 2024	2/29/2024		12,408,071	($7,359,790)	($235,000)	$4,813,281	-	$2,298,656	($2,133,581)	($74,781)	-	-	$4,903,575	($216,148,368)
2024	Q1 2024	3/31/2024		13,263,800	($7,359,790)	($235,000)	$5,669,010	-	$2,298,656	($2,390,300)	($73,285)	-	-	$5,504,081	($210,644,287)
2024	Q2 2024	4/30/2024		12,835,935	($7,359,790)	($235,000)	$5,241,145	-	$2,298,656	($2,261,940)	($71,819)	-	-	$5,206,042	($205,438,245)
2024	Q2 2024	5/31/2024		13,263,800	($7,359,790)	($235,000)	$5,669,010	-	$2,298,656	($2,390,300)	($70,383)	-	-	$5,506,983	($199,931,261)
2024	Q2 2024	6/30/2024		12,835,935	($7,359,790)	($235,000)	$5,241,145	-	$2,298,656	($2,261,940)	($68,975)	-	$655,892,391	$661,101,277	$461,170,016
2024	Q3 2024	7/31/2024		13,263,800	($7,359,790)	($235,000)	$5,669,010	-	$2,298,656	($2,390,300)	($67,596)	-	-	$5,509,771	$466,679,787
2024	Q3 2024	8/31/2024		13,263,800	($7,359,790)	($235,000)	$5,669,010	-	$2,298,656	($2,390,300)	($66,244)	-	-	$5,511,123	$472,190,909
2024	Q3 2024	9/30/2024		12,835,935	($7,359,790)	($235,000)	$5,241,145	-	$2,298,656	($2,261,940)	($64,919)	-	-	$5,212,942	$477,403,851
2024	Q4 2024	10/31/2024		13,263,800	($7,359,790)	($235,000)	$5,669,010	-	$2,298,656	($2,390,300)	($63,621)	-	-	$5,513,746	$482,917,597
2024	Q4 2024	11/30/2024		12,835,935	($7,359,790)	($235,000)	$5,241,145	-	$2,298,656	($2,261,940)	($62,348)	-	-	$5,215,513	$488,133,110
2024	Q4 2024	12/31/2024		13,263,800	($7,359,790)	($235,000)	$5,669,010	-	$2,298,656	($2,390,300)	($61,101)	-	-	$5,516,265	$493,649,375
2025	Q1 2025	1/31/2025		13,529,075	($7,506,985)	($235,000)	$5,787,090	-	$2,298,656	($2,425,724)	($59,879)	-	-	$5,600,143	$499,249,518
2025	Q1 2025	2/28/2025		12,219,810	($7,506,985)	($235,000)	$4,477,825	-	$2,298,656	($2,032,944)	($58,682)	-	-	$4,684,855	$503,934,374
2025	Q1 2025	3/31/2025		13,529,075	($7,506,985)	($235,000)	$5,787,090	-	$2,298,656	($2,425,724)	($57,508)	-	-	$5,602,515	$509,536,888
2025	Q2 2025	4/30/2025		13,092,654	($7,506,985)	($235,000)	$5,350,668	-	$2,298,656	($2,294,797)	($56,358)	-	-	$5,298,169	$514,835,057
2025	Q2 2025	5/31/2025		13,529,075	($7,506,985)	($235,000)	$5,787,090	-	$2,298,656	($2,425,724)	($55,231)	-	-	$5,604,792	$520,439,849
2025	Q2 2025	6/30/2025		13,092,654	($7,506,985)	-	$5,585,668	-	$2,298,656	($2,365,297)	($54,126)	-	-	$5,464,901	$525,904,750

Project Evaluations

Example Project – Scenario Results

Total CAPEX	$220,671,000	$220,671,000	$220,671,000	$220,671,000
Total CAPEX by JV	$110,336,000	$110,336,000	$110,336,000	$110,336,000
Expected Sales Multiple	6.00x	8.00x	10.00x	12.00x
Estimated Sales Price[1]	$393,536,000	$524,714,000	$655,893,000	$787,071,000
Average Monthly EBITDA	$5,466,000	$5,466,000	$5,466,000	$5,466,000
Years to Hold for Sale (Yrs)	3 Yrs	3 Yrs	3 Yrs	3 Yrs
Multiple of Money	2.09x	2.46x	3.04x	3.78x
Payout (Yrs)	5.14 Yrs	5.14 Yrs	5.14 Yrs	5.14 Yrs
Crude Throughput Fee	$1.75 per Unit	$1.75 per Unit	$1.75 per Unit	$1.75 per Unit

Project Evaluations

Putting it Together

Asset Sale
Net Proceeds

EBITDA
At point of sale; total sale is based on the next 12 months of EBITDA x sales multiple

Sales Multiple
Sales multiple is based on the current market and market forecasts.

Operations (OPEX)
Efficient Operations equates to higher EBITDA leading to a higher sale price.

CAPEX / Reducing Costs
Optimizing asset costs leads to lower capital costs which increases the net payout.

Quality
A quality system, designed & built to high standards will normally bring a premium.

Competition & Exits

Overview of Project Financing

General Investment Return Benchmarks

Project Screening & Evaluations; Model Development & Scenarios

Evaluating Competition and Exits

Competition & Exits

Competitive Asset - What it Looks Like

Optionality

As optionality increases, the attractiveness of the system increases as shippers have more possibilities on where there product can be shipped.

Capital Cost Efficiency / Schedule

As capital costs and schedule align with the budget and operating costs are efficient, the asset's net return to investors increases.

Competitive Rates / System Growth

Competitive rates will raise the attractiveness of the asset. Showing how the system has been grown as well as the availability of solid potential future growth will solidify interest.

Competition & Exits

Competition Identification

Identify companies in the area or region who do similar projects as your venture.

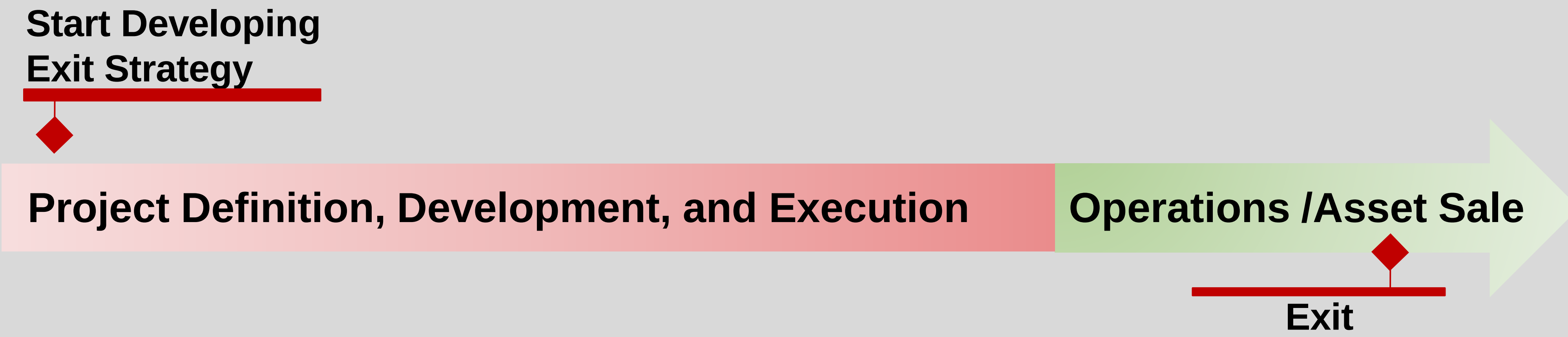
A strong & experienced commercial team is required; there is no substitute for industry knowledge.

Evaluate the identified competition:

- What advantages do you have / do they have
- What strengths do you have / do they have

Competition & Exits

The Exit - First and Last Activity



Evaluate entities for whom your project would make a logical and attractive addition. This may include:

- Competitors
- Partner(s) in your venture
- MLP's (managed limited partnership)
- Private Equity / Institutional Investor

Competition & Exits

Frontier Energy Services, LLC

Competition - Improving Odds

What can we do to make our project / proposal more attractive:

- Efficient use of capital
- Aggressive schedule – bring it online sooner
- Competitive rates
- Optionality – very attractive
- System growth opportunities (building with 3^{rd} Parties)

Competition & Exits

Exit and Evaluation Support

Bankers & Investment Advisors Practiced in Oil & Gas Transactions Include:

- Jefferies
- Simmons
- Tudor Pickering
- TRC
- RedOaks Energy Advisors
- BMO Capital Markets
- Wells Fargo

Last Slide

Questions

&

Answers