



# EPUS Global Energy

*Fund 2020 Overview*

# Risk Considerations



- Statements above, other than statements of historical facts, address activities, events, or developments that Epus Global Energy, LLC (“Epus”) anticipates will or may occur in the future.
- These forward-looking statements include such things as estimated returns on investment, oil and gas reserves, estimated recoverability of oil and gas reserves, oil and gas prices, well drilling and completion costs and budgets, environmental conditions, weather, quality and timely delivery of equipment and materials to the wellsite, regulatory compliance, tax treatments, competition, management expertise, and other similar matters. These statements are based on certain assumptions and analyses made by Epus in light of their experience and perception of historical trends, current conditions and expected future developments.
- However, whether actual results will conform with these expectations is subject to a number of risks and uncertainties, many of which are beyond the control of Epus, including general economic, market, or business conditions; changes in laws or regulations; the risk that the well is productive, but does not produce enough revenue to return the investment made; the risk that the well is a dry hole; uncertainties concerning the price of gas and oil; and other risks. Thus, all the forward-looking statements made herein, and its exhibits are qualified by these cautionary statements. There can be no assurance that actual results will conform to expectations.

## Tax disclosure: IRS Circular 230 Notice

- To ensure compliance with requirements imposed by the IRS, we inform you that any information contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code, or (ii) promoting, marketing, or recommending to another party any tax-related matter addressed herein. EPUS Energy does not offer legal or tax advice. For legal or tax advice concerning your specific situation, you are encouraged to consult with your attorney, accountant, or tax advisor prior to making any decision involving the purchase, surrender, exchange, replacement, or sale of an investment and whether it is suitable for your financial goals and objectives.







# The Mighty Permian Basin





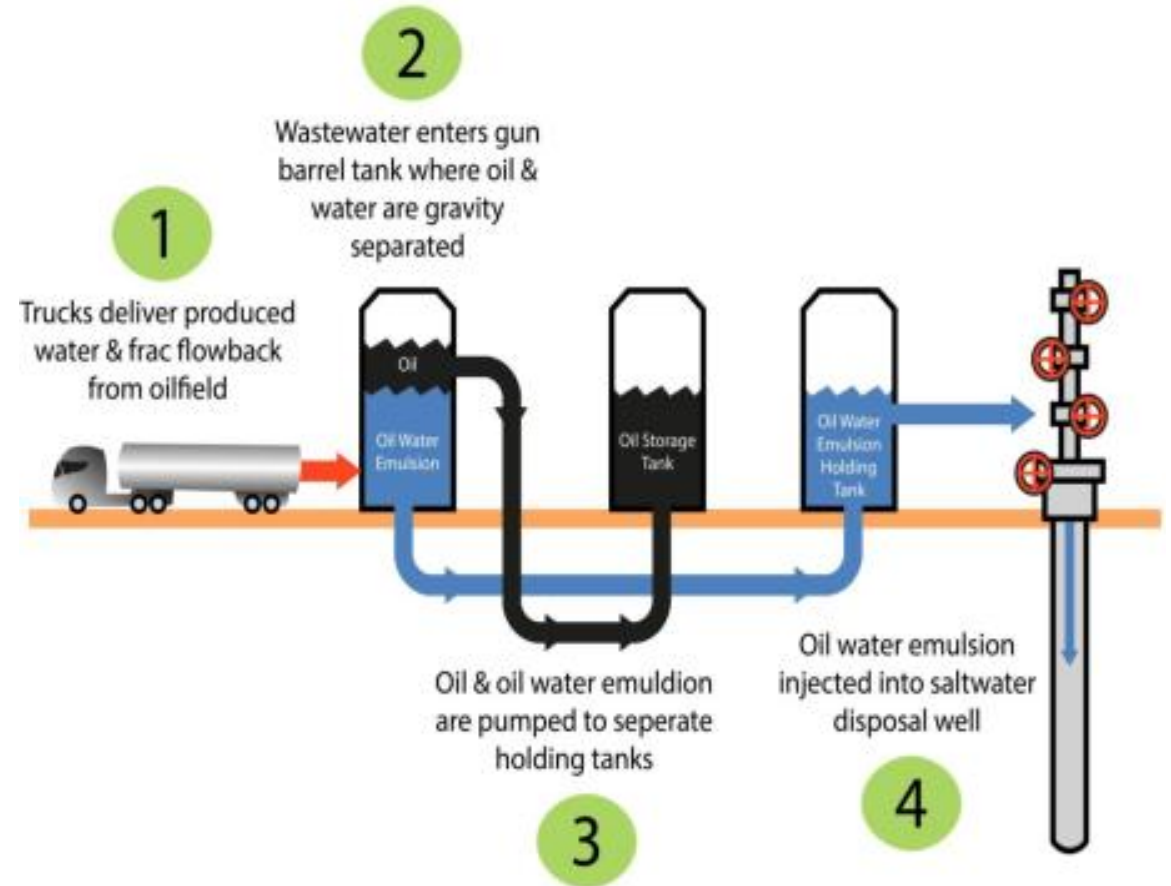
# Permian Basin Opportunity

*Initial \$20MM Raise*



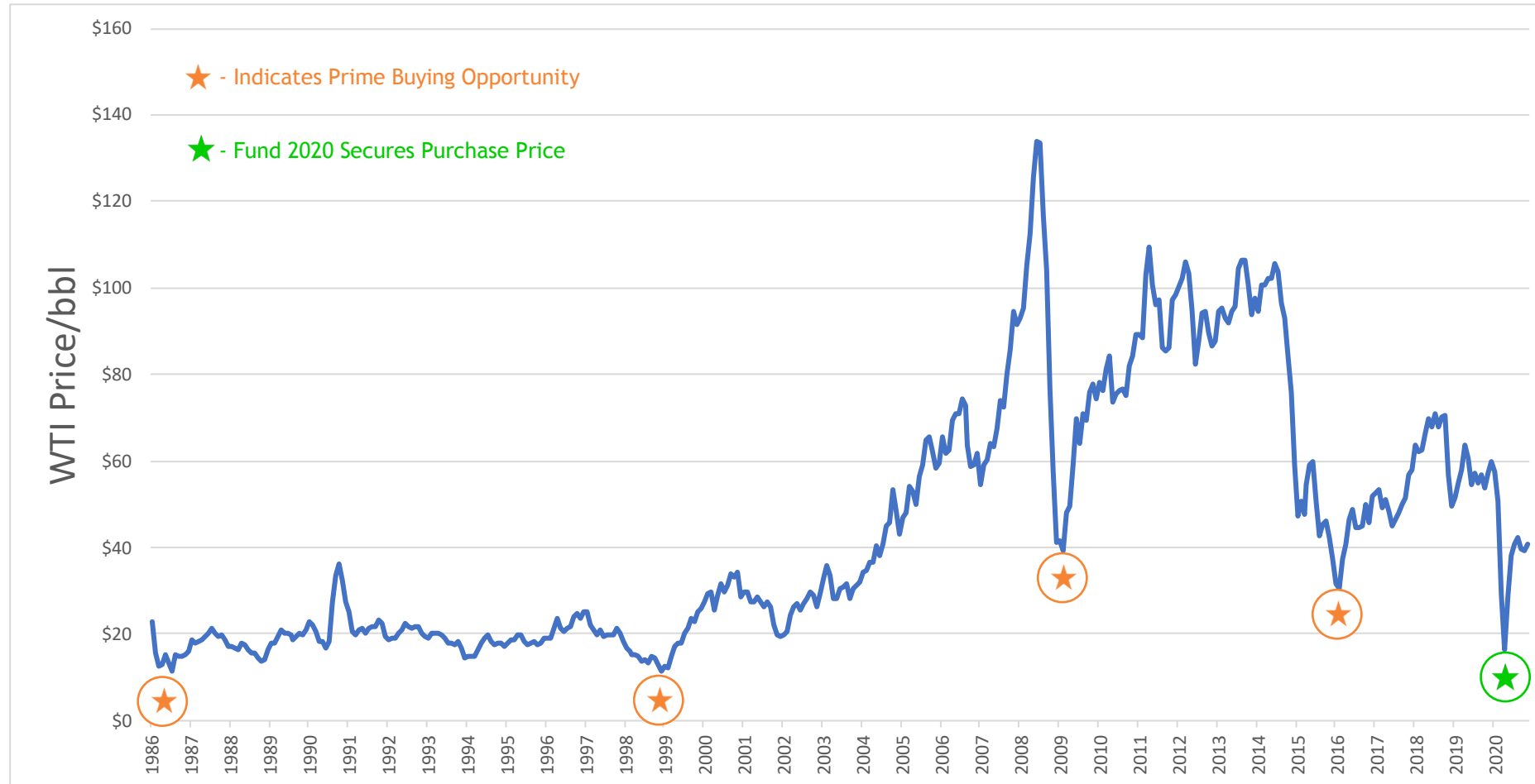


# Technology Overview



# Why Now

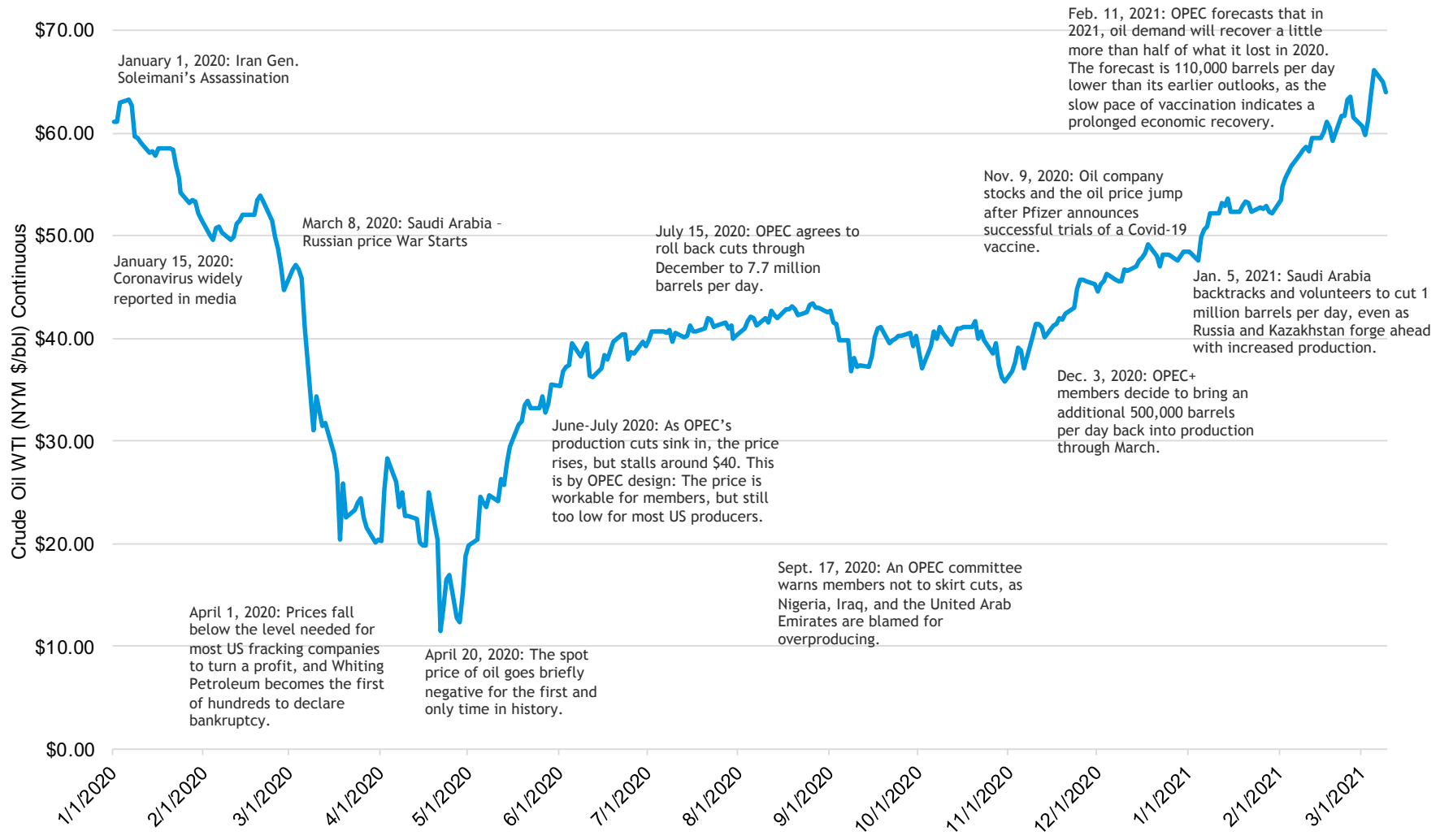
WTI Crude Price History



6

In the mid 1980s, companies like Vintage Petroleum, Cross Timbers (XTO), Anadarko, Burlington, Newfield, Devon, and Chesapeake were all started and had very attractive exits in the 2000s when commodity prices rose. The downturn in the late 1990s resulted in numerous mergers; BP/Arco, Total/Elf, Chevron/Texaco, Exxon/Mobil, Phillips 66/Conoco, BP/Amoco, Anadarko/Union Pacific. The downturn in 2008 led to the emergence of companies like Parsley and Diamondback... Who are going to be the players to emerge during the current downturn?

# Recent WTI Crude Price History



# Why Now

## Investment Opportunity

### Black Swan Events Create Opportunity

- ★ Covid-19 combined with pressure from OPEC+ has resulted in depressed commodity prices, as well as the end to an 11-year bull market
- ★ Historically, oil companies that enter the market during a low-price environment outperformed those that entered after prices had rebounded, resulting in attractive returns to investors
- ★ Asset values are trading at all time lows, mainly as a result of uneconomic drilling inventory due to Covid-19

### Core Assets in the Permian Basin

- 💰 Market conditions allow for EPUS to purchase world-class saltwater disposal assets at a significantly discounted rate
- 💰 Once oil prices rebound and drilling inventory becomes economic, oil & gas asset values will greatly increase, and water will be able to be disposed at a greater price
- 💰 Top tier offset operators include EOG, Concho, WPX, ConocoPhillips, Chevron, Cimarex, Oxy, and BP

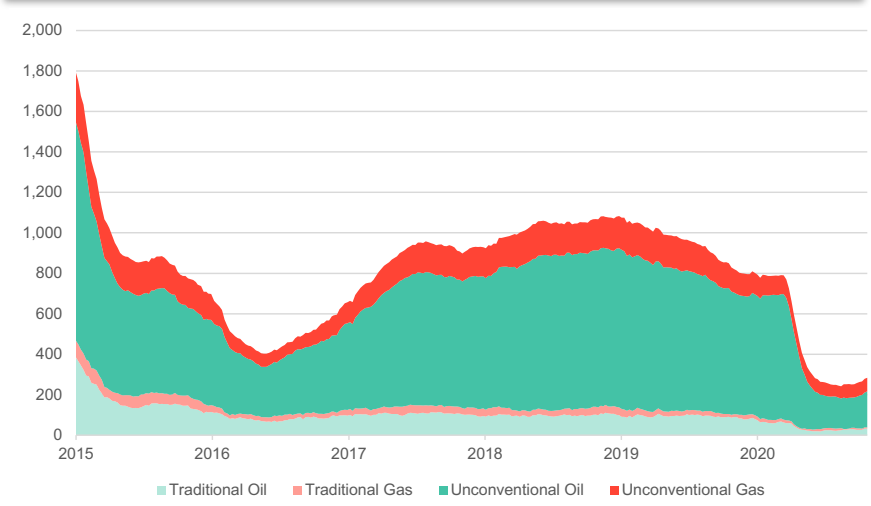


# Despite E&P Austerity, Rig Counts Are Growing

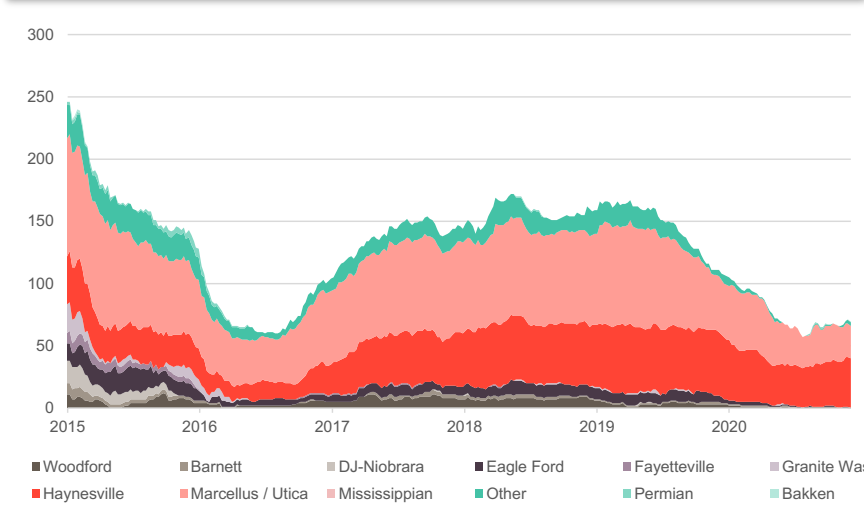
U.S. Current Active Rigs vs. August '20 Active Rigs

Rig Type	Current	Aug-20	% Change
<b>Horizontal Rigs</b>			
Horizontal Gas	86	60	43%
Horizontal Oil	364	147	148%
<b>Total Horizontal Rigs</b>	<b>450</b>	<b>207</b>	<b>117%</b>
<b>Directional Rigs</b>			
Directional Gas	2	8	-75%
Directional Oil	13	15	-13%
<b>Total Directional Rigs</b>	<b>15</b>	<b>23</b>	<b>-35%</b>
<b>Vertical Rigs</b>			
Vertical Gas	3	2	50%
Vertical Oil	21	10	110%
<b>Total Vertical Rigs</b>	<b>24</b>	<b>12</b>	<b>100%</b>
<b>End-Use</b>			
Gas	91	70	30%
Oil	305	172	77%
<b>Total Rig Count</b>	<b>396</b>	<b>242</b>	<b>64%</b>

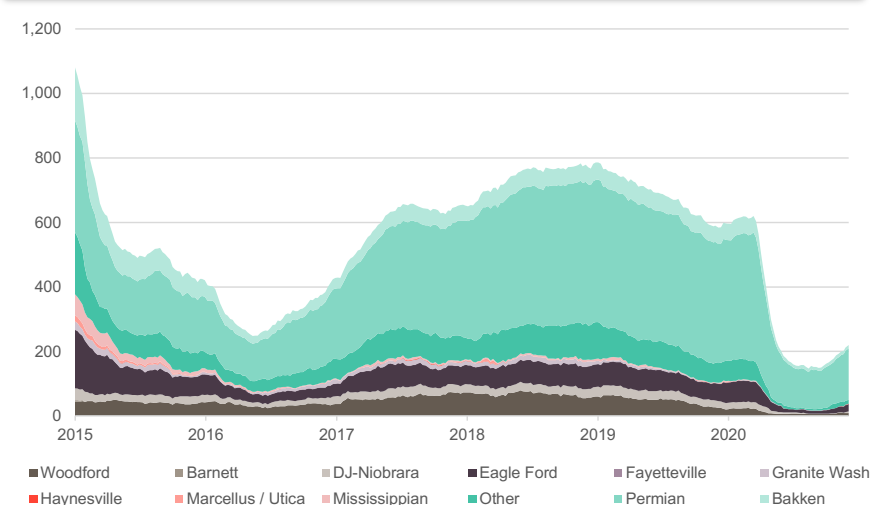
Rig Count by Drill Type



Unconventional Gas Rigs by Basin



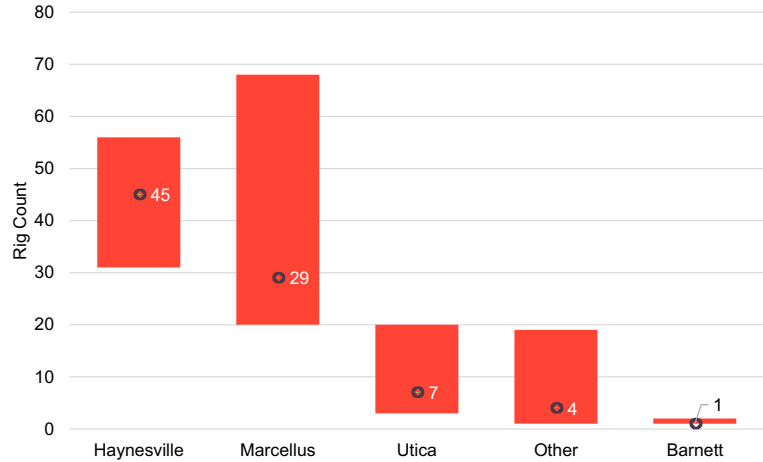
Unconventional Oil Rigs by Basin



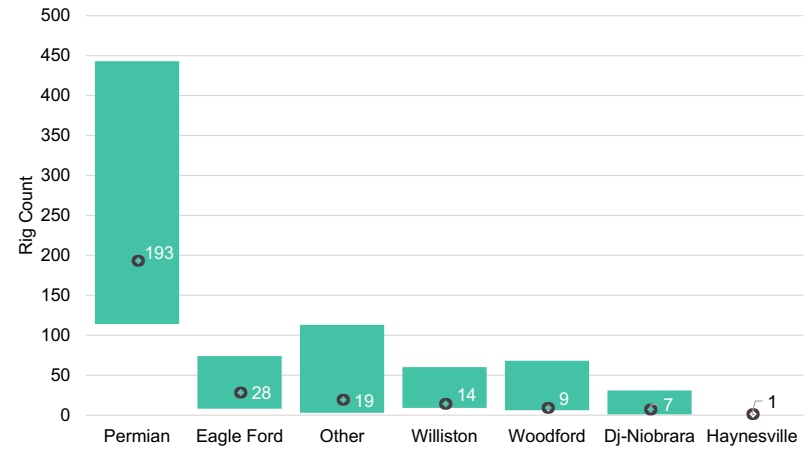
Source: Baker Hughes.

# Permian & Haynesville Are Fastest Recovering Regions

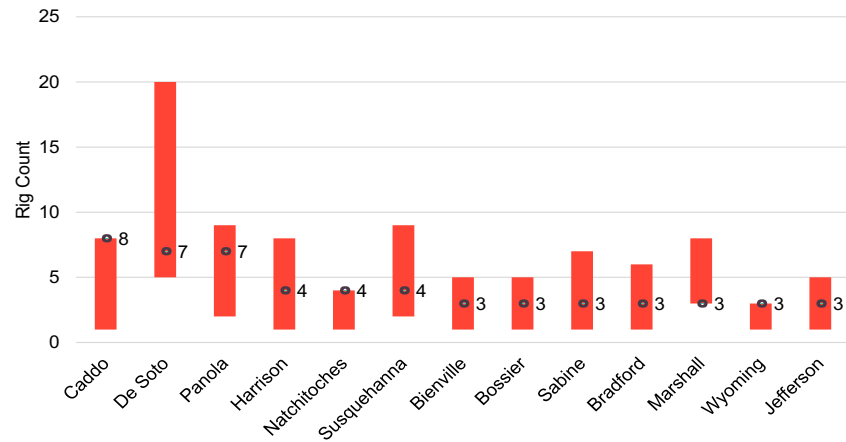
U.S. Total Gas HZ Rig Count by Basin



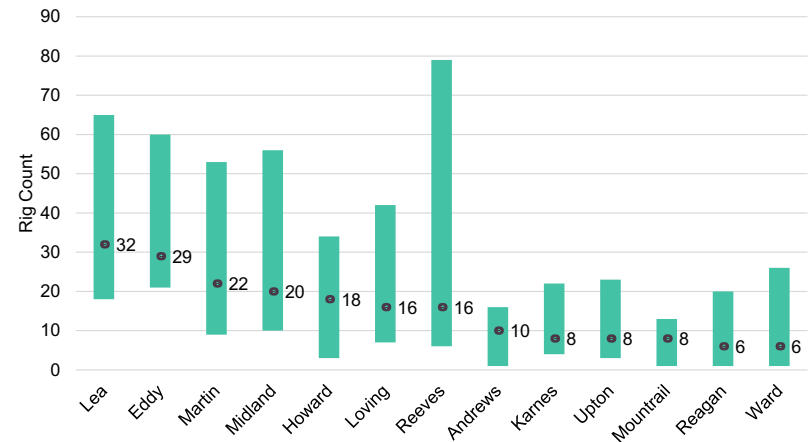
U.S. Total Oil HZ Rig Count by Basin



U.S. Total Gas HZ Rig Count by County



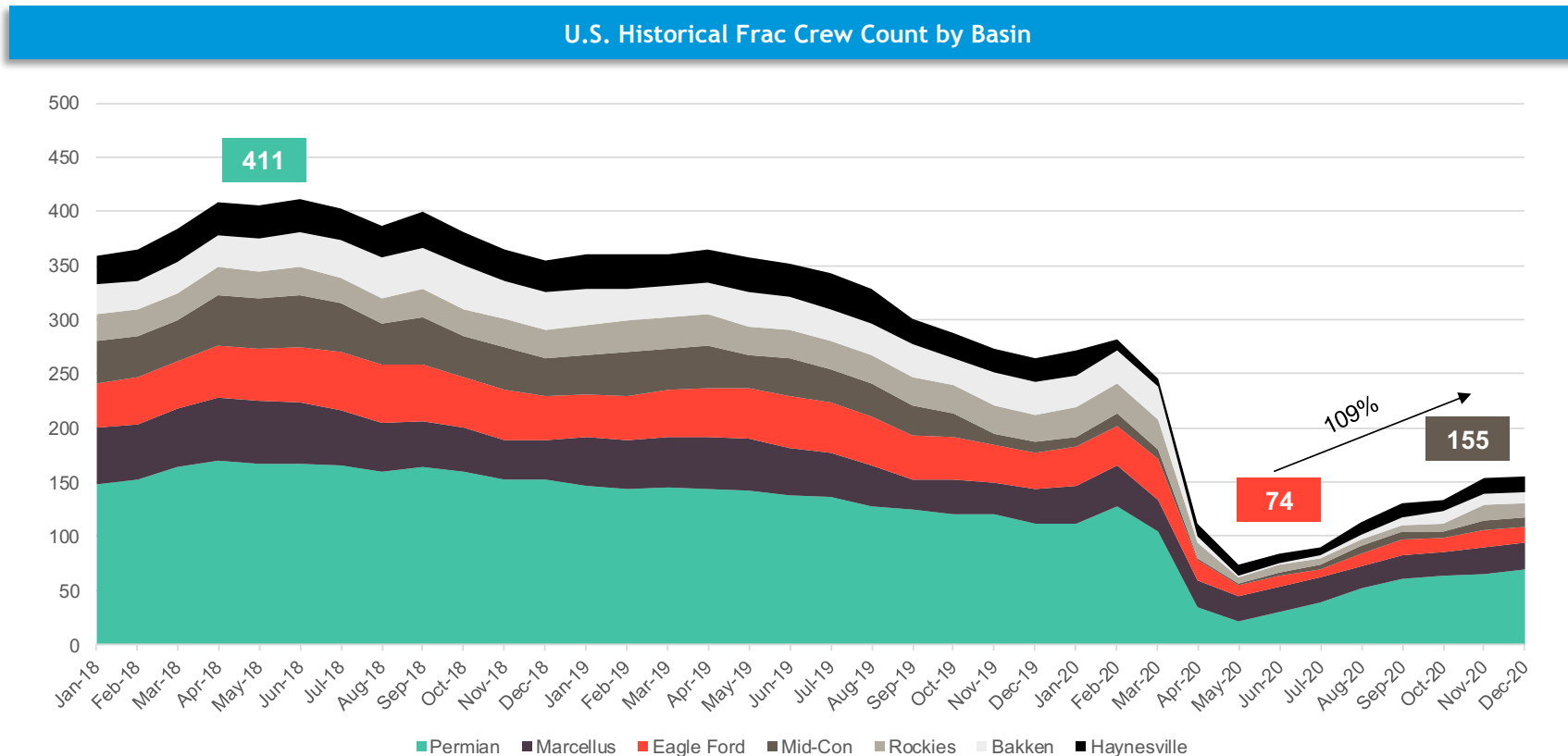
U.S. Total Oil HZ Rig Count by County



Note: Bars represent two year high / low rig count. Dots represent current rig count.  
Source: Baker Hughes as of 2/19/2021.

# Fracking Activity Is Rising With Oil Prices

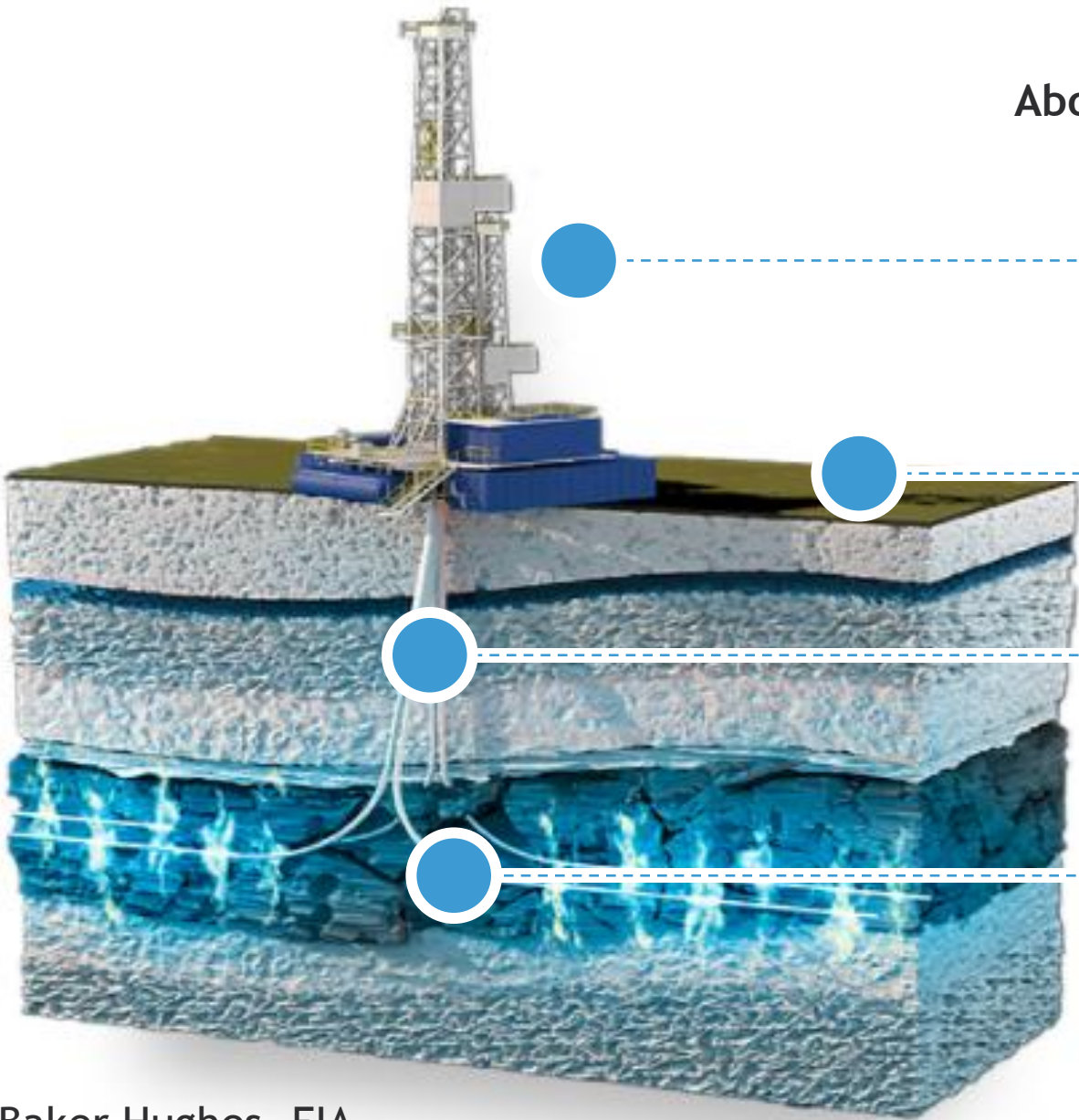
- Per Daniel Energy Partners, there were 70 frac crews active in the Permian in December 2020
- By mid-January 2021, that number had grown to 81 active fleets (16% growth), spread across an estimated 46 E&P companies
  - Of note, there were at least 23 E&Ps drilling with at least one rig but not running any crews as many E&Ps favor drilling to hold acreage over completing wells
  - Its expected that more E&Ps will pick up frac crews to complete Drilled Uncompleted wells (DUCs) as commodity prices continue to improve



Source: Daniel Energy Partners.



# About The Permian Basin



Roughly 50% of active drilling rigs in the United States are in the Permian Basin

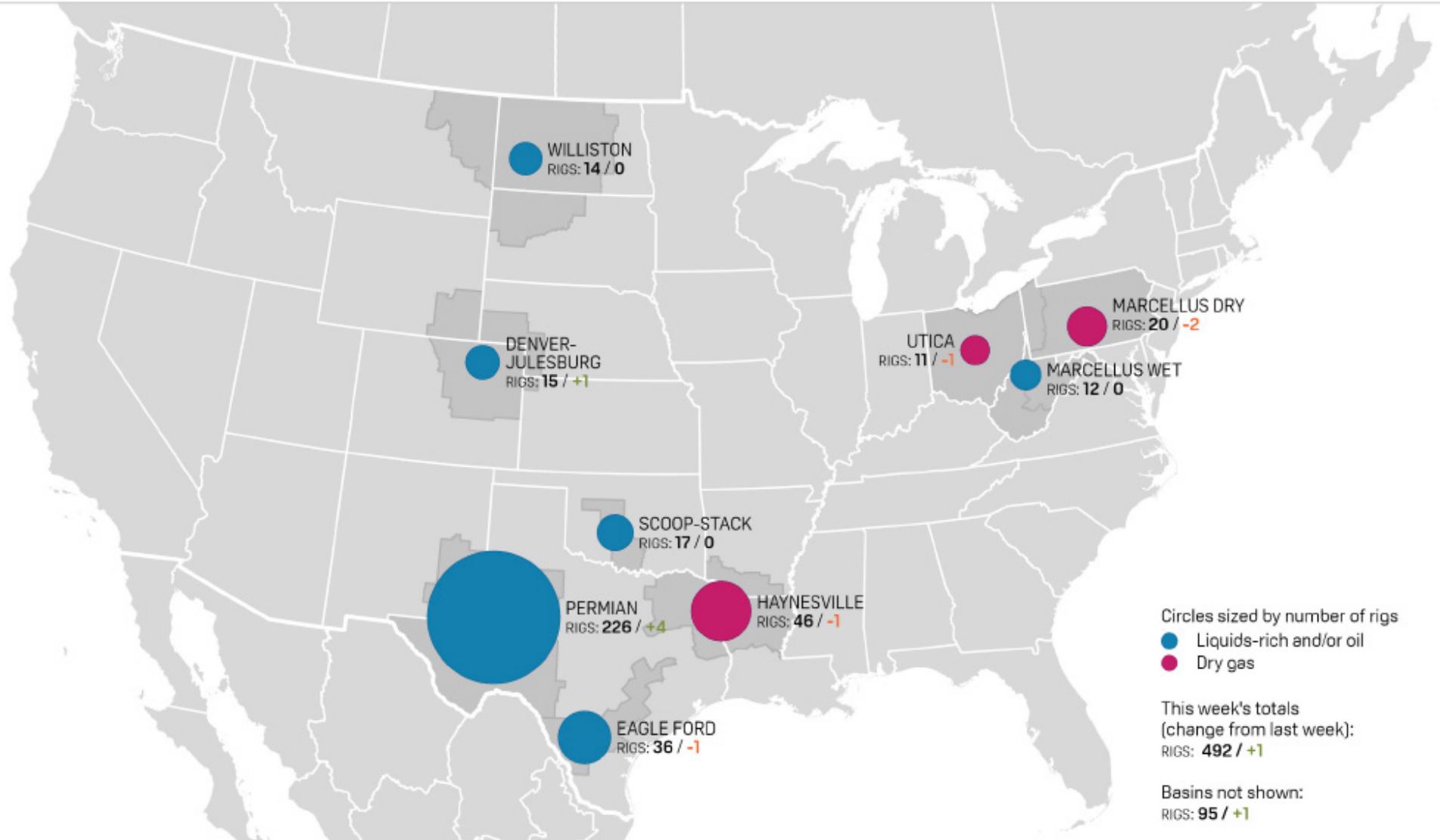
Covers 75,000 square miles across West Texas & Southeast New Mexico

42,000 new wells are expected to be drilled and completed over the next 5 years

The basin generates ~3.5 million barrels of oil per day and up to 10x that amount of water

# RIG COUNTS OF THE TOP PRODUCING BASINS, AS OF MARCH 10, 2021

Number of rigs / Week-on-week **+Increase** or **-Decrease**



# Wave of Water

## Oil and Water DO Mix



Produced water generates more than 1,000 Olympic-sized swimming pools of saltwater a day



Total water management costs are up to 50% of a well's total operating budget



Water is by far the largest byproduct by volume, generated from oil & gas



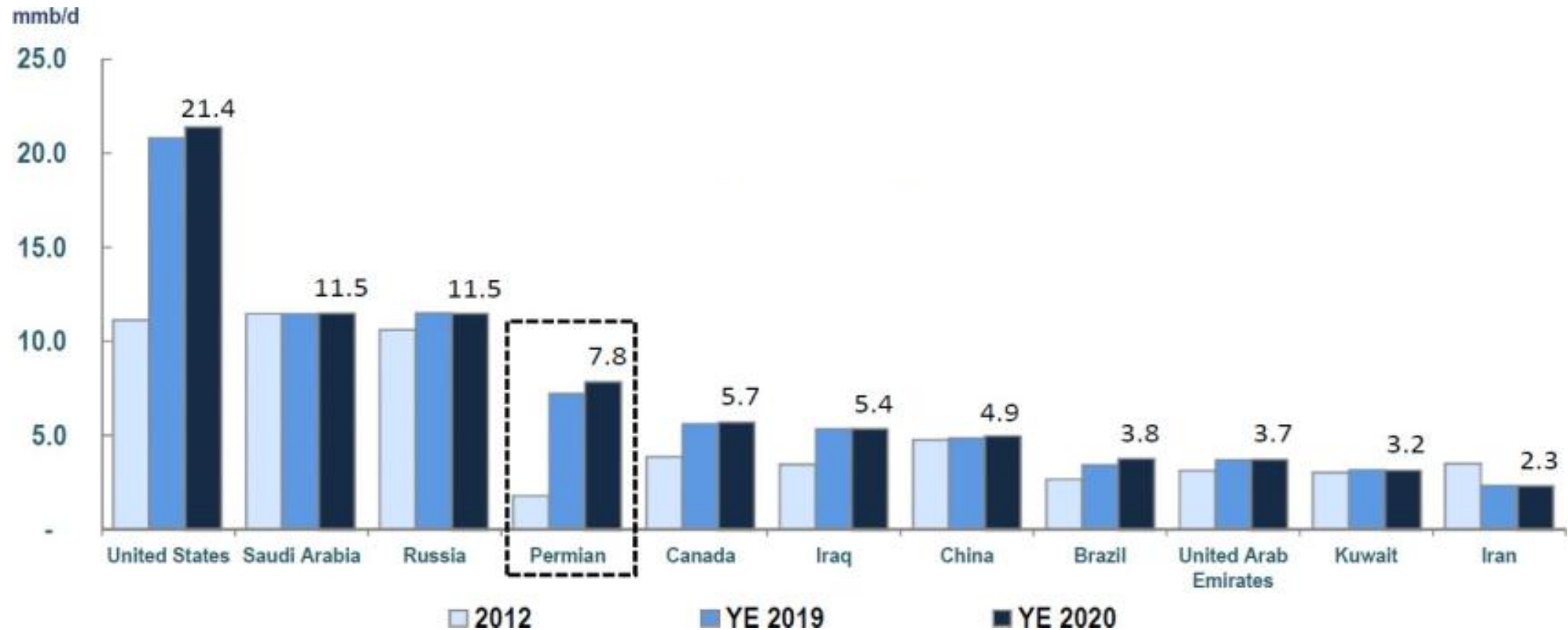
The Permian produces 25-35 million barrels of water a day and this is expected to rise to 50 million barrels of water a day by 2023





# Worlds' Largest Oil Fields

Top 10 Liquids<sup>(1)</sup> Producing Nations (Plus Permian)



# Water Investing is Valued at a Premium

Energy Sub-Sector Valuation Breakdown - Large Deviation in Water Asset and Enterprise Value





# Fund 2020 Overview



# Fund 2020 Details

## Investment Summary



**\$100,000 Per Unit**  
**\$20MM Initial Raise**



**3-5 Year Exit Strategy**



**Preferred Distributions**  
*10% for A units, 3% for B units*



**Shared profits at exit**  
*10% for A units, 30% for B units*

## Benefits



*Significant Tax Savings with  
a strong distribution rate*



*Non-Correlated To Equity  
& Fixed Income Markets*



*Industry Leading Third-  
Party Partners*

# Investor Perks

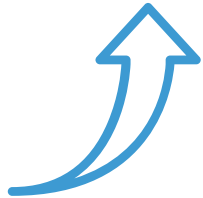
## Benefits of Saltwater Disposal Well Investing

- ✓ Steady cash flow not dependent on oil pricing
- ✓ Sometimes referred to as the ATM of the oil patch
- ✓ Asset is not correlated to overall stock/bond market
- ✓ Significant Tax Benefits



# Tax Incentives

Tax Cuts and Jobs Act of 2017



The 2017 Tax Law Changes Allow For Accelerated Depreciation On Certain Capital Investments

2018 - Fund

**94%** *Invested Dollars  
Income Offset*

2019 - Fund

**88%** *Invested Dollars  
Income Offset*


2020 - Fund

**92%** *Invested Dollars  
Income Offset*



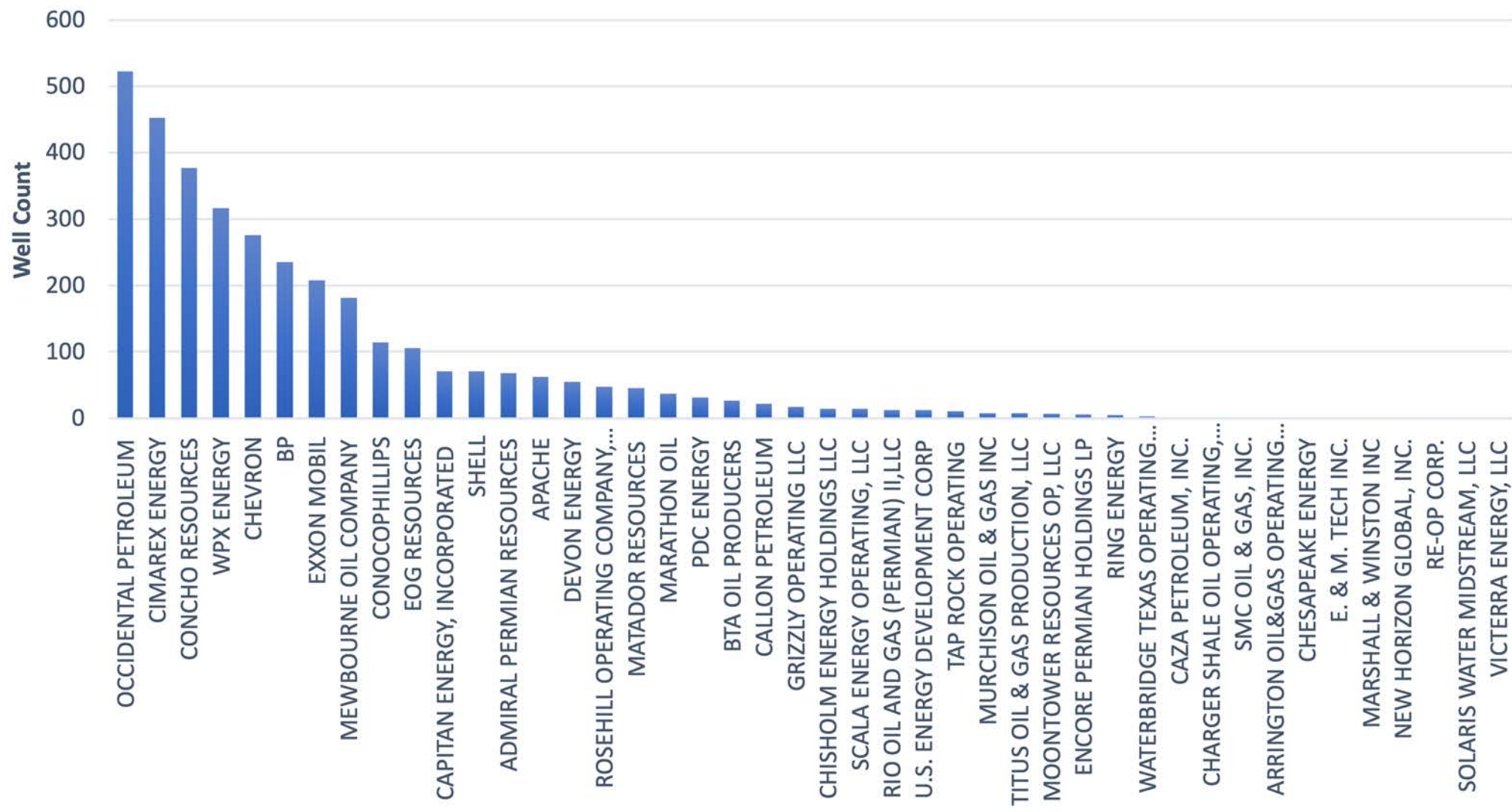


## How the Math Works

-  \$100,000 Investment
-  ~\$88K Offset to Ordinary Income
-  \$32,560 Tax Savings
-  \$67,440 Net Investment

*Assumes a 37% Federal Tax Rate.  
Does Not Include Any SALT Benefits*

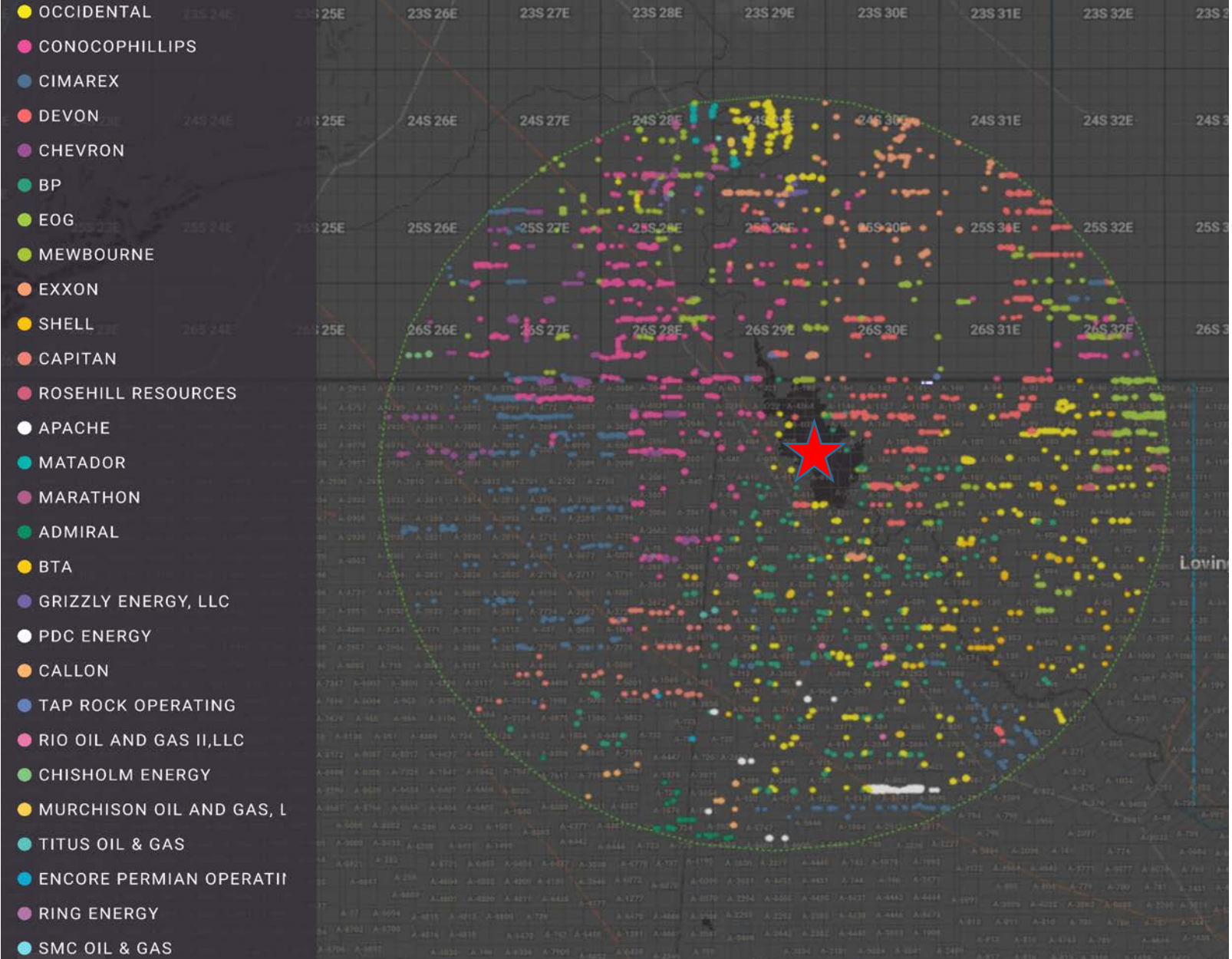
## Area of Interest Operators





COMPLETION RECORDS BY ENV OPERATOR, COUNT

WELLS BY ENV OPERATOR

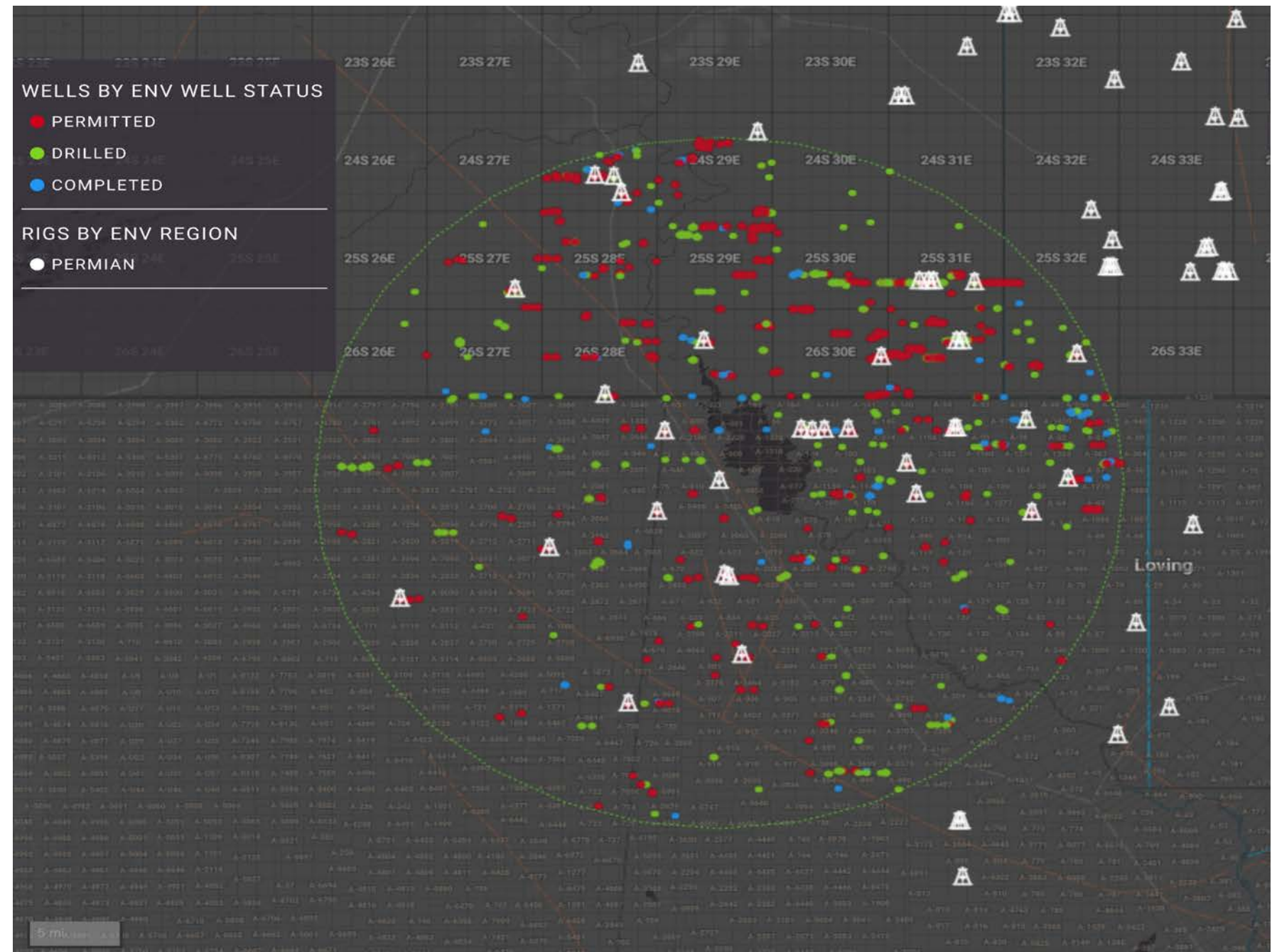




By Status:

Permitted  
Drilled  
Completed

Total Rigs: 33  
Permits: 1,059  
DUC's: 498  
Producing: 3,478



This video will only play in presentation mode, click this link to play the video

<https://epusenergy.wistia.com/medias/iqrp32mna>



# Saltwater Disposal Financial Model Summary

## Assumptions

\$ .80 Revenue per  
Trucked Barrel of Water

\$ .50 Revenue per  
Piped Barrel of Water

4 Saltwater Disposal Wells:  
1 Well 25k Trucked  
3 Wells 25k each Piped

100% Max Capacity Utilization

Project Ranger Financial Model (4 Wells)	Year 1	Year 2	Year 3	Year 4	Year 5
Barrels of Water per Day (bwpd)	35,938	85,417	100,000	100,000	100,000
Total Commerical Water - bbls	8,500,000	30,175,000	35,300,000	35,400,000	35,300,000
Water Disposal Revenue	5,323,500	15,961,500	18,267,750	18,319,500	18,267,750
Skim Oil Revenue	1,248,750	1,985,625	1,985,625	1,991,250	1,985,625
Fresh Water Revenue	127,980	190,620	190,620	191,160	190,620
<b>Total Revenue</b>	<b>6,700,230</b>	<b>18,137,745</b>	<b>20,443,995</b>	<b>20,501,910</b>	<b>20,443,995</b>
Operating Expenses	1,558,990	3,966,150	4,478,650	4,488,740	4,478,650
<b>Operating Income (EBITDA)</b>	<b>5,141,240</b>	<b>14,171,595</b>	<b>15,965,345</b>	<b>16,013,170</b>	<b>15,965,345</b>
<b>Key Metrics</b>					
<b>EBITDA Margins (%)</b>	<b>77%</b>	<b>78%</b>	<b>78%</b>	<b>78%</b>	<b>78%</b>
Water Price (\$/bbl)	\$0.63	\$0.53	\$0.52	\$0.52	\$0.52
<i>Trucked Water Price</i>	<i>\$0.80</i>	<i>\$0.80</i>	<i>\$0.80</i>	<i>\$0.80</i>	<i>\$0.80</i>
<i>Piped Water Price</i>	<i>\$0.50</i>	<i>\$0.50</i>	<i>\$0.50</i>	<i>\$0.50</i>	<i>\$0.50</i>
Operating Expense per Barrel of Water	\$0.16	\$0.13	\$0.13	\$0.13	\$0.13
<i>Variable Opex per Barrel of Water</i>	<i>\$0.10</i>	<i>\$0.10</i>	<i>\$0.10</i>	<i>\$0.10</i>	<i>\$0.10</i>
<i>Fixed Opex per Barrel of Water</i>	<i>\$0.06</i>	<i>\$0.03</i>	<i>\$0.03</i>	<i>\$0.03</i>	<i>\$0.03</i>
<b>EBITDA Multiple 6.0x</b>	<b>30,847,440</b>	<b>85,029,570</b>	<b>95,792,070</b>	<b>96,079,020</b>	<b>95,792,070</b>

# Our Partners



**Third Party Administrator**  
*Opus Fund Services*



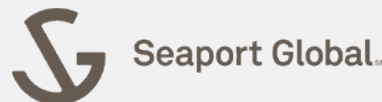
**Third Party Auditor**  
*BKD*



**Legal and Securities Council**  
*Whitaker Chalk*



**Tax and Accounting**  
*Robinson Burdette Martin & Seright (RBMS)*



**Financial Advisor**  
*Seaport Global Securities*

# EPUS Senior Leadership Team



*Jeff Johnson*

## CEO & Founder

Since 1988, the year Jeff entered the oil and gas industry, his passion has been building successful independent oil and gas companies. The last was Cano Petroleum in 2004. Under Jeff's leadership as Chairman and CEO, Cano's oil production grew from four barrels of oil per day to approximately 2,000 barrels of oil per day, ultimately creating a \$600,000,000 peak enterprise value in 2008. During Jeff's tenure, Cano became a member of the Russell 3,000 as a NYSE/AMEX listed company. After guiding the company through the 2008/2009 financial crises, Jeff left in 2011 to spend more time with his family.

Jeff believes there is currently a generational opportunity to acquire oil assets. As Jeff puts it, "Due to the downturn within the oil industry, I believe oil will be a great opportunity for timely investments, effectively being able to buy Madison/5th Avenue real estate at Newark, New Jersey prices."

Jeff has served with and been a member of numerous industry associations, including:

- NYSE/AMEX Listed Company Council
- Independent Petroleum Association of America
- Society of Petroleum Engineers
- Texas Independent Producers and Royalty Owners Association

Jeff has appeared in many business publications & financial media programs, including:

- Fox News & Fox Business News
- CNBC & CNBC Europe
- The Wall Street Journal
- Oil & Gas Financial Journal
- Oil & Gas Journal
- Business Week
- Bloomberg

# EPUS Senior Leadership Team



*Richard Loomis*

## Vice President of Marketing and Public Relations

Richard is a seasoned media professional focused on energy, with experience in print, web, video, television, and social media spanning the last 25 years, he has held management roles in sales, marketing, operations, web development and video production. He is in charge of investor relations, marketing and public relations.

Over his career, he has led the start-up of 5 publications, two television series, developed several websites, handled the PR, advertising and public outreach for both public and private companies, interviewed over 500 CEOs and written countless articles on Energy and the politics of energy.

Richard is an expert in the development of strategic audiences using traditional media, newer digital strategies, the application of social platforms and newer augmented reality, virtual reality and artificial intelligence. To view some of his more recent editorials view [WorldEnergySource.com](http://WorldEnergySource.com).

Richard was also the founding shareholder of a publicly traded oil and gas company that built reserves up to \$500 million in the Cook Inlet of Alaska, helped a private L&G company build infrastructure to handle the marine fuels industry and has consulted on major pipeline infrastructure projects. Ultimately helping to secure over a half a billion in funding.

*Thank You*

