

SEPTEMBER 2020

Where do we go from here?

Salman Patoli

**RYDER SCOTT 16TH ANNUAL
RESERVES CONFERENCE**

**THE FUTURE
IS YOU**  **SOCIETE
GENERALE**

A GLOBAL BANK WITH A STRONG U.S. PRESENCE

Based in **66**
countries

over **145,000**
employees

over **30 Million**
clients

Present in the
U.S. since
1939
offering
corporate and
investment
banking services

2,500+
Bankers in
9 US cities

35+ years in Houston
opened office in 1981 to serve
energy clients

15+ Bankers in Houston
covering upstream clients, with
3 Petroleum Engineers

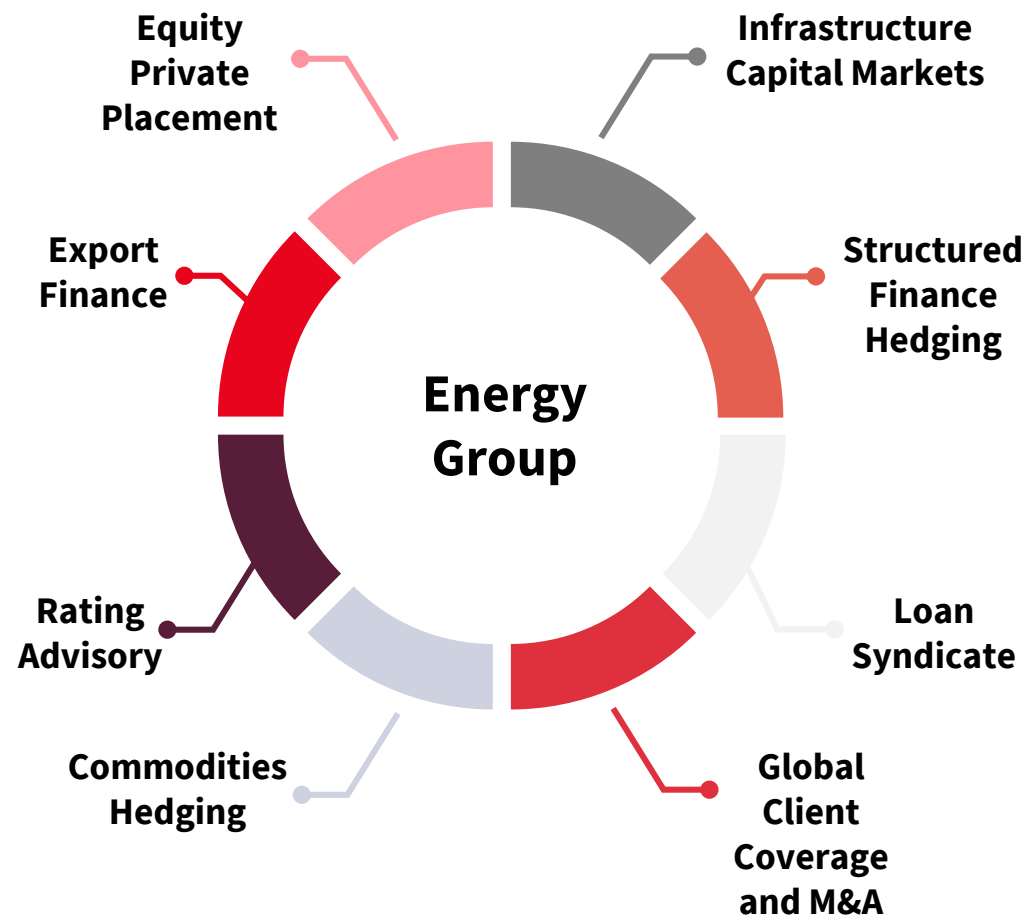
Leading global project
finance bank
Advised on more than
\$49 Bn of projects

FULLY INTEGRATED INVESTMENT BANKING PLATFORM

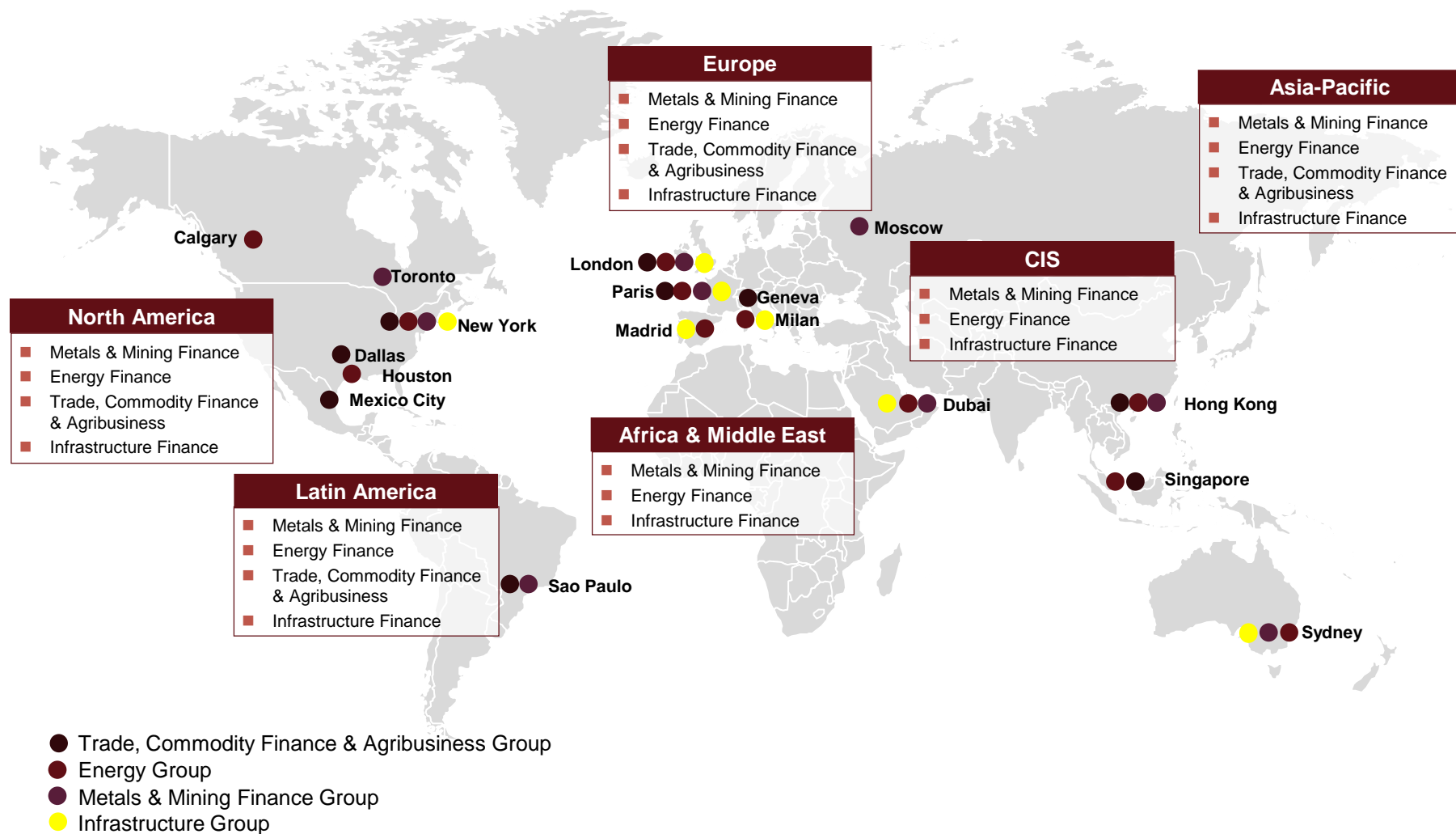
INTEGRATED PLATFORM

The Energy Group is the center of an integrated banking platform:

- Fully integrated investment banking platform enables SG to offer a compelling and comprehensive offer
- Deep knowledge of complex financing structures and experience closing deals both as financial advisor and lead arranger with Bank Debt, Project Bonds, Multilaterals, ECA covers
- New York, Calgary & Mexico City-based team dedicated to energy project finance markets, advisory, and debt arranging
- Local teams lead and coordinate the execution work of the various global product teams to ensure a seamless coordinated approach
- History of providing tailored optimal solutions when developing financing strategies on behalf of the client, as SG is not purely precedent driven



A GLOBAL PRESENCE IN THE WORLD OF NATURAL RESOURCES & INFRASTRUCTURE



A DEDICATED UPSTREAM PRACTICE

Reserve Based Finance (“RBF”) is one cohesive global team with three offices – London, Houston and Singapore

- Extensive transaction experience across all geographies
- Technical expertise with in-house Petroleum Engineers
- Uninterrupted presence in the US RBL market for 30+ years
- Longstanding commitment to advising and supporting public and private energy companies through their life cycle

Leading upstream debt business with an ability to structure customized financing solutions and provide advisory across the energy chain via its growing:

- Natural Resources Advisory business
- Ability to raise institutional private capital
- Development & Project Finance

Houston – est.1981

- 14 RBF professionals, including 3 Petroleum Engineers
- US/Canadian RBF transactions

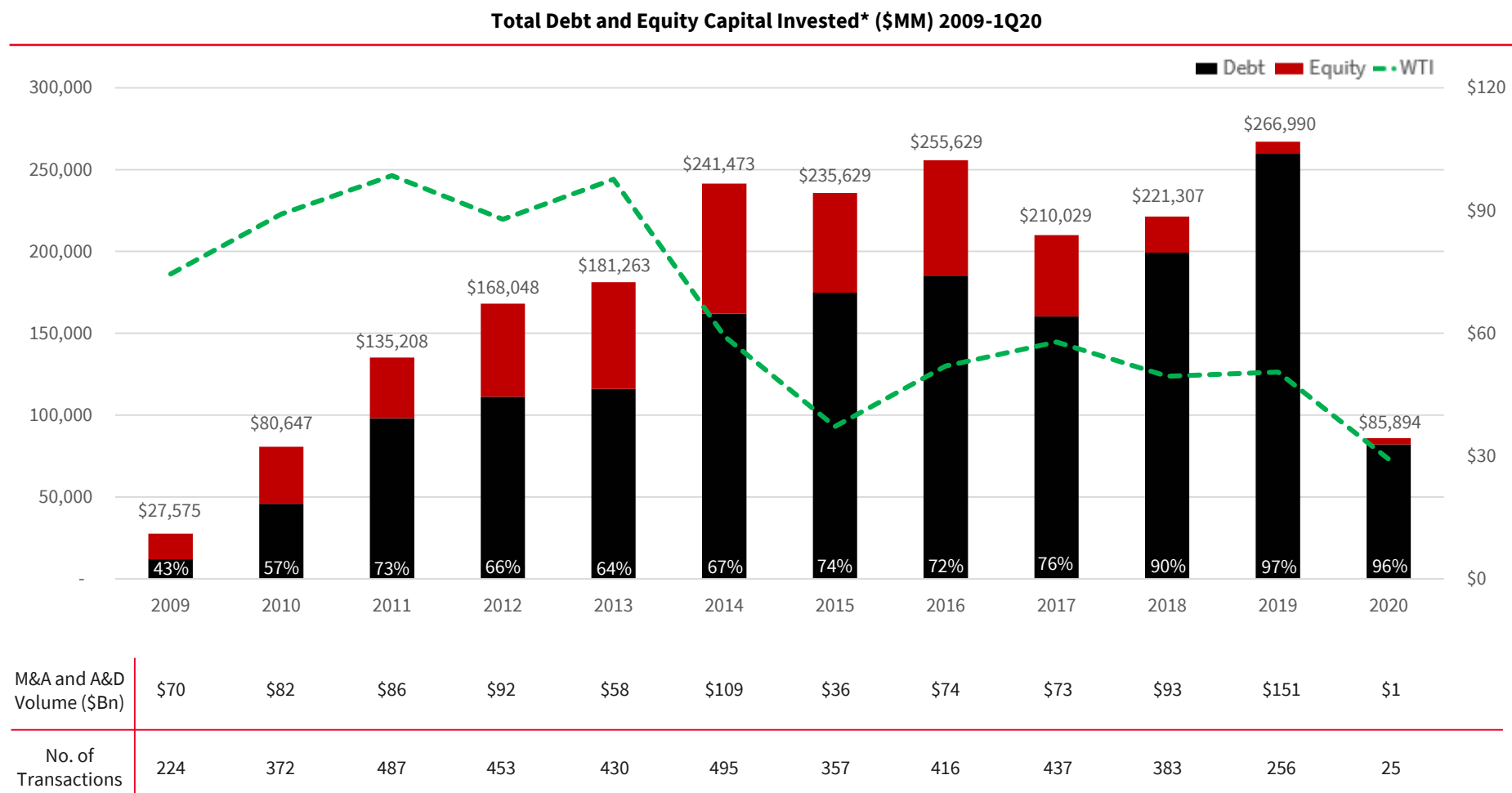
London – est. 2005

- 11 RBF professionals, including 2 Petroleum Engineers
- North Sea and International RBF transactions

Singapore – est. 2015

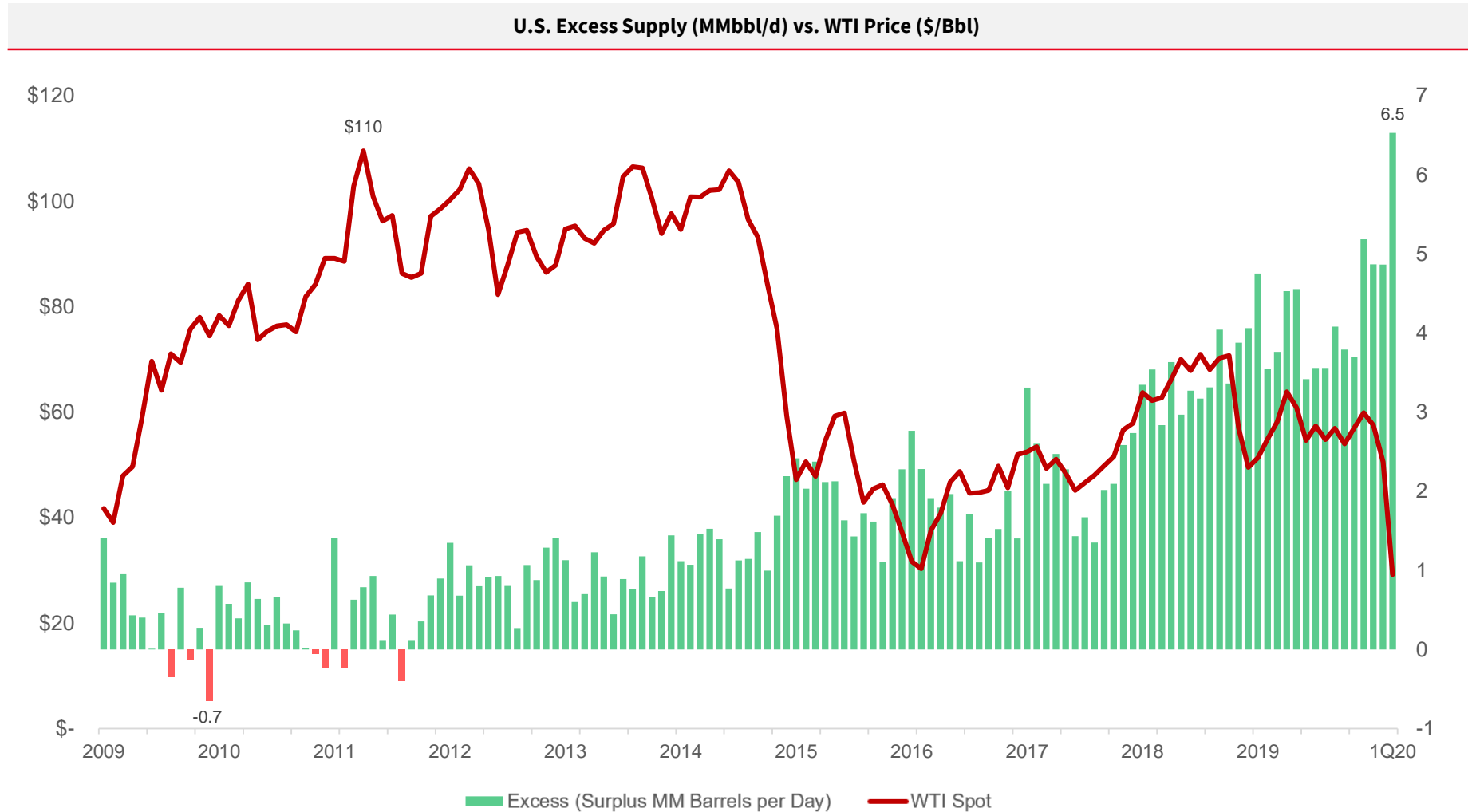
- 2 RBF professionals
- International RBF transactions

THE ENABLERS: CAPITAL INVESTED IN THE U.S. OIL PATCH



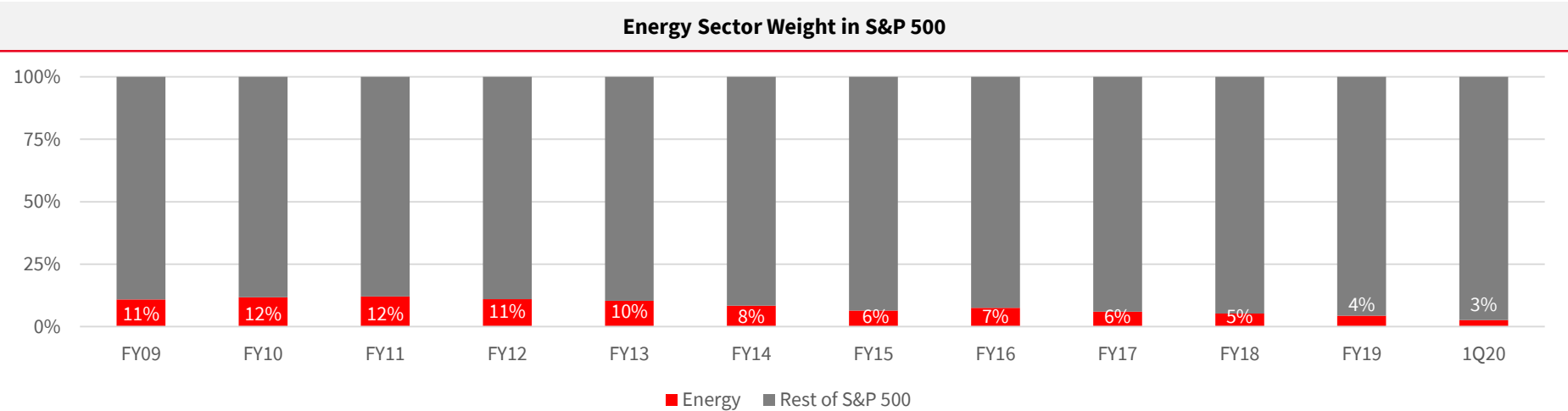
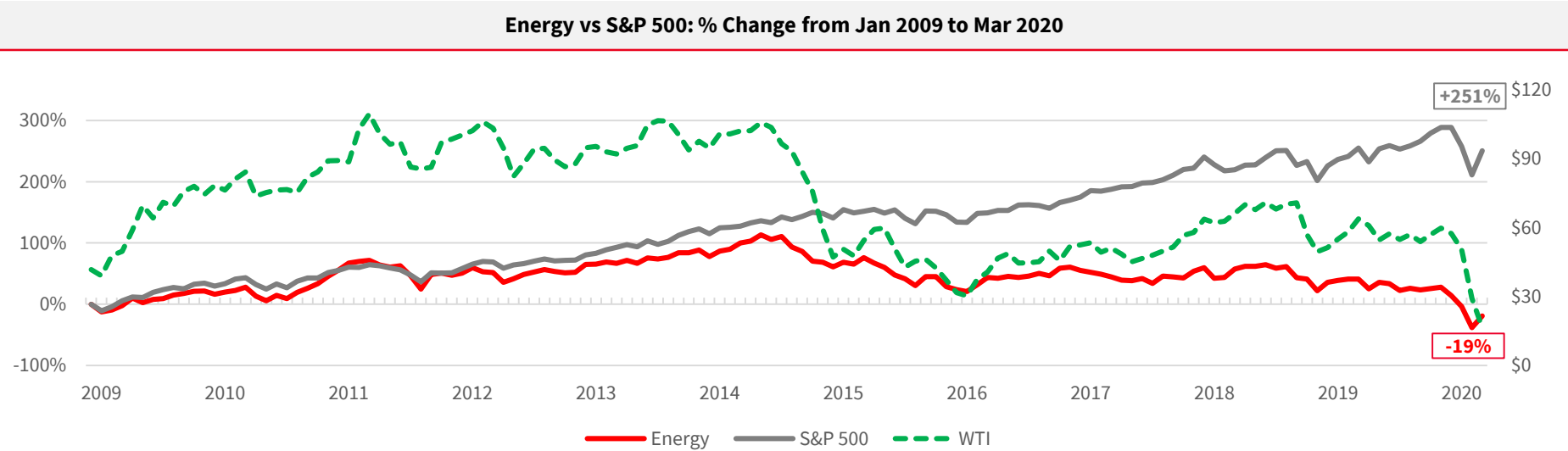
Source: Enverus as at June 25, 2020; *limited to instruments filed with the SEC

THE DOERS: HISTORIC OVERSUPPLY



Source: EIA as at June 25, 2020

THE INVESTORS: RELATIVE UNDERPERFORMANCE

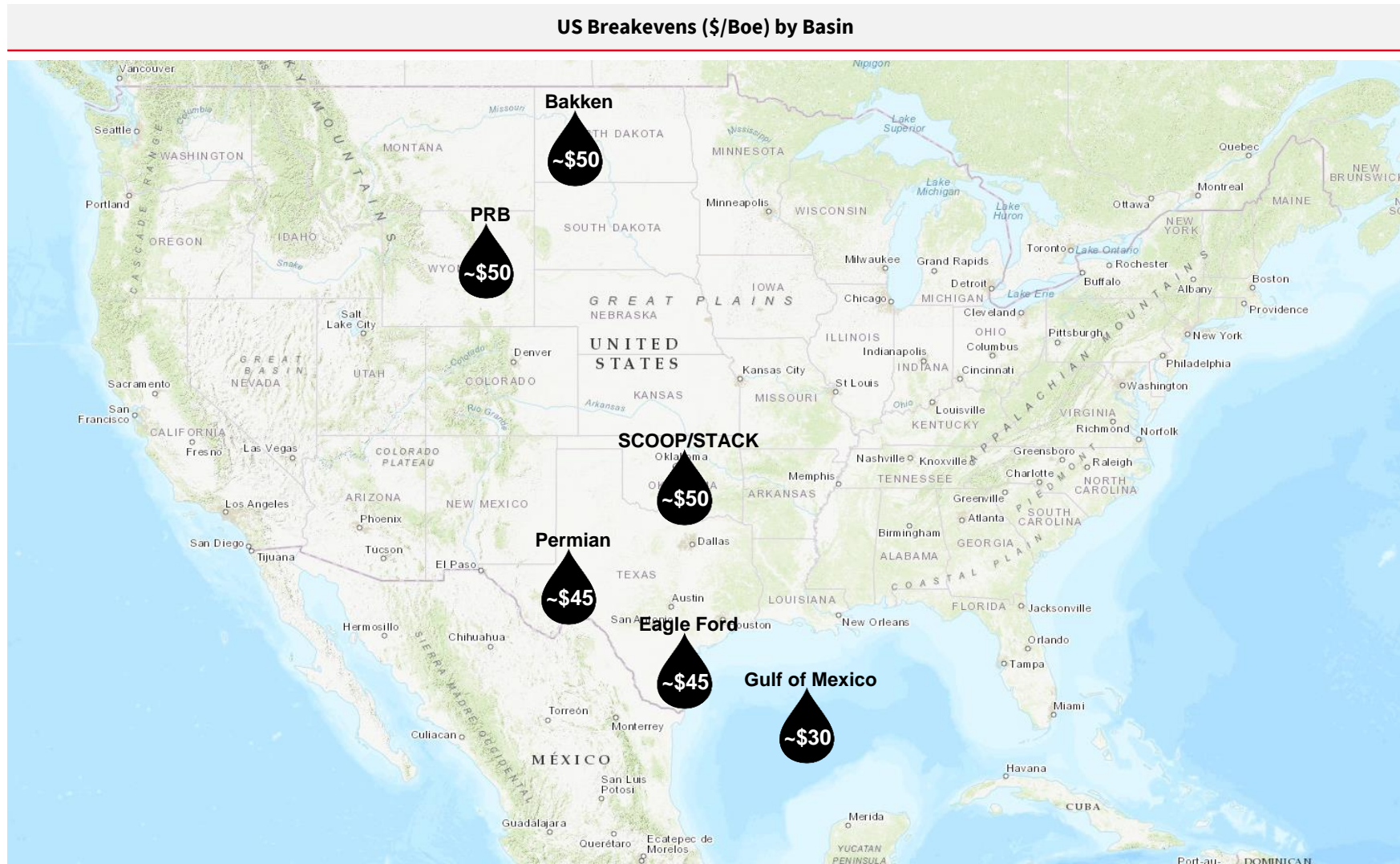


Source: Bloomberg.

MARKET OPPORTUNITIES VS. CAPITAL SOLUTIONS

Market Opportunities		Capital Solutions
Conventional Reserves	<ul style="list-style-type: none">• Multiple zones in a vertical wellbore with low workover and D&C• Infrastructure & facilities already in place	Income and Value Focused Institutional Investors
Legacy PDP Assets	<ul style="list-style-type: none">• Fragmented and inefficient market for legacy production• Often neglected, provides operational enhancement and cost reduction opportunities	Private Equity and Hedge Funds
Deepwater Offshore	<ul style="list-style-type: none">• Large conventional reservoirs with multiple zones• Conservative reserve classifications: assets often outperform 1P• PDNP, PUD migration to PDP without drilling of new wells in large deepwater offshore fields	Family Offices and High Net Worth Investors
Royalties	<ul style="list-style-type: none">• Royalty packages in conventional and unconventional assets	Private Debt
		Strategic Industry Partners

BREAKEVENS ARE BEING TESTED IN WEAK PRICE ENVIRONMENT



Source: IHS.

WHY GULF OF MEXICO?

Advantaged Conventional Resources in the Gulf of Mexico Create Opportunity

GoM benefits from proximity to refining capacity, premium pricing relative to WTI

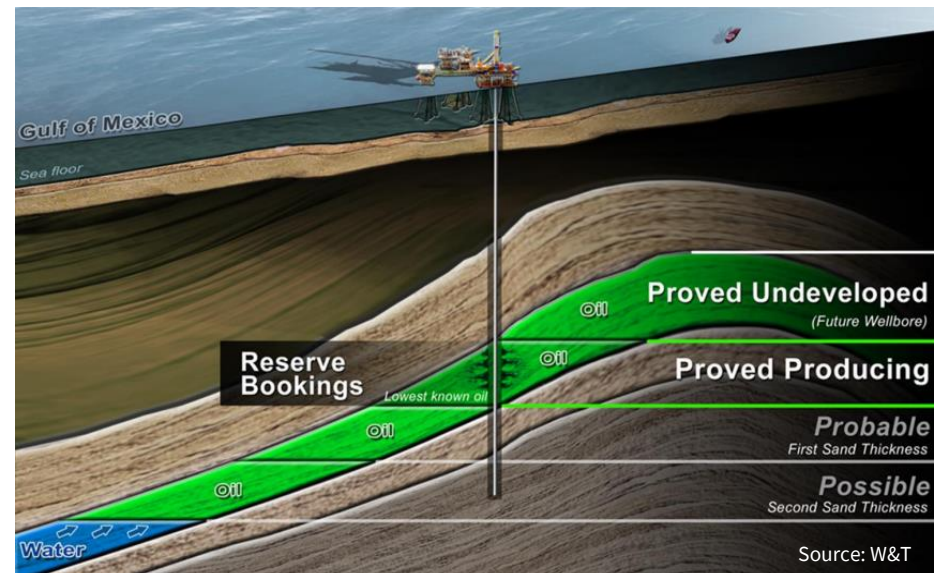
Deep inventory of underdeveloped, low-risk opportunities of discovered resources

Existing infrastructure underpins lowest cost of supply and high margins

The area also enjoys from low royalties and no ad valorem or severance taxes

Lower service costs vs pre-2015 oil price reduction

US GOM lease sale activity has shown historically low competition



Incremental reserves can be realized at no cost from stacked pay below lowest known oil (SEC Reserve Bookings)

Onshore unconventional focus has created opportunities in the offshore space
Large acreage positions with existing infrastructure acquired at little to no upfront cost
Modern, leading-edge practices can be implemented to extract value across the D&P life cycle

Source: W&T, EIA, equity research.

DEEPWATER INVESTMENT OPPORTUNITIES

SOCIETE GENERALE			
	Integrated Investment Model	Integrated w/ Monetization of Facilities	Investment Utilizing Existing Facilities
	<ul style="list-style-type: none"> • Producer acquires Federal leases • Drills exploration wells • Drafts development plan • D&C • Producer constructs and owns all necessary facilities for the long term development of the reserves 	<ul style="list-style-type: none"> • Producer acquires Federal leases • Drills exploration wells • Drafts development plan • D&C • Producer partners with financial sponsor to monetize facilities for lower upfront costs in exchange for a PHA fee 	<ul style="list-style-type: none"> • D&C • Producer ties back wells to existing area facilities in exchange for PHA fee
	<ul style="list-style-type: none"> • D&C • Subsea kit • Risers • Facility (e.g. platform) • Export pipelines 	<ul style="list-style-type: none"> • D&C • Subsea kit • Risers • Facility & pipelines cost reduced by partial sale of interest in assets 	<ul style="list-style-type: none"> • D&C • Subsea kit • Risers
	<ul style="list-style-type: none"> • Most capital intensive, multi-year project • Vertical integration improves economics providing low operating costs over life • Significant 1P upside through migration of reserves without additional capex 	<ul style="list-style-type: none"> • Less upfront capital costs, private investment in midstream assets • Higher operating costs through PHA fee • Upfront proceeds can be used to accelerate drilling program 	<ul style="list-style-type: none"> • Least capital intensive • Assumes there is capacity in area facilities • Lower upfront investment offset by higher PHA fee with 3rd party • Lower initial investment can be put towards drilling program

Key Considerations

Risk Reward Profile:

- Use of existing facilities reduces risk but limits upside to improvements along D&P cycle
- D&C activity has potential for greater upside
- Facilities exposed indirectly to oil prices
- Added execution risk of new facilities buildout

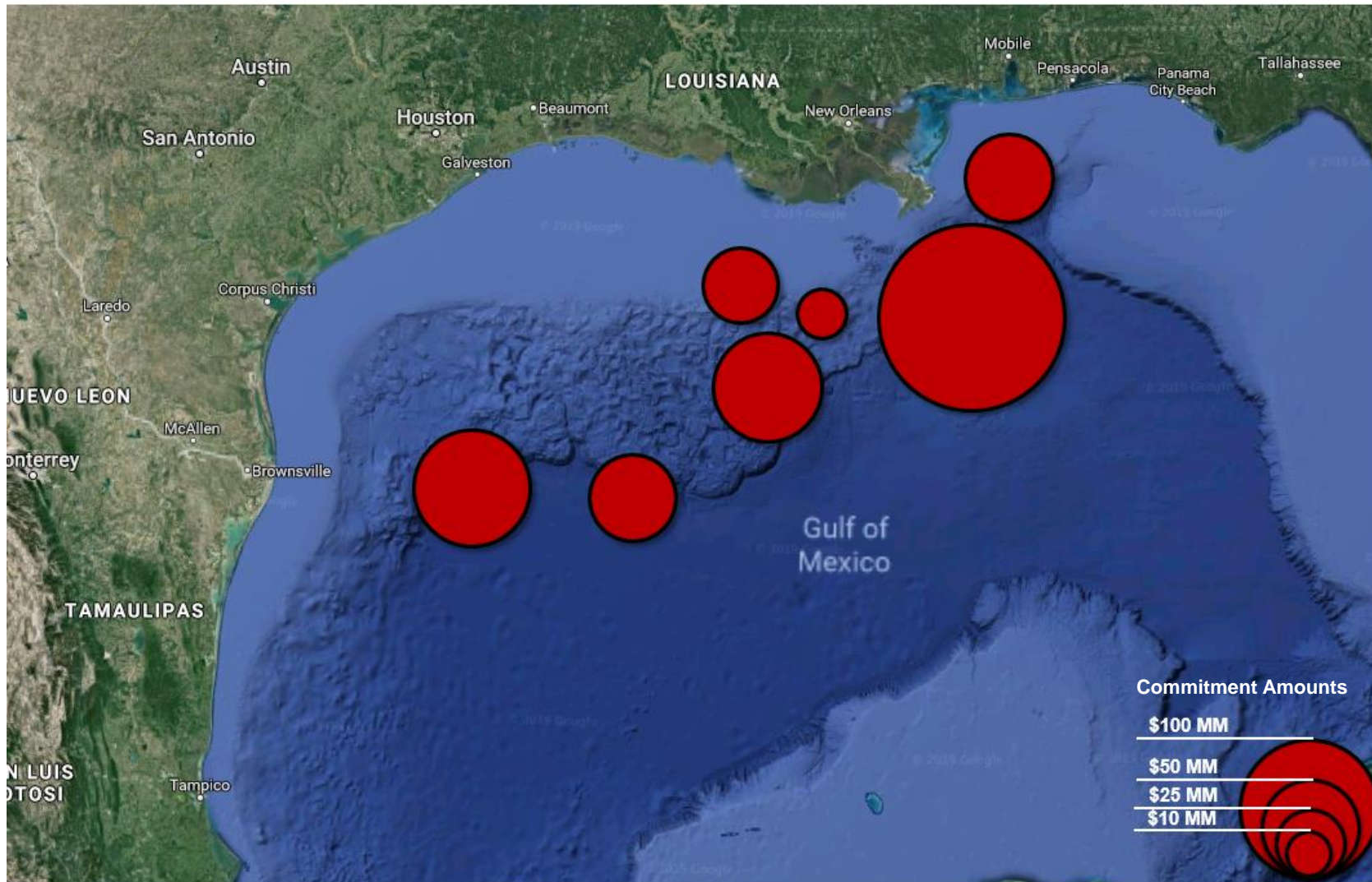
Capital Allocation:

- Investment in currently producing area vs. complete buildout of new field(s)
- Upfront integrated investment eliminates PHA
- Tieback to existing facilities allows expansion of drilling program in the near term at the cost of increased PHA fees over the life

Market Liquidity:

- Infrastructure led development gives companies access to infrastructure focused banks in addition to GoM E&P capital providers
- Deeper liquidity and bankability of volumetric risk projects versus commodity exposure
- Combined infrastructure and E&P financing maximizes total debt dollars for the project

SG HAS EXPERIENCE WORKING THROUGHOUT THE GOM



Material ESG Issues Combined with a Compelling Financing Advisory Thesis



Integrating Positive Impact Criteria in Financing & Advisory Solutions



Sustainability & Responsibility

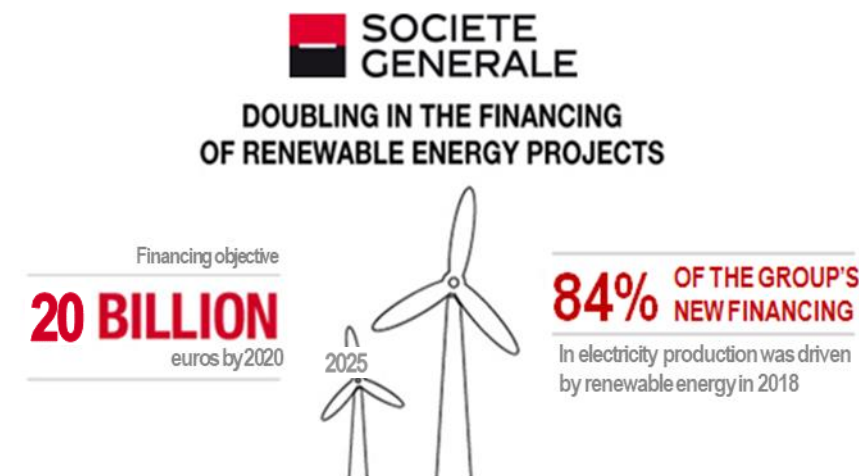
Positive Impact Finance

Green Bonds

Environmental, Social & Governance (ESG) and Positive Impact Finance issues are more easily quantifiable and increasingly seen as an integral part of any corporate or industry assessment

SG SUPPORTING THE ENERGY TRANSITION ACROSS THE GLOBE

- Deeply involved in renewable energy since 2003
- Providing **continuous financing support** to renewable energy projects
- Providing **Advisory and Financing services** across the globe
- Supporting existing, innovative but also maturing technologies
- Providing sponsors with **innovative financing solutions** in bank and bond markets

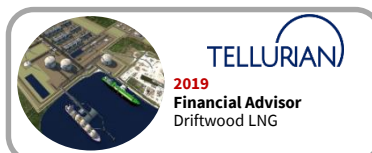


SOCIETE GENERALE IS HIGHLY COMMITTED TO THE RENEWABLE INDUSTRY:

- SG has built one of the largest and **most active energy project finance group in the industry** with a combined total outstanding project finance debt amounting to several billion EUR
- SG Project Finance focuses on project finance for the largest energy projects around the world but as well on smaller transactions especially in the renewable sector
- Since 2016, about 85% of SG new commitments in power are linked to renewable energy

SG IS THE LEADING PROJECT FINANCE ADVISOR IN THE AMERICAS

Recent Advisory Mandates



Top Financial Advisor (2012-2019)

Rank	Financial Advisor	Value (\$ MM)	% Share
1	Société Générale	49,724.31	30.82
2	Macquarie	17,932.30	11.11
3	Royal Bank of Scotland	14,943.00	9.26
4	Credit Suisse	11,969.02	7.42
5	Morgan Stanley	7,796.95	4.83
6	Whitehall & Company	7,016.42	4.35
7	Royal Bank of Canada	6,335.70	3.93
8	Evercore Partners	5,343.02	3.31
9	CohnReznick	4,164.93	2.58
10	Citigroup	4,024.26	2.49

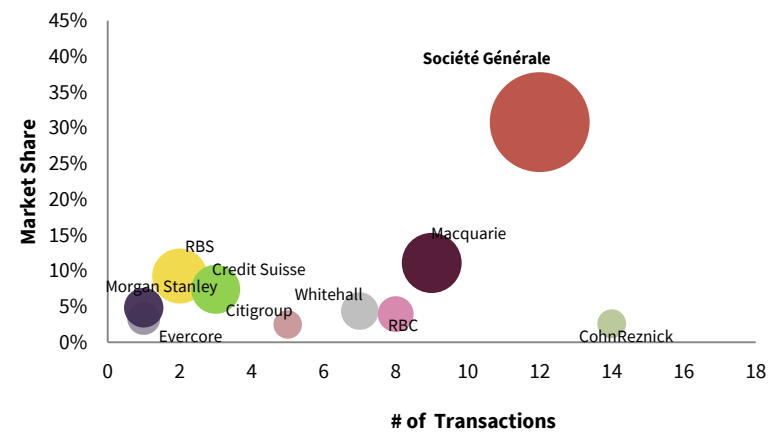
Source: Infrastructure Journal (01/01/2012 – 10/30/2019)

Top Financial Advisor (2019 LTM)

Rank	Financial Advisor	Value (\$ MM)	% Share
1	Morgan Stanley	7,796.95	41.13
2	Société Générale	4,680.25	24.69
3	Mitsubishi UFJ Financial Group	2,060.87	10.87
4	Whitehall & Company	1,083.60	5.72
5	CohnReznick	863.70	4.56
6	Royal Bank of Canada	855.80	4.51
7	Agentis Capital	656.16	3.46
8	Paragon Energy Advisors	255.00	1.35
9	CCA Group	204.59	1.08
10	Fifth Third Bank	200.40	1.06

Source: Infrastructure Journal (LTM)

SG'S Competitive Position (2012-2019)



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SAL PATOLI



Managing Director, SG Americas Securities

Sal is an energy banker at Société Générale and has over seventeen years of experience in upstream oil & gas finance and investment space that ranges from private debt and equity capital raise to origination and structuring of energy project finance.

At Soc Gén, he is responsible for oil & gas project financings, oil & gas infrastructure, reserve-based finance facilities, private debt and equity capital raises for US, Canadian and Latin American companies.

Prior to Soc Gén, Sal was with GE Energy Financial Services' oil & gas investment team focused on structured equity and debt investments. Prior to GE, Sal was with Merrill Lynch in the global energy team where he focused on upstream financings, private capital raises and capital markets solutions.

Sal holds an MBA from Rice University, and a B.A. in business management and finance from Houston Baptist.

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