



Current Market Observations

IPANM

July 30, 2020

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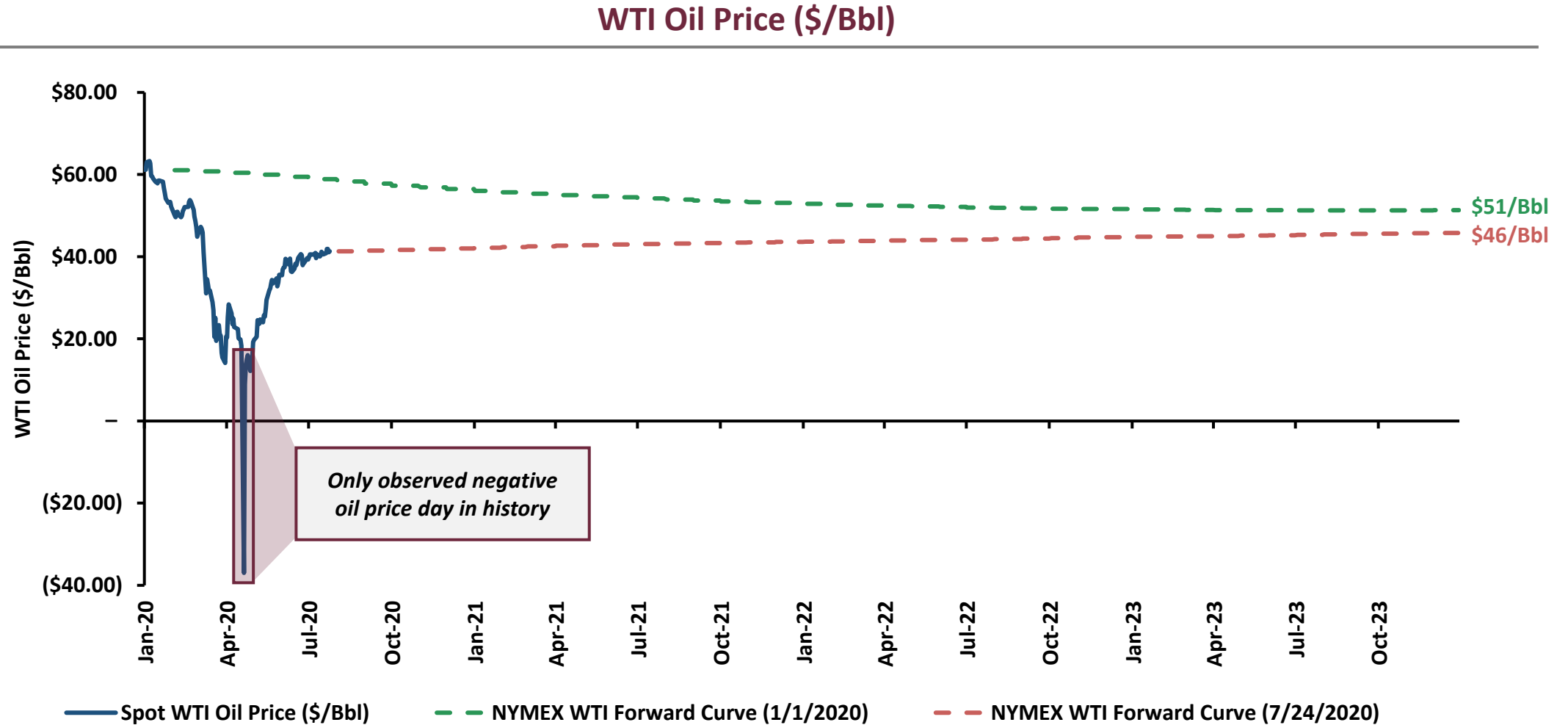
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Since 1988, NGP has sponsored twelve North American energy funds defined as NGP funds I through XII (collectively the "Flagship Funds"). The contents of this presentation refer only to these Flagship Funds and does not include affiliate funds or co-investment funds.

Oil Price Volatility in 2020 Has Been Unprecedented

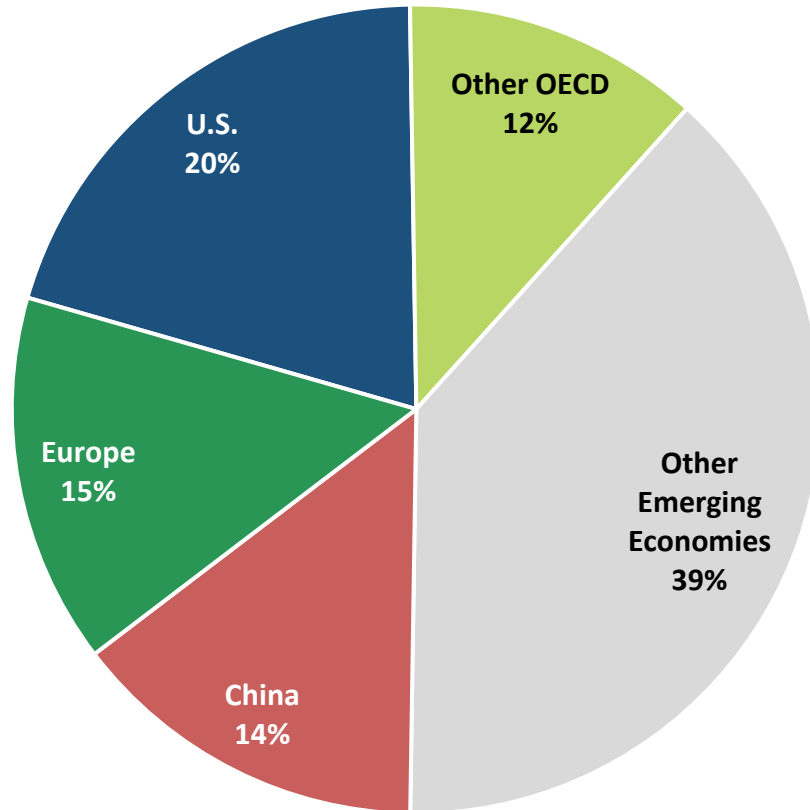


Source: FactSet as of July 24, 2020.

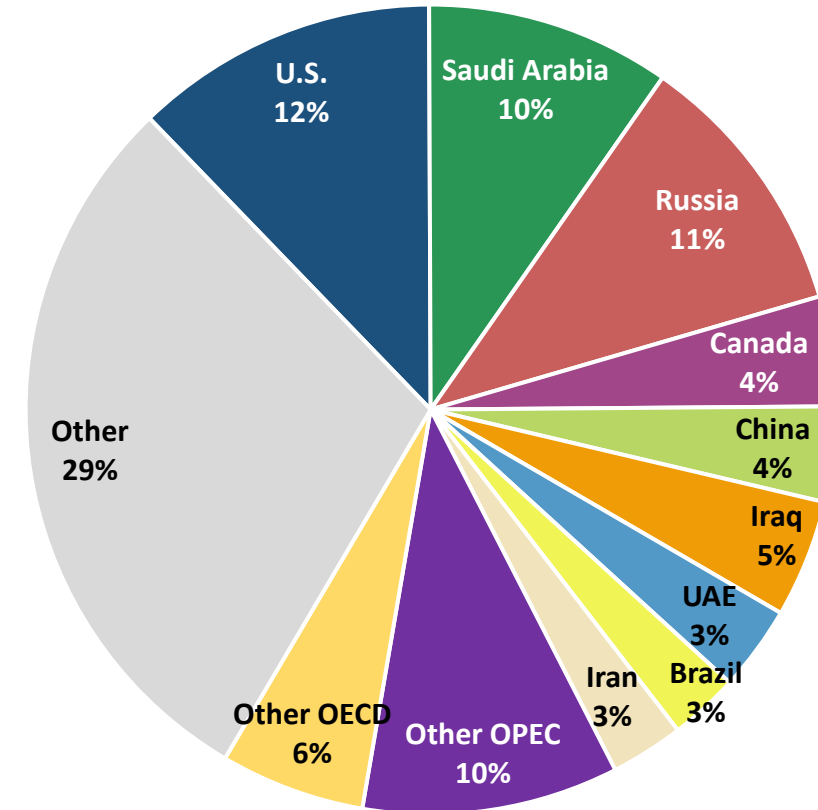
Note: There can be no assurance that any projections will ultimately materialize or that historical trends will continue during the life of any NGP fund.

Prior to COVID-19, Global Oil Demand and Supply Were ~101 Million Barrels per Day

2019 Global Oil Demand by Region



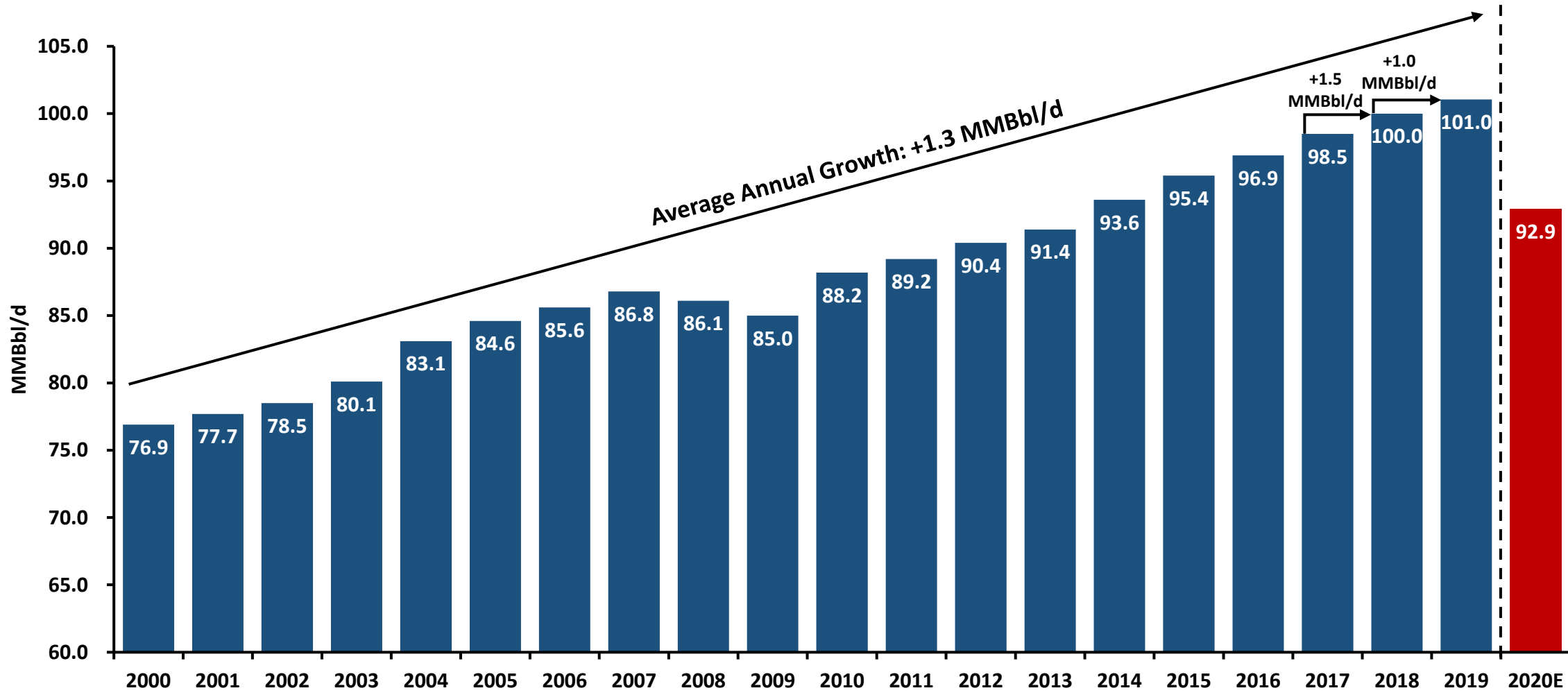
2019 Global Oil Supply by Region



Source: U.S. Energy Information Administration ("EIA") Short Term Energy Outlook, dated July 2020, Raymond James Updated Oil Outlook, dated April 15, 2020.
Note: There can be no assurance that any projections will ultimately materialize or that historical trends will continue during the life of any NGP fund.

The Financial Crisis is the Last Time Annual Oil Demand Has Contracted

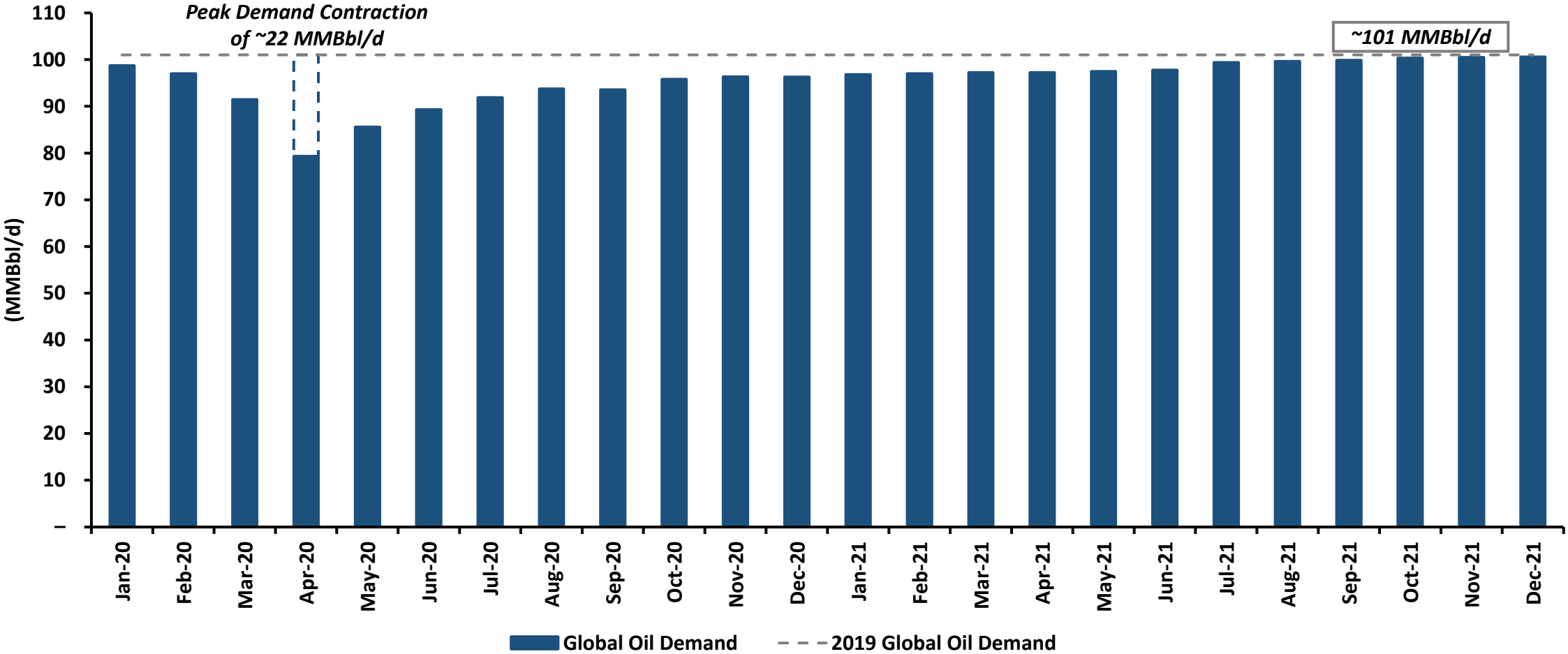
Historical and Projected Global Oil Demand (MMBbl/d)



Source: U.S. Energy Information Administration ("EIA") Short Term Energy Outlook, dated July 2020.
 Note: There can be no assurance that any projections will ultimately materialize or that historical trends will continue during the life of any NGP fund.

After Peak Demand Contraction in April, Most Research Analysts Believe that Oil Demand Will Recover by Q3-2021

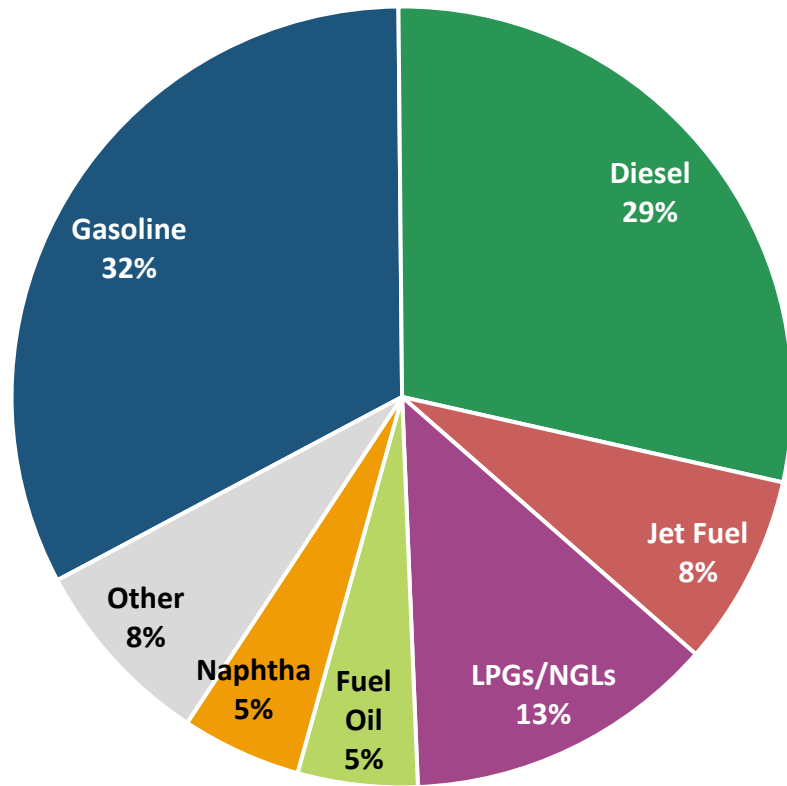
COVID-19 Oil Demand Recovery Forecast



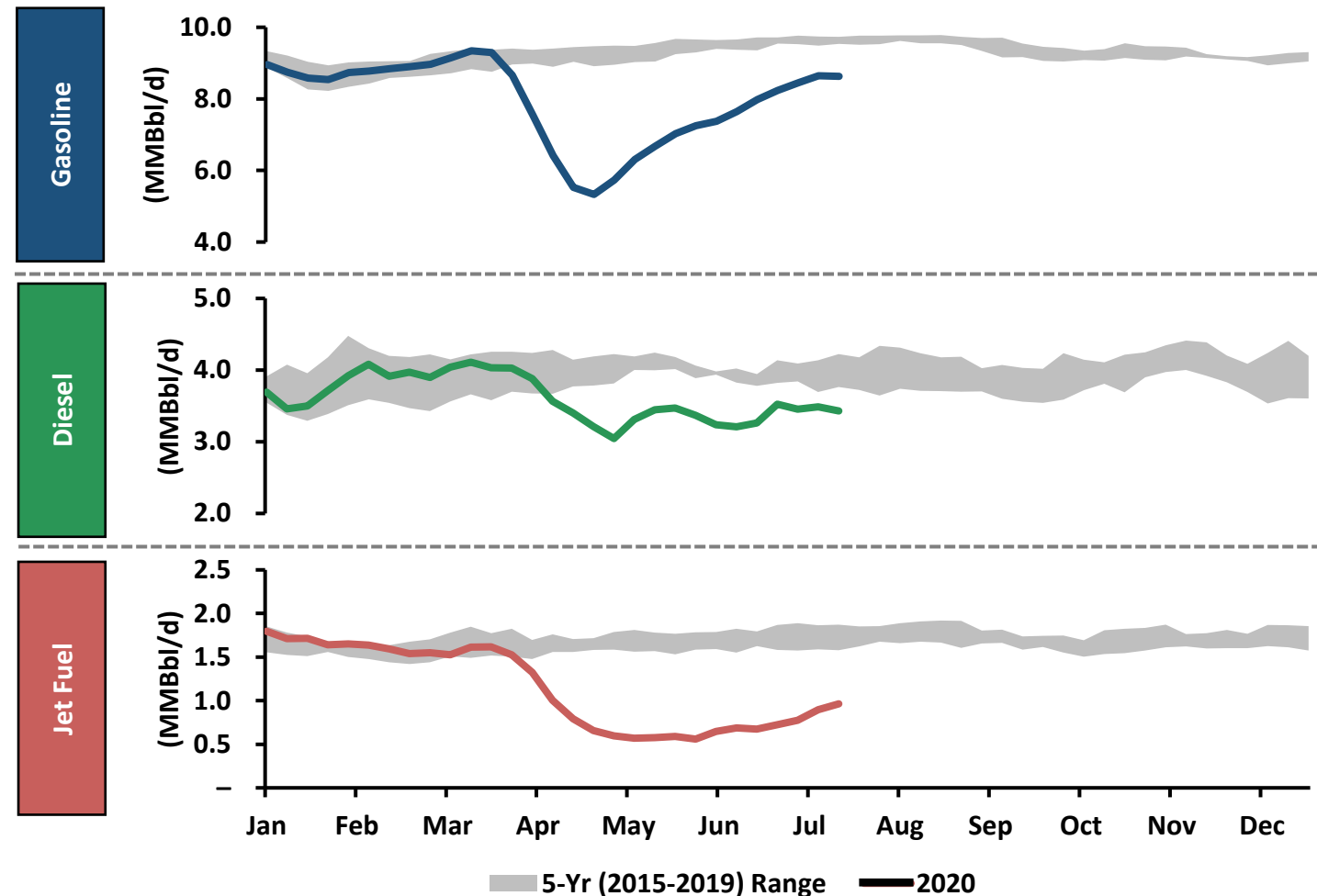
Source: Goldman Sachs (Oil: Tracking Oil Demand Through the COVID-19 Shock, dated July 26, 2020).
 Note: There can be no assurance that historical trends will continue during the life of any NGP fund.

Over 60% of Global Oil Demand is Attributable to Gasoline and Diesel Usage... And in the United States Both Have Almost Returned to Normalized Levels

2019 Global Oil Demand by End Use



U.S. COVID-19 Impact on/Recovery of Oil End Use Products⁽¹⁾



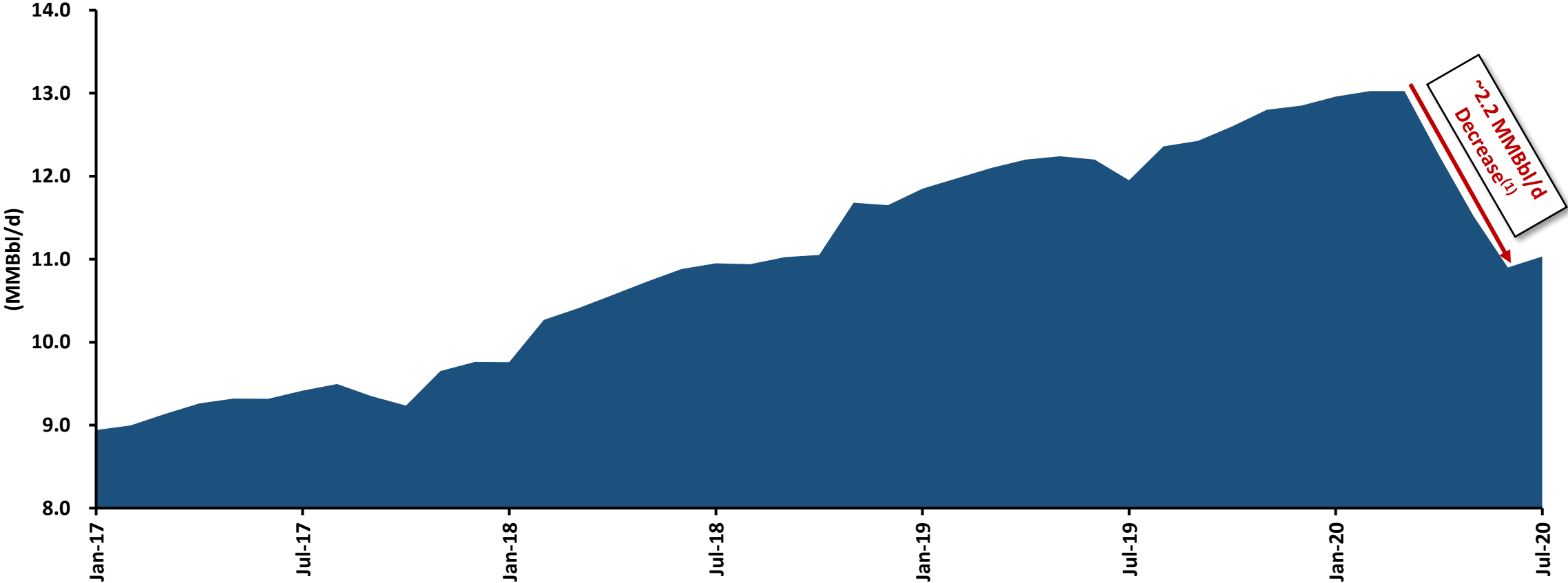
Source: U.S. Energy Information Administration ("EIA") Short Term Energy Outlook, dated July 2020, Raymond James Updated Oil Outlook, dated April 15, 2020. Rystad Energy (COVID-19 Report 14th Edition: Global Outbreak Overview and its Impact on the Energy Sector, dated July 3, 2020).

Note: There can be no assurance that any projections will ultimately materialize or that historical trends will continue during the life of any NGP fund.

1) Based on 4 week moving average of EIA U.S. Weekly Product Supplied data (as a commonly used proxy for demand), dated July 22, 2020.

After Eclipsing Saudi Arabia and Russia to Become the World's Largest Oil Producer, U.S. Oil Production Decreased by >2 Million Barrels per Day

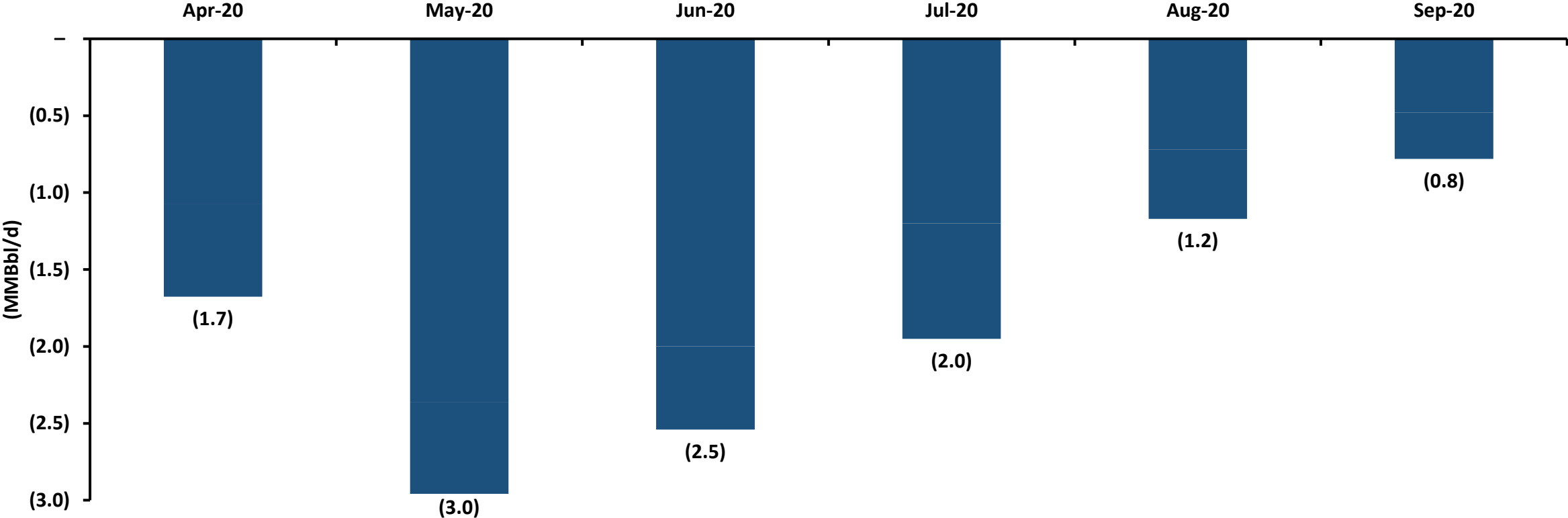
U.S. Oil Production



Source: U.S. Energy Information Administration ("EIA") Weekly U.S. Field Production of Crude Oil, dated July 24, 2020.
Note: There can be no assurance that any projections will ultimately materialize or that historical trends will continue during the life of any NGP fund.
1) Based on peak rate of 13.1 MMBbl/d for the week ending February 28, 2020 and average rate of 10.9 MMBbl/d during June 2020.

Production Shut-Ins Across the U.S. and Canada that Have Helped to Balance the Market Are Being Turned Back Online as Commodity Prices Stabilize

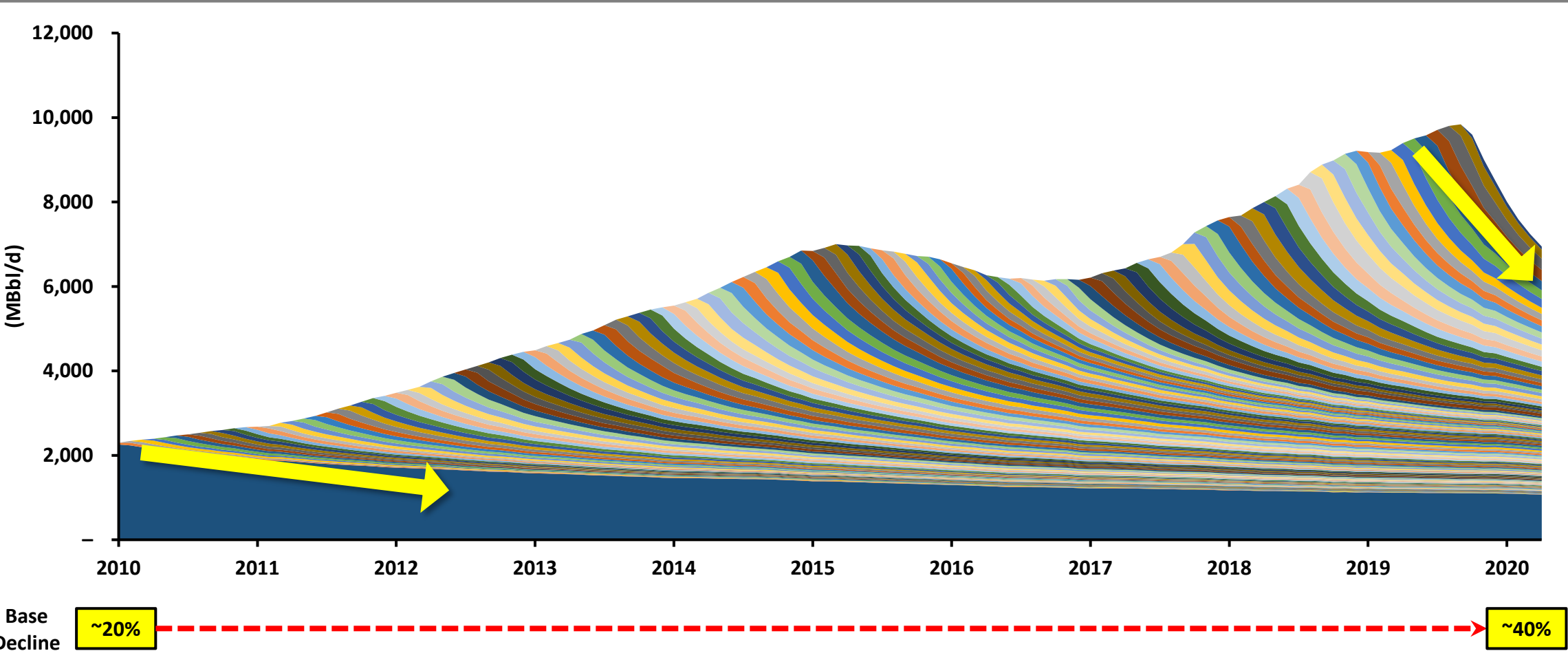
Summary of Volumes Shut-In Across the United States and Canada



Source: Goldman Sachs (Oil: From Risk-On to Relative Value, dated July 16, 2020).
Note: There can be no assurance that historical trends will continue during the life of any NGP fund.

The Base Decline Rate of U.S. Oil Production Has Roughly Doubled Over the Past Decade – The Treadmill Has Sped Up

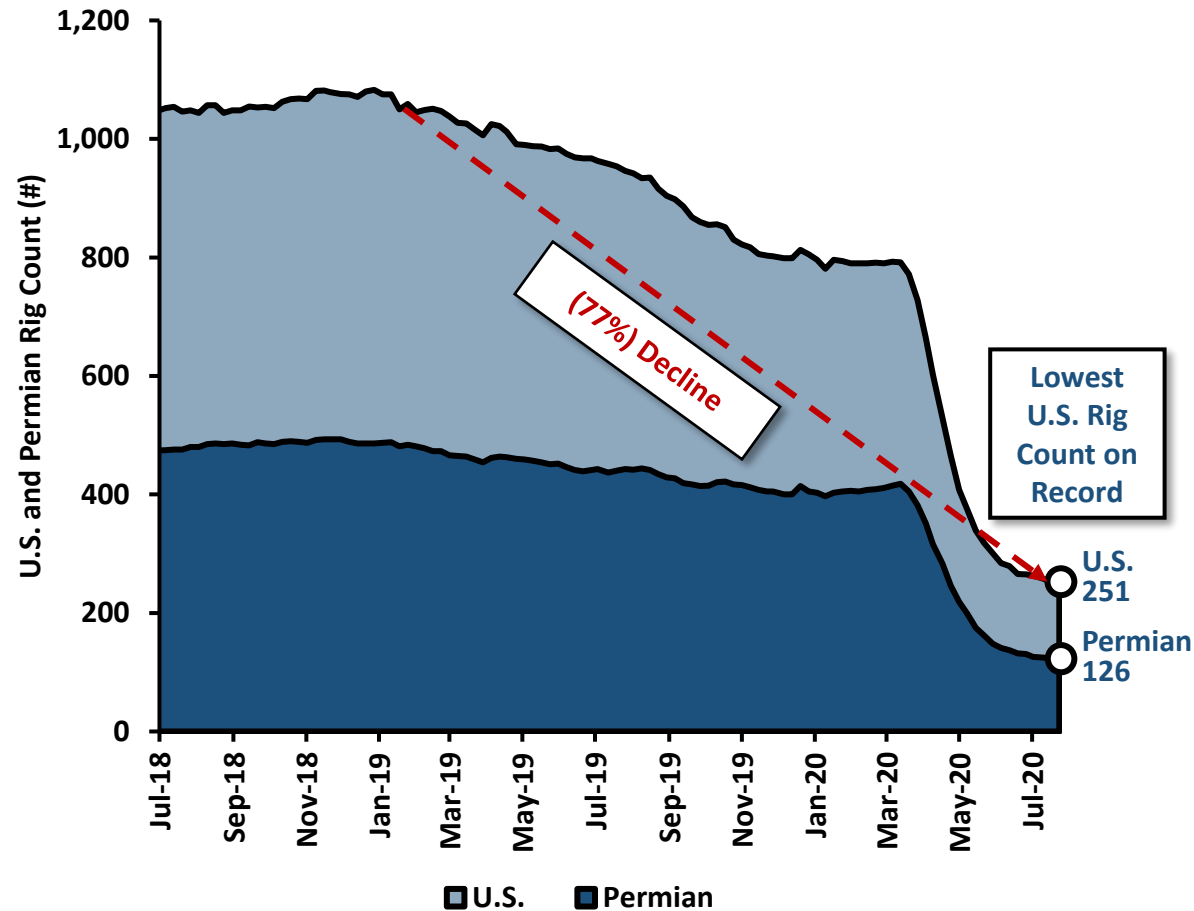
U.S. Lower 48 Onshore Oil Production⁽¹⁾



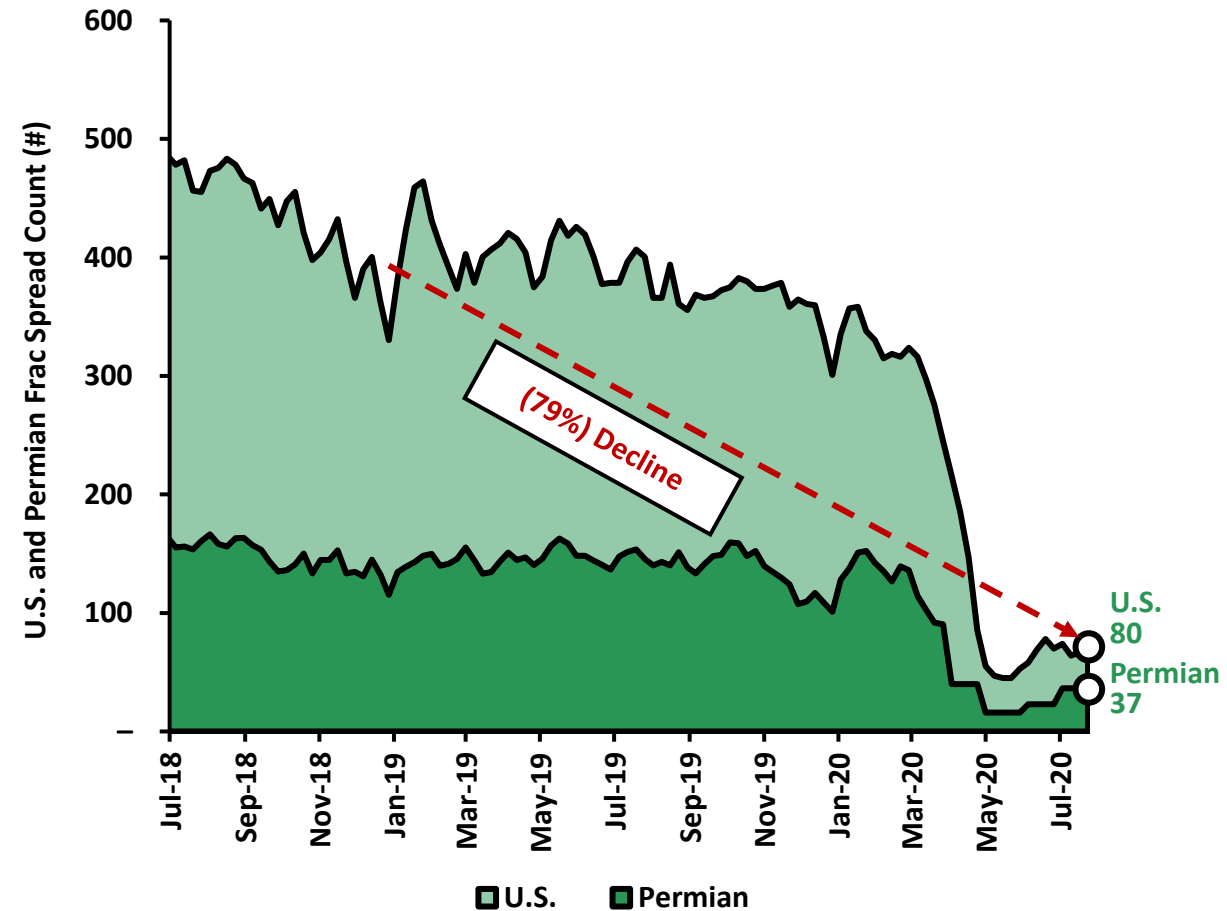
Source: RS Energy Group (L48 Production The Treadmill Is Running Too Fast, dated April 7, 2020).
 Note: There can be no assurance that historical trends will continue during the life of any NGP fund.
 1) Excludes U.S. Offshore/Gulf of Mexico and Alaska crude oil production.

U.S. Drilling and Completion Activity Has Dramatically Slowed... Remaining Development Has Persisted in Only the Best Basins

Total U.S. and Permian Rig Count



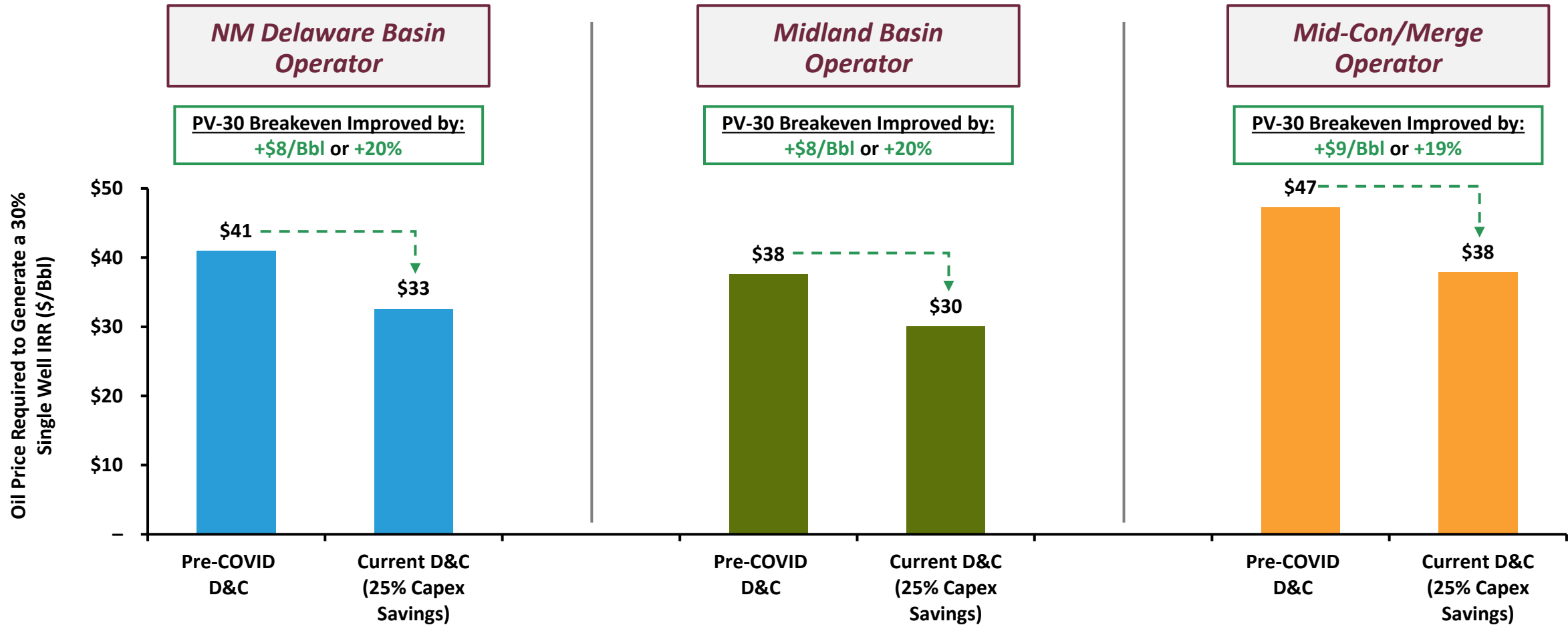
Total U.S. and Permian Frac Spreads



Source: Baker Hughes (U.S. Rotary Rig Count, dated July 24, 2020), Primary Vision (U.S. Nationwide Frac Spread Report, dated July 24, 2020), Rystad Shale Intelligence (Frac Services, dated July 24, 2020), NextTier Frac Fleet Movement, dated July 24, 2020.
Note: There can be no assurance that any projections will ultimately materialize or that historical trends will continue during the life of any NGP fund.

Oil Price Breakevens for Drilling Are Declining Due to Service Cost Decreases

Illustrative Oil Price Required to Generate a 30% Single Well IRR



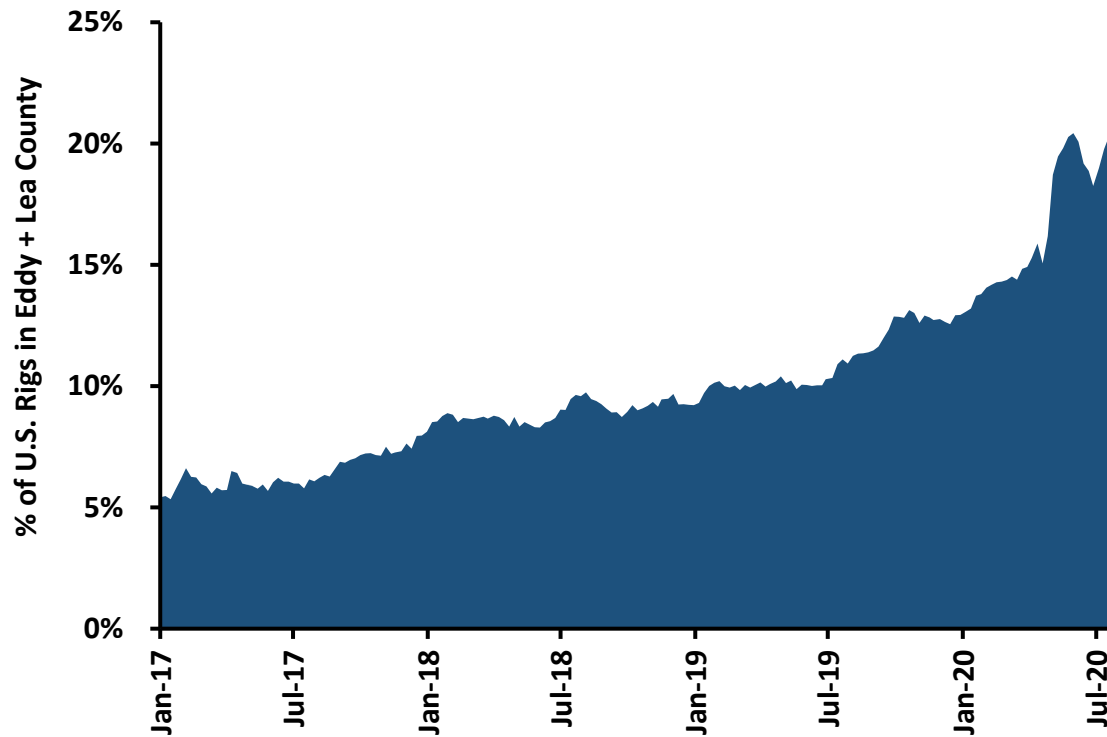
Note: There can be no assurance that historical trends will continue during the life of any NGP fund. Provided for illustrative purposes only. Any changes to the assumptions, however minor, will alter the outcome of the analysis. Analysis assumes \$2.25/mcf flat gas pricing. Single Well IRR underlying breakeven oil price represents the pre-tax gross performance of a representative well of the indicated operator. It does not include costs associated with initiating and maintaining a lease. See Performance Notes in the Appendix.

- 1) New Mexico Delaware Basin Operator analysis is based on the economics for a 2-mile Wolfcamp A well in Lea County assuming a 77% NRI.
- 2) Midland Basin Operator analysis is based on the economics for a blended 2-mile Wolfcamp A/Wolfcamp B well in Upton County assuming a 75% NRI.
- 3) Mid-Con/Merge Operator analysis is based on the economics for a 2-mile Merge Lower Mississippian Condensate well assuming an 80% NRI.

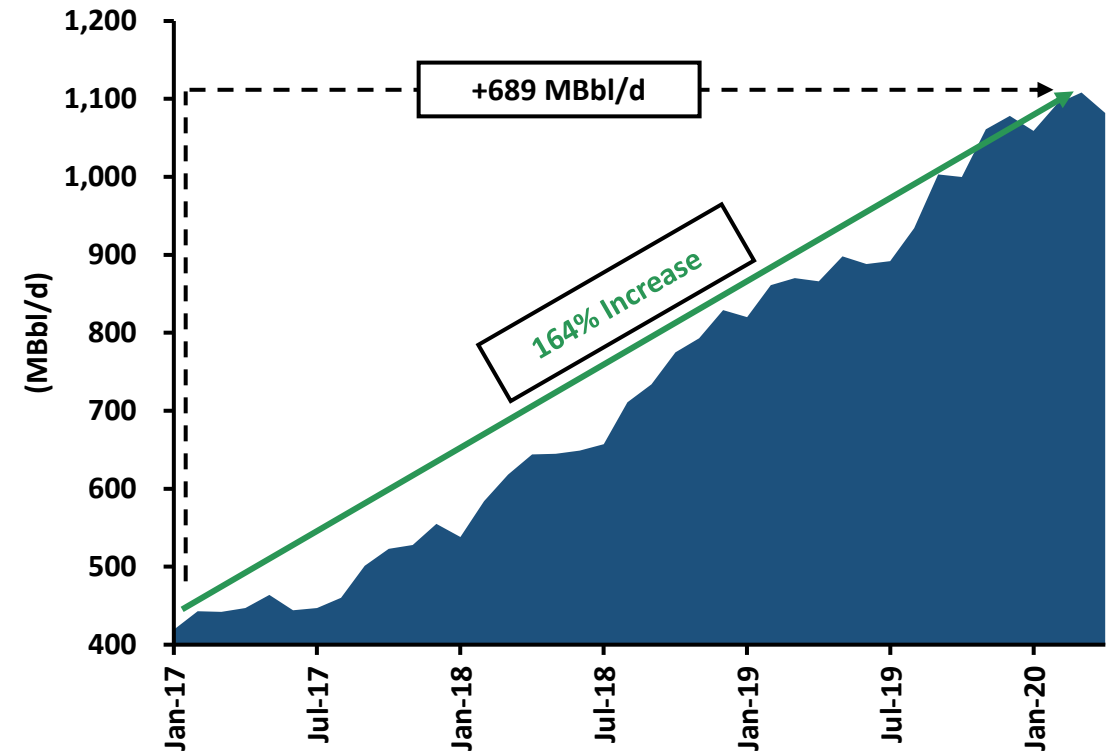
Due to the Presence of Some of the Lowest Breakeven Inventory in the U.S., Development Activity in NM Has Demonstrated Relative Resilience

At the start of 2017, one in every twenty rigs running in the United States was located in Eddy and Lea Counties... Today, one in every five rigs running in the United States is located in Eddy and Lea Counties

% of U.S. Rigs Running in Eddy + Lea Ct. Since Jan-2017



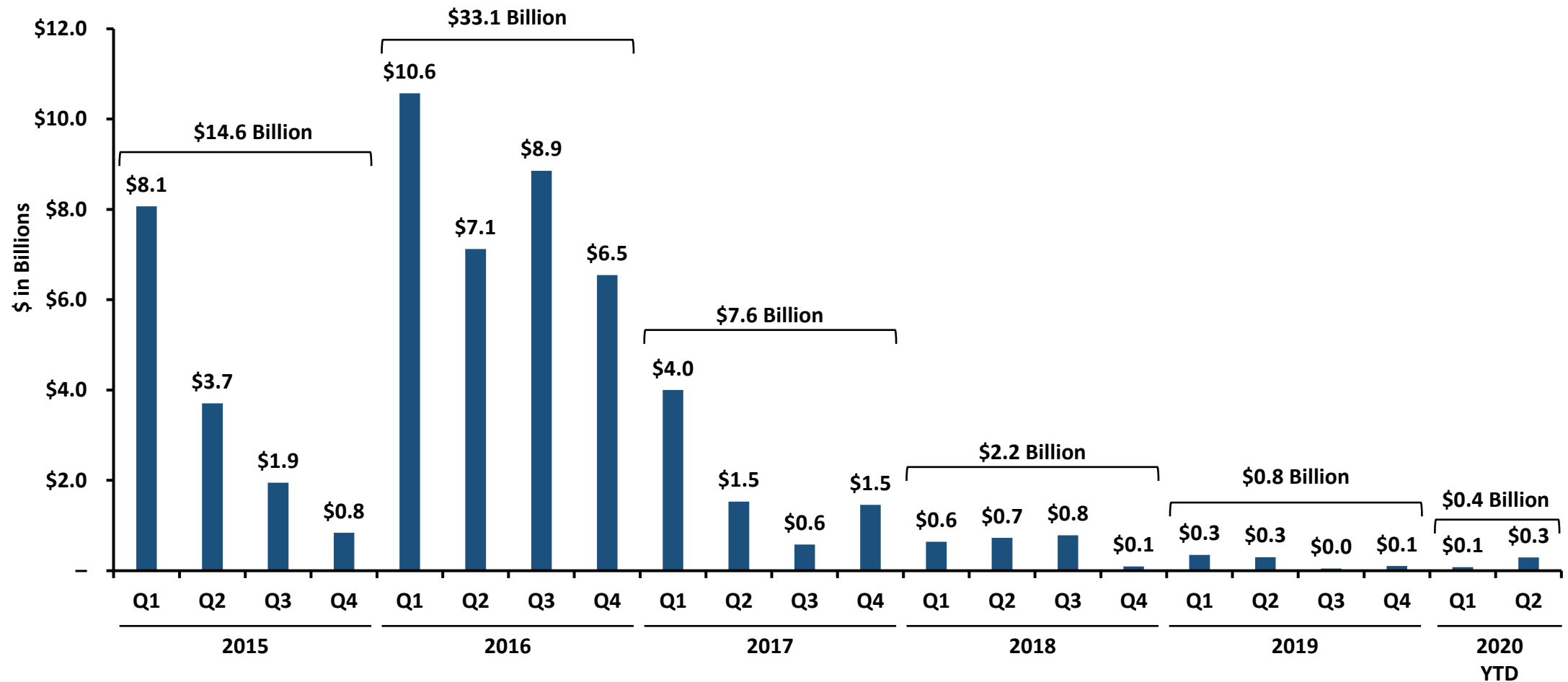
New Mexico Oil Production



Source: Baker Hughes (U.S. Rotary Rig Count, dated July 24, 2020), U.S. Energy Information Administration ("EIA") U.S. Field Production of Crude Oil, dated July 2020.
 Note: There can be no assurance that any projections will ultimately materialize or that historical trends will continue during the life of any NGP fund.

Equity Capital Is Not Available to the Public E&P Sector

U.S. E&P Equity Issued by Quarter



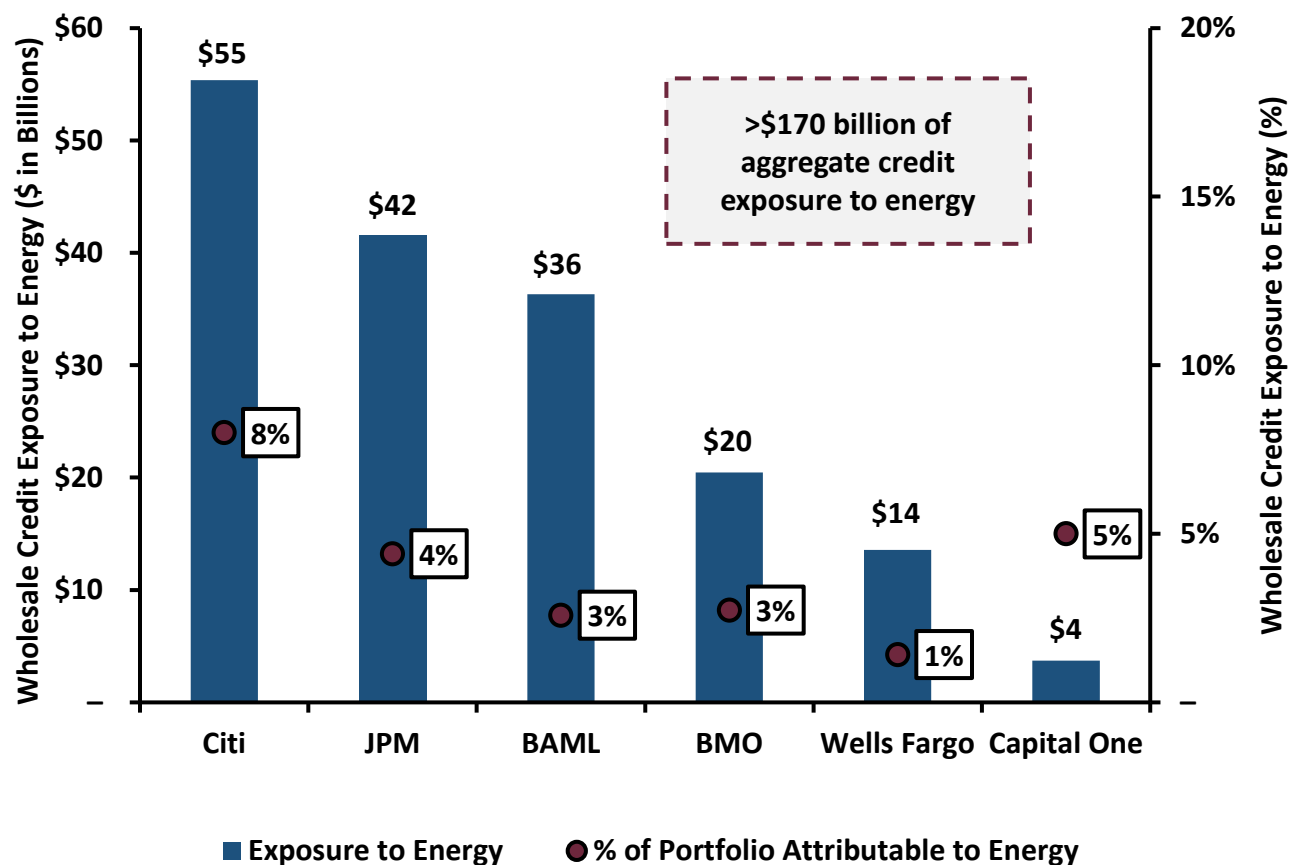
Source: Dealogic as of July 2020.

Note: There can be no assurance that any projections will ultimately materialize or that historical trends will continue during the life of any NGP fund. Numbers may not sum due to rounding.

The Bank Market is Facing Distress

In response to the current price environment, commercial banks are making deep borrowing base cuts that range from 10 – 50%

Major Commercial Banks' Credit Exposure to Energy⁽¹⁾



Key Feedback from Recent Redeterminations

- Borrowing bases are being reduced materially across the sector
- Pricing grids are ratcheting up by 50 – 100+ basis points
- Banks are lowering leverage covenant thresholds
- Anti-cash hoarding provisions are now a “must-have”
- Restricted payment baskets are shrinking

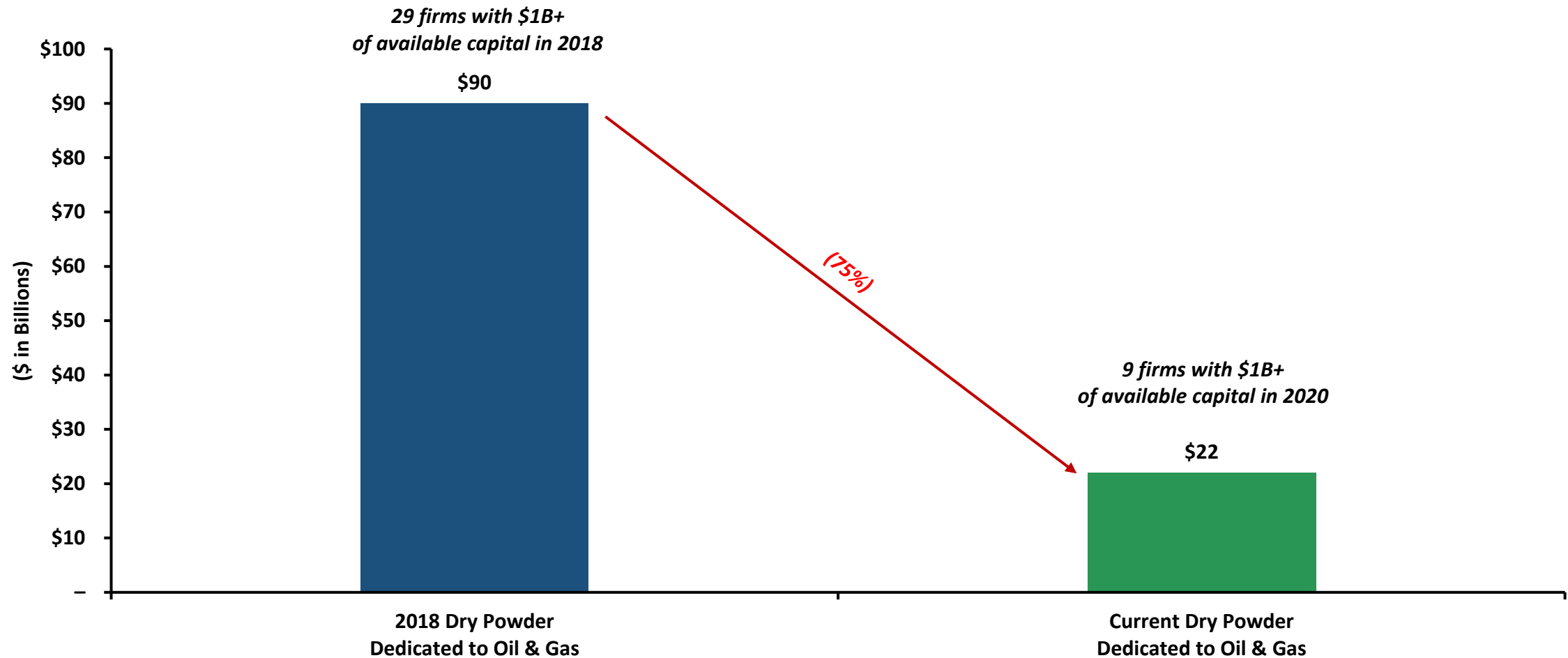
Note: Provided for illustrative purposes only. Any changes to the assumptions, however minor, will alter the outcome of the analysis. The above analysis is not a prediction, projection, or guarantee of any future performance. Based on April 2020 market data.

Source: Haynes and Boone, LLP (Borrowing Base Redeterminations Survey: Spring 2020, dated April 1, 2020), public company filings, Wells Fargo Q1 2020 Earnings Call Transcript.

1) Based on commercial loan portfolio as of December 31, 2019 except for BMO, which reported as of October 31, 2019. Energy exposure includes loans to upstream, midstream, and oilfield service focused companies.

Fewer Energy Private Equity Firms Have Raised Capital

Private Equity Dry Powder Dedicated to Oil & Gas



Source: RBC Weekly E&P Monitor, dated April 13, 2020 – April 19, 2020.

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Concluding Thoughts

- **The recent oil demand decrease is unprecedented...but temporary**
- **Through dramatic action on the supply side, the market is finding a short-term balance, but massive capex cuts will have long-term implications on future oil supply and oil prices**
- **The most severe industry distress in three decades will lead to compelling investment opportunities...with very little competing capital prepared to invest in the sector**
- **Oil and gas companies will need to plan their businesses to generate positive free cash flow and pay dividends as the refinancing and exit markets will continue to be more challenged**
- **Asset quality will be an even more important differentiator over the next decade and Southeast New Mexico stands to be a relative outperformer**

Appendix: Performance Notes



Performance Notes

- Past performance is not indicative of future results.
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- NGP's expectations are based on research conducted by NGP and the conclusions are NGP opinions based on its own independent study and prior experiences. Actual results may differ materially from those we expected. Past deal flow of NGP is not necessarily indicative of future deal flow with respect to the funds. In no circumstances should NGP's expectations be regarded as a representation, warranty or prediction that NGP investments will reflect any particular performance, or that NGP investments will achieve or are likely to achieve any particular result, or that investors will be able to avoid losses, including total loss of their investment. Inherent in any investment is the potential for loss. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results.
- The ultimate realized value of currently unrealized investments held by NGP funds, as described in this presentation, will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, and may be materially lower than the figures presented. Unrealized investments have been valued by NGP and are estimated, unaudited and subject to change.
- Gross IRR of a portfolio company investment represents the IRR on the basis of the actual timing of investment contributions, distributions and unrealized value (as of the last day for the period indicated) before management fees, fund expenses, taxes and carried interest. Gross IRR of a fund represents the IRR for the fund itself (and not the limited partners of the fund) on the basis of the actual timing of investment fundings (measured on the date the fund sends the cash to the portfolio company), proceeds (measured on the date the fund received the cash from the portfolio company) and unrealized value (as of the last day for the period indicated) before management fees, fund expenses, taxes and carried interest. Cumulative Gross IRR since inception represents cumulative Gross IRR for the Flagship Funds and does not include affiliate funds or co-investment funds. Net IRR of a fund represents the IRR calculated for a weighted average fee paying limited partner of a fund based on the actual timing of limited partner contributions (measured on the due date of the capital call), distributions (measured on the due date of the distribution) and unrealized value (as of the last day for the period indicated) after management fees, fund expenses and carried interest. Net IRR represents the performance of the combined fund vehicles, but excludes taxes paid by the parallel fund corporate blocker entities and withholding taxes paid on behalf of non-U.S. investors. Cumulative Net IRR since inception represents cumulative Net IRR for the Flagship Funds and does not include affiliate funds or co-investment funds. Individual limited partner IRR ratios may differ from the ratios presented depending on the individual limited partner's fee arrangement.
- NGP has established a line of credit ("LOC") to facilitate the funding of private equity contributions on behalf of the funds. Borrowings on the LOC (including bank interest and fees) are repaid by the funds generally within 90 days and after receipt of all capital called from limited partners. Using the date of the actual limited partner contributions (measured on the due date of the capital call) rather than the date on which the investment was funded using the LOC, may result in a higher net IRR.
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- References to portfolio companies should not be construed as a recommendation for any particular company or security.
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- Total fund commitments displayed in this presentation are inclusive of the capital commitment of the general partner of the fund.

The logo for NGP features a white, curved swoosh that starts on the left and arches over the letters 'NGP'. The letters are in a large, white, serif font.

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