

**CSL Capital Management, LLC**

**April 25, 2012**

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**This brochure (“Brochure”) provides information about the qualifications and business practices of CSL Capital Management, LLC (the “Adviser”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this Brochure, please contact us at 203-987-6012 or [gerald@cslenergy.com](mailto:gerald@cslenergy.com). This information has not been approved or verified by the SEC or by any state securities authority.**

**Additional information about the Adviser also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

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#### **Item 4. Advisory Business**

**A. General Description of Advisory Firm.** The Adviser is an investment adviser with its principal place of business in Greenwich, Connecticut. The Adviser commenced operations as an investment adviser on July 1, 2008. Charles S. Leykum is the principal owner of the Adviser.

**B. Description of Advisory Services (including any specializations)** The Adviser provides investment advisory services on a discretionary basis to its clients, which include pooled investment vehicles intended for sophisticated investors and institutional investors. The Adviser currently provides discretionary investment advisory services to CSL Energy Opportunities Fund I, L.P. and CSL Energy Opportunities Offshore Fund I, L.P. (together, the "Funds"), each of which targets investments in companies engaged in oilfield services, oil and gas exploration and production ("E&P"), coal, and other energy services opportunities.

**C. Availability of Tailored Services for Individual Clients.** The Adviser provides advice to client accounts based on specific investment objectives and strategies. The Adviser does not tailor advisory services to the individual needs of clients and clients may not impose restrictions on investing in certain securities or certain types of securities.

**D. Wrap Fee Programs.** The Adviser does not participate in wrap fee programs.

**E. Client Assets Under Management.** As of April 1, 2012, the Adviser had approximately \$297,000,000 client assets under management. All of these assets are managed on a discretionary basis.

## **Item 5. Fees and Compensation**

### **A. Advisory Fees and Compensation.**

#### *Asset-Based Compensation*

The Adviser charges each Fund an investment management fee (the "Management Fee") at an annual rate of 1.5% of invested capital and 1.75% of capital committed by the Fund depending, in particular, on the point in time in the life cycle of the Fund.

Management Fees are charged in advance on the first day of the quarter. When a new limited partner is admitted to a Fund following the date on which the Fund first admitted limited partners, the new limited partner will be charged a Management Fee retroactive to the initial closing date.

Management fees payable to the Adviser by the Funds may be reduced by certain other compensation received by the Adviser or its affiliates that relate to the Funds and their activities.

These fees are not negotiable.

#### *Performance-Based Compensation*

In addition, the General Partner is entitled to be allocated a carried interest (the "Carried Interest") from the Funds. The Carried Interest is compensation based on a share of the income and gains of the assets in each Fund. The Carried Interest is 20% of distributions after the partners have received a return of their contributed capital plus a preferred return of 6% (with no "catch-up" provision).

The Funds contain a "clawback" provision requiring the General Partner to return excess distributions to limited partners of the Fund in the event the General Partner receives more than its Carried Interest percentage of fund profits on an aggregate basis over the life of the Fund.

These fees are not negotiable.

**B. Payment of Fees.** The Adviser deducts the Management Fee from the Funds by instructing each Fund's administrator.

**C. Other Fees and Expenses.** In addition to paying the Management Fee and, if applicable, the Carried Interest, each Fund will also be subject to other costs and expenses relating to the Fund's activities, including, without limitation, the fees paid to an administrator; all expenses associated with the acquisition and disposition of interests in Fund investments; custodial fees; the Fund's legal, auditing, consulting and accounting expenses; costs for the preparation of the Fund's financial statements, tax returns, and IRS Schedule K-1s; costs of any liability insurance coverage for the Fund and those acting on its behalf; and any other expenses related to the purchase, sale or transmittal of Fund investments. In addition, the Funds may invest in public equity securities and therefore may incur brokerage and other transaction costs. Please refer to Item 12 of this Firm Brochure for a discussion of the Adviser's brokerage practices.

**D. Prepayment of Fees.** The Funds are required to pay the Adviser's fees in advance. If the advisory contract with a Fund is terminated, any pre-paid fee will be refunded on a pro-rata basis.

**E. Additional Compensation and Conflicts of Interest.** This Item is not applicable.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

As described in Item 5, the Adviser is entitled to be allocated performance-based compensation by the Funds. In addition, the Adviser's investment personnel are typically compensated on a basis that includes a performance-based component.

The Adviser and its investment personnel provide investment management services to multiple clients. When the Adviser and its investment personnel manage more than one client account a potential exists for one client account to be favored over another client account. The Adviser and its investment personnel have a greater incentive to favor client accounts in which the Adviser or its personnel have significant investments.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. In this regard, the Adviser's procedures relating to the allocation of investment opportunities require that in the event that neither Fund is legally restricted from participating in a particular investment, each Fund generally shall invest *pari passu* in such investment in proportion to the respective aggregate uncalled capital commitments of each entity, although the structure and timing of each Fund's investments may differ in certain cases due to tax, regulatory or other considerations. The performance of the Funds is also regularly compared to determine whether there are any unexplained significant discrepancies. These areas are monitored by the Adviser's Chief Compliance Officer.

**Item 7. Types of Clients**

The Adviser's clients consist of the Funds. The initial capital commitment minimums are disclosed in the offering memorandum for each Fund.

## **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

**A. Methods of Analysis and Investment Strategies.** The Adviser's investment philosophy is to construct a concentrated portfolio of private investments with a value orientation. The Adviser utilizes a variety of methods and strategies to make investment decisions and recommendations. The Adviser believes in formulating differentiated ideas by integrating anticipated macro themes with focused fundamental research.

With respect to the Funds, the Adviser will target investments in companies engaged in oilfield services, E&P, coal, and other energy services opportunities (collectively, "Portfolio Companies").

As part of its investment strategy, the Adviser will focus on private investment opportunities to seek to create maximum investor value. Private investments may include venture capital, growth equity capital, leveraged buyouts, and distressed securities among other situations. The targeted securities identified by the Adviser will principally be used to gain control of, or a significant minority stake in, either new or existing companies.

The Adviser will seek to take advantage of energy opportunities with strategies tailored towards varying energy commodity price environments. The Adviser will focus primarily on small and mid-capitalized opportunities, specifically providing development, growth, and start-up capital. Finally, the Adviser will also seek to identify undervalued assets or operating companies in need of restructuring and develop positive dialogue with management. The Adviser intends to focus primarily on proprietary deal-flow generated by deep investment research and the Adviser's network of industry contracts. The Adviser will take a medium to long-term approach to investing (e.g., three to four years) with identifiable catalyst events. The Adviser works in cooperation with experienced management teams and industry advisors to locate and create value within existing investments.

These methods, strategies and investments involve risk of loss to clients and clients must be prepared to bear the loss of their entire investment.

### **B. Material Risks (Including Significant, or Unusual Risks) Relating to Investment Strategies.**

*Dependence Upon Activity in the Natural Gas and Oil Industry.* Generally, the business of a Portfolio Company will be focused on providing products and services to the natural gas and oil industry. Natural gas and oil prices are affected by a number of factors outside of the Portfolio Company's control including global economic, political and military events that are likely to occur again in the future and contribute to price volatility. A protracted period of low natural gas and oil prices could negatively impact the activity in the natural gas and oil industry, which could result in a material impact to the business and financial performance a Portfolio Company.

*Environmental requirements.* The oilfield and gas services industry is subject to compliance with stringent environmental laws and regulations that could expose a Portfolio Company to costs and liabilities. A Portfolio Company may face varying degrees of local, national, and international regulations relating to environmental protection. Compliance with all regulations and laws could prove difficult and costly.

*Risk of Reliance on Portfolio Company Management.* Although the Adviser will monitor the performance of each investment, the Adviser will rely upon each Portfolio Company's management to implement its business plans and manage the day-to-day operations. There can be no assurance that proven operating management will be found for each Portfolio Company as needed or, if in place, that management will continue to operate successfully. Further, in some instances, the Funds may hold a minority position in its Portfolio Companies and its ability to exercise influence over such Portfolio Companies may be extremely limited.

*Risks in Effecting Operating Improvements and Board Participation.* In some cases, the success of the Adviser's investment strategies may involve, in part, efforts to restructure and effect improvements in the operations of a Portfolio Company. The activity of identifying and implementing potential operating

improvements at a Portfolio Company entails a high degree of uncertainty. Certain features of a relevant business environment (e.g., a Portfolio Company's reluctance or inability to effect layoffs or close or divest unprofitable business lines) may impede or prevent the implementation of necessary restructuring steps for such Portfolio Companies. There can be no assurance that the Adviser will be able to successfully identify and cause or persuade a Portfolio Company to implement such improvements. Further, to the extent that the Funds own a controlling stake in, have representatives on a board of directors, or are deemed affiliates of a particular Portfolio Company, they may be subject to certain securities laws restrictions which could affect both the liquidity of the Funds' interest and its ability to liquidate their interest without adversely impacting the investment's price, including insider trading restrictions, the affiliate sale restrictions of Rule 144 of the U.S. Securities Act of 1933, as amended and the disclosure requirements of Sections 13 and 16 of the U.S. Securities Exchange Act of 1934, as amended.

*Active Management.* The Funds may, in certain circumstances, take majority positions, often alongside other investors, such as institutions, other pooled investment vehicles, and management, while providing equity financing at all stages of a company's lifecycle. Depending upon the amount of equity owned by the Funds, any relevant contractual arrangements between the Portfolio Company and the Funds, and other relevant factual circumstances could result in an extension to one year of the ninety-day bankruptcy preference period with respect to payments made to it. In addition, because of their equity ownership, representation on the board of directors, and/or contractual rights, the Funds may often be thought to control, participate in the management of or influence the conduct of Portfolio Companies. This could expose the assets of the Funds to claims by a Portfolio Company, its other security holders, its creditors or governmental agencies.

*Lack of Diversification.* The Funds will not be diversified among a wide range of industry sectors. Accordingly, client portfolios are subject to more rapid change in value than would be the case if the Adviser were required to maintain a wider diversification among companies or industry groups. Accordingly, the Funds faces the risk that earnings and dividends of energy companies will be greatly affected by changes in the prices and supplies of oil, natural gas and other energy fuels. Prices and supplies can fluctuate significantly over short periods due to a variety of factors, including but not limited to changes in international politics, policies of the Organization of the Petroleum Exporting Countries (OPEC), relationships among OPEC members and between OPEC and oil-importing nations, energy conservation, the regulatory environment, government tax policies, and the economic growth and stability of key energy-consuming countries.

***C. Risks Associated With Types of Securities that are Primarily Recommended (Including Significant, or Unusual Risks).***

*Illiquid Investments.* There may be a significant period of time before the Funds can successfully exit their investments in Portfolio Companies. It is unlikely that there will be a public market for many investments at the time they are made. The Funds will generally not be able to sell portfolio securities publicly unless they are registered under applicable securities laws or unless an exemption from such registration requirement is available. In addition, in some cases the Funds may be prohibited by contract from selling Portfolio Company securities for a period of time.

*Certain Regulatory Considerations; Potential Changes in Laws.* The energy related industries in which the Funds will invest are subject to regulation by one or more U.S. federal agencies, other sovereign entities and various agencies of the states, localities, and counties in which they operate. New and existing regulations, changing regulatory schemes, and the burdens of regulatory compliance all may have a material negative impact on the performance of Portfolio Companies that operate in these industries. The Adviser cannot predict whether new legislation or regulation governing those industries will be enacted by legislative bodies or governmental agencies, nor can it predict what effect such legislation or regulation might have. There can be no assurance that new legislation or regulation, including changes to existing laws and regulations, will not have a material negative impact on the Funds' investment performance.



*Emerging Markets.* The risks of foreign investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.

*Non-U.S. Investments.* Foreign securities or investments in Portfolio Companies with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

*Equity Securities.* The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

**Item 9. Disciplinary Information**

This Item is inapplicable.

**Item 10. Other Financial Industry Activities and Affiliations**

**A. Broker-Dealer Registration Status.** This Item is inapplicable.

**B. Commodities-Related Registration.** This Item is inapplicable.

**C. Material Relationships or Arrangements with Industry Participants.** This Item is inapplicable.

**D. Material Conflicts of Interest Relating to Other Investment Advisers.** This Item is inapplicable.

## **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

**A. Code of Ethics.** The Adviser has adopted a Code of Ethics (the “Code”) that obligates the Adviser and its related persons to put the interests of the Adviser’s clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. All of the Adviser’s personnel are also required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting Gerald Cimador (Chief Compliance Officer) by email at gerald@cslenergy.com, or by telephone at 203-987-6012. See below for further provisions of the Code as they relate to the preclearing and reporting of securities transactions by related persons.

**B. Client Transactions in Securities where Adviser has a Material Financial Interest.** As described in Item 8, the Adviser or its related persons may invest the assets of the Funds in one or more Portfolio Companies. The Adviser and its related persons may act as investment adviser, general partner and/or managing member of certain pooled investment vehicles structured to capitalize the Portfolio Companies. These practices create a conflict of interest because the Adviser or its related persons have an incentive to make investments with Fund assets based on their own financial interests, rather than solely the interests of the Fund. The Adviser addresses these conflicts of interest by waiving investment advisory fees at the Portfolio Company level and by evaluating Portfolio Companies on an independent basis and establishing restrictions on the size of Portfolio Company investments to ensure that the decision to invest client assets into the investment company is made on an independent basis.

Although neither the Adviser nor any of its related persons anticipate buying or selling investments to or from the Funds as principal, the Adviser will only complete such a transaction in accordance with the requirements of Section 206(3) of the Advisers Act.

**C. Investing in Securities Recommended to Clients.** Through Co-Investment Opportunities, related persons of the Adviser may invest in the Portfolio Companies alongside the Funds. In addition, neither the Adviser nor its related persons may invest in a Portfolio Company outside of the Funds, any alternative investment vehicles or any co-investment fund until after the termination of each Fund’s commitment period with certain exceptions as provided for in the Funds’ offering documents. In an effort to minimize potential conflicts caused by such practices, the Adviser requires its related persons to preclear certain investments (e.g., publicly traded securities of any issuer in the energy and natural resources industry, limited offerings and initial public offerings) in their personal accounts with the Chief Compliance Officer, who may deny permission to execute the transaction if such transaction will have any adverse economic impact on one of the Funds. In addition, with respect to Co-Investment Opportunities, the Adviser may only allocate a limited partner’s pro rata portion of a Co-Investment Opportunity to such other persons after the limited partner declines the opportunity to participate in such Co-Investment Opportunity. In addition, the Adviser’s Code prohibits the Adviser or its related persons from executing personal securities transactions of any kind in any investments on a restricted list maintained by the Chief Compliance Officer. All of the Adviser’s related persons are required to disclose their securities transactions on a quarterly basis and holdings on an annual basis. All of the Adviser’s related persons are also required to provide statements of each transaction in which they engage and a quarterly certification of such transactions. Trading in the personal accounts of the Adviser’s related persons will be reviewed by the Chief Compliance Officer and compared with transactions for the Funds and reviewed against the restricted list.

**D. Conflicts of Interest Created by Contemporaneous Trading.** This Item is inapplicable.

## **Item 12. Brokerage Practices**

**A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.** It is not currently anticipated that either Fund will engage in transactions that involve the payment of brokerage commissions; however, if the Adviser ever effects such transactions in the future, the Adviser acknowledges that it has a duty to obtain “best execution” for its advisory clients’ securities transactions. The Adviser considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer’s compensation. Such factors may include net price, reputation, financial strength and stability, efficiency of execution and error resolution, offering to the Adviser on-line access to computerized data regarding a client’s accounts. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer’s compensation, the Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser’s practice to negotiate “execution only” commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate.

**1. Research and Other Soft Dollar Benefits.** The Adviser may receive research or brokerage from a broker-dealer and/or a third party in connection with client securities transactions. This is known as a “soft dollar” relationship. The Adviser has no formal soft dollar arrangements in place. To the extent the Advisor may enter into soft dollar arrangements in the future, the Adviser will limit the use of “soft dollars” to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934.

**2. Brokerage for Client Referrals.** This Item is inapplicable.

**3. Directed Brokerage.** This Item is inapplicable.

**B. Order Aggregation.** This Item is inapplicable.

### **Item 13. Review of Accounts**

**A. Frequency and Nature of Review.** Each Fund and its Portfolio Company investments are reviewed and monitored by the investment personnel of the Adviser on an ongoing basis. Matters reviewed include adherence to investment guidelines and the performance of each client account.

The Adviser's investment personnel meet regularly to discuss the Funds' portfolios and potential investments.

**B. Factors Prompting a Non-Periodic Review of Accounts.** This Item is inapplicable.

**C. Content and Frequency of Regular Account Reports.** Each limited partner in a Fund receives reports from the Adviser pursuant to the terms of the Fund's offering documents.

**Item 14. Client Referrals and Other Compensation**

**A. Economic Benefits Received from Non-Clients for Providing Services to Clients.** This Item is inapplicable.

**B. Compensation to Non-Supervised Persons for Client Referrals.** This Item is inapplicable.

**Item 15. Custody**

This Item is inapplicable.



#### **Item 16. Investment Discretion**

The Adviser provides investment advisory services to the Funds on a discretionary basis. Please see Item 4 for a description of any limitations clients may place on the Adviser's discretionary authority.

The Adviser has the authority to determine the nature and size of the investments to be made for each Fund (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines). Because of the differences in tax status and other criteria, there may be differences between the Funds in invested positions and securities held. The Adviser may consider the following factors, among others, in allocating investment opportunities among the Funds: (i) tax status and restrictions placed on a Fund's portfolio by the client or by applicable law; (ii) size of the account; (iii) size of available position; and (iv) timing of cash flows. Although it is the Adviser's policy to allocate investment opportunities to the Funds on a pro rata basis (based on the respective aggregate uncalled capital commitments of each entity), these factors may lead the Adviser to allocate investment opportunities to the Funds in varying amounts.

Securities acquired by a the Adviser for its clients through a limited offering will be allocated pro rata pursuant to the procedures set forth in the Adviser's allocation policy.

The Adviser may effect cross transactions between discretionary client accounts. Cross transactions include rebalancing transactions that are undertaken so that, after additional contributions have occurred, the portfolio compositions of similarly managed accounts remain substantially similar.

## **Item 17. Voting Client Securities**

**A. Policies and Procedures Relating to Authority to Vote Client Securities.** The Adviser has been delegated proxy voting authority on behalf of its clients. The Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to client securities, such proxies are voted in the best interests of its clients. The Adviser will vote against proposals that make it more difficult to replace members of a board of directors. For all other proposals, the Adviser will determine whether a proposal is in the best interests of its clients and may take into account the following factors, among others: (i) whether the proposal was recommended by management and the Adviser's opinion of management; (ii) whether the proposal acts to entrench existing management; and (iii) whether the proposal fairly compensates management for past and future performance.

The Adviser's clients are not permitted to direct their votes in a particular solicitation.

If a material conflict of interest between the Adviser and a client exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the proxy voting policies and procedures is in the best interests of the client or take some other appropriate action. The Adviser does not make any qualitative judgment regarding its client's investments.

Clients may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted a client's proxies by contacting Gerald Cimador (Chief Compliance Officer) by email at [gerald@cslenergy.com](mailto:gerald@cslenergy.com) or by telephone at 203-987-6012.

**B. No Authority to Vote Client Securities and Client Receipt of Proxies.** This Item is not applicable.

**Item 18. Financial Information**

This Item is not applicable.

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