

# Form ADV Part 2A: Firm Brochure

---

## **BP Capital Energy Advisors, LLC**

[www.bpenenergypartners.com](http://www.bpenenergypartners.com)

**2911 Turtle Creek Boulevard**

**Suite 400**

**Dallas, Texas 75219**

### **Firm Contact**

Jimmy McDonald – Chief Compliance Officer

Direct: 214-265-1090

Email: [Jimmy@bpenenergypartners.com](mailto:Jimmy@bpenenergypartners.com)

**March 28, 2024**

This brochure provides information about the qualifications and business practices of BP Capital Energy Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (214) 265-1090. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Additional information about the Adviser is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

BP Capital Energy Advisors, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information about which you determine to hire or retain an investment adviser.

## **Item 2 – Material Changes**

This brochure (the “Brochure”) dated March 28, 2024, has been prepared by BP Capital Energy Advisors, LLC (the “Adviser”) as an amendment to the last annual update which took place on March 28, 2023. There are no material changes to report since the last amendment, however, this revised Part 2 contains routine annual updates and enhanced disclosures. Recipients of the Brochure are encouraged to read the Brochure carefully in its entirety.

The Adviser will send clients either an updated Brochure or a summary of material changes to this and subsequent Brochures on at least an annual basis. Clients are encouraged to read the Brochure in detail and contact the Adviser with any questions. The latest version of the Brochure can be accessed via the SEC Website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or by requesting a copy by contacting Jimmy McDonald, the Adviser’s Chief Compliance Officer (“CCO”) via email at [Jimmy@bpenergypartners.com](mailto:Jimmy@bpenergypartners.com) or by calling the Adviser at 214-265-1090.

### **Item 3 –Table of Contents**

Item 2 – Material Changes .....	1
Item 3 –Table of Contents .....	2
Item 4 – Advisory Business .....	3
Item 5 – Fees and Compensation .....	4
Item 6 – Performance-Based Fees and Side-by-Side Management .....	5
Item 7 – Types of Clients .....	5
Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss .....	6
Item 9 – Disciplinary Information .....	12
Item 10 – Other Financial Industry Activities and Affiliations.....	12
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	13
Item 12 – Brokerage Practices .....	13
Item 13 – Review of Accounts.....	14
Item 14 – Client Referrals and Other Compensation .....	14
Item 15 – Custody.....	15
Item 16 – Investment Discretion .....	15
Item 17 – Voting Client Securities .....	15
Item 18 – Financial Information.....	16

## **Item 4 – Advisory Business**

The Adviser was established and registered with the SEC in 2013 as a registered investment adviser. The Adviser provides investment advisory services on a discretionary basis to privately offered investment vehicles (each, a “Fund” and collectively the “Funds”).

Affiliates of the Adviser, BP Natural Gas Partners, LLC, a Delaware limited liability company, and BP Natural Gas Partners II, LLC, a Delaware limited liability company, act as the general partners of Fund I and Fund II, respectively (each a “General Partner” and, collectively, the “General Partners”).

The Adviser is owned 100% by BP Energy Partners, LLC, a Delaware limited liability company (“BPE”). BPE provides the Adviser with certain staffing and administrative services (*e.g.*, furniture, fixtures and equipment, intellectual property, leased office space). Aleksander Szewczyk and Michael Watzky, who are the principal owners of BPE, serve as the Managing Partners of the Adviser, serve as members of the investment committee (the “Investment Committee”), and are responsible for the daily management of the Funds.

The Adviser presently provides investment advice only to the Funds and, as such, does not tailor its advisory services or investment objectives or strategies to the requests or needs of individual investors in the Funds, nor does it generally accept underlying investment restrictions from individual investors in the Funds. With respect to the Funds, their respective current confidential offering memorandums lay out the investment strategy and guidelines, including any restrictions and the ability to vary therefrom, and the Adviser then seeks to locate assets for the Funds that are within such guidelines and consistent with the overall portfolio needs of the Funds. For more detailed information regarding such restrictions, please refer to the Funds’ current confidential offering memorandum.

BP does not participate in any wrap fee programs.

As of December 31, 2023, the Adviser has approximately \$637,325,877 in regulatory assets under management, all of which are managed on a discretionary basis. For purposes of calculating this amount, the Adviser includes unfunded capital commitments to the Fund.

The General Partners have established a Limited Partner Advisory Committee (the “LPAC”) composed of not less than three and not more than nine representatives of selected limited partners (or investors in any parallel fund or alternative investment vehicle). Each LPAC will provide advice and counsel as requested by the General Partners in connection with potential conflicts of interest and other matters related to the Funds. The General Partners will retain ultimate responsibility for all decisions relating to the operation and management of the Funds, including, but not limited to, investment decisions.

## **Item 5 – Fees and Compensation**

The Adviser and the General Partners charge carried interest, management fees and other fees to the Funds. The specific payment terms and other conditions of the management fee and carried interest compensation are set forth in the respective, relevant confidential offering memorandum and governing documents of the Funds. Only “qualified purchasers,” as defined in the Investment Company Act of 1940, as amended, are permitted to invest in the Funds.

Until each Fund makes its first investment, the management fee will be paid directly by limited partners or from advances on a loan facility to the Adviser. After the first investment, the management fee will be paid to the Adviser by the Funds out of capital contributions from the limited partners. The management fee may also be paid out of the limited partners’ share of investment proceeds and income from temporary investments. The Funds will bear all costs and expenses incurred in connection with the organization of the Funds and the General Partners, including legal and accounting fees, printing costs, travel and out-of-pocket expenses, and all costs and expenses incurred in connection with the offering of limited partner interests in the Funds (“Interests”), up to a maximum of \$1.5 million (collectively, “Organizational Expenses”). Subject to the foregoing dollar limitation, the Funds will reimburse the General Partners and the Adviser for any Organizational Expenses funded by them. Organizational Fees shall not include placement fees of any kind. Any placement or similar fees payable to any placement agent in connection with the offering of Interests will be borne by the General Partners and the Adviser and either paid by them or paid by the Funds (with a corresponding dollar for dollar reduction of the management fee).

The Funds will be responsible for all expenses relating to its own operations (“Fund Expenses”), including fees, costs and expenses directly related to the purchase, maintenance and sale of investments, expenses of custodians, counsel and accountants, any insurance (including without limitation any E&O or similar insurance coverage), indemnity or litigation expenses, all costs of the Funds’ administration, including preparation of its financial statements and reports to limited partners, costs of holding any meetings of Partners or the LPAC, brokerage costs and any taxes, fees, or other governmental charges levied against the Funds. For additional information on brokerage matters, see “Item 12 – Brokerage Practices” below.

In addition, the Funds will be responsible for all due diligence and other costs of investigating investments and potential investments, including any fees and expenses due any legal, financial, accounting, engineering, consulting, or other advisors or any lenders, investment banks and other financing sources in connection with transactions (regardless of whether such transactions are consummated). Out-of-pocket expenses associated with completed transactions generally will be reimbursed from the proceeds of the investments or capitalized as part of the acquisition price of the transaction. The Funds will reimburse the General Partners and the Adviser for any Fund Expenses funded by them.

The General Partners and the Adviser will be responsible for all of their day-to-day operating expenses, including office overhead and compensation of employees. Such day-to-day operating expenses of the General Partners and the Adviser will be funded with the proceeds of the management fee.

In connection with the Funds and its investments, the General Partner or the Adviser may receive transaction, directors', consulting, management, investment banking, monitoring, closing, topping, break-up, and other similar fees ("Other Fees"). 100% of such Other Fees will be applied to reduce the management fee for the following quarterly period. To the extent such offsets would reduce the management fee for a given quarterly period below zero, such offsets will be carried forward and reduce future installments of the management fee.

The Adviser reserves the right to negotiate, waive, reduce, rebate, or calculate differently its fee structure with respect to any Fund Investor.

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

As indicated in Item 5 above, the General Partners have entered into a carried interest, or performance fee, arrangements with Funds I and II. The performance fee payable to the General Partners may create an incentive for the Adviser to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. These payments, to the extent received, are subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. BP-Miratech Holdings LLC and BP-Encino Holdings LLC do not pay a performance-based fee or an asset based fee.

## **Item 7 – Types of Clients**

The Adviser currently provides investment advisory services to privately offered pooled investment funds including partnerships or other pooled investment vehicles formed under U.S. laws and operated as investment pools that are excluded from the definition of an investment company under the Investment Company Act of 1940, as amended (the "Company Act"). At this time, it is not anticipated that the Adviser will provide advice to advisory clients that are "retail investors" as defined by Rule 204-5(d)(2) under the Investment Advisers Act of 1940, as amended ("Advisers Act"). Fund investors generally include institutional investors and high net-worth individuals.

Interests in the Funds are currently offered on a private placement basis, and where applicable, in reliance on Section 3(c)(7) of the Company Act, to persons who generally are "accredited investors" as defined under the Securities Act of 1933, as amended (the "Securities Act"), and "qualified purchasers" as defined under the Company Act, and who are subject to certain other

conditions, which are fully set forth in the Offering Documents of such Funds. Please note that investors in the Funds are not clients of the Adviser by virtue of their investment in a Fund. Each Funds' Governing Documents impose a minimum contribution of \$5 million for investment. The Adviser may waive the minimum investment or contribution with respect to any Fund in its sole discretion. Interests can be purchased only by certain eligible and accredited investors who are "qualified purchasers" or meet an exemption permitted to invest under applicable securities laws.

In order to invest in a Fund that is subject to a performance fee, an investor must be a "qualified client" as defined by Section 205 of the Advisers Act, and Rule 205-3 thereunder.

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

The Funds intend to invest in natural gas opportunities across the United States, Canada and/or Mexico (as discussed in Item 4 above):

- demand side energy substitution in transportation, manufacturing, basic industry and power generation;
- supply side natural gas acquisition and development of conventional and unconventional natural gas (and NGLs) reserves, resources and production; and
- related natural gas opportunities such as high return infrastructure and specialized services.

The Funds will generally focus on investments in which they can gain control over the targeted asset or enterprise, and the Adviser uses qualitative and quantitative analysis in its investment decision-making process. The investment strategy of the Funds is more fully described in the Confidential Offering Memorandum for the Funds.

### ***Certain Risk Considerations***

Investing in securities involves risk of loss that investors should be prepared to bear, ***including the risk of loss*** of the entire investment. The following does not purport to be a complete explanation of the risks involved in an investment in the Funds. No assurance exists that the Funds will achieve its investment objective. Purchase of an Interest in the Funds is not intended as a comprehensive investment program.

### ***General Risk Factors of Significant Investment Strategies***

**Nature of Investments.** There may be little or no cash flow available to the limited partners. Since the Funds may only make a limited number of investments and since many of the investments may involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to limited partners. The Funds' investors will not have an opportunity to evaluate specific assets prior to investing. Additionally, it should be noted that past performance is not a guarantee of future results.

**Diverse Investor Base.** The Funds' investors may include taxable and tax-exempt entities and may include persons or entities organized in multiple jurisdictions. The various types of investors may have conflicting investment, tax, and other interests with respect to their investment in the Fund. When considering a potential investment, the Funds' management will generally consider the investment objectives of the investors as a whole, not the investment objectives of any investor individually. Consequently, the Funds' management may make decisions from time to time that may be more beneficial to one type of investor than another.

**Difficulty of Locating Suitable Investments.** The Funds may be unable to find a sufficient number of attractive opportunities to meet its investment objectives.

**Reliance on Key Persons.** The success of the Funds is substantially dependent on certain key individuals. Should one or more key individuals become incapacitated or in some other way cease to participate in the Funds, their performance could be adversely affected.

**Leverage and Interest Rates.** Some of the investments may utilize a leveraged capital structure, in which case a third party could be entitled to cash flow generated by such investments prior to the respective Fund receiving a return. Fluctuations in interest rates may adversely affect the ability of the Funds to successfully acquire investments and may also adversely affect the performance of the investments. Use of borrowed funds to leverage acquisitions involves a high degree of financial risk and can exaggerate the effect of any increase or decrease in value.

**Delay in Acquiring Investments.** As proceeds of the Funds' offering become available, the Funds will work promptly toward acquiring investments to satisfy its investment requirements. However, the Funds' exact timing of acquisition of investments cannot be predicted with certainty. Delays in acquiring investments could, in turn, result in delays in the resale of such investments, and in turn, negatively impact the investment return for the Funds.

**Income Without Cash.** Under the method by which income and gain are allocated among the Funds' partners, it is possible that a partner may receive an allocation of income and gain from the Funds without receiving a corresponding distribution of cash. Thus, a partner may be forced to pay taxes on income and gain for which it has not yet received a distribution.

**Illiquid Investments.** Because of the limitation on withdrawal rights and the fact that the Interests are not tradable or freely transferable, an investment in the Funds is a relatively illiquid investment and involves a high degree of risk. An investment in the Funds should be considered only by investors financially able to maintain their investment and who do not anticipate any short-term need for their funds.

**Financial Institution Risk.** Actual events involving reduced or limited liquidity, defaults, non-performance, or other adverse developments that affect financial institutions or other companies in the financial services industry, including banks and other custodians of a client's funds and securities, or impact the financial services industry generally, as well as concerns or rumors about



any events of these kinds, have in the past and may in the future lead to market-wide liquidity problems, defaults on financial obligations, non-performance of contractual obligations, and other adverse impacts on these financial institutions, investors that deposit funds and securities at these institutions, lenders and borrowers of these institutions, and other companies in the financial services industry. Investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult to acquire financing on acceptable terms or at all. Any decline in available funding or access to cash and liquidity resources could, among other risks, adversely impact the ability to meet operating expenses, satisfy financial obligations, liquidate portfolio holdings, withdraw capital, or fulfill other obligations, or result in breaches of financial and/or contractual obligations. Any of these impacts, or any other impacts resulting from the factors described above or other related or similar factors not described above, could have material adverse impacts on portfolio holdings, client performance, or business operations.

**Enhanced Scrutiny and Additional Regulatory Risks.** Following global market volatility and dislocations, financial institution failures and financial frauds in recent years, governmental authorities in the United States and elsewhere have called for financial system and participant regulatory reform, including additional regulation of investment funds (which could include the Funds) and their managers (such as the Adviser) and their activities, including compliance, risk management and anti-money laundering procedures; restrictions on certain types of investments; restrictions on the provision and use of leverage; implementation of capital requirements; and books and records, reporting and disclosure requirements. The ultimate effect of government actions cannot be predicted, but these regulatory reform measures could cause the Adviser to incur significant expense to comply with such measures.

Regulation generally, as well as regulation more specifically addressed to the private equity industry and an increase in regulatory scrutiny of the alternative investment industry, including tax laws and regulation, whether in the United States or outside of it, could further increase the cost of acquiring, holding or divesting investments and the cost of operating the Funds, as well as harm the profitability of enterprises and interfere with the ability of the Adviser to engage in certain transactions.

### ***Energy-Related Risk Factors***

A significant portion of the Funds' investment activities will be focused on energy substitution (demand side) opportunities within industries such as transportation, basic industry, manufacturing, and power generation. The use of natural gas as an energy substitute can be influenced by a number of factors, including:

**Limited Infrastructure for Use of Natural Gas in the Transportation Sector.** Investment opportunities involving the use of natural gas in the form of compressed natural gas (CNG) or

liquid natural gas (LNG) as a transportation fuel (displacing gasoline and diesel) may be materially impacted by the limited infrastructure currently in place to support vehicles utilizing CNG or LNG. A number of structural factors within the transportation sector may impede the success of investments in energy substitution enterprises, including:

- Automobile and engine manufacturers currently produce very few originally manufactured natural gas vehicles and engines for the North American market.
- The infrastructure to support gasoline and diesel consumption is vastly more developed than the infrastructure for natural gas vehicle fuels.
- Conversion of vehicles to run on natural gas is time-consuming and expensive and may limit increased use of CNG or LNG in the transportation sector.

**Limited Availability of LNG in North America.** Production of LNG in North America is fragmented and limited. The execution of the Funds' investment strategy relating to energy substitution opportunities will require, in part, substantial growth in the available LNG supply across North America, and if this supply is unavailable, it may adversely affect the Funds' investments in this sector.

The Funds will also focus on making strategic investments in the companies and assets within the supply side of the energy industry. The revenues, income (or losses) and valuations of energy-related companies can fluctuate suddenly and dramatically due to many factors, including:

**Natural Gas, NGL and Oil Prices.** Natural gas, NGL and oil prices fluctuate widely, and low prices could have a material adverse impact on business, financial condition, results of operations and cash flows of the companies in which the Funds invests. The revenue, profitability and future growth of these companies depend in part on prevailing natural gas, NGL and oil prices. While prices for natural gas, NGLs and oil may be favorable at any point in time, they fluctuate widely. Among the factors that can cause these fluctuations are: (i) domestic and foreign demand for natural gas, NGLs and oil; (ii) the level and locations of domestic and foreign natural gas, NGLs and oil supplies; (iii) the quality, price and availability of alternative fuels; (iv) the quantity of natural gas in storage; (v) weather conditions; (vi) domestic and foreign governmental regulations; (vii) impact of trade organizations, such as OPEC; (viii) political conditions in oil, NGLs and natural gas producing regions; (ix) speculation by investors in oil and natural gas; (x) localized supply and demand fundamentals and transportation availability; (xi) technological advances affecting energy consumption; and (xii) worldwide economic conditions. Due to the volatility of natural gas and oil prices and the inability to control the factors that influence them, future pricing levels and the impact of such pricing on the Funds' investments cannot be predicted.

**Commodity Pricing.** Energy companies in general are directly affected by energy commodity prices, such as the market prices of crude oil, natural gas, coal and wholesale electricity, especially for those who own the underlying energy commodity. In addition, the volatility of commodity

prices can affect other energy companies due to the impact of prices on the volume of commodities produced, transported, processed, stored or distributed and on the cost of fuel for power generation companies. The volatility of commodity prices can also affect energy companies' ability to access the capital markets in light of market perception that their performance may be directly tied to commodity prices. Historically, energy commodity prices have been cyclical and exhibited significant volatility. Some of the Funds' portfolio companies may engage in hedging transactions to minimize their exposure to commodity price risk. Those companies that engage in such hedging transactions remain subject to market risks, including market liquidity and counterparty creditworthiness.

**Regulatory Requirements.** The profitability of energy investments by the Funds could be adversely affected by changes in the regulatory environment. The businesses of energy companies are heavily regulated by federal, state and local governments in diverse matters, such as the way in which energy assets are constructed, maintained and operated and the prices energy companies may charge for their products and services. Such regulation can change over time in scope and intensity. For example, a particular by-product of an energy process may be declared hazardous by a regulatory agency, which can unexpectedly increase production costs. Moreover, many state and federal environmental laws provide for civil penalties as well as regulatory remediation, thus adding to the potential liability an energy company may face.

**Hydraulic Fracturing Regulations.** Hydraulic fracturing has traditionally been regulated by state oil and natural gas commissions, but the EPA has asserted federal regulatory authority pursuant to the federal Safe Drinking Water Act ("*SDWA*") over certain hydraulic fracturing activities involving the use of diesel fuels and published permitting guidance in February 2014 addressing the performance of such activities using diesel fuels. In July 2011, the EPA also proposed new air standards that would require measures to reduce volatile organic compound emissions at new hydraulically fractured natural gas wells and existing wells that are re-fractured. In addition, certain municipalities and states, including Colorado, Montana, Texas and Wyoming, have adopted, or are considering adopting, regulations that have imposed, or could impose, more stringent permitting, transparency, disposal and well-construction requirements on hydraulic fracturing operations. For example, in December 2011, the Railroad Commission of Texas and the Colorado Oil and Gas Conservation Commission finalized regulations requiring public disclosure of chemicals in fluids used in the hydraulic fracturing process. Local ordinances or other regulations also may regulate or prohibit the performance of well drilling in general and hydraulic fracturing in particular. Such laws and regulations may result in increased scrutiny or third-party claims, or otherwise result in operational delays, liabilities and increased costs. Hydraulic fracturing requires significant quantities of water. Any diminished access to water for use in hydraulic fracturing, whether due to usage restrictions or drought or other weather conditions, could curtail operations or otherwise result in operations delays or increased costs. Any current or future federal, state or local hydraulic fracturing requirements applicable to an energy company's

operations, or diminished access to water for use in hydraulic fracturing, could have a material adverse effect on the Funds' potential investments.

**Environmental Laws, Regulations and Permits.** Companies in the energy sector in which the Funds may invest are subject to stringent and complex federal, state and local environmental laws, regulations and permits relating to, among other things, the generation, storage, handling, use, disposal, gathering, transmission and remediation of natural gas, NGLs, oil and other hazardous materials; the emission and discharge of such materials to the ground, air and water; wildlife, habitat, water and wetlands protection; the storage, use, treatment and disposal of water, including process water; the placement, operation and reclamation of wells; and the health and safety of employees. These requirements may impose operational restrictions and remediation obligations. In particular, many of these requirements are intended to help preserve water resources and regulate those aspects of the companies' operations that could potentially impact surface water or groundwater. Failure to comply with these laws, regulations and permits may result in such companies being subject to litigation, fines or other sanctions, including the revocation of permits and suspension of operations, and could otherwise delay or impede the issuance or renewal of permits. The costs, liabilities and obligations relating to environmental matters could have a material adverse effect on the Funds' potential investments.

**Decreases in Demand.** A sustained decline in demand for crude oil, natural gas, refined petroleum products and electricity could materially affect revenues and cash flows of the Funds' investments in the energy sector. Factors that could lead to a decrease in market demand include a recession or other adverse economic conditions, increases in the market price of the underlying commodity, higher taxes or other regulatory actions that increase costs, or shifts in consumer demand for such products.

**Unseasonable Weather.** Unseasonable extreme weather patterns could result in significant volatility in demand for energy-related products or may directly affect the operations of individual companies. This weather-related risk may create fluctuations in earnings of energy companies.

**Public Health Issues (Including Pandemics).** The Adviser's business activities as well as the Funds' and their operations and investments, could be materially adversely affected by pandemics, epidemics and outbreaks of disease in North America and/or globally or regionally, such as COVID-19, SARS, H1N1/09, avian flu, other coronavirus, ebola, and/or other epidemics, pandemics, outbreaks of disease, viruses and/or public health issues. Specifically, novel coronavirus, or COVID-19, has spread (and is currently spreading) rapidly around the world since its apparent initial emergence in China in December 2019 and has severely negatively affected (and may continue to materially adversely affect) the global economy and equity markets (including, in particular, equity markets in Asia, Europe and the United States). Any occurrence or recurrence of an outbreak of any kind of epidemic, communicable disease or virus or major public health issue could cause a slowdown in the levels of economic activity generally (or cause the global economy to enter into a recession or depression), which would adversely affect the

business, financial condition and operations of the Adviser and the Funds. Should these or other major public health issues, including pandemics, arise or spread farther (or continue to spread or materially impact the day to day lives of persons around the globe), the Adviser and the Funds could be adversely affected by more stringent travel restrictions, additional limitations on the Adviser's operations or business and/or governmental actions limiting the movement of people between regions and other activities or operations (or to otherwise stop the spread or continued spread of any disease or outbreak). Furthermore, such uncertainty or general economic downturn would likely have an adverse effect upon the Fund's respective investments.

**Operational Risk.** Companies in the energy sector are subject to various operational risks, such as failed drilling or well development, well blowouts, explosions, uncontrollable flows of oil, natural gas or well fluids, fires, formations with abnormal pressures, pipeline ruptures or spills, pollution, releases of toxic gas, other environmental hazards and risks, treatment plant "downtime", unscheduled outages, underestimated cost projections, unanticipated operation and maintenance expenses, failure to obtain the necessary permits to operate and failure of third-party contractors. In addition, energy companies employ a variety of means of increasing cash flow, including increasing utilization of existing facilities, expanding operations through new construction, expanding operations through acquisitions, or securing additional long-term contracts. Thus, some energy companies may be subject to construction risk, acquisition risk or other risks arising from their specific business strategies.

**Industry Consolidation.** Companies in the energy sector in which the Funds may invest will face substantial competition in acquiring properties, enhancing and developing their assets, marketing their commodities, securing trained personnel and operating their properties. Many of their competitors, including major oil companies, natural gas utilities, independent power producers and other private independent energy companies, may have financial and other resources that substantially exceed the Funds' portfolio companies. The businesses in which the Funds may invest face greater competition in the production, marketing and selling of energy products brought about in part from the deregulation of the energy markets.

## **Item 9 – Disciplinary Information**

Neither our firm nor members of our management have ever been the subject of any legal or disciplinary event that would be material to a client's or a prospective client's evaluation of the Adviser's business or the integrity of its management.

## **Item 10 – Other Financial Industry Activities and Affiliations**

None.

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

The Adviser has adopted a Compliance Manual and Code of Ethics (together, the “Code of Ethics”) pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended (“Advisers Act”), which applies to all of our supervised persons. A copy of our Code of Ethics is available upon request by contacting Jimmy McDonald at 214-265-1090.

Our Code of Ethics is predicated upon the belief that our investors shall be treated with honesty and good faith, and that we shall put the interests of our investors ahead of our employees and principals, particularly where our interests may conflict with those of our investors. To that end, our Code of Ethics, among other things, requires supervised persons to comply with all applicable federal and state laws and regulations, and make prompt reports of any actual or suspected violations of such laws by the Adviser or its employees. The Code of Ethics imposes certain trading restrictions on persons who are likely to know about our trading activity, so as to avoid actual or potential conflicts of interest or any abuse of an individual’s position of trust and responsibility. The Code of Ethics also addresses outside activities of employees, policies and procedures concerning the prevention of insider trading, includes restrictions on the acceptance of costly or lavish gifts and entertainment, electronic communications, and the pre-clearance of political contributions. The Code of Ethics is circulated at least annually to all employees, and each employee at least annually must certify that he or she has received and read the Code of Ethics and any amendments thereto. The Adviser will provide a copy of the Code to any investor or prospective investor upon request. Contact information is provided on the cover of this Brochure.

We may recommend to the Funds that they buy or sell securities or other investments in which we or a related person has some financial interest. We will attempt to handle these and other conflicts of interest in a manner that we deem to be fair and equitable under the circumstances, although there can be no assurance that we will be successful in this regard.

Certain conflicts that may be encountered in the course of the Adviser’s activities, for or on behalf of the Clients, are described in Items 5,6,8, and 10 and reference is made thereto. In addition, the governing documents of the Clients address in detail certain other reasonably anticipated potential conflicts of interest.

## **Item 12 – Brokerage Practices**

The Adviser, through its Investment Committee, has the authority to determine the securities or interests and the amount thereof to be bought or sold, subject to the conditions and restrictions contained in the Funds’ governing documents.

Because of the nature of its investments (i.e., private equity), the Adviser does not regularly generate a substantial volume of trades through broker-dealers in order to effect its investment transactions. Often if a broker-dealer is involved, the seller or target company will be

compensating the broker-dealer on terms previously agreed and the Adviser will not be making a broker-dealer selection. When more readily available securities are the subject of a trade and there is a broker selection opportunity, the Adviser will consider the following factors: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); (ii) the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker; (iv) the broker's risk in positioning a block of securities; and (v) the competitiveness of commission rates in comparison with other brokers satisfying the other selection criteria.

The Adviser does not use "soft dollars" to receive research or other products or services other than execution in connection with client securities transactions.

The Adviser does not engage in directed brokerage.

Because of the nature of its investments, there is generally no need for the Adviser to aggregate purchases or sales of traded securities for multiple client accounts.

### **Item 13 – Review of Accounts**

The Adviser will actively participate on the boards of directors (or equivalent governing body) of the Funds' portfolio companies. The Adviser will monitor the financial and operating progress of the business on a current basis against plans and budgets, with more formal reviews as necessary. Such reviews will be conducted by one or more of the Adviser's officers. The Funds are audited on a yearly basis by an independent registered public accounting firm.

Certain events may require a review other than a periodic review. Such events include a transfer or withdrawal of a limited partner of the Funds or a material change in the business of a portfolio investment.

Investors in the Funds receive periodic reports (typically quarterly and annually) consistent with the requirements of the Funds' governing documents, advisory agreements and industry customs and practices. Each of the Funds' investors will receive annual audited financial statements and unaudited quarterly statements of the Funds.

### **Item 14 – Client Referrals and Other Compensation**

In the first quarter of 2019, BP Natural Gas Opportunity Partners II, L.P. did engage Equus Financial Consulting LLC as a placement agent referring possible investors for this fund on a limited basis. We have also compensated placement agents in connection with referring investors to BP Natural Gas Opportunity Partners, L.P.

## **Item 15 – Custody**

The Adviser will comply with the requirements of Rule 206(4)-2 of the Advisers Act (the “Custody Rule”) with respect to the custody of client funds and securities. The Adviser and certain affiliates are deemed to have custody of the funds and securities of the Funds under the Custody Rule because, among other reasons, they have the authority pursuant to the Funds’ Governing Documents to deduct advisory fees and pay expenses from Fund accounts. The Adviser satisfies its custody obligations by ensuring that the Funds are audited as required by the Advisers Act, and that investors in the Funds receive the financial statements resulting from such audits as required. Cash and securities (other than privately placed securities) are or will be held with a qualified custodian. Merrill Lynch, Pierce, Fenner & Smith Incorporated and First Citizens Bank & Trust Company, currently serve as qualified custodians to the Fund.

## **Item 16 – Investment Discretion**

The Adviser, through its Investment Committee, has discretionary authority to manage the Funds’ investments pursuant to an investment management agreement with the Funds, which does not contain limitations on the Adviser’s authority to manage the Funds’ portfolio within the objectives set out in the applicable governing documents.

## **Item 17 – Voting Client Securities**

Pursuant to SEC Rule 206(4)-6, the Adviser has established policies and procedures to address voting procedures and any conflicts of interests involved in a proxy vote between the Adviser and its clients. As a general matter, the Adviser, through its Investment Committee, makes securities investment decisions based on the belief that the issuer and its management will maximize shareholder value. When it no longer believes management is able to meet this goal, it will typically sell the security or portfolio company. Therefore, as to most questions coming before shareholders, the Adviser will generally vote in accordance with management’s recommendations. We anticipate that there will, however, be circumstances when we neither believe disposing of the security or portfolio company is the best course of action nor do we believe that voting in accordance with management’s recommendation will be in the best interest of our clients. In those cases, we will vote against the management’s recommendation. Notwithstanding these general statements, each proxy is voted on a case-by-case basis. There may even be cases where we determine that the best course of action is not to vote a proxy.

Clients may obtain information on how their proxies were voted by contacting the Adviser. We will maintain these records for the time periods designated by applicable SEC regulations.



## **Item 18 – Financial Information**

Registered investment advisers are required to provide you with certain disclosures about their financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients and have not been the subject of a bankruptcy proceeding.