

Part 2A of Form ADV

Brochure

ITEM 1. – Cover Page

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This brochure provides information about the qualifications and business practices of PetroCap, LLC (“PetroCap”) and Aplomado Partners, LLC (“Aplomado”), its relying adviser, (collectively, the “Company,” or “the Firm”). If you have any questions about the contents of this brochure, please contact PetroCap at (214) 383-7340 or at bglandenning@petrocap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about the Company is also available at the Securities and Exchange Commission’s (“SEC”) website at www.adviserinfo.sec.gov. PetroCap’s registration as an investment adviser does not imply a certain level of skill or training.

ITEM 2. MATERIAL CHANGES

There are no material changes to report since PetroCap's last annual filing of the Form ADV Part 2A ("Brochure") on March 31, 2023.

PetroCap encourages all investors to review this Brochure in its entirety.

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ITEM 4. ADVISORY BUSINESS

PetroCap is a Delaware limited liability company with a principal place of business in Dallas, Texas. The Firm provides discretionary investment advisory services to pooled investment vehicles that specializes in investments in the oil and gas and solar sectors. This Form ADV Part 2A applies to PetroCap and its relying adviser, Aplomado. PetroCap is the investment adviser to PetroCap Partners II, L.P., and PetroCap Partners III, L.P. (the “PetroCap Funds”) and a related co-investment entity, Four Rivers Co-Invest, L.P. (“Four Rivers”). Aplomado is the investment adviser to Aplomado Partners I-A, LP (Fund 1-A), Aplomado Partners I-B, LP (“Fund 1-B”), and Aplomado Partners Holding I, LLC (collectively, the “Aplomado Funds”, and together with the PetroCap Funds and Four Rivers, the “Funds”).

OWNERSHIP

PetroCap was formed in 2014 and its principal owners are William Britain, Marc Manzo, and David Hopson.

TYPES OF ADVISORY SERVICES

The Funds are currently the sole advisory clients of the Company. The PetroCap Funds generally invest in stand-alone oil and natural gas projects with a focus on the “upstream” or exploration and production (E&P) segment of the domestic oil and natural gas industry. Four Rivers generally invests in an upstream and midstream oil and gas project in the San Juan Basin. The Aplomado Fund generally invests in solar royalties through the acquisition of land and lease payment rights under photovoltaic (PV) solar farms that are in current operation as well as those in the development phase.

TAILORING SERVICES

The Company provides investment advice directly to the Funds and does not tailor its services individually to the investors. The Company invests in a manner which is consistent with the stated investment objectives as detailed in the private placement memorandum and limited partnership agreement (the “governing documents”) of the Funds.

WRAP FEE PROGRAMS

The Company does not participate in wrap fee programs.

REGULATORY ASSETS UNDER MANAGEMENT

As of December 31, 2023, the Company managed approximately \$868 million in regulatory assets under management, on a discretionary basis. The Company does not manage any client assets on a non-discretionary basis.

ITEM 5. FEES AND COMPENSATION

Management Fees

The fee schedule will be provided directly to investors of the Funds, all of which are “qualified purchasers” as defined in Section 2(a)(51)(A) of the Investment Company Act (“IC Act”), as amended.

Fees may be deducted directly from the Funds or capital may be called directly from investors in the Company’s Funds for this purpose. Four Rivers investors are not charged management fees.

Management fees are paid quarterly in advance. In the event of any termination of PetroCap’s services mid-quarter, a pro rata portion of the management fees applicable to such quarter would be refunded to the investors in the Funds. Carried interest, if any, is distributed quarterly from net cash available for distribution for such purpose.

The Company’s fees are negotiable, and PetroCap may enter into side letters with investors in its Funds that provide for a reduction in the fees set forth above.

In addition to management fees, the Funds are responsible for paying or directly reimbursing the management company for certain expenses, as outlined in the governing documents for each fund.

Organizational Costs

Organizational costs shall mean all out-of-pocket fees, costs and expenses associated with the formation of the Funds and the General Partners and the offering and sale of limited partnership interests (the “Interests”) incurred by the General Partners or an affiliate thereof, including all legal, accounting, printing, mailing and courier fees and expenses, filing fees, and travel (including, but not limited to, airfare, ground transportation, accommodations, meals, and other similar expenses) and other start-up costs and expenses; provided that organization costs shall not include placement fees of any kind. Any organizational costs in excess of the amount allowed by each fund’s governing documents will be paid by the Funds but borne by the General Partner through a 100% offset against management fees.

Operating Costs

Operating costs may include all direct, out-of-pocket costs and expenses reasonably incurred either by the Funds, General Partners, or the Company on behalf of the Funds relating to the management, conduct and operation of the Funds’ business including (a) the fees and expenses associated with the preparation of the Funds’ financial statements, audits and the reports and other information to investors under the Reports sections and elsewhere in the applicable Limited Partnership Agreement (“LPA”), tax returns and Forms K-1, printing

expenses, mailing and courier expenses, fees and expenses of establishing bank or custodial accounts and insurance costs and expenses relating to protection against liability for loss and damage which may be occasioned by the activities to be engaged in by the Funds or for any insurance provided for under Article V of the LPAs, (b) the fees, costs and expenses incurred in connection with discovering, investigating, developing, negotiating, financing, acquiring, holding, owning, monitoring, hedging, selling, transferring or exchanging of investments (including, but not limited to, out-of-pocket travel costs and travel-related expenses (including, but not limited to, airfare, ground transportation, accommodations, meals and other similar expenses) and fees and expenses of lawyers, accountants, consultants, banks, petroleum engineers, engineers, geologists, geophysicists, appraisers, land and title experts, grid experts, real estate and other investment-related brokerage or finder's fees, third-party research providers and investment banker's fees), (c) fees, costs and expenses of the type described in clause (b) above incurred in connection with potential or proposed but unconsummated transactions (including, but not limited to, broken-deal fees and expenses), (d) the costs and other amounts attributable to the Funds' obligations under the Indemnification Section of Article V of the LPAs, (e) the costs and expenses attributable to meetings of the Advisory Committees and of the Limited Partners, (f) any fees, costs, or expenses related to co-investments (irrespective of whether such co-investments are ultimately consummated), such as broken deal expenses and reverse break-up or termination fees, that are not borne by actual or prospective co-investors; (g) regulatory and compliance costs related to the Funds (including, but not limited to, fees, costs and expenses related to regulatory filings, Form D, "blue sky" filings, Form PF and expenses related or in connection with any governmental inquiry, investigation, audit or proceeding involving the Funds (including the amount of any judgments, settlements or fines paid in connection therewith)) except in the case of disqualifying conduct; (h) other extraordinary, nonrecurring expenses, including the costs and expenses of prosecuting or defending a litigation claim or regulatory or enforcement action, any indemnification costs or expenses and any costs to settle claims; and (i) costs related to liquidating, winding up and dissolving the Funds. Refer to each applicable Fund's LPA and other governing documents to determine the expenses allowed for each specific Fund.

Operating costs may include similar costs incurred by affiliates of the General Partners to the extent that the Funds are required to reimburse such amounts to such affiliates pursuant to a contract between the Funds and such affiliate approved in accordance with the terms of each Fund's LPA, but not to the extent governed by any management services agreement. Notwithstanding the foregoing, operating costs shall not include the ordinary administrative and overhead expenses of the General Partners or any of their affiliates in connection with the management of the Funds, including salaries, other compensation and costs of providing benefits, rent, utilities and the cost of office equipment, nor shall operating costs include organization costs or placement fees with respect to the admission of Limited Partners to the Funds of any kind.

PetroCap does not intend to purchase eligible investments from affiliates.

ITEM 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Pursuant to the Funds' governing documents, the Company or its affiliates are eligible to receive investment profit allocations in the form of carried interest. To the extent that any carried interest payments are distributed, all such payments will comply with the requirements of Section 205(a)(1) of the Investment Advisers Act of 1940 (the "Advisers Act") and Rule 205-3, thereunder. Carried interest arrangements create an economic incentive to make riskier investments and/or pursue riskier strategies than might otherwise be pursued.

ITEM 7. TYPES OF CLIENTS

As previously stated, PetroCap's sole advisory clients are the PetroCap Funds, the Aplomado Funds, and Four Rivers. They are all Delaware limited partnerships, except for Aplomado Partners Holding I, LLC which is a Delaware limited liability company. Investors in the Funds are generally institutional investors, high net worth individuals and related entities that are "accredited investors," and "qualified purchasers," within the meanings of the Advisers Act and the IC Act, respectively.

The Funds have a minimum investment amount, specified in their governing documents; however, this amount is subject to the discretion of the Company and as such may permit investment amounts below the minimum amount on a case-by-case basis.

ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

INVESTMENT STRATEGY

The PetroCap Funds generally invest in stand-alone oil and natural gas projects with a focus on the “upstream” or exploration and production (E&P) segment of the domestic oil and natural gas industry. Four Rivers generally invests in an upstream and midstream oil and gas project in the San Juan Basin.

The Aplomado Fund generally invests in the solar energy and energy storage sectors that are primarily focused on real property and other related assets that are designed to generate solar royalties, lease payments or other similar income.

METHOD OF ANALYSIS

PetroCap employs a disciplined investment process beginning with transaction sourcing and diligence and continuing through the management and final sale of the applicable property. The Company’s investment process is structured to capitalize on the complementary strengths of the members of the Company’s team. Numerous potential investments are screened and analyzed prior to investment. Once an investment is made, the Company has daily to weekly contact with the operator of the investment property or interest, depending on the stage of the investment, and it continually overlay the Company’s macro outlook on the status of the project to determine the desired exit point.

MATERIAL RISKS OF SIGNIFICANT STRATEGIES AND METHODS OF ANALYSIS:

In this section, PetroCap summarizes some of the material risks of its investment strategies and methods of analysis. More complete information about the specific risks associated with an investment in the Funds is provided in the governing documents for the Funds. Investments in the Funds involve the risk of loss that investors should be prepared to bear, including the risk that an investor could lose the entire value of their investment.

Industry Concentration and Diversification

Because the Funds’ investments are concentrated within a particular industry or related group of industries (the energy and solar sectors), an investment in the Funds may be subject to greater market fluctuations than an investment in a portfolio of securities representing a broader range of industries. The aggregate return on an investment in the Funds may be adversely affected by the unfavorable performance of even a single investment.

Lack of Liquidity

The Interests should be considered long-term, illiquid investments. The Interests have not been registered under the Securities Act or any state, or other, securities laws and generally

may not be transferred unless registered under applicable laws or unless an exemption from the laws is available. There is no public market for the Interests and none is expected to develop; the Limited Partners must be willing to bear the economic risk of an investment for an indefinite period of time and should have the financial ability to accept the risks of this lack of liquidity. There will be substantial restrictions upon the transferability of the Interests; the Interests are not transferable except with the consent of the General Partner, which generally may be withheld by the General Partner in its sole discretion and are subject to the terms and conditions of the Partnership Agreement. Limited Partners generally may not withdraw capital from the Fund, and the Interests are not redeemable. Consequently, Limited Partners may not be able to liquidate their investments prior to the end of a Fund's term. Accordingly, the Interests should be acquired for investment purposes only and not with a view toward resale.

Availability of Investments

The Firm may be unable to identify a sufficient number of attractive investment opportunities for the Funds to meet its investment objectives. In addition, the Funds will be competing for investments against other groups, possibly including direct investment firms, merchant banks, and industrial groups. Other investors may make competing offers for investment opportunities that are identified. Consummating the contemplated investments is subject to a myriad of uncertainties, only some of which are foreseeable or within PetroCap's control. No assurance can be given that the Funds will be successful in obtaining suitable investments, or that if such investments are made, the objectives of the Funds will be achieved.

General Economic Conditions

General economic conditions may affect the Funds' activities. Interest rates, general levels of economic activity, the price of securities, and participation by other investors in the financial markets may affect the value and number of investments made by the Funds or considered for prospective investment. The value of investments may fluctuate in accordance with changes in the financial condition of the oil and gas, and solar energy sectors and other factors that affect the markets in which the Funds invests.

Inflation Risk

Inflation results in a decline in the purchasing power of money over time. Inflation risk is the risk that the future real value (after inflation) of an investment, asset, or income stream will be reduced by inflation. Periods of higher inflation may cause the Federal Reserve Board to raise interest rates.

Unspecified Use of Proceeds

As of the date of this Brochure, the Firm has not selected all of the investments that the Firm will make in certain Funds. Investors will not have an opportunity to evaluate for themselves

the relevant economic, financial, and other information regarding the investments the Company makes for the Funds and, accordingly, will be dependent upon PetroCap's judgment and ability in investing and managing client capital. The Company cannot assure investors that it will be successful in obtaining suitable investments or that if such investments are made, the Funds' objectives will be achieved.

Leverage

The Funds intend to finance future capital expenditures with funding of capital commitments, and may consider borrowings from third-party lenders. The PetroCap Funds may employ leverage at the project entity level with respect to some or all of the PetroCap Funds' investments. Fund I-A may also employ leverage with respect to some or all of its investments. Such leverage will be nonrecourse with respect to the Funds and will be in reasonable amounts relative to the applicable investment's asset base and cash flow. General economic conditions, oil and gas prices, solar energy prices, and financial, business and other factors described herein may affect the Funds' operations and future performance. If the assets of the Funds are insufficient to service the leverage requirements, the Firm may recall distributions previously made to the investors (subject to certain limitations set forth in governing documents of the Funds) or a default could occur under the terms of the debt. In the event of such a default, an investor could risk losing its entire investment in the Funds.

Indemnification

The Funds will be required to indemnify PetroCap and its members, agents, and employees, all of their respective successors, heirs, and assigns, and any Advisory Committee members for liabilities incurred in connection with the affairs of the Funds and otherwise as provided in the governing documents for the Funds. Such liabilities may be material and may have an adverse effect on the returns to the investors. For example, the Firm or its affiliates may be subject to claims brought by developers, landowners and other persons holding interests in and to the properties. The indemnification obligation of the Funds would be payable from the assets of the Funds, including the unfunded capital commitments of the investors. If the assets of the Funds are insufficient, the Firm may recall distributions previously made to the Limited Partners (subject to certain limitations set forth in the Funds' LPAs).

Recourse to the Funds' Assets

The PetroCap Funds' assets, including any investment made by PetroCap Funds and any funds held by PetroCap Funds, are available to satisfy all liabilities and other obligations of the applicable PetroCap Funds. If the PetroCap Funds become subject to a liability, parties seeking to have the liability satisfied may have recourse to such PetroCap Funds' assets generally and such recourse may not be limited to any particular asset, such as the asset representing the investment giving rise to the liability.

For the Aplomado Fund, the assets of Fund I-A (but not Fund I-B), including any investment made by Fund I-A and any funds held by Fund I-A, are available to satisfy all of Fund I-A's

(but not Fund I-B's) respective liabilities and other obligations and vice versa. If Fund I-A or Fund I-B becomes subject to a liability, including a default related to any indebtedness, parties seeking to have the liability satisfied may have recourse to such partnership's assets generally and such recourse may not be limited to any particular asset, such as the asset representing the investment giving rise to the liability, but such parties will generally not have recourse to the other partnership's assets. Further, Fund I-A and Fund I-B may each enter into a Capital Call Facility. In the event of a default under a Capital Call Facility, the holders of such indebtedness may have recourse against the capital commitments to Fund I-A or Fund I-B, as applicable.

Failure to Make Capital Contributions

If a Limited Partner fails to pay when due installments of its commitment to the Funds, and the contributions made by non-defaulting Limited Partners and borrowings by the Funds are inadequate to cover the defaulted capital contribution, the Funds may be unable to pay their obligations when due. As a result, the Funds may be subject to significant penalties that could materially adversely affect the returns to the Limited Partners (including non-defaulting investors). If a Limited Partner defaults, it may be subject to various remedies as provided in the governing documents of the Funds, including without limitation, reductions in its capital account balance.

Diverse Investor Group

The Limited Partners may have conflicting investment, tax, and other interests with respect to their investments in the Funds. The conflicting interests of individual Limited Partners may relate or arise from, among other things, the nature of investments made by the Funds, the structuring or the acquisition of investments, and the timing of disposition of investments. As a consequence, conflicts of interest may arise in connection with the decisions the Firm makes, including with respect to the nature or structuring of investments that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for the Funds, the Firm will consider the investment and tax objectives of the Funds and its investors as a whole, not the investment, tax, or other objectives of any investor individually.

Importance of Certain Personnel

The success of the Funds depends in substantial part on the skill and expertise of its Investment Committee and other employees. There can be no assurance that the members of the Company's Investment Committee or other key personnel will continue to be actively involved in Funds' activities. The loss of principals, investment committee members or other key personnel could have a material adverse effect on the Funds.

Protection of Confidentiality by Investors

Investors will generally be required to keep confidential all information relating to the Funds (including its investors and investments) and/or its investment results and expectations thereof. To protect the sensitive nature of this information, PetroCap, in its discretion, may generally make all or certain confidential information unavailable to all or certain Limited Partners, in some cases based on the status of those Limited Partners.

No Right to Control Client Operations

Limited Partners will have no opportunity to control the day-to-day operations, including investment and disposition decisions, of the Funds. In order to safeguard their limited liability for the liabilities and obligations of the Funds, investors must rely entirely on the Company to conduct and manage the affairs of the Funds.

Carried Interest

Any compensation (through carried interest distributions or performance based fees) is based on the performance of the Funds and may create an incentive for PetroCap to cause the Funds to make investments that are more speculative than would be the case in the absence of performance-based compensation.

Terrorist Activities

Terrorist attacks of unprecedented scope may cause instability in the world financial markets and may generate global economic instability. The continued threat of terrorism and the impact of military or other action have led to and will likely lead to increased volatility in prices for oil and gas and the prices for electric generation which could affect Funds' financial results. Further, the United States government has issued public warnings indicating that energy assets might be specific target of terrorist organizations. As a result of such a terrorist attack or of terrorist activities in general, the Funds may not be able to obtain insurance coverage and other endorsements at commercially reasonable prices or at all.

Unforeseen Risks

The Funds may be subject to unforeseen risks, including political events, terrorism, fraud, acts of God, fire, flood, earthquakes, and outbreaks of an infectious disease, pandemic or any other serious public health concern. These unforeseen risks may have a negative effect on the performance of the Funds' investments.

Compliance with Anti-Money Laundering Requirements

In response to increased regulatory concerns with respect to the sources of funds used in investments and other activities, PetroCap may request investors to provide additional documentation verifying, among other things, such investors' identity and source of funds used to purchase interests. Requests for documentation and additional information may be

made at any time during which an investor holds an interest. The Company may be required to provide this information, or report the failure to comply with such requests, to appropriate governmental authorities, in certain circumstances without notifying the investors that the information has been provided. PetroCap will take such steps as it determines are necessary to comply with applicable law, regulations, orders, directives, or special measures. Governmental authorities are continuing to consider appropriate measures to implement and at this point it is unclear what steps the Company may be required to take; however, these steps may include prohibiting an investor from making further contributions of capital to the Funds, depositing distributions which an investor would otherwise be entitled to in an escrow account, or causing the withdrawal of an investor from the Funds.

Taxation

Investments in properties in the energy sector may be subject to numerous taxes and fees by the jurisdictions in which such companies are organized or operate. Properties engaged in oil and natural gas operations or having substantial real property holdings, in particular, may be subject to specific tax regimes, such as petroleum revenue taxes, fees for drilling rights and exploration licenses, oil production fees, real estate taxes, and stamp duties.

Tax Treatment

There may be changes in tax laws or interpretations of such tax laws adverse to the Funds or their Limited Partners. There can be no assurance that the structure of the Funds or of any investment will be tax efficient to any particular investor. For example, it is anticipated that all or some of the Funds' investments will generate "unrelated business taxable income". Prospective investors are urged to consult their own tax advisers with reference to their specific tax situations, including any applicable U.S. state or local or non-U.S. taxes and, in the case of U.S. tax-exempt and non-U.S. investors, with reference to any special issues that investment in the Funds may raise for such Limited Partners. There can be no assurance that the Funds will have sufficient cash flow to permit it to make annual distributions in the amount necessary to pay all tax liabilities resulting from Limited Partners ownership of interests.

Environmental Liabilities

A variety of stringent federal, tribal, state, and local laws and regulations govern the environmental aspects of the solar, and oil and gas industries. Any noncompliance with these laws and regulations could subject the Funds to material administrative, civil or criminal penalties, or other liabilities. Additionally, compliance with these laws may, from time to time, result in increased costs of operations or decreased production, and may affect acquisition costs. The oil and gas business is subject to environmental hazards, such as oil spills, gas leaks and ruptures and discharges of petroleum products and hazardous substances, and historic disposal activities. These environmental hazards could expose the Funds to material liabilities for property damages, personal injuries or other environmental harm, including costs of investigating and remediating contaminated properties. In addition,

the Funds also may be liable for environmental damages caused by the previous owners or operators of properties it purchases.

Cybersecurity Risk

As the use of technology has grown, there are ongoing cybersecurity risks that make the Company and the Funds susceptible to operational and financial risks associated with cybersecurity. To the extent that the Company is subject to a cyber-attack or other unauthorized access is gained to its systems, the Company and the Funds may be subject to substantial losses in the form of theft, loss, misuse, improper release or unauthorized access to confidential or restricted data related to the Company or the Funds. Cyber-attacks affecting the Company's or the Fund's service providers holding its financial or investor data may also result in financial losses to the Funds and their investors, despite efforts to prevent and mitigate such risks under the Company's policies. While measures have been developed which are designed to reduce the risks associated with cyber security, there are inherent limitations in such measures and there is no guarantee those measures will be effective, particularly since the Company and the Funds do not directly control the cybersecurity measures of its service providers, financial intermediaries and operating partners with which it does business.

Pandemic Risk

Disease outbreaks that affect local economies or the global economy may materially and adversely impact PetroCap's investment funds and portfolios and/or its business. For example, the novel Coronavirus (COVID-19) outbreak has resulted in serious economic disruptions across the globe. These types of outbreaks can be expected to cause severe decreases in core business activities such as manufacturing, purchasing, tourism, business conferences and workplace participation, among others. These disruptions may lead to instability in the marketplace, including stock market losses and overall volatility, as has occurred in connection with COVID-19. In the face of such instability, governments may take extreme and unpredictable measures to combat the spread of disease and mitigate the resulting market disruptions and losses. PetroCap has in place business continuity plans reasonably designed to ensure that it maintains normal business operations, and that the investment portfolios and assets are protected, and the Firm periodically test those plans. However, in the event of a pandemic or an outbreak, there can be no assurance that the Firm or its investment funds and portfolio companies will be able to maintain normal business operations for an extended period of time or will not lose the services of key personnel on a temporary or long-term basis due to illness or other reasons. The full impacts of a pandemic or disease outbreaks are unknown, resulting in a high degree of uncertainty for potentially extended periods of time.

Russian Invasion of Ukraine

Russia launched a large-scale invasion of Ukraine on February 24, 2022 and, in response, the United States and other governments have imposed economic sanctions on certain Russian

individuals, including Russian government officials, other government-linked individuals, and Russian corporate entities and financial institutions, banned certain Russian financial institutions from global payments systems that facilitate cross-border payments and have taken other economic and political measures. Russia's invasion of Ukraine, the resulting displacement of persons both within Ukraine and to neighboring countries and the increasing international sanctions could have a negative impact on the economy and business activity globally, and therefore could adversely affect the performance of investments held in the Funds and Four Rivers. The extent and duration of the military action, the possibility of the conflict expanding beyond Ukraine and Russia, and resulting sanctions and other economic and political measures and future market disruptions in the region and worldwide are impossible to predict, but could be significant and have a severe adverse effect on the region and collateral effects globally, including significant negative impacts on the global economy and the markets for certain securities and commodities, such as oil and natural gas, as well as other sectors. Such effects and impacts could have a material adverse effect on the performance of investments held in the Funds and Four Rivers.

Banking Risks

Rising interest rates, various bank failures and volatile markets contribute to potential instability in the banking sector, raising a variety of risks for investors. The Company, the Funds, and their affiliates maintain all of their respective cash and cash equivalents in accounts with major U.S. and multi-national financial institutions, and their respective deposits at certain of these institutions may exceed the insured limits, where applicable. The above may impact the viability of banking and financial services institutions. In the event of failure of any of the financial institutions where the Company, the Funds, or any of their affiliates maintains its respective cash and cash equivalents, there can be no assurance that each would be able to access uninsured funds in a timely manner or at all. Any inability to access, or delay in accessing, these funds could adversely affect the business and financial position of the Company, the Funds, or their affiliates. Such events may significantly increase the Company's and/or the Funds' costs, negatively impact the Funds' ability to execute on pending transactions, including with respect to the ability to draw down amounts under credit facilities, and divert the Company's time, attention and resources away from the pursuit of the Funds' investment strategy. Furthermore, such events may also increase counterparty risk, including raising the likelihood of defaults or bankruptcies by counterparties that rely on such bank relationships. Depending on ongoing developments, regulatory guidance and timing, such events may significantly exacerbate the normal risks associated with the Fund and result in adverse changes to, among other things: (i) general economic and market conditions; (ii) interest rates, currency exchange rates, and expenses associated with currency management transactions; (iii) demand for investments; (iv) availability of credit in certain markets; and (v) laws, regulations, and governmental policies. In addition, such events may lead to financial system and participant regulatory reform, and such increased regulatory oversight may impose additional administrative burden and costs on the Company and the Funds. The foregoing could materially adversely impact the operations of the Company, the Funds, and their affiliates and their financing and overall

cash flow, acquisition, development and leverage strategies and investment returns. It is currently unclear what the ultimate effect of the situation will be on the banking sector, private equity industry, and global financial markets as a whole.

Specific Risks Related to the PetroCap Funds

Commodity Prices

Prices for oil and natural gas may be subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors beyond the Funds' control. These factors include, but are not limited to, weather conditions in the United States, the condition of the United States economy, political stability in the Middle East and elsewhere, the foreign and domestic supply of oil and gas, the price of foreign oil imports, the availability of alternate fuel sources, and transportation interruption. Any substantial and extended decline in the price of oil or gas would have an adverse effect on the value of Funds reserves and its revenues, profitability, and cash flows from operations. Volatile oil and gas prices make it difficult to estimate the value of producing properties for acquisition and divestiture and often cause disruption in the market for oil and gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

Operating Risks

The operation of oil and gas properties is subject to numerous risks inherent in the oil and gas industry, such as blowouts, cratering, explosions, uncontrollable flows of oil, gas or well fluids, fires, pollution, earthquakes, and environmental risks. These risks could result in substantial losses due to injury and loss of life, severe damage to and destruction of property and equipment, pollution and other environmental damage, and suspension of operations. Funds operations could result in liability for personal injuries, property damage, oil spills, discharge of hazardous materials, remediation and clean-up costs, and other environmental damages. The Funds could be liable for environmental damages caused by previous property owners. As a result, substantial liabilities to third parties or governmental entities may be incurred, the payment of which could have a material adverse effect on a Funds' financial condition and results of operations. The Funds will seek to maintain insurance coverage for its operations, including limited coverage for sudden environmental damages, but insurance coverage for environmental damages that occur over time or insurance coverage for the full potential liability that could be caused by sudden environmental damages may not be available at a reasonable cost, and the Funds may be subject to liability or may lose substantial portions of its properties in the event of certain environmental damages.

Demand for Oil and Gas

The Funds success is materially dependent upon the demand for oil and gas. The availability of a ready market for a Funds' oil and gas production depends on a number of factors beyond a Funds' control, including the demand for, and supply of oil and gas, the availability of alternative energy sources, the proximity of reserves to, and the capacity of, oil and gas gathering systems, pipelines or trucking and terminal facilities. The Funds may also have to shut-in some of its wells temporarily due to a lack of market or adverse weather conditions including hurricanes. In addition, federal and state regulation of oil and natural gas production and transportation, general economic conditions, and changes in supply and demand could adversely affect a Funds' ability to produce and market its oil and natural gas on a profitable basis. Any significant change in the Funds' ability to produce and market its oil and natural gas production could have a material adverse effect on the Funds' financial condition and results of operations.

Drilling Risks

The Funds revenues and operating results will be dependent upon the success of the Funds' exploitation, development, and drilling activities. These oil and gas activities involve numerous risks, including the risk that no commercially productive oil or natural gas reservoirs will be encountered. The timing and cost of drilling, completing and operating wells is often uncertain, and drilling operations may be curtailed, delayed or canceled as a result of a variety of factors, including unexpected drilling conditions, pressure or irregularities in formations, equipment failures or accidents, adverse weather conditions, compliance with governmental requirements, and shortages or delays in the availability of drilling rigs and the delivery of equipment.

Acquisition Strategy

The Funds' investment strategy(ies) depends on the Funds' ability to acquire oil and gas properties. The Funds may not be able to identify suitable acquisition opportunities or finance and complete any particular acquisition successfully. Furthermore, acquisitions involve a number of risks and challenges, including difficulty in assuming recoverable reserves, future production rates, operating costs, infrastructure requirements, environmental and other liabilities, and other factors beyond the Funds' control. As a result, the Funds may not recover its investment in a property from the sale of production from the property, or may not recognize an acceptable return from investments it makes. Any of these factors could adversely affect the Funds' ability to achieve anticipated levels of cash flows from its investments or realize other anticipated benefits of investments.

Hedging

The Funds may seek to reduce exposure to the volatility of oil and gas prices by actively hedging a portion of production. Certain types of hedging contracts could prevent the Funds from receiving the full advantage of increases in oil or gas prices above the fixed amount

specified in the hedge agreement. In a typical hedge transaction, the Funds have the right to receive from the hedge counterparty the excess of the fixed price specified in the hedge agreement over a floating price based on a market index, multiplied by the quantity hedged. If the floating price exceeds the fixed price, the Funds must pay the counterparty this difference multiplied by the quantity hedged even if the Funds had insufficient production to cover the quantities specified in the hedge agreement. Accordingly, if the Funds have less production than it has hedged when the floating price exceeds the fixed price, the Funds must make payments against which there are no offsetting sales of production. If these payments become too large, the remainder of the Funds' business may be adversely affected. In addition, hedging agreements expose the Funds to the risk of financial loss if the counterparty to a hedging contract defaults on its contract obligations.

Unavailability of Equipment or Personnel

The energy industry is cyclical and, from time to time, there is a shortage of drilling rigs, equipment, supplies, or qualified personnel. During these periods, the costs and delivery times of rigs, equipment and supplies are substantially greater. In addition, demand for, and wage rates of, qualified drilling rig crews rise with increases in the number of active rigs in service. If the unavailability or high cost of drilling rigs, equipment, supplies, or qualified personnel were particularly severe, the Funds' business could be materially and adversely affected.

Specific Risks Related to the Aplomado Fund

Generalized Risks Inherent to Investments in the Solar Industry

Solar power generation is only beginning to be implemented in the United States and, as such, solar power sources such as solar arrays are not widespread. Part of PetroCap's growth strategy is for the Fund to acquire real property interests underlying current and to be developed projects within this industry, and a failure of the solar industry to grow quickly enough in the United States could negatively impact the Fund's future growth and negatively impact the Aplomado Fund's future revenue. Investments in the solar energy industry are subject to various risks, including changes in electricity price and prices for traditional sources of energy, adverse changes in geopolitical conditions, adverse changes in the availability of debt financing, adverse changes in interest rates, adverse changes in tax rates and other operating expenses, adverse changes in environmental laws and regulations, adverse changes in other governmental rules and fiscal policies, risks due to dependence on cash flow, acts of God, uninsurable losses, and other factors that are beyond the control of Aplomado and the Aplomado Fund.

Traditional Sources of Energy

If the cost of energy generated by traditional sources of energy continues to stay or further declines from present levels, demand and value for the real property in which the Aplomado Fund invests may decline. Many traditional sources of energy such as coal, petroleum based fuels and natural gas can be influenced by the price of underlying or substitute commodities.

While the potential for rising or increasingly volatile commodity prices and inflation may spur investment in the solar industry, there have been, and may continue to be, decreases in such prices, which may reduce the demand for energy efficiency projects or other projects, including solar energy facilities, that do not rely on fossil fuel energy sources. Low natural gas prices can adversely affect both the price available to solar projects under future power sale agreements and the price of the electricity the projects sell on either a forward or a spot-market basis. Technological progress in electricity generation, storage or in the production of traditional fuels or the discovery of large new deposits of traditional fuels could reduce the cost of energy generated from those sources and consequently reduce the demand for solar projects related to the Aplomado Fund's investments which, in turn, could harm the Aplomado Fund's business origination prospects as well as the value of its portfolio.

Market Forces

If the market for solar projects or the investment techniques related to such projects do not develop as the Company anticipates, new business generation in this target area may be adversely impacted.

The market for solar projects is emerging and rapidly evolving, leaving their future success uncertain. Similarly, various investing techniques, such as leasing land for solar projects and purchasing interests in real property underlying existing solar projects are emerging and the future success of these investing techniques is also uncertain. If some or all market segments or investing techniques prove unsuitable for widespread commercial deployment or if demand for such projects or techniques fail to grow sufficiently, the demand for the Aplomado Fund's investments may decline or develop more slowly than the Company anticipates. Many factors will influence the widespread adoption and demand for such projects and investing techniques, including general and local economic conditions, commodity prices of traditional energy sources, the cost and availability of energy storage, the cost-effectiveness of various projects and techniques, performance and reliability of such technologies compared to conventional power sources and technologies, and the extent of government subsidies and regulatory developments. Any changes in the markets, products, technologies, financing techniques, or the regulatory environment could have a material adverse effect on the Aplomado Fund's investments, business activities, financial condition and results of operations.

Business Variables Directly Affecting Returns on Investment

The Aplomado Fund may not be profitable or achieve targeted returns. The acquisition and development of real property interests underlying solar projects and other related assets involves numerous risks, and there can be no assurance that the Limited Partners will recover all or any portion of their investment in the Aplomado Fund. There is no assurance that all properties will be economically viable or that the Fund will not abandon the investments in the properties. The Aplomado Fund's success depends upon the Company's ability to find, develop or acquire desirable real property interests, which are economically feasible for solar projects, and other related assets. Unless the Aplomado Fund is successful

in acquiring such properties, the Aplomado Fund will not produce a satisfactory rate of return. There can be no assurance that the Aplomado Fund will be successful in its efforts to develop or acquire such properties.

The amount of cash that the Aplomado Fund has available for distribution to Limited Partners will depend on the Aplomado Fund's cash flows. There can be no assurance that cash flow from their investments will be available for distribution to the Limited Partners or that the Aplomado Fund will be able to avoid losses. The Aplomado Fund will have no source of funds from which to pay distributions to its Limited Partners other than income and gain resulting from the operation, management, financing and ultimate disposition of its assets. Such distributions, if any, are likely to be realized through operating cash flow, financings or exit strategies that may include sales, monetizations, public offering, or recapitalizations. There can be no assurance that such financing or exit opportunities will be available for the Aplomado Fund on favorable terms and conditions.

Meteorological Risks

The solar projects related to the Aplomado Fund's investments may be exposed to an increase in climate change or other change in meteorological conditions which could have an impact on their electric generation, revenue, insurance costs or the ability of such solar projects to generate electricity in economic amounts, all of which could have a material adverse effect on the viability of such solar projects which, in turn, could have a material adverse effect on the Aplomado Fund's investments, business activities, financial condition and results of operations.

Third Party Developers, Owners and Operators

The Aplomado Fund will not generally control the solar projects developed on the real property interests that the Aplomado Fund will own. Although the covenants in the Aplomado Fund's lease agreements may restrict certain actions that may be taken by solar project owners and operators, the Aplomado Fund will not generally control the development, construction, management, maintenance or operation of such solar projects. The Aplomado Fund expects the project owner or other companies to develop and operate the solar project. As a result, the Aplomado Fund is subject to the risk that the project owner may make certain business decisions or take risks with which the Company disagrees or otherwise act in ways that do not serve the Aplomado Fund's interests. The Aplomado Fund may have limited ability to influence or control the operation, maintenance or future development of the projects, or the amount of capital expenditures that a third-party owner or operator is required to fund for their operation. The Aplomado Fund's dependence on the owners and operators to maintain the viability of solar projects and the Aplomado Fund's limited ability to influence or control the operation and future development of such projects could materially adversely affect the Aplomado Fund's investments, business activities, financial condition and results of operations.

Leasing Risks

The Aplomado Fund intends to own real property interests that are used by and leased to solar projects. Negative market conditions or adverse events affecting landlords or tenants, or the industries in which they operate, could have an adverse impact on the Aplomado

Fund's underwritten returns. Moreover, the Aplomado Fund's assets may be concentrated in similar geographic locations, which subjects the Aplomado Fund to an increased risk of significant loss if any property declines in value, incurs a natural disaster or if the Aplomado Fund is unable to lease a property for any reason. Another consequence of this is that the aggregate returns the Aplomado Fund realizes may be materially adversely affected by the unfavorable performance of a relatively small number of leases, a significant decline in the market value of any single property or a natural disaster in a concentrated area. With respect to undeveloped real property owned by the Aplomado Fund, the Aplomado Fund's cash flow will depend in part on the ability of the Aplomado Fund to lease such property to solar projects on economically favorable terms.

Tenant Bankruptcy

The occurrence of a tenant bankruptcy or insolvency could diminish the income the Aplomado Fund receives from the tenant's lease or leases. For instance, a bankruptcy court might require the tenant to terminate its leases with the Aplomado Fund even if the tenant desires to maintain such leases. If that happens, the Aplomado Fund's claim against the bankrupt tenant for unpaid future rent would be subject to statutory limitations that most likely would be substantially less than the remaining rent the Aplomado Fund is owed under the leases. In addition, any claim the Aplomado Fund may have for unpaid past rent, if any, may not be paid in full. As a result, tenant bankruptcies may have a material adverse effect on the Aplomado Fund's investments, business activities, financial condition and results of operations.

Title Risks

The existence of title deficiencies with respect to the properties the Aplomado Fund intends to acquire could reduce the value of the properties or render them worthless (if, for example, it is determined that the Aplomado Fund does not own all or a part of the properties, or if the Aplomado Fund's interest therein is subject to a lien or other encumbrance), thus adversely affecting the distributions to the Limited Partners. acquisition of real property interests, a more thorough review of undeveloped land assets is often not conducted until there has been a decision to develop them. To the extent that title or ownership may be uncertain, a developer may hold any applicable payments in suspense to avoid the risk of being required to pay more than once. Frequently, as a result of title examinations, certain curative work may be required to correct identified title defects, and such curative work entails time and expense. The inability or failure to cure title defects could render some locations incapable of being developed legally or could cause the Aplomado Fund to lose its rights to some or all rental and royalty revenue from some of the properties, which could result in a material adverse effect on the Fund's investments, business activities, financial condition and results of operations.

Technological Developments

The renewable energy industry is characterized by rapid and significant technological advancements and introductions of new products and services using new technologies. As others use or develop new technologies, the Aplomado Fund may be placed at a competitive disadvantage or competitive pressures may force the Fund to seek investments related to those new technologies at substantial costs. In addition, other solar investment companies have greater financial, technical, and personnel resources that allow them to enjoy

technological advantages and may in the future allow them to implement, or seek investments related to, new technologies before the Aplomado Fund can. The Aplomado Fund may not be able to respond to these competitive pressures and locate investments utilizing new technologies on a timely basis or at an acceptable cost. If one or more of the technologies related to the Aplomado Fund's investments now or in the future were to become obsolete or if the Aplomado Fund's investments do not underlie solar projects with the most advanced commercially available technology, the Aplomado Fund's investments, business activities, financial condition, and results of operations could be materially adversely affected.

Insurance Risks

The Aplomado Fund's business activities will be indirectly subject to uninsured operational risks through its tenants, which may include, but will not be limited to, damages to solar assets caused by adverse weather conditions, including tornadoes, hurricanes, and flooding, and facility or equipment malfunctions. The occurrence of any of these or similar events could result in substantial losses for tenant due to injury or loss of life, severe damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations, which could adversely affect a solar project's ability to conduct operations or cause substantial losses and therefore result in the termination of a tenant's lease. Tenants may maintain insurance against some but likely not all of these risks, and even if tenants do maintain such insurance, such insurance does not necessarily alleviate the risk of a lease termination if any of the aforementioned events were to occur.

Experiential Risks

Although PetroCap believes it will be able to effectively expand into new markets, the Company's experience in investments within the solar industry and related segments, is limited. As a result, PetroCap may encounter unforeseen difficulties in its efforts to identify essential assets, assess and underwrite the risk levels associated with such assets, negotiate favorable terms with property owners, negotiate favorable terms with operators of these assets, and comply with applicable laws and regulations. If PetroCap is unable to correctly assess rental rates, cancellation rates, demand, consolidation trends and growth trends in the solar industry, a material adverse effect on the Fund's investments, business activities, financial condition and results of operations could result.

Unavailability of Equipment or Personnel

The solar energy industry may become cyclical and, from time to time, there may be a shortage of available properties for investment, equipment, supplies, or qualified personnel. During these periods, the costs and development times of solar projects, equipment and supplies may be substantially greater. In addition, demand for, and wage rates of, qualified solar operating crews may rise with increases in the number of active solar projects in service. If the unavailability or high cost of equipment, supplies, or qualified personnel were particularly severe and affected the viability of solar projects related to the Aplomado Fund's investments, business activities, financial condition and results of operations could be materially and adversely affected.

ITEM 9. DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to an investor's or prospective investor's evaluation of the Company's advisory business or the integrity of its management.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

PetroCap's wholly-owned subsidiary, PetroCap Operating, LLC ("PetroCap Operating"), is a provider of oil and gas operations services, including accounting, land management, reporting, field supervision and environmental compliance. PetroCap Operating may also be engaged from time to time to provide services to the operators of some of the properties owned by the PetroCap Funds. All such services will be provided on arm's length terms and disclosed to the PetroCap Funds and investors.

INVESTMENT ADVISER AFFILIATE

- Aplomado is PetroCap's relying adviser and is the investment adviser to the Aplomado Fund. Aplomado is controlled by PetroCap.

Additional information regarding potential conflicts of interest is provided in the section titled Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

PetroCap maintains a policy of strict compliance with the highest standards of ethical business conduct and the provisions of applicable federal securities laws, including rules and regulations promulgated by the SEC, and have adopted policies and procedures described in the Company's Code of Ethics. The Code of Ethics applies to each of the "supervised persons" as defined in the Advisers Act. It is designed to ensure that the Company and its supervised persons fulfill their fiduciary obligations to the Funds and investors. All of the Company's supervised persons are considered "access persons."

A complete copy of the Company's Code of Ethics is available to any investor or prospective investor upon request.

STANDARDS OF CONDUCT

PetroCap and its access persons are expected to comply with all applicable federal and state laws and regulations. Access persons are expected to adhere to the highest standards of ethical conduct and maintain confidentiality of all information obtained with respect to the Funds' matters and bring any risk issues, violations, or potential violations to the attention of the Chief Compliance Officer. Access persons are expected to deal with clients fairly and disclose any activity that may create an actual or potential conflict of interest between access persons and the Company or any Fund.

ETHICAL BUSINESS PRACTICES

The Company's Code of Ethics includes provisions relating to the confidentiality of Fund information, a prohibition on insider trading, reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. Falsification or alteration of records or reports, or knowingly approving such conduct is prohibited. PetroCap seeks to outperform its competition fairly and honestly and seek competitive advantages through strong performance, not unethical dealings. Access persons are strictly prohibited from (i) participating in online blogging and communication with the media, and (ii) spreading of false rumors pertaining to any publicly traded company.

CONFIDENTIALITY

Access persons must maintain the confidentiality of the Company's proprietary and confidential information and that of the Funds and must not disclose that information unless the necessary approval is obtained. The Company has a particular duty and responsibility, as an investment adviser, to safeguard the Funds' information. Information concerning the identity and transactions of investors is confidential, and such information will only be disclosed to those access persons and outside parties who need to know it in order to fulfill their responsibilities.

GIFT AND ENTERTAINMENT POLICY

Access persons are permitted, on occasion, to accept gifts and invitations to attend entertainment events. When doing so, however, access persons should always act in the Company's best interests and that of the Funds and investors and should avoid any activity that might create an actual or perceived conflict of interest or impropriety in the course of the Company's business relationships. Under no circumstances may (i) gifts of cash or cash equivalents be accepted or (ii) gifts be received by the Company or its access persons in consideration or recognition of any services provided to or transactions entered into by any limited partner of the Funds.

PERSONAL TRADING

Personal Trading Policy

Access persons are allowed to trade reportable securities. However, access persons are required to obtain prior approval from the Chief Compliance Officer before placing trades in publicly-traded securities in the energy and solar sectors, including companies that are in the upstream, midstream and downstream oil and gas, power and infrastructure, and solar alternative energy production sectors. Access persons are not permitted to trade any security of which the Funds or PetroCap owns any portion of the capital structure or that is on its restricted list. Access persons who violate the personal trading policy are subject to sanctions as outlined in the Code of Ethics. Personal securities transactions are reviewed by the Chief Compliance Officer or her designee for compliance with the personal trading policy and applicable SEC rules and regulations.

Prohibition against Insider Trading

PetroCap forbids any access person from trading, either personally or on behalf of others, including the Funds, on material non-public information or communicating material non-public information to others in violation of the law or duty owed to another party. This conduct is frequently referred to as "insider trading". The concepts of material non-public information, penalties for insider trading, and processes for identifying insider trading are addressed in detail in the Code of Ethics which is included in the Company's Compliance Manual.

Reporting Requirements

Per Rule 204A-1 under the Advisers Act, access persons are required to disclose all of their reportable securities holdings and all accounts that hold any securities within 10 days of becoming an access person and annually thereafter. Additionally, within 30 days after the end of each calendar quarter,

all access persons must report all transactions in reportable securities over which the access person had any direct or indirect beneficial ownership.

POTENTIAL CONFLICTS OF INTEREST

This section describes various potential conflicts of interest that may arise in respect of PetroCap's business, as well as how it addresses such conflicts of interest. The discussion below does not describe all conflicts that may arise.

The Funds may be subject to certain conflicts of interest arising out of its relationship with PetroCap, Aplomado and their affiliates. Certain provisions of the Company's Funds' LPAs are designed to protect the interests of the Limited Partners in situations where conflicts may exist, and the Advisory Committees of the Funds will be consulted on transactions involving conflicts of interest, although these provisions do not eliminate such conflicts of interest. The agreements and arrangements among PetroCap, Aplomado, the Funds, and their respective affiliates, including those relating to compensation, have been established by the Company and are not the result of arm's-length negotiations.

PetroCap or an affiliate may have a role in determining asset values with respect to the Funds' investments and may be required to price an asset when a market price is unavailable or unreliable. In order to mitigate this conflict, the Company and its affiliates determine asset values in accordance with valuation procedures consistent with the Financial Accounting Standard Board's Accounting Standards Codification ("ASC") 820-10, which generally are set forth in the Valuation Policy included in the Company's Compliance Manual.

Certain qualified employees and affiliates have invested in the Funds either through general partner entities or as limited partners or otherwise. The Company may reduce all or a portion of the management fee and carried interest related to the investments by such persons. However, they are allocated their share of the Funds' expenses.

Conflicts Relating to Co-Investments. The Funds may make investments in assets in which other parties may co-invest. Any such transactions may involve conflicts of interest among the Funds, the General Partner, the Company, the Limited Partners and their respective affiliates, some or all of which may not be thought of or taken into account in reviewing and approving such transactions. Granting co-investment opportunities may create or be linked to other financial conflicts of interests. Co-investors may get the benefit of activities that were paid for by the Funds that may not be reimbursed to the Funds. With respect to a co-investment, a Fund may not be in a position unilaterally to control such investment or exercise certain rights associated with such investment. Co-investments may involve risks in connection with third-party involvement, including the possibility that any such third-party may have financial, legal, or regulatory difficulties that have a material adverse effect on such investment, may have economic or business interests or goals that are inconsistent with those of a Fund, may pursue interests inconsistent with those of a Fund, may default on their obligations, and/or may be in a position to take (or block) action in a manner contrary to the

relevant investor's investment objective. In addition, an investor may in certain circumstances be liable for the actions of its co-investors. Such investments may involve performance charges, incentive compensation arrangements, and/or other fees payable to such third parties. Furthermore, if a Fund and its co-investors have the ability to dispose of their interests in the co-investment separately, a disposition of a large position by a co-investor may depress the market value of the continuing investment of the Fund or may reduce the price available to the Fund, which may also be disposing of its investment.

ITEM 12. BROKERAGE PRACTICES

Factors Used to Select Broker-Dealers

The Company does not invest the Funds' assets in publicly traded securities. Therefore, the selection of broker-dealers does not apply to the Company.

Soft Dollars

The Company does not receive research or other soft dollar benefits from broker-dealers or other third parties.

Best Execution

Best execution in the traditional sense does not apply to the Company because the Company is not in the business of buying or selling individual securities. However, the Company finances its investments in the Funds and utilizes hedging transactions and will strive to obtain the most favorable financing terms and hedging transactions with the goal of achieving best execution and fulfilling its fiduciary duty to the Funds and its investors.

Brokerage for Client Referrals

This item is not applicable to the Company.

Directed Brokerage

This item is not applicable to the Company.

Trade Aggregation

This item is not applicable to the Company.

ITEM 13. REVIEW OF ACCOUNTS

ACCOUNT REVIEW

PetroCap's and Aplomado's Investment Committees periodically review each investment in the PetroCap and Aplomado Funds, respectively. The Investment Committees are responsible for assessing and approving investment opportunities for the Funds. The Investment Committees also evaluate the Funds' objectives along with, among other factors, applicable portfolio restrictions, available cash, investment suitability and investment performance.

Investment reviews of the PetroCap Funds include quarterly meetings of the PetroCap Funds' Investment Committee, and with each Petrocap Fund's investment property's operator, and the Company's engineers and geologists to review each investment's progress.

Investment reviews of the Aplomado Funds include quarterly meetings of the Aplomado Fund's Investment Committee to review each investment's progress.

NATURE AND FREQUENCY OF REPORTING

PetroCap will furnish to investors in its Funds the following written reports:

- audited financial statements annually;
- reserve reports prepared by an independent petroleum engineer at least annually (for the PetroCap Funds);
- descriptive investment information quarterly, and
- tax information necessary for each partner's tax returns annually.

PetroCap holds annual meetings to provide limited partners with the opportunity to review and discuss with the Firm the investment activities and properties in the Funds.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

The Company does not receive any economic benefit from someone who is not a client for providing investment advice or other advisory services to the Company's clients nor does it directly or indirectly pay any compensation to another person if they refer clients to PetroCap.

ITEM 15. CUSTODY

The Company is deemed to have custody of the Funds' assets because related persons of the Company are the general partners of the Funds. All assets of the Funds not invested directly in the Funds' portfolio companies will be held at a qualified custodian. Pursuant to Rule 206(4)-2 under the Advisers Act, each Fund is subject to an annual audit conducted by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Each Fund's audited financial statements, prepared in accordance with generally accepted accounting principles, are distributed to investors within 120 days of each Fund's fiscal year end.

ITEM 16. INVESTMENT DISCRETION

The Company manages the Funds on a discretionary basis, subject to any limitations included in each Fund's governing documents.

The investment objectives and restrictions of the Funds are set forth in each Fund's governing documents. Investors in the Funds do not have the authority to impose any restrictions upon the Company's discretionary authority. However, the Company may, under certain circumstances, enter into "side letter" agreements with investors in the Funds to waive or modify the application of any provision of the investment terms applicable to such investor, without obtaining the consent of any other investor in such Fund.

Each investor in the Funds generally grants the General Partner of each Fund a limited power of attorney to enable the General Partner to execute the applicable LPA (and certain other limited actions) on its behalf.

ITEM 17. VOTING CLIENT SECURITIES

SECURITIES HELD IN CLIENT ACCOUNTS

The Firm's investment strategy involves private investments in private oil, gas and solar projects, and does not typically invest in publicly traded securities. Accordingly, the Company generally does not vote proxies on behalf of its Funds.

However, in the event that the Firm is called upon to vote proxies, it will vote such proxies in accordance with the proxy voting policies and procedures in the Compliance Manual. Pursuant to SEC rule 206(4)-6, the Firm has established policies and procedures to address voting procedures and any conflicts of interests involved in a proxy vote between the Firm and Funds. The Firm's proxy voting procedures are designed to ensure that proxies are voted in a manner that is in the best interest of the Funds.

OBTAINING A COPY OF THE POLICY

Investors can obtain a copy of the proxy voting policy or information on how PetroCap voted proxies or consents by contacting Brittany Glendenning, the Chief Compliance Officer, at bglendenning@petrocap.com.

ITEM 18. FINANCIAL INFORMATION

The Company does not require or solicit the prepayment of fees six months or more in advance. The Company does not have any financial condition that is reasonably likely to impair its ability to meet any contractual or fiduciary commitments to the Funds and investors. The Company has never been the subject of a bankruptcy petition.