



Part 2A of Form ADV: Disclosure Brochure

Item 1 – Cover Page

BASA Advisors, LLC

(SEC CRD Number: 290034)

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March 28, 2024

This brochure (“Brochure”) provides information about the qualifications and business practices of BASA Resources, Inc. which conducts its investment advisory services as BASA Advisors, LLC (“BASA”). If you have any questions about the contents of this brochure, please contact us at 214-559-4200 and/or info@BASAresources.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

BASA is a registered investment adviser with the SEC. Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

Additional information about BASA Resources, Inc. and BASA Advisors, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Brochure is the Adviser’s annual updating amendment. Investors should carefully review the disclosure contained herein. While the Adviser has made changes for conformity with the offering materials of the Funds, the Adviser’s policies and procedures, or for clarification, there have been no material changes since our last filing on March 31, 2023.

In the future, any material changes made to the Brochure since BĀSA’s previous filing will be listed here.

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Item 4 – Advisory Business

For purposes of this Brochure, the “Adviser” means collectively, BĀSA Advisors, LLC, BĀSA PetroFund Management, Ltd. and BĀSA PetroFund Management II, Ltd. who are “Relying Advisers” of BĀSA Resources, Inc.

BĀSA Resources, Inc. (“BĀSA Resources”) is an oil and gas operating company located in Dallas, Texas. BĀSA Resources conducts its investment advisory business as and through its affiliate, BĀSA Advisors, LLC (“BĀSA”), which provides investment advisory services to two pooled investment vehicles, BĀSA PetroFund I, L.P. (“Fund I”) and BĀSA PetroFund II, L.P. (“Fund II”), that are exempt from registration under the Investment Company Act of 1940, as amended (the “Investment Company Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”), (each individually a “Fund” or “Client” or together, the “Funds” or the “Clients”). PetroFund Management, Ltd., the general partner of Fund I, and PetroFund Management II, Ltd., the general partner of Fund II, are referred to as the General Partner of their respective fund or collectively as the “General Partners”, as appropriate.

BĀSA Resources was formed in 1989 by Michael N. Foster, Jr. and Lary D. Knowlton. They are the primary equity owners of BĀSA Resources. BĀSA Resources is the sole owner of BĀSA.

The Adviser provides investment supervisory services to each Fund in accordance with the offering memorandum and limited partnership agreement of such Fund (the “Organizational Documents”). The Funds are subject to the investment strategies and investment restrictions set forth in the Fund offering materials. As of April 2023, Fund I sold its oil and gas interests to another institutional oil and gas investor, Camterra Resources Partners, Ltd. Fund I is currently in the process of winding down, and is scheduled to complete its final audit in 2024. Fund II, formed in 2017, is past its commitment period, and currently investments in oil and gas interests. Pursuant to the Organizational Documents, Fund II is permitted to reinvest all net cash flow in excess of the stated preferred return in new investments until October 2025, although it does not currently intend to make such additional investments.

The Adviser does not participate in wrap fee programs.

As of December 31, 2023, the Adviser managed approximately \$107,134,151 in portfolio assets, all of which were managed on a discretionary basis.

Item 5 – Fees and Compensation

Fees

The Adviser or its affiliates generally receive Management Fees and Carried Interest allocations (each as defined below) or similar performance-based remuneration from a Fund. Additionally, consistent with the Organizational Documents of the Fund, the Fund typically bears certain out-of-pocket expenses incurred by the Fund and the Adviser in connection with the services provided to

the Fund.

The Funds' main investment strategy is to acquire, develop and produce mature oil and gas assets. BĀSA Resources is an oil and gas production and operating company, focused exclusively on the upstream sector of the energy industry, and will typically be the operator of the majority of the properties in which the Funds have a net profits interest. As outlined in their Organizational Documents, the Funds will not be charged for general and administrative costs of their General Partners or BĀSA. BĀSA Resources and its affiliated and related persons, however, as operator of the oil and gas properties in which the Funds have an interest, will collect an overhead and other fees and compensation related to such operations pursuant to the properties' joint operating agreements that will indirectly burden the Funds' interests in such properties.

"Management Fees" are set percentages described in the Organizational Documents and are based upon the amount of called and uncalled capital commitments of the investors in the Funds. The fees are allocated annually in arrears and payable quarterly to the Fund's General Partner.

"Carried Interest" is paid to the General Partner of each Fund based upon the profits of the Fund's realized investments subject to a clawback by the Fund. The existence of the General Partner's Carried Interest allocations creates an incentive for the General Partner to make more speculative investments on behalf of Fund than it would otherwise make in the absence of such Carried Interest.

Neither the Adviser nor any of its related persons or affiliates receive commission or transaction-based compensation related to the sale of securities sold to the Funds.

Expenses

Organizational and operational expenses of each Fund are allocated to the Fund and investors as set forth on the Organizational Documents of the Funds.

Co-Investment Vehicle Expenses

Though the Funds have not used them to date, in certain cases, a co-investment vehicle, or other similar vehicle established to facilitate the investment by investors to invest alongside the Fund, may be formed in connection with the consummation of a transaction. In the event a co-investment vehicle is created, the investors in such co-investment vehicle will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the co-investment vehicle. The co-investment vehicle will generally bear its pro rata portion of expenses incurred in the making of an investment.

If a proposed transaction is not consummated, no such co-investment vehicle will have been formed. The full amount of any expenses relating to such proposed, but not consummated transaction ("Dead Deal Costs"), would therefore be borne by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction (including reverse termination fees, extraordinary expenses such as litigation costs and judgments and other expenses), and not by any prospective or expected

co-investors. Similarly, co-investment vehicles are not typically allocated any share of break-up fees paid or received in connection with such an unconsummated transaction. Furthermore, to the extent a co-investment vehicle is formed in connection with a proposed but not consummated transaction, costs and expenses relating to such co-investment vehicle, may, in certain situations, be borne by another Fund or Funds, regardless of whether such proposed transaction is consummated.

Allocation of Expenses

From time to time the Adviser will be required to decide whether certain fees, costs and expenses should be borne by a Fund on one hand, or the Adviser on the other hand, and/or whether certain fees, costs and expenses should be allocated between or among Funds and/or other parties. Expenses that relate specifically to one Fund are charged to that Fund. Certain expenses, to the extent they relate to more than one Fund or other entities, will be allocated among such Funds and entities on a pro rata basis.

The Adviser will allocate fees and expenses incurred in the course of evaluating and making investments that are consummated between Funds in accordance with each Fund's Organizational Documents or, to the extent not addressed in such Organizational Documents, pro rata based on the respective total capital commitments of such Funds.

The appropriate allocation between Funds and third parties of expenses and fees generated in the course of evaluating potential investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by the Adviser and its affiliates in their good faith discretion, consistent with the Organizational Documents of the Funds, as applicable. If multiple Funds evaluate a potential investment that is not consummated, the Adviser generally allocates fees and expenses generated in the course of evaluating such investments among such clients based on the anticipated investment of each such Fund. Such expenses are typically not allocated to co-investment vehicles.

Item 6 – Performance-Based Fees and Side-By-Side Management

The General Partner of each Fund is entitled to receive a Carried Interest in the form of an allocation of net profits, subject to limited partners receiving all capital contributions, a stated preferred return, and in accordance with other provisions of the applicable Fund's Organizational Documents. Some investors may be entitled to receive different preferred returns based upon the amount and timing of their investment. Some investors who are related or affiliated with the Adviser may not pay Carried Interest.

Performance-based fees in general (including the payment of Carried Interest at varying rates) create an incentive for the Adviser or its supervised persons to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee. Such fee arrangements may also create an incentive to favor higher fee-paying clients over other clients in the allocation of investment opportunities. Generally, and except as may be otherwise set forth in the Organizational Documents of the Funds, this conflict is mitigated by (i) certain limitations on the ability of the Adviser to establish new investment funds, (ii) contractual provisions requiring

certain Funds and affiliates to purchase and sell investments contemporaneously, and/or (iii) contractual provisions and procedures setting forth investment allocation requirements. Please also see Item 11 below regarding allocation for additional information relating to how conflicts of interests are generally addressed by the Adviser.

Item 7 – Types of Clients

All of the Adviser's clients are pooled investment vehicles that are privately offered to accredited investors and qualified purchasers. Each Fund requires a minimum investment amount by each investor which amount may be waived by the Adviser in its sole discretion and was, in the case of certain investors in Fund I.

Item 8- Methods of Analysis, Investment Strategies and Risk of Loss

Method of Analysis

The objective of the Funds is to make direct investment in net profits interests in oil and gas properties with a high percentage of proved developed producing reserves, which require developmental activity but little to no exploratory drilling. It has been BĀSA Resources' experience and practice to screen tens, if not hundreds, of opportunities prior to completing an acquisition. Once a property is acquired, BĀSA Resources focuses on enhancing the productive capabilities and economics of the existing wells through workovers, recompletions, and the optimization of secondary and tertiary recovery operations.

Investment Strategy

The Adviser's investment strategy is to achieve attractive yields through cost-effective management of energy investments. This goal is achieved through acquiring, exploiting, and developing proven producing oil and gas reserves, which to the fullest extent possible can be operated by BĀSA Resources. BĀSA Resources utilizes its engineering and geologic skills to increase production and control costs, increasing overall margins.

The Funds buy net profits interests in oil and gas properties carved out of working interests acquired by the relevant Fund's General Partner. Pursuant to terms laid out in each Fund's Organizational Documents, the Fund's General Partner will acquire certain oil and gas interests that are acquired by BĀSA Resources during the Fund's term (up to its available capital) but only if the Net Profits Interest to be carved from each interest satisfies the Acquisition Criteria set out in the Fund's Organizational Documents and the Fund has sufficient funds available to and is authorized to purchase such Net Profits Interest. Notwithstanding the foregoing, BĀSA Resources has the right to keep for its own account up to an undivided 100% of every oil and gas property acquired that does not meet the Acquisition Criteria spelled out in a Fund's Organizational Documents or which it already operates and the right to purchase a specified percentage of all other properties acquired.

Associated Risks

Investment risks. Investing involves risk of loss that Clients should be prepared to bear. Investors must rely upon their own examination of and ability to understand the nature of the investments provided by the Adviser including the risks involved. There can be no assurance that Adviser will be able to achieve its investment objectives or that investors will receive a return on their capital. An investor in the Funds should be able to hold the investment for an indefinite time and be financially able to bear the total loss of the investment.

No liquidity. The Adviser's investment strategy requires a long-term commitment, with little or no near-term cash flow available to investors. The Funds' investment in oil and gas assets will be highly illiquid, and there can be no assurance that the Funds will be able to realize their investment in oil and gas assets in a timely manner. The Funds' contemplated exit strategies for its oil and gas assets can be adversely affected by numerous factors, many of which may be unforeseen or unexpected at the time the investment is made. Consequently, dispositions of the Funds' oil and gas assets may require a lengthy time period or may result in distributions in kind to the Fund investors. Poor performance of the oil and gas assets will severely impact the returns.

Conflicts with BĀSA Resources. Properties and entities in which the Funds may have an ownership interest may be in direct competition with properties and entities in which BĀSA Resources and its other affiliates have an ownership interest, and BĀSA Resources or its affiliates may be subject to conflicts of interest with respect to the operation of properties owned by the Funds. Although the Adviser intends to make a broad range of oil and gas investments through the Funds, BĀSA Resources, its affiliates, and BĀSA's employees presently manage and have significant ownership interests in oil and gas assets or entities and will continue to invest in oil and gas assets and entities that do not meet the Funds' investment parameters. The Adviser intends to allocate investment opportunities and operational resources in a manner intended to maximize returns on all of its investments, including any properties and assets it presently or in the future may own for its own account outside of the Funds and any future investment partnerships it may manage, in its sole discretion, which may have the effect of reducing the investment returns of the Funds. Finally, at the end of the term of the Funds, the Funds will need to liquidate their interests in properties that may still be economically producing oil and gas. If the Adviser is unable to find a suitable buyer for a Funds' interests, BĀSA Resources and/or its affiliates are able to purchase such interests at a price that may be higher or lower than the price that could have been obtained from a disinterested third party. Any such purchase by BĀSA Resources or an affiliate would be made only after approval by the relevant Fund's Advisory Board.

Operating Deficits. The expenses of operating the Funds may exceed its income, thereby requiring that the difference be paid out of the Funds' capital, as applicable, reducing the amount available for investment and therefore the potential for profitability. Since distributions to investors are dependent on available cash flow and proceeds from sales of the Funds' oil and gas assets, an investment in the Funds is not suitable for investors seeking current distributions of income. The Funds will allocate its income to the investors, and each investor will be required to report and pay taxes on its allocable share of income from the Funds, even if no cash is distributed by the Funds.

Management and other Fees. The Funds will pay management fees and other costs and expenses

whether or not they make any profits. While it is difficult to predict the future expenses of the Funds, such expenses may represent a substantial percentage of the Funds' assets.

Risks Upon Disposition of Oil and Gas Assets. In connection with the disposition of an oil or gas asset, the Funds may be required to make certain representations and warranties about such asset. The Funds may also be required to indemnify the purchasers of such asset in case any of these representations and warranties turn out to be incorrect, inaccurate or misleading. These arrangements may create contingent liabilities of the Funds, which might ultimately have to be funded by the Partners.

Third-Party Claims. The Funds may acquire properties subject to known or unknown liabilities and with limited or no recourse. As a result, if liabilities were asserted against the Funds based upon such properties, the Funds might have to pay substantial sums to dispute or remedy the matter, which could adversely affect the Funds' cash flow. Unknown liabilities with respect to assets acquired could, for example, include the following: liabilities for clean-up of undisclosed environmental contamination; claims by developers, site owners, vendors or other persons relating to the asset or project site; liabilities incurred in the ordinary course of business; and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the asset or project sites.

Limited Information. Investment analyses and decisions by BĀSA and the General Partner may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available at the time of making an investment decision may be limited, and BĀSA and the General Partner may not have access to complete information regarding the target oil and gas asset. Therefore, no assurance can be given that BĀSA and the General Partner will have knowledge of all circumstances that may adversely affect a target oil and gas asset.

Conflicts. The Funds may be subject to conflicts of interest involving the Adviser, and the Funds may enter into relationships with developers, co-owners or other affiliates, some of which may give rise to conflicts of interest. The Funds intend to implement policies as necessary or appropriate to deal with such potential conflicts.

Potential Conflicts of Interest. The Funds are subject to certain conflicts of interest arising out of their relationships with the Adviser, BĀSA Resources and their affiliates. Certain provisions of the Partnership Agreement are designed to protect the interests of the limited partners in situations where conflicts may exist, and each Fund's Advisory Board will be consulted on transactions involving conflicts of interest, although these provisions do not eliminate such conflicts of interest. The agreements and arrangements among the Funds, the Adviser and their respective affiliates, including those relating to compensation, have been established by the General Partner and are not the result of arm's length negotiations.

Limitation of Liability of the Adviser. The Partnership Agreement of each Fund limits the circumstances under which the Adviser can be held liable to the Fund. As a result, the limited

partners have a more limited right of action in certain cases than they would in the absence of those provisions.

Portfolio Acquisitions Risks. The Funds may acquire multiple assets in a single transaction. Portfolio acquisitions via joint-venture or other structures are more complex and expensive than single project acquisitions, and the risk that a multiple project acquisition will not close may be greater than in a single project acquisition. An acquisition of a portfolio of projects may result in the Funds owning projects in geographically dispersed markets which place additional demands on BĀSA Resources' ability to manage such projects. A seller may require that a group of projects be purchased as a package, even though one or more of the projects in the portfolio does not meet the Funds' investment criteria. In such cases, the Funds may attempt to make a joint bid with another buyer, and such other buyer may default on its obligations.

Failure to Locate or Complete Future Acquisitions. The Funds' business strategy emphasizes growth through strategic acquisitions of mature, producing oil and gas properties in North America, but the Funds may not be able to identify properties for acquisition or may not be able to make acquisitions on terms it considers economically acceptable. There is intense competition for acquisition opportunities in the energy industry. Competition for acquisitions may increase the cost of, or cause the Funds to refrain from, completing acquisitions. If the Funds or the Adviser cannot locate or complete acquisitions, the Funds may not be able to achieve their goal of diversification of portfolio investments, and unfavorable performance by one or more investments could have a substantial adverse impact on the returns realized by the Limited Partners. The Adviser's strategy of completing acquisitions is dependent upon, among other things, the ability to obtain debt and equity financing and, in some cases, regulatory approvals. The Adviser's ability to complete acquisitions and manage the resulting investments will require the Adviser to invest in operational, financial and management information systems and to attract, retain, motivate and effectively manage the Adviser's employees. The inability to manage the integration of acquisitions could require the Adviser/BĀSA Resources to devote additional time and resources on managing prior acquisitions at the expense of identifying, negotiating and completing future acquisitions, which could adversely affect the Funds' earnings and growth.

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.

Risks Related to Investments in Oil and Gas Assets

Risks Related to the Energy Industry. Investments in the energy industry are subject to a variety of risks, not all of which can be foreseen or quantified. For example, the success of many of the Funds' investments is likely to be affected by factors such as the following: (i) amount, nature, and timing of property acquisitions or capital expenditures; (ii) the market for oil and gas acreage or properties; (iii) drilling of wells and other planned exploitation activities; (iv) timing and amount of future production of oil or gas; (v) quantities of discovered or probable, potential or proved reserves of oil

or gas; (vi) marketing of and market prices for oil, gas or oil or gas properties generally or in any particular location; (vii) operating costs such as lease operating expenses, administrative costs and other expenses; (viii) cash flow and anticipated liquidity; (ix) the timing, success and cost of exploration and exploitation activities; (x) governmental and environmental regulation of the oil and gas industry; (xi) environmental liabilities; (xii) industry competition, conditions, performance and consolidation; (xiii) the availability of drilling rigs and other oilfield equipment and services; and (xiv) natural events.

Decline in Commodity Prices. If commodity prices decline significantly, development projects in which the Funds invest may become uneconomic and cause write downs of the value of its oil and natural gas properties, which may adversely affect the financial condition of our clients. Oil, natural gas, and natural gas liquids prices have declined significantly in the past few years and recently experienced a partial recovery. Further or extended declines in commodity prices could render certain of the Funds' investments uneconomic and result in a material adverse effect to the Funds' financial condition. Deteriorating commodity prices may cause the Funds to recognize impairments in the value of their investments.

Concentration. Because our investments are concentrated within a particular industry or related group of industries (the energy sector), they may be subject to greater market fluctuations than an investment in a portfolio of securities representing a broader range of industries. As a result, returns from an investment in the Funds may be subject to significantly greater risk than an investment in a portfolio of investments that represents a broad range of industries or industry sectors.

Geological Risk. Oil and gas drilling involves an element of geological risk. The term "geological risk" refers to the risk that minerals and hydrocarbons may not be present or, if present, may not be recoverable economically. The successful location of economically recoverable minerals or hydrocarbons in any drilling or mining operation cannot be guaranteed. The value of the Funds' oil and gas assets and the income generated therefrom will be dependent upon the expected value and cost of economically recoverable minerals and hydrocarbons related to such assets.

Evaluation Limitations. The acquisition of a specific oil or gas asset will depend in part on the evaluation of data obtained from geophysical and geological analyses, seismic data and other information, the results of which are often inconclusive and subject to various interpretations. The process of estimating oil and gas reserves is complex and inherently subjective, requiring significant estimates and assumptions. Information may be incomplete (particularly in early-stage opportunities) and implications of available data may not be fully understood. The Funds may also elect to assume title, development, environmental and other risks in connection with acquired properties. Although the Adviser will use assumptions underlying its projections that it believes are reasonable, all of the assumptions on which the Adviser bases these projections will be subject to significant uncertainties, and neither the Adviser nor any other person can predict with any certainty whether they will prove to be true.

Market Factors. General economic conditions may affect the Funds' investment 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 of oil and gas assets and the number of investments made by the Funds or considered for prospective investment. Additionally, the Funds are likely to be significantly affected by the future prices of and the demand for oil and natural gas, which are inherently uncertain. Prices for oil, natural gas and natural gas liquids have fluctuated greatly in the past, due to numerous factors beyond the control of the Funds, the Adviser or BĀSA Resources. The Funds may also be affected by the availability of equipment, supplies, personnel and facilities necessary to realize the value of their oil and gas assets.

Additional Risks Inherent in Oil and Gas Assets. Even if the Funds are able to complete target acquisitions, these acquisitions may nevertheless prove unprofitable. Any acquisition involves potential risks, including, among other things:

- mistaken assumptions about estimated proved reserves, future production, prices, revenues, capital expenditures, operating expenses, and costs;
- the assumption of unknown liabilities, losses, or costs for which the Funds are not indemnified or for which any indemnity received is inadequate;
- mistaken assumptions about the overall cost of equity;
- the ability to obtain satisfactory title to the acquired assets; and
- the occurrence of other significant changes, such as impairment of oil and natural gas properties, goodwill or other intangible assets, asset devaluation, or restructuring charges.

Environmental Liability. A variety of stringent federal, state, and local laws and regulations govern the environmental aspects of the oil and gas business. Any noncompliance with these laws and regulations could subject the Funds to material administrative, civil or criminal penalties, injunctive relief, lawsuits brought by third parties or other liabilities. Additionally, compliance with these laws and regulations may, from time to time, result in increased costs of operations or decreased production, and may affect acquisition costs. Examples of laws and regulations that govern the environmental aspects of the oil and gas business include the following:

- The Clean Air Act and comparable state laws and regulations that impose obligations related to the emission of air pollutants. In addition, the U.S. Environmental Protection Agency (“EPA”) has developed stringent regulations governing emissions of toxic air pollutants at specified sources, including certain oil and gas sources. Both existing Clean Air Act regulations, and any future regulations, may require pre-approval for the construction, expansion, or modification of certain facilities that produce, or which are expected to produce, air emissions. Such regulations may also impose stringent air permit requirements, require the use of specific equipment or technologies to control emissions, and result in permitting delays. Under the Clean Air Act, the EPA has enacted final regulations requiring owners and operators of certain facilities to report emissions of greenhouse gases and regulations requiring owners and operators of stationary sources that emit greenhouse gases above certain thresholds to obtain greenhouse gas construction and operating permits. Most recently, the EPA published final rules that establish new air emission control requirements for gas and natural gas liquids production, processing, and

transportation activities, to address emissions of sulfur dioxide and volatile organic compounds, and a separate set of emission standards to address hazardous air pollutants frequently associated with production and processing activities. Among these requirements is the reduction of volatile organic compound emissions from gas wells through the use of reduced emission completions or “green completions” on all hydraulically fractured wells constructed or refractured after January 1, 2015. The Clean Air Act also requires that owners and operators of stationary sources producing, processing, and storing extremely hazardous substances have a general duty to identify hazards associated with an accidental release, maintain a safe facility, and minimize the consequences of any releases that occur. In addition, the Clean Air Act requires subject facilities to develop Risk Management Plans to address the possible consequences of releases.

- The Clean Water Act and comparable state laws and regulations that impose strict obligations related to discharges of pollutants and fill material into regulated bodies of water, including wetlands. The discharge of pollutants into regulated waters is prohibited except in accordance with a permit issued by the EPA, the United States Army Corps of Engineers, or an analogous state agency. The primary federal law related specifically to oil spill liability is the Oil Pollution Act (“OPA”), which amends and augments the oil spill provisions of the Clean Water Act and imposes certain duties and liabilities on certain “responsible parties” related to the prevention of oil spills and damages resulting from such spills in or threatening waters of the United States or adjoining shorelines. For example, operators of certain oil and natural gas facilities must develop, implement and maintain facility response plans, conduct annual spill training for certain employees and provide varying degrees of financial assurance. Owners or operators of a facility, vessel or pipeline that is a source of an oil discharge or that poses the substantial threat of discharge is one type of “responsible party” who is liable. The OPA applies joint and several liability, without regard to fault, to each liable party for oil removal costs and a variety of public and private damages.
- The Safe Drinking Water Act (“SDWA”), its implementing regulations, and delegated state programs regulate the drilling and operation of underground injection wells, including injection wells used for the disposal of oil and gas wastes. In addition, the EPA has asserted authority under the SDWA to regulate hydraulic fracturing that uses diesel fuel.
- The federal Comprehensive Environmental Response, Compensation, and Liability Act, also known as “CERCLA” or the “Superfund” law, and comparable state statutes impose strict liability, and in some cases joint and several liability, on classes of persons who are considered to be responsible for the release of a hazardous substance into the environment. Such persons may be responsible for the costs of investigating releases of hazardous substances, remediating releases of hazardous substances, and damages to natural resources, without regard to fault. While CERCLA does contain an exclusion for petroleum, the exclusion is limited, and oil and gas facilities often contain hazardous substances subject to regulation under CERCLA.
- The federal Resource Conservation and Recovery Act and comparable state laws that regulate the generation, transportation, treatment, storage, disposal and cleanup of

hazardous and non-hazardous wastes. Most wastes associated with the exploration, development, and production of oil or natural gas, including drilling fluids and produced water, are regulated as non-hazardous wastes. It is possible, however, that wastes currently regulated as non-hazardous could be regulated as hazardous wastes in the future.

- The federal Endangered Species Act, its implementing regulations, and analogous state laws prohibit the unauthorized “take” of certain species listed as endangered. Courts have construed the term “take” broadly to include the destruction or alteration of endangered species habitat.

Failure to comply with applicable environmental laws and regulations by the Funds, the Adviser, BĀSA Resources or third-party contractors could trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties, the imposition of remedial requirements, and the issuance of orders enjoining future operations. In addition, the Funds also may be strictly liable under state or federal laws for environmental damages caused by the previous owners or operators of properties it purchases, without regard to fault.

Environmental laws and regulations change frequently, and the implementation of new, or the modification of existing, laws or regulations could adversely affect the Funds’ business.

Hydraulic Fracturing. Hydraulic fracturing is an important and commonly used process that the Funds anticipate may be engaged in by some opportunities in which the Funds invest. In recent years, some experts have warned that hydraulic fracturing could adversely affect groundwater, among other environmental problems. While hydraulic fracturing is not a new practice, there is a heightened degree of scrutiny surrounding hydraulic fracturing operations. New environmental problems associated with hydraulic fracturing may be claimed or discovered, or existing environmental claims substantiated, at any time. To the extent that such claims are made with respect to oil and gas assets, they could have an adverse effect on such assets. To the extent that such claims are made with respect to the Funds’ investments, they could have an adverse effect on such investments.

Regulation of Production. Federal, state and local authorities extensively regulate the oil and natural gas industry. Legislation and regulations affecting the industry are under constant review for amendment or expansion, raising the possibility of changes that may affect, among other things, the pricing, taxation or marketing of oil and natural gas production. Noncompliance with statutes and regulations may lead to substantial penalties, and the overall regulatory burden on the industry increases the cost of doing business and, in turn, decreases profitability. Federal, state and local authorities regulate various aspects of oil and natural gas drilling and production activities, including the drilling of wells (through permit and bonding requirements), the spacing of wells, the unitization or pooling of oil and natural gas properties, environmental matters, safety standards, the sharing of markets, production limitations, plugging and abandonment, remediation and restoration. The current trend of more extensive and restrictive environmental legislation and regulation may continue into the future.

Volatile industry. The Funds’ revenues, operating results, distributions, and carrying value of its oil

and natural gas interests and properties depend significantly upon the prevailing prices for oil and natural gas. Historically, oil and natural gas prices have been volatile and are subject to fluctuations in response to changes in supply and demand, market uncertainty, and a variety of additional factors that are beyond the Adviser's, BĀSA Resources' and the Funds' control, including:

- the domestic and foreign supply of and demand for oil and natural gas,
- market expectations about future prices of oil and natural gas;
- the level of global oil and natural gas exploration and production;
- the cost of exploring for, developing, producing, and delivering oil and natural gas;
- the price and quantity of foreign imports;
- political and economic conditions in oil producing regions, including but not limited to, the U.S., Middle East, Africa, South America, and Russia;
- the ability of members of the Organization of Petroleum Exporting Countries to agree to and maintain oil price and production controls;
- trading in oil and natural gas derivative contracts;
- the level of consumer product demand;
- weather conditions and natural disasters;
- conservation measures and technological advances affecting energy consumption;
- domestic and foreign governmental regulations and taxes;
- the continued threat of terrorism and the impact of military and other action, including U.S. military operations in the Middle East;
- the impact of the Ukraine-Russian conflict on oil and gas prices and related significant political, geopolitical, economic and market turmoil and volatility;
- the proximity, cost, availability, and capacity of oil and natural gas pipelines and other transportation facilities;
- the price and availability of alternative fuels; and
- overall domestic and global economic conditions.

These factors and the volatility of the energy markets make it extremely difficult to predict future oil and natural gas price movements with any certainty. Any prolonged substantial decline in the price of oil and natural gas may have a material adverse effect on the Funds' financial condition, performance of its investments, and distributions. The Funds may use various derivative instruments in an attempt to lessen the impact of commodity price fluctuations. However, the Funds cannot hedge the entire exposure of their investments from commodity price volatility. To the extent it does not hedge against commodity price volatility, or if its hedges are not effective, the results of the investments and the Funds' financial position may be diminished. Moreover, oil prices have

experienced extreme volatility in recent years and have declined substantially from their historic highs. The reduction in price has been caused by many factors, including substantial increases in U.S. oil production and reserves from unconventional (shale) reservoirs, without an offsetting increase in demand.

Hedging. In order to manage their exposure to price volatility in marketing the oil and gas production, the Funds may enter into commodity price risk management transactions for a portion of the expected production. While intended to reduce the effects of volatile oil and gas prices, commodity price risk management transactions may limit the Funds' potential gains if oil and gas prices rise substantially over the price established by the transaction. Conversely, the Funds' commodity price risk management transactions may be insufficient if oil and gas prices decline more than expected. In addition, such transactions may expose the Funds to the risk of financial loss in certain circumstances, including:

- if production is less than expected, the Funds may have to cover their obligations on the commodity price risk management transaction;
- if there is a widening of price differentials between the delivery points for the Funds' production and the delivery point assumed in the commodity price risk management transaction, the Funds may have insufficiently hedged the price risk;
- if the counterparties to the Funds' futures contracts fail to perform the contracts, the Funds may be forced to sell their production on the open market at depressed prices and seek to recover the difference from such counterparty, which may be difficult or impossible if such counterparty is inadequately capitalized or in bankruptcy proceedings; and
- if a sudden, unexpected event materially impacts oil and gas prices, the Funds may not be sufficiently hedged to mitigate the price risk or there may be an increased risk of insolvency by the counterparties to its contracts.

In addition, neither the Adviser nor BĀSA Resources presently intends to register with the Commodities Futures Trading Commission as a commodities trading advisor or commodities pool operator. Although the Funds expect to engage only in commodity price risk management transactions that would be authorized without such registration, lack of such registration may limit the range of commodity price risk management products that the Funds may utilize. Foreexample, the General Partner may not have the ability to effect futures and listed options transactions on any contract market. Until such registration, if any, this will limit the Funds to over-the-counter derivative transactions, which may result in higher expenses, reduced liquidity and increased counterparty credit risk.

Depletion. Oil and gas wells by their nature are depleting assets with respect to which production could last anywhere from a few months to more than 30 years. As a result, annual production will naturally decline over the life of a well, and so too will returns to the Funds.

Estimated Oil and Natural Gas Reserve Quantities. Numerous uncertainties are inherent in

estimating quantities of oil and natural gas reserves. Any material inaccuracies in these reserve estimates or the underlying assumptions will materially affect the quantities and present value of such assets. The process of estimating oil and natural gas reserves is complex, requiring significant decisions and assumptions in the evaluation of available geological, engineering and economic data for each reservoir, and these reports rely upon various assumptions, including assumptions regarding future oil and natural gas prices, production levels, ultimate recoveries and operating and development costs. As a result, estimated quantities of proved reserves and projections of future production rates and the timing of development expenditures may prove to be inaccurate. Over time, material changes may need to be made to reserve estimates to take into account the results of actual development, expenses and production.

Investments May Not Produce As Projected. The Funds' acquisition of oil and gas assets will require an assessment of recoverable reserves, title, future oil and natural gas prices, operating costs, potential environmental hazards, potential tax liabilities, and other factors. A review of records and properties will not necessarily reveal all existing or potential problems. Inspections may not be performed on every oil and gas asset prior to the Funds' acquisition thereof, and problems such as ground water contamination and other environmental conditions and deficiencies in the mechanical integrity of equipment are not necessarily observable even upon inspection. Unidentified problems could result in material liabilities and costs that would negatively impact an investment as well as the Funds' ability to make cash distributions to investors.

Non-Marketability of Production. Even with respect to producing oil and gas assets, the availability of a ready market will depend upon factors beyond the Funds' control. The marketability of production from oil and gas assets will depend in part upon the availability, proximity and capacity of pipelines, tanker trucks, natural gas gathering systems, other transportation methods, and processing and refining facilities owned by third parties. Any significant change in market factors affecting these infrastructure facilities, as well as any delays in constructing new infrastructure facilities, could negatively affect the Funds' investments. These facilities may be temporarily unavailable due to market conditions or mechanical reasons. The marketing of production may also be affected by governmental regulations relating to the production and sale of oil and gas.

Terrorism and Continued Hostilities in the Middle East Could Decrease Fund Distributions. Terrorist attacks and the threat of terrorist attacks, whether domestic or foreign, as well as the military or other actions taken in response, cause instability in the global financial and energy market. Terrorism, continued hostilities in the Middle East, and other sustained military campaigns could adversely affect distributions from the Funds in unpredictable ways, including through the disruption of fuel supplies and markets, increased volatility in oil and natural gas prices, or the possibility that the infrastructure necessary for the development of the Funds' investments could be a direct target or an indirect casualty of an act of terror.

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. The 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, without regard to fault, and for which the Funds may not have any recourse against the 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 the Funds' financial condition and results of operations.

Drilling Risks. The revenues and operating results of the Funds will be dependent upon the success of the BĀSA Resources' 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 following summarizes some of the more common hazards or events that may delay, hinder or frustrate production from producing wells or the drilling of a well and/or may result in substantially increased drilling, completing and operating costs:

- equipment failure and breakage;
- unavailability or excessively high cost of drilling and other oilfield services and equipment in competitive areas;
- unexpected subsurface conditions, such as difficult rock strata, which result in delays, damage to equipment, and well deviation;
- personnel errors which may result in loss of protective mud circulation, hole damage, pollution, or equipment breakage;
- surface and subsurface pollution and contamination of land, water supply or atmosphere;
- adverse weather conditions;
- cratering, explosions, fires, blow-outs, uncontrolled flows, or reservoir damage;
- oil or pollutant spills or release of toxic gasses;
- personnel strikes or walkouts;
- costs of, or shortages or delays in the availability of, drilling rigs, workover rigs, tubular materials and equipment;
- inability to fracture stimulate the planned number of stages;
- inability to run tools the entire length of the wellbore during completion operations;
- inability to clean out the wellbore after completion of the final fracture stimulation stage;
- bankruptcy or other adverse proceedings against operators, contractors or subcontractors;
- injury, illness or death of personnel, or material damage or loss of equipment or property;
- violation of regulations relating to environmental pollution, well deviation, reservoir contamination or regarding the proper plugging and abandonment of a well; and

- theft or other malicious damage to equipment or a well.

Any of the above, as well as other factors, could impede, delay or prohibit BĀSA Resources, as operator, from achieving its development or operational plans for the properties, and could have a material adverse effect on expected net revenues attributable to the same.

BĀSA Resources, as operator, may also be required to obtain permits from one or more governmental agencies in order to perform drilling and completion activities, including hydraulic fracturing. Such permits are typically required by state agencies, but can also be required by federal and local governmental agencies. As with all governmental permitting processes, there is a degree of uncertainty as to whether a permit will be granted, the time it will take for a permit to be issued, and the conditions that may be imposed in connection with the granting of the permit. Hydraulic fracturing has been particularly scrutinized.

Technological Developments. The oil and gas 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, BĀSA Resources may be placed at a competitive disadvantage or competitive pressures may force the Funds BĀSA Resources to implement those new technologies at substantial costs. In addition, other oil and natural gas companies have greater financial, technical, and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before BĀSA Resources can. BĀSA Resources may not be able to respond to these competitive pressures and implement new technologies on a timely basis or at an acceptable cost. If one or more of the technologies BĀSA Resources uses now or in the future were to become obsolete or if BĀSA Resources is unable to use the most advanced commercially available technology, BĀSA Resources' business, financial condition, and results of operations could be materially adversely affected.

Competitive Factors. The oil and gas industry is highly competitive. There is competition within the industry and also with other industries in supplying the energy, fuel and chemical needs of both industrial and individual consumers. The success of such competitors, who may have larger numbers of personnel and facilities, more expertise, and access to greater financial resources, may affect the success of the Funds' investments. There is also intense competition for acquisition opportunities among investors within the oil and gas industry. Competition for acquisitions may increase the cost of, or cause the Adviser to be unable to, complete target acquisitions on behalf of the Funds. The Funds' ability to complete acquisitions is dependent upon a number of factors. In addition, compliance with regulatory requirements may impose substantial additional obligations on the Funds, the Adviser, and/or BĀSA Resources, cause them to expend additional time and resources in compliance activities, and increase their exposure to penalties or fines for non-compliance with additional legal requirements. No assurance can be given that the Adviser will be able to identify suitable acquisition opportunities, negotiate acceptable terms, or successfully acquire identified investment targets.

Insurance Risks. BĀSA Resources' business activities will be subject to uninsured operational risks,

which may include, but will not be limited to, the following:

- damages to equipment caused by adverse weather conditions, including hurricanes and flooding;
- facility or equipment malfunctions;
- pipeline ruptures or spills;
- fires, blowouts, craterings and explosions;
- abnormally pressured formations and environmental hazards such as oil spills, gas leaks, ruptures or discharges of toxic gases;
- uncontrollable flows of oil or gas or well fluids; and
- risks associated with drilling, including completion risks, cost overruns and the drilling of non-economic wells or dry holes.

The occurrence of any of these or similar events could result in substantial losses 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 BĀSA Resources' ability to conduct operations and/or cause substantial losses. BĀSA Resources will likely maintain insurance against some but not all of these risks. The General Partner may elect not to cause the Funds to obtain insurance if it believes that the cost of available insurance is excessive relative to the perceived risks presented. Losses could therefore occur for uninsurable or uninsured risks or in amounts in excess of the insurance coverage. The occurrence of an event that is not fully covered by insurance could have a material adverse impact on the Funds' business activities, financial condition, results of operations and ability to pay Limited Partner distributions.

Unavailability of Equipment or Personnel. The energy industry is cyclical and, from time to time, there is a shortage of drilling rigs, equipment, raw materials (particularly sand and other proppants), 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.

The Loss of Key Personnel. The success of the Funds depends in substantial part upon the skill and expertise of the Adviser's management team. The Limited Partners must rely on the ability of the Adviser's investment and operational personnel to make appropriate investments for the Funds and to manage and dispose of the applicable oil and gas properties. There can be no assurance that these key personnel will continue to be associated with the Adviser throughout the life of Funds, and the Adviser does not maintain key man life insurance on the lives of these persons.

Taxation. Investments in properties in the energy sector may be subject to numerous taxes and fees by the jurisdictions in which the entity owning such properties is organized or operates. Partnerships 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.

Item 9 – Disciplinary Information

There are no legal or disciplinary events that are material to an evaluation of the Adviser’s advisory services or the integrity of management.

Item 10 – Other Financial Industry Activities and Affiliations

The Adviser is not registered, and does not have an application pending to register, as a broker-dealer or registered representative of a broker-dealer. Currently, no employees of the Adviser are registered representatives of a broker-dealer.

Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

As discussed in Item 4, the Adviser currently has three relying advisers: BĀSA Advisors, LLC, BĀSA PetroFund Management, Ltd. and BĀSA PetroFund Management II, Ltd.

The Adviser does not recommend or select other investment advisers for its Clients.

For a description of material conflicts of interest created by the relationship among the Adviser and its affiliates, as well as a description of how such conflicts are addressed, please see Item 11 below.

Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

Code of Ethics

The Adviser has adopted a written Code of Ethics (the “Code”) applicable to all of its members, officers, employees, as well as officers and employees of its affiliates and certain independent contractors (collectively, “Adviser Personnel”) designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act. The Code sets forth a standard of business conduct and compliance with federal securities laws by all Adviser Personnel. The Code contains policies and procedures that ensure that all personal securities trading by employees of the Adviser is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility. The Adviser prohibits personal trading in certain securities; requires pre-clearance of personal trades in certain circumstances, including purchases of an IPO or a new private placement; requires periodic reporting of employees' personal securities transactions and holdings; and requires prompt internal reporting of Code violations.

As part of its Code, the Adviser has established procedures to prevent the abuse of material, non-

public information, which includes procedures for, among other things, the use and maintenance of a restricted trading list. In addition to procedures to prevent the abuse of material, non-public information, the Code contains policies and procedures covering standards of conduct, political contributions, potential conflicts of interest (including but not limited to gifts, entertainment, and outside business activities of Adviser Personnel), and confidentiality. All Adviser Personnel must acknowledge the terms of the Code annually or as the Code is amended on an ongoing basis.

Adviser Personnel who violate the Code may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension, or dismissal. Adviser Personnel are also required to promptly report any violation of the Code of which they become aware. Adviser Personnel are required to annually certify compliance with the Code.

The Adviser will provide a copy of the Code to any investor or prospective investor upon request.

Participation in Client Transactions

Other than as described below and unless otherwise disclosed to the Funds or their Advisory Committees, neither the Adviser nor any of its related persons recommend to the Funds' investments in which the Adviser or any related persons have a material financial interest.

In connection with sponsoring the Funds, the Adviser and certain affiliates have an economic interest in the Funds, the General Partners of the Funds, or both. Additionally, the governing documents of the Funds generally provide that the General Partner has sole discretion to offer co-investment opportunities in a potential investment to any person (including other parties advised by the General Partner, or other related persons of the General Partner). A Fund or its General Partner, as applicable, may reduce all or a portion of the Management Fee and performance-based fees related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see "Conflicts of Interest" immediately below.

Conflicts of Interest

The Adviser and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of other investment funds, and providing transaction-related, investment advisory, management, and other services to funds and operating companies. In the ordinary course of conducting its activities, the interests of a Fund will, from time to time, conflict with the interests of the Adviser, other Funds, or their respective affiliates and investors. Certain of these conflicts of interest, as well a description of how the Adviser addresses such conflicts of interest, can be found below.

Resolution of Conflicts

In the case of all conflicts of interest, the Adviser's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Adviser's best judgment, but in its sole discretion. In resolving conflicts, the Adviser will consider various factors, including the interests of the applicable Funds or investors with respect to the immediate issue and/or with respect to their

longer- term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors generally mitigate, but will not eliminate, conflicts of interest:

- Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the Organizational Documents for the Clients;
- Generally, the General Partner of the Funds has established an Advisory Committee composed of representatives of Fund investors. While the Advisory Committee will not have a direct role in management of the Funds, the Advisory Committee can be consulted with respect to transactions involving conflicts of interest;
- Where the Adviser deems appropriate, unaffiliated third parties will be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price; and
- Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.
- In addition, certain provisions of a Fund's Organizational Documents are designed to protect the interests of investors in situations where conflicts exist, although these provisions do not eliminate such conflicts. In certain instances, some of such conflicts of interest will be resolved in a manner adverse to a Fund and its ability to achieve its investment objectives.

Conflicts related to the Adviser and its Affiliates

In the future the Adviser will, in its discretion, contract with any related person of the Adviser (including but not limited to an operating company of a Fund) to perform services for the Adviser in connection with its provision of services to the Fund. When engaging a related person to provide such services, the Adviser has an incentive to recommend the related person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser generally will, in its discretion, recommend to a Fund or to an operating company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) the Adviser or a related person of the Adviser (including but not limited to an operating company of a Fund) or (ii) an entity with which the Adviser or its affiliates, or a member of their personnel has a relationship or from which the Adviser or its affiliates, or their personnel otherwise derives financial or other benefit. When making such a recommendation, the Adviser, because of its financial or other business interest, has an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser, its affiliates, and members, officers, principals, and employees of the Adviser and its affiliates will likely buy or sell securities or other instruments that the Adviser has recommended to the Funds. Officers, principals, and employees of the Adviser will likely also buy securities in

transactions offered to but declined by Funds. A conflict of interest will likely arise because such investing Adviser personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by the Adviser on behalf of the Funds. In such circumstances, the investing Adviser personnel will not share or reimburse the relevant Fund(s) and/or the Adviser for any expenses incurred in connection with the investment opportunity. The transactions described above are subject to the policies and procedures set forth in the Adviser's Code of Ethics and investors will not benefit from any such investments. The investment policies, fee arrangements and other circumstances of these investments will vary from those of the Clients. If officers, principals and employees of the Adviser have made large capital investments in or alongside the Funds they will have conflicting interests with respect to these investments. While the significant interests of the officers and employees of the Adviser generally aligns the interest of such persons with the Funds, such persons will have different interests from the Funds with respect to such investments (for example, with respect to the availability and timing of liquidity). Because certain expenses are paid for by a Fund and/or its operating companies or, if incurred by the Adviser, are reimbursed by a Fund and/or its operating companies, the Adviser will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its operating companies to incur) such expenses.

General Conflicts

The Organizational Documents of a Fund establish complex arrangements among the Funds, the Adviser, investors, and other relevant parties. From time to time, questions will arise regarding certain parties' rights and obligations in certain situations, some of which will not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the Organizational Documents, if any, will be broad, unclear, general, conflicting, ambiguous, and vague and will allow for multiple reasonable interpretations. In other instances, there will not be a directly applicable provision. While the Adviser will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used will likely not be the most favorable to a Fund or its investors.

The Adviser and the Funds will generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there will likely be conflicts of interest. In the event of a significant dispute or divergence of interest between Funds, the Adviser, and/or its affiliates, the parties will engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation will likely be required. Additionally, the Adviser and the Funds and the operating companies of the Funds will, from time to time, engage other common service providers. In certain circumstances, the service provider will charge varying rates or engage in different arrangements for services provided to the Adviser, the Funds, and/or the operating companies. This will result in the Adviser receiving a more favorable rate on services provided to it by such a common service provider than those payable by the Funds and/or the operating company, or the Adviser receiving a discount on services even though the Funds and/or the operating companies receive a lesser, or no, discount. This creates a conflict of interest between the Adviser, on the one hand, and the Funds and/or operating companies, on the other hand, in determining whether to engage such service providers, including the possibility that the Adviser will favor the engagement or continued engagement of such persons if it receives a benefit from

such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds and/or the operating companies.

The Adviser and its personnel have in the past and will, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses will result in “miles” or “points” or credit in loyalty/status programs to the Adviser and/or its personnel, and such rewards and/or amounts will exclusively benefit the Adviser and/or such personnel and will not be subject to the offset arrangements described above or otherwise shared with such Fund, its investors, and/or the operating companies.

The Adviser will in the future have, and will, in its discretion, cause the Funds and/or their operating companies to have, ongoing business dealings, arrangements, or agreements with persons who are former employees or executives of the Adviser. The Funds and/or their operating companies will bear, directly or indirectly, the costs of such dealings, arrangements, or agreements. In such circumstances, there will likely be a conflict of interest between the Adviser and the Funds (or their operating companies) in determining whether to engage in or to continue such dealings, arrangements, or agreements, including the possibility that the Adviser will favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

The Adviser will likely cause one or more Funds to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Funds, the applicable General Partner, the Adviser and/or their respective directors, officers, employees, agents, representatives, members of the advisory committee and other indemnified parties, against liability in connection with the activities of the Funds. This will include a portion of any premiums, fees, costs and expenses for one or more “umbrella” or other insurance policies maintained by the Adviser that cover one or more Funds and/or the Adviser (including their respective directors, officers, employees, agents, representatives, members of the advisory committee and other indemnified parties). The Adviser will make judgments about the allocation of premiums, fees, costs and expenses for such “umbrella” or other insurance policies among one or more Funds, and/or the Adviser on a fair and reasonable basis and will make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Fund bearing less (or more) premiums, fees, costs and expenses for insurance policies.

Please see the discussion above under the sub-heading “Resolution of Conflicts” for a description of the means by which the Adviser and its related persons will likely seek to alleviate conflicts of interest among the Funds or other persons.

Item 12 – Brokerage Practices

The Adviser’s investment strategy involves making investments for Funds to invest in private equity investments in the upstream oil and gas sectors as well as investments in profit interests in oil and

gas projects. As a result, the Adviser does not select or recommend broker-dealers for the purchase and sales of securities.

The Funds may hedge commodity price risk inherent in oil and gas in conjunction with an asset acquisition by entering into and performing price swaps and other hedge and risk management contracts. Financial parties associated with such positions will be selected based on the Adviser's policies.

Furthermore, the Adviser does not maintain any trading accounts and does not use "soft" dollars received from broker-dealers from the purchase and sales of securities for its Clients.

Item 13 – Review of Accounts

Oversight and Monitoring

The Adviser maintains review procedures for the ongoing monitoring of the portfolio investments of its Funds. In terms of the investment process, the Adviser's investment professionals conduct an initial opportunity screening and detailed due diligence prior to pursuing an investment to ensure a reasonable basis for investment decisions. The Adviser actively monitors the value of investments and potential risks. In connection therewith, the Adviser conducts periodic reviews of all investments held in each Fund's portfolio. Both investment and operational personnel participate in the ongoing monitoring of the Funds' portfolios, although responsibilities vary by individual.

Reporting

The Adviser provides written periodic reports to all investors of the Funds at a frequency determined by each Fund, but at least annually. Reports typically disclose holdings, transactions, and other related information regarding Fund's investments. The Adviser and the applicable General Partner, if any, will from time to time, in their sole discretion, provide additional information relating to such Fund to one or more investors in such Fund as they deem appropriate. Annual financial statements are audited by an independent third party accounting firm.

Item 14 – Client Referrals and Other Compensation

The Adviser does not receive any monetary compensation or any other economic benefit from a non-client for the Adviser's provision of advisory services to a client.

Item 15 – Custody

BĀSA is deemed to have custody of the underlying assets of the Funds due to its affiliation with each Fund's General Partner. All assets and securities of the Funds are held by qualified custodians with the exception of assets that are considered to be "privately offered securities" under Rule 206(4)-2(b) of the Advisers Act. As noted in Item 13 above, Fund Investors receive annual financial statements audited by an independent public accounting firm. Fund Investors are urged to carefully review these statements.

Item 16 – Investment Discretion

In accordance with the terms and conditions of the Funds' Organizational Documents and investment management agreements, and subject to the direction and control of the General Partner of each Fund, the Adviser generally has discretionary authority to determine the investments and the amounts to be bought or sold on behalf of the Funds and to perform the day-to-day investment operations of the Funds.

The Adviser's authority to manage the Funds is in all cases subject to the objectives, guidelines, and limitations set forth in the applicable Fund Organizational Documents.

Item 17 – Voting Client Securities

The Adviser's investment strategy involves private investments in the upstream oil and gas sectors as well as investments in net profit interests in oil and gas projects.

As a result, the Adviser does not generally acquire Fund investments in public equity securities and therefore does not generally receive proxies on behalf of its clients.

If the Adviser is called upon to vote proxies, it will vote such proxies in accordance with the proxy voting policies and procedures in the Adviser's compliance manual. 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 clients. The Adviser's proxy voting procedures are designed to ensure that proxies are voted in a manner that is in the best interest of the clients.

Item 18 – Financial Information

Item 18 is not applicable to the Adviser.