

DISCLOSURE BROCHURE

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# Riverbend Oil & Gas

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Form ADV Part 2A (the “Brochure”) provides information about the qualifications and business practices of ROG IX LLC and its affiliates (the “Adviser”). For more information on the disclosure requirements required for Part 2A see the “General Instructions for Part 2 of Form ADV” by visiting [www.sec.gov/about/forms/formadv-part2.pdf](http://www.sec.gov/about/forms/formadv-part2.pdf). If you have any questions about the contents of this Brochure, please contact Matthew Cochrane (713) 874-9000/[mcochrane@rboil.com](mailto:mcochrane@rboil.com)).

Additional information about the Adviser is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Adviser is registered as an investment adviser with the Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940 (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

## **Item 2 – Material Changes**

In this Item, ROG IX LLC will periodically identify and discuss updates to the Brochure. This is intended to inform current and prospective clients of important developments that may take place in ROG IX LLC's business practices.

### **Item 3 – Table of Contents**

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

## Item 4 – Advisory Business

ROG IX LLC (the “Adviser”) is an investment advisory firm organized as a Delaware limited liability company. Randolph Newcomer Jr. and Scott Rice are principal owners of the Adviser.

The Adviser provides discretionary investment management services to pooled investment vehicles (the “Funds” or “Client”)<sup>1</sup>. The Adviser’s services to the Funds consist of (i) investigating, identifying and evaluating investment opportunities; (ii) structuring, negotiating and making investments on behalf of the Funds; (iii) managing and monitoring the performance of such investments; and (iv) exiting such investments on behalf of the Funds. The Adviser’s services to each Fund are subject to the specific investment objectives and restrictions applicable to such Fund, as set forth in such Fund’s limited partnership agreement and other governing documents (collectively, the “Governing Documents”).

The Funds are offered exclusively to individuals and other persons who qualify as “accredited investors” under Regulation D promulgated under the Securities Act of 1933, as amended (the “Securities Act”), and/or “qualified purchasers”, if applicable, as defined under Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “Company Act”) and are therefore not required to register as investment companies with the SEC in accordance with the exemptions available in the Company Act.

Investors and prospective investors in each Fund should refer to the Governing Documents of that Fund for information on the investment objectives and investment restrictions with respect to that Fund. There can be no assurance that any of the Funds’ investment objectives will be achieved. As such, the Adviser’s services are generally not tailored to the individualized needs of any particular investor of the Fund. Since the Adviser does not provide individualized advice to investors (and an investment in the Fund does not, in and of itself, create an advisory relationship between the investor and the Adviser), investors must consider whether a particular Fund meets their investment objectives and risk tolerance prior to investing.

As of the date of this Brochure, the Adviser has approximately \$255,000,000 in regulatory assets under management. The Adviser manages all Client assets on a discretionary basis.

**All discussion of the Funds in this Brochure, including but not limited to their investments, the strategies used in managing the Funds, and conflicts of interest faced by the Adviser in connection with the management of the Funds are qualified in their entirety by reference to each Funds’ respective Governing Documents.**

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<sup>1</sup> “Funds” or “Clients” means a private investment fund to which the Adviser provides investment advice and/or invest on a discretionary or nondiscretionary basis. The individuals and other persons that invest in the Adviser’s private investment funds are generally referred to herein as “investors.” Unless otherwise expressly stated herein, the terms “Funds” and “Clients” do not include “investors.”

## **Item 5 – Fees and Compensation**

In consideration for its services, the Adviser typically receives a management fee from each of the Funds, which is generally equal to a percentage of the total capital commitments to such Fund. The fee percentage and/or the base upon which the fee is calculated may vary with the size of the Fund and may also vary over the life of the Fund, as negotiated and determined at the time the Fund is established and as set forth in its Governing Documents. The percentage of the management fee is calculated based on each investor's aggregate capital commitment in such Fund. Upon occurrence of certain events that are fully described in the Governing Documents of each Fund ("Adjustment Date"), the management fee generally accrues at a lower annual rate.

In addition, the Adviser typically receives certain allocations and distributions calculated and charged based on a share of capital gains on or capital appreciation of the assets of such Funds, as negotiated and determined at the time such Funds are established and as set forth in its Governing Documents. These allocations and distributions are commonly known as "carried interest." The Adviser and its affiliates generally do not receive carried interest until all investors have received aggregate distributions equal to the sum of their capital contributions to the Funds.

The management fees and carried interest distributions generally are not negotiable. However, the Adviser and/or the general partner of the Funds have discretion to reduce or waive management fees and/or carried interest distributions. Management fees are typically funded or withheld from proceeds and/or revenues from investments but may also be funded with capital contributions paid semi-annually, in advance. Carried interest distributions generally will be distributed to the Adviser's affiliates from time to time upon the disposition of investments by a Fund and are distributed to such affiliate in accordance with the terms of the applicable Governing Documents.

The Funds will bear all costs and expenses incurred in connection with the organization of the Funds and any other entity pertaining to the Funds, as well as the offering of interests, including any third party legal and accounting fees, printing costs, reasonable travel and administration expenses, and out-of-pocket expenses ("Organizational Expenses").

The Funds will be responsible for all expenses relating to its own operations ("Fund Expenses"), including fees, costs and expenses directly related to the purchase and sale of the portfolio investments (including its pro rata share of expenses associated with the operations of natural gas and oil properties acquired as prescribed under industry standard joint operating agreements such as well-based operator fees), expenses of custodians, counsel and accountants, any insurance, indemnity or litigation expenses, all costs of the Funds' administration and preparation of its financial statements and reports to investors, costs of the valuation agent's services and expenses, costs of holding any meetings of the investors or the advisory committee, and any taxes, fees or other governmental charges levied against the Funds. In addition, the Funds shall be responsible for all out-of-pocket costs of the Adviser and the affiliates, and all fees and expenses due any third party legal, financial, accounting, consulting, or other advisors or any lenders, investment banks, and other financing sources in connection with transactions which are not consummated.

All expenses of the Funds will generally be allocated to the investors pro rata in proportion to the respective interests of such investors in the Funds; provided, however that the Adviser may, in its sole discretion, allocate to each investor investment expenses which are solely allocable to such investor.

As stated above, the Adviser charges management fees, in advance. The Adviser will refund any pre-paid management fee by a Fund if the advisory contract with such Fund is terminated before the end of the billing period.

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

The Adviser or its affiliates have a carried interest in the Funds subject to certain provisions as outlined in the Governing Documents. The Adviser and its affiliates may also participate in parallel vehicles in which investors may co-invest with the Funds. To the extent the carried interest in one Fund is greater or the overall performance of one Fund is better than another, the Adviser may have an incentive to allocate promising investments to the Fund that would result in a greater carried interest to the Adviser and its related persons. Performance-based fees or compensation, in general, may create an incentive for an adviser or affiliates to make investments that are riskier and more speculative than would be the case in the absence of a performance-based fee. The level of anticipated carried interest is not a consideration in allocation decisions.

#### **Item 7 – Types of Clients**

The Adviser currently manages the assets of U.S. privately offered pooled investment vehicles for which it and its affiliates act as general partner or sponsor. The Funds' structures most resemble that of a "private equity fund."

Generally, the Adviser expects to enter into arrangements solely with Fund investors that are: (a) "accredited investors" as such term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended; (b) and "qualified purchasers," if applicable, as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940. The minimum commitment that will be accepted from a prospective investor is \$5 million, subject to the discretion of the general partner of the Funds to accept lesser amounts.

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

The Adviser's investment objective is to achieve current long-term capital appreciation by investing in and developing a portfolio of oil and gas properties. Specifically, the Adviser seeks to make direct or indirect investments in non-operated working interests, mineral interests, royalties interests, and override interests, in producing and non-producing properties lying within certain geographical area outlined in the Governing Documents.

**THE STRATEGIES THAT THE ADVISER EMPLOYS ENTAIL A SIGNIFICANT DEGREE OF RISK AND COULD RESULT IN SUBSTANTIAL LOSSES UNDER CERTAIN CIRCUMSTANCES. ACCORDINGLY, AN INVESTMENT IN A FUND MANAGED BY THE ADVISER SHOULD BE UNDERTAKEN ONLY BY INVESTORS CAPABLE OF EVALUATING AND BEARING THE RISKS OF THE INVESTMENT. PLEASE REFER TO THE GOVERNING DOCUMENTS OF THE APPLICABLE FUND FOR MORE COMPLETE INFORMATION ON THE INVESTMENT STRATEGIES EMPLOYED BY SUCH FUND AND CORRESPONDING RISKS ASSOCIATED WITH SUCH INVESTMENT STRATEGIES.**

Investing in oil and gas properties, mineral rights, and royalty rights involves risk of loss that the investors in the Funds should be prepared to bear. There can be no assurance that the investment objective of any Fund will be achieved, that any Fund will otherwise be able to successfully carry out its investment program, or that an investor will receive a return of its capital contributed to any Fund. A brief explanation of the material risks associated with the Adviser's principal investment strategy and methods of analysis follows. Additional risk factors are set forth in the offering documents for each Fund provided to investors and potential investors.

- Volatile Industry.

Oil and natural gas commodity prices are volatile and fluctuate due to a number of factors outside of the Adviser's control. The financial condition, results of operations, and the carrying value of oil and gas properties of the Funds, depend largely upon the commodity prices for oil and natural gas, which have been, and are likely to continue to be, volatile. The Funds' cash flow from operations is highly dependent upon the sales prices received from oil and gas production, which is subject in large part to prevailing commodity prices. Such commodity prices are subject to a variety of factors beyond the Adviser's control.

- Decline in Commodity Prices.

If commodity prices decline, oil and gas projects in which the Funds invest may become uneconomic and cause write downs of the value of the Funds oil and gas properties, which may adversely affect the financial condition of the Funds. An extended decline 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 carrying value of their investments.

- Market Factors.

General economic conditions may affect the Adviser's 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 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 and the Adviser. 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.

- Highly Competitive Industry.

Competition in the oil and gas industry is intense, which may hinder the Funds' ability to source investments.

- Exploration, Development and Production Risks.

Exploring for and producing oil and gas are costly, high-risk activities with many uncertainties that could adversely affect the Funds' financial condition or results of operations and, as a result, the Funds' ability to pay distributions to its investors.

The cost of operating a well is often uncertain, and cost factors can adversely affect the economics of a well. If commodity prices decline, the cost of developing, completing, and operating a well may not decline in proportion to the prices that are received for the production, resulting in higher operating and capital costs as a percentage of revenues. If oilfield service costs remain elevated in relation to prevailing commodity prices, the results of operations and cash flows could be adversely affected. Development and production efforts may be uneconomical if there are dry holes, or if productive wells do not produce sufficient oil and gas, and in turn revenues, to return a profit.

- Acquisitions.

Properties that the Funds acquire may not produce as projected and the Funds may not be able to determine reserve potential, identify liabilities associated with the properties, or obtain protection from sellers against such liabilities.

The Funds' investment strategy 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 assessing 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 such 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.

One of the Funds' growth strategies is to capitalize on opportunistic acquisitions of oil and gas reserves. However, reviews of acquisition targets may be incomplete because it may not be feasible to review in depth every individual property involved in each acquisition of oil and gas reserves. Even a detailed review of any such records and properties may not necessarily have revealed existing or potential problems, nor would it have permitted a buyer to become sufficiently familiar with the properties to assess fully their deficiencies and potential. Inspections may not always have been performed on every well acquired. Potential problems, such as deficiencies in the mechanical integrity of equipment or environmental conditions that may require significant remedial expenditures, are not necessarily observable, even when a well is inspected. Any unidentified problems could result in material liabilities and costs that negatively affect the financial condition and results of operations of the Funds as well as the Funds' ability to make cash distributions to investors.

Even if problems with an acquisition are identified by the Funds prior to its acquisition, the seller may be unwilling or unable to provide effective contractual protection or indemnity against all or part of these problems and the potential losses that could result. Even if a seller does agree to provide indemnity, the indemnity may not be fully enforceable and may be limited by floors and caps on such indemnity.

- 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 Adviser may also elect to assume title, development, environmental, and other risks in connection with acquired properties. Although the Adviser will use assumptions underlying their respective projections which they believe are reasonable, all of the assumptions on which such person bases these projections will be subject to significant uncertainties, and neither such person nor any other person can predict with any certainty whether they will prove to be true. The successful acquisition of oil and gas properties requires an assessment of several factors, including:

- recoverable reserves;
- future oil and natural gas prices and their applicable differentials;
- development plans;
- operating costs; and
- potential environmental and other liabilities.

The accuracy of these assessments is inherently uncertain, and the Adviser may not be able to identify attractive acquisition opportunities. In connection with these assessments, the Adviser will perform a review of potential oil and gas assets that it believes to be generally consistent with industry practices. Such review will not reveal all existing or potential problems, nor will it permit

them to become sufficiently familiar with the properties to assess fully their deficiencies and capabilities. Inspections may not always be performed on every well, if applicable, and environmental problems, such as groundwater contamination, are not necessarily observable even when an inspection is undertaken.

- Geological Risk.

Mining and oil and gas drilling involve 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.

- Marketing & Refining.

Even with respect to producing oil and gas assets, the availability of a ready market for such production will depend upon factors beyond the Funds’ control. Although there are numerous marketing firms that purchase crude from the wellhead and transport it to market, 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. The Adviser or its affiliates have historically had contracts with certain of such marketing firms in order to receive competitive rates, and such contracts are subject to the terms thereunder. However, 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.

Much of the oil produced in certain provinces is refined locally. Upsets, or significant increases in supply availability, could limit the ability of certain refineries to take incremental crude volumes. In addition, the amount of oil and gas that can be produced and sold is subject to curtailment in certain circumstances, such as pipeline interruptions due to scheduled and unscheduled maintenance, excessive pressure, physical damage, or lack of available capacity on these systems, tanker truck availability, and extreme weather conditions. The shipment of operators’ oil and gas on third-party pipelines may be curtailed or delayed if it does not meet the quality specifications of the pipeline owners. The curtailments arising from these and similar circumstances may last from days to months. In many cases, operators are provided with only limited, if any, notice as to when these circumstances will arise and their duration. Any significant curtailment in gathering system or transportation, processing, or refining-facility capacity could reduce operators’ ability to market oil production and have an adverse effect on the Funds. Operators’ access to transportation options and the prices they receive can also be affected by federal and state regulation—including regulation of oil production, transportation, and pipeline safety—as well by general economic conditions and changes in supply and demand. In addition, the third parties on whom operators rely for transportation services are subject to complex federal, state, tribal, and local laws that could adversely affect the cost, manner, or feasibility of conducting business on properties of the Funds.

- Dependence on Third-Party Operators.

The Funds may depend on various unaffiliated operators for the exploration, development, and production of the properties underlying its investments. A reduction in the expected number of wells to be drilled on the Funds' acreage by these operators or the failure of these operators to adequately and efficiently develop and operate such acreage could have an adverse effect on the results of the Funds.

From time to time, the Funds may acquire non-operated working interests, mineral interests, or override interests in properties operated by other companies. The failure of third-party operators to adequately or efficiently perform operations or an operator's failure to act in ways that are in the Funds' best interests could reduce production and revenues, thereby reducing the value of and income received from the Funds' investments. Third-party operators are often not obligated to undertake any development activities other than those required to maintain leases on subject acreage. In the absence of a specific contractual obligation, any development and production activities will be subject to those operators' reasonable discretion. Those operators could determine to drill and complete fewer wells on acreage attributable to the Funds' investments than expected. The success and timing of drilling and development activities on the Funds' properties, and whether the operators elect to drill any additional wells on the Funds' acreage, depends on a number of factors that will be largely outside of the control of the Funds and the Adviser, including:

- the capital costs required for drilling activities by those operators, which could be significantly more than anticipated;
- the ability of those operators to access capital;
- prevailing commodity prices;
- the availability of suitable drilling equipment, production and transportation infrastructure, and qualified operating personnel;
- those operators' expertise, operating efficiency, and financial resources;
- approval of other participants in drilling wells;
- those operators' expected return on investment in wells drilled on the Funds' acreage as compared to opportunities in other areas;
- the selection of technology;
- the selection of counterparties for the marketing and sale of production; and
- the rate of production of the reserves.

Cash generated from the Funds' oil and gas assets is highly dependent on the successful development and exploitation of the Funds' properties. Third-party operators may elect not to undertake development activities, or may undertake these activities in an unanticipated fashion, which may result in significant fluctuations in the Funds' distributions. The Funds cannot determine that the potentially productive drilling locations will be identified by third-party operators or if such wells will ever be drilled, or if development of property by the operators will be profitable.

The oil and gas industry is highly capital intensive. Third-party operators may be highly dependent upon available cash and financing in order to pay maintenance costs and to make the substantial capital expenditures required to operate the Funds' properties. If those financing sources are not

available to those operators on favorable terms or at all, then the development of such properties owned by the Funds may be adversely affected. This would likely lead to a decline in revenues from the Funds' oil and gas and mineral assets related to such third-party operators.

- Estimated Oil and Gas Reserve Quantities.

Numerous uncertainties are inherent in estimating quantities of oil and 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 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 drilling and production.

- 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, the Funds may be placed at a competitive disadvantage or competitive pressures may force the Funds to implement those new technologies at substantial costs. In addition, other oil and 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 the Funds can. The Funds 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 the Funds use now or in the future were to become obsolete or if the Funds are unable to use the most advanced commercially available technology, the Funds' business, financial condition, and results of operations could be materially adversely affected.

- 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 Fund's business could be materially and adversely affected.

- Regulation of Production.

Federal, state, and local authorities extensively regulate the oil and 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 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 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 gas properties, environmental matters, safety standards, the sharing of markets, production limitations, plugging and abandonment, and restoration. The current trend of more extensive and restrictive environmental legislation and regulation may continue into the future.

- 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 cash flow available to the Funds. The net proceeds allocable to the Funds from their oil and gas assets are derived from the sale of depleting assets. The reduction in proved reserve quantities is a common measure of depletion. Development projects, which are determined solely by the operator of the oil or gas assets, will affect the quantity of proved reserves and can offset the reduction in proved reserves. If the operators developing the oil or gas assets do not implement additional maintenance and development projects, the future rate of production decline of proved reserves may be higher than the rate currently expected by the Funds.

- Title to Acquired Assets.

No assurance can be given that the Funds will not suffer a monetary loss from title defects or title failure with respect to its investments in oil and gas assets. Additionally, undeveloped acreage has greater risk of title defects than developed acreage. If there are any title defects or defects in assignment of leasehold rights in properties in which the Funds hold an interest, it would likely suffer a financial loss.

- Hedging.

Although the Funds will seek to hedge a portion of its production to reduce the risk of price volatility, the derivatives used to hedge such risk, “lag” development programs and not all of the Funds’ forecasted production can be hedged. Accordingly, not all of the Fund’s oil and gas investments can be protected from commodity price declines through the use of hedges.

The Funds have and plan to continue to use swaps, zero or low-cost collars, and other derivative instruments for hedging purposes. In general, however, all derivative transactions involve some combination of market risk, credit risk, counterparty credit risk, funding risk, liquidity risk, and operational risk. Highly customized derivative transactions in particular may increase liquidity risk. In evaluating the risks and contractual obligations associated with a particular derivative transaction, it is important to consider that a derivative transaction may be modified or terminated only by mutual consent of the original parties and subject to agreement on individually negotiated terms. Therefore, it may not be possible for the Adviser to modify, terminate, or offset the Funds’ obligations or the Funds’ exposure to the risks associated with a transaction prior to the derivative contract’s scheduled termination date.

- Insurance Risks.

The Funds' business activities will be subject to uninsured operational risks, which may include, but are not 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;
- acts of terrorism; 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 the Funds' ability to conduct operations or cause substantial losses. The Funds will likely maintain insurance against some but not all of these risks. The Adviser 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 Funds' 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 distributions.

#### **Item 9 – Disciplinary Information**

There is no disciplinary information to report.

#### **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.

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

The Adviser has a written Code of Ethics designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act (the “Code”). The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser’s employees. 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 of certain securities or instruments; 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.

While the Adviser may have access to non-public information relating to public companies, as part of its Code, the Adviser has procedures to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Because the structure of the Adviser would make information barriers impractical, the Adviser has not imposed information barriers to restrict the internal flow of possible material, non-public information. Thus, all professionals are deemed to be in receipt of material, non-public information in all instances where any professional of the Adviser has received material, non-public information and therefore may not trade on the basis of that information.

The Adviser has a privacy policy that explains the manner in which the Adviser collects, utilizes and maintains non-public personal information about investors, as required under federal legislation. The Adviser will provide a copy of the Code to any investor or prospective investor upon request.

The Adviser and its related persons do not recommend to the Funds, or buy or sell for the Funds account, securities in which they hold a material financial interests.

### **Item 12 – Brokerage Practices**

The Adviser does not adhere to any rigid formulas in making its selection of brokers, but will weigh a combination of criteria, including, commission rates, reliability, financial responsibility, strength of broker, and ability of the broker to efficiently execute transactions. The Adviser does not currently have any formal “soft dollar” arrangements with brokers.

### **Item 13 – Review of Accounts**

The Adviser’s investment team understands that they are responsible for making investments consistent with the Funds’ investment objectives, policies and restrictions as set forth in the Governing Documents of the Funds. After identifying an investment opportunity and making the investment, the Adviser and its investment team engage in ongoing monitoring and management of the underlying assets. Specifically, the Adviser established an Investment

Committee to review and approve each of Funds' investments and dispositions. The Investment Committee consists of the Adviser's senior personnel.

The Adviser's Chief Compliance Officer or designated compliance personnel periodically reviews the portfolio of each Fund and such other information as deemed necessary to evaluate whether investment decisions are consistent with the investment guidelines set forth in the Governing Documents of each Fund. If any discrepancy is found, the CCO discusses the discrepancy with the investment team and the Chief Executive Officer to determine if modifications to the portfolio can or should be made or other remedial actions should be taken. The investment team also monitors the investment portfolios of each Fund on an ongoing basis and will adjust the composition, increase or decrease exposure to identified risks, and evaluate exit strategies.

Investors in the Funds generally are provided with unaudited quarterly statements and annually receive audited fiscal year-end financial information. The Adviser may also provide investors in the Funds other periodic narrative reports regarding the Funds' portfolio.

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

The Adviser currently does not use a placement agent, however, the Adviser and its affiliates may enter into, or cause the Funds to enter into, cash compensation arrangements with unaffiliated placement agents or third parties for introducing investors to invest in certain Funds.

#### **Item 15 – Custody**

While it is the Adviser's practice not to accept or maintain physical possession of any Fund assets, the Adviser is deemed to have custody of the Funds' assets under Rule 206(4)-2 of the Advisers Act, because the Adviser has the authority to deduct fees from Funds' accounts and because the Adviser's affiliates act as the general partner the Funds.

In order to comply with Rule 206(4)-2, Adviser utilizes the services of a bank or qualified custodian (as defined under Rule 206(4)-2) to hold all of Funds' assets. In accordance with Rule 206(4)-2, Adviser also (1) engages an outside auditor to audit the Funds at the end of each fiscal year and (2) distributes the results of the audit in audited financial statements that are prepared in accordance with United States generally accepted accounting principles to all investors in the Funds within 120 days after the end of the fiscal year. Investors should carefully review the financial statements.

#### **Item 16 – Investment Discretion**

The Adviser generally manages its Funds' investments on a discretionary basis under the Funds' Governing Documents or under an investment management agreement between the Funds and the general partner of the Funds. Typically, an affiliate of the Adviser is granted full authority as general partner or managing member to make all decisions for the Fund, subject only to such restrictions or investment guidelines as may be set forth in the Governing Documents and offering documents, and the general partner delegates such authority and duty to carry out such



functions as well as certain administrative functions to the Adviser.

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

The Adviser's investment strategy involves private equity investments in the energy sector. As a result, the Adviser does not generally hold Fund investments in public equity securities and therefore does not generally receive proxies on behalf of the Funds.

#### **Item 18 – Financial Information**

The Adviser is not aware of any financial condition that could impair its ability to meet its contractual and fiduciary commitments to the Funds and has not been the subject of any bankruptcy petition.