

FORM ADV PART 2A

PETROCAP, LLC

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This brochure provides information about the qualifications and business practices of PetroCap, LLC (“PetroCap,” the “Company,” “we,” or “us”). If you have any questions about the contents of this brochure, please contact us at bglendenning@petrocap.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about PetroCap, LLC is also available at the Securities and Exchange Commission’s website www.adviserinfo.sec.gov. Our registration as an investment adviser does not imply a certain level of skill or training.

ITEM 2. MATERIAL CHANGES

On January 15, 2021, PetroCap filed this amendment to its Form ADV Part 2A to reflect a change in PetroCap's Chief Compliance Officer.

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ITEM 4. ADVISORY BUSINESS

PetroCap is the adviser to PetroCap Partners III, L.P., which held its final close on August 28, 2019, PetroCap Partners II, L.P. (the “PetroCap Funds”) which held its final closing in December 2014 and Four Rivers Co-Invest, L.P. (“Four Rivers”) (collectively the “Funds”) which held its final closing in April 2017.

OWNERSHIP

PetroCap was formed in 2014 and is owned by William Britain, Marc Manzo, and David Hopson. Management of our advisory business is controlled by our Investment Committee.

TYPES OF ADVISORY SERVICES

The Funds are currently our sole advisory clients. The Funds are not registered under the Investment Company Act of 1940 (“IC Act”) and are not registered under the Securities Act of 1933. The PetroCap Funds plan to invest in stand-alone oil and natural gas projects with a focus on the “upstream” or exploration and production (E&P) segment of the domestic oil and natural gas industry. Four Rivers invests in an upstream and midstream oil and gas project in the San Juan Basin.

TAILORING SERVICES

PetroCap provides investment advice directly to the Funds and does not tailor its services individually to the investors. PetroCap invests in a manner which is consistent with the stated investment objectives as detailed in the governing documents of the Funds.

REGULATORY ASSETS UNDER MANAGEMENT

As of December 31, 2019, PetroCap managed \$645.6 million in total regulatory assets under management, on a discretionary basis. PetroCap does not manage any client assets on a non-discretionary basis.

ITEM 5. FEES AND COMPENSATION

Management Fees

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

Fees may be deducted directly from the PetroCap Funds or capital may be called directly from investors in our Funds for this purpose. Four Rivers investors are not charged fees.

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

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

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

Organizational Expenses

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

Operating Expenses

Operating Expenses may include all direct, out-of-pocket costs and expenses reasonably incurred either by the Funds or the General Partners or Manager on behalf of the Funds relating to the management, conduct and operation of Fund business including (a) the fees and expenses associated with the preparation of the Funds’ financial statements, audits and the reports and other information to investors under the Reports sections and elsewhere in the applicable Limited Partnership Agreement (“LPA”), tax returns and Forms K-1, printing expenses, mailing and courier expenses, fees and expenses of establishing bank or custodial accounts and insurance costs and expenses relating to protection against liability for loss and damage which may be occasioned by the activities to be engaged in by the Funds or for any

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

Operating Costs may include similar costs incurred by Affiliates of the General Partners to the extent that the Funds are required to reimburse such amounts to such Affiliates pursuant to a contract between the Funds and such Affiliate approved in accordance with the terms of the LPA, but not to the extent governed by any Management Services Agreement. Notwithstanding the foregoing, Operating Costs shall not include the ordinary administrative and overhead expenses of the General Partners or any of their Affiliates in connection with the management of the Funds, including salaries, other compensation and costs of providing benefits, rent, utilities and the cost of office equipment, nor shall Operating Costs include Organization Costs or placement fees with respect to the admission of Limited Partners to the Funds of any kind.

The Funds will also bear third party expenses incurred in connection with transactions not consummated. These costs will be deducted directly from the operating accounts of the Funds.

We do not intend to purchase eligible investments from affiliates.

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

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

ITEM 7. TYPES OF CLIENTS

As previously stated, our sole advisory clients are the PetroCap Funds and Four Rivers. They are Delaware limited partnerships. Investors in the Funds are generally institutional investors, high net worth individuals and related entities that are “accredited investors,” and “qualified purchasers,” within the meaning of the Advisers Act and the IC Act, respectively.

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

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

INVESTMENT STRATEGY

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

METHOD OF ANALYSIS

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

MATERIAL RISKS OF SIGNIFICANT STRATEGIES AND METHODS OF ANALYSIS:

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

Industry Concentration and Diversification

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

Lack of Liquidity

Interests in the Funds (the “Interests”) will not be registered under the Securities Act of 1933, as amended (the “Securities Act”) or any other applicable securities laws. There is no public market for interests in the Funds and none is expected to develop. In addition, interests in the Funds are not transferable except with our consent, which generally we may withhold in our sole discretion, and are subject to the terms and conditions of the governing documents

of the Funds. Investors generally may not withdraw capital from the Funds. Consequently, Investors may not be able to liquidate their investments prior to the end of the Funds' term.

Availability of Investments

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

General Economic Conditions

General economic conditions may affect the Funds' activities. Interest rates, general levels of economic activity, the price of securities, and participation by other investors in the financial markets may affect the value and number of investments made by the Funds or considered for prospective investment.

Unspecified Use of Proceeds

As of the date of this brochure, we have not selected all of the investments that we will make for Fund III. Investors will not have an opportunity to evaluate for themselves the relevant economic, financial, and other information regarding the investments we make for the Funds and, accordingly, will be dependent upon our judgment and ability in investing and managing client capital. We cannot assure you that we will be successful in obtaining suitable investments or that if such investments are made, the Funds objectives will be achieved.

Leverage

We may employ leverage at the project entity level with respect to some or all of the Funds' investments. Such leverage will be nonrecourse with respect to the Funds and will be in reasonable amounts relative to the applicable investment's asset base and cash flow. In addition, the PetroCap Funds have a limited ability to borrow as set forth in the relevant Governing Documents. General economic conditions, oil and gas prices and financial, business and other factors described herein may affect the Funds' operations and future performance. If the assets of the Funds are insufficient to service the leverage requirements, we may recall distributions previously made to the investors (subject to certain limitations set forth in governing documents of the Funds) or a default could occur under the terms of the debt. In the event of such a default, an investor could risk losing its entire investment in the Funds.

Indemnification

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

Recourse to the Funds' Assets

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

Failure to Make Capital Contributions

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

Diverse Investor Group

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

Importance of Certain Personnel

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

Protection of Confidentiality by Investors

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

No Right to Control Client Operations

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

Carried Interest

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

Commodity Prices

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

Operating Risks

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

Demand for Oil and Gas

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

Drilling Risks

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

Acquisition Strategy

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

Hedging

The Funds may seek to reduce exposure to the volatility of oil and gas prices by actively hedging a portion of production. Certain types of hedging contracts could prevent the Funds from receiving the full advantage of increases in oil or gas prices above the fixed amount specified in the hedge agreement. In a typical hedge transaction, the Funds have the right to receive from the hedge counterparty the excess of the fixed price specified in the hedge agreement over a floating price based on a market index, multiplied by the quantity hedged. If the floating price exceeds the fixed price, the Funds must pay the counterparty this difference multiplied by the quantity hedged even if the Funds had insufficient production to cover the quantities specified in the hedge agreement. Accordingly, if the Funds have less production than it has hedged when the floating price exceeds the fixed price, the Funds must make payments against which there are no offsetting sales of production. If these payments become too large, the remainder of the Funds' business may be adversely affected. In addition, hedging agreements expose the Funds to the risk of financial loss if the counterparty to a hedging contract defaults on its contract obligations.

Unavailability of Equipment or Personnel

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

Terrorist Activities

The continued threat of terrorism and the impact of military or other action have led to and will likely lead to increased volatility in prices for oil and gas and could affect Funds' financial results. Further, the United States government has issued public warnings indicating that

energy assets might be specific target of terrorist organizations. As a result of such a terrorist attack or of terrorist activities in general, the Funds may not be able to obtain insurance coverage and other endorsements at commercially reasonable prices or at all.

Unforeseen Risks

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

Compliance with Anti-Money Laundering Requirements

In response to increased regulatory concerns with respect to the sources of funds used in investments and other activities, we may request investors to provide additional documentation verifying, among other things, such investors' identity and source of funds used to purchase interests. Requests for documentation and additional information may be made at any time during which an investor holds an interest. We may be required to provide this information, or report the failure to comply with such requests, to appropriate governmental authorities, in certain circumstances without notifying the investors that the information has been provided. We will take such steps as we determine are necessary to comply with applicable law, regulations, orders, directives, or special measures. Governmental authorities are continuing to consider appropriate measures to implement and at this point it is unclear what steps we may be required to take; however, these steps may include prohibiting an investor from making further contributions of capital to the Funds, depositing distributions which an investor would otherwise be entitled to in an escrow account, or causing the withdrawal of an investor from the Funds.

Taxation

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

Tax Treatment

There may be changes in tax laws or interpretations of such tax laws adverse to the Funds or their Limited Partners. There can be no assurance that the structure of the Funds or of any investment will be tax efficient to any particular investor. For example, it is anticipated that all or some of the Funds' investments will generate "unrelated business taxable income". Prospective investors are urged to consult their own tax advisers with reference to their specific tax situations, including any applicable U.S. state or local or non-U.S. taxes and, in the case of U.S. tax-exempt and non-U.S. investors, with reference to any special issues that

investment in the Funds may raise for such Limited Partners. There can be no assurance that the Funds will have sufficient cash flow to permit it to make annual distributions in the amount necessary to pay all tax liabilities resulting from Limited Partners ownership of interests.

Environmental Liabilities

The oil and gas business is subject to environmental hazards, such as oil spills, gas leaks and ruptures and discharges of petroleum products and hazardous substances, and historic disposal activities. These environmental hazards could expose the Funds to material liabilities for property damages, personal injuries or other environmental harm, including costs of investigating and remediating contaminated properties. In addition, the Funds also may be liable for environmental damages caused by the previous owners or operators of properties it purchases. 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, or other liabilities. Additionally, compliance with these laws may, from time to time, result in increased costs of operations or decreased production, and may affect acquisition costs.

Cybersecurity Risk

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

ITEM 9. DISCIPLINARY INFORMATION

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

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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

INVESTMENT ADVISER AFFILIATES

Falcon E&P Opportunities GP, LLC

Falcon E&P Opportunities GP, LLC -has filed as an exempt reporting adviser with the SEC and Texas and is under common control with PetroCap, LLC.

Highland Capital Management, L.P., a Delaware limited partnership, is party to a Shared Services Agreement with this adviser, under which Highland provides certain administrative and back office services, including finance and accounting, investor relations, public relations, paralegal, and information technology service.

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

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

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

A complete copy of our Code of Ethics is available to any investor or prospective investor upon request.

STANDARDS OF CONDUCT

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

ETHICAL BUSINESS PRACTICES

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

CONFIDENTIALITY

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

GIFT AND ENTERTAINMENT POLICY

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

PERSONAL TRADING

Personal Trading Policy

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

Prohibition against Insider Trading

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

Reporting Requirements

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

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

POTENTIAL CONFLICTS

This section describes various potential conflicts that may arise in respect of our business, as well as how we address such conflicts of interest. The discussion below does not describe all conflicts that may arise.

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

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

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

ITEM 12. BROKERAGE PRACTICES

Factors Used to Select Broker-Dealers

PetroCap has not invested the Funds' assets in publicly-traded securities. Therefore, the selection of broker-dealers does not apply to PetroCap.

Soft Dollars

We do not receive research or other soft dollar benefits from broker-dealers or other third parties.

Best Execution

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

Brokerage for Client Referrals

This item is not applicable to PetroCap.

Directed Brokerage

This item is not applicable to PetroCap.

Trade Aggregation

This item is not applicable to PetroCap.

ITEM 13. REVIEW OF ACCOUNTS

ACCOUNT REVIEW

PetroCap's Investment Committee periodically reviews each investment in the Funds. The Investment Committee is responsible for assessing and approving investment opportunities for the Funds. The Investment Committee also evaluates the Funds' objectives along with, among other factors, applicable portfolio restrictions, available cash, investment suitability and investment performance. Investment reviews include quarterly meetings with the Investment Committee, each investment property's operator, and PetroCap's engineers and geologists to review each investment's progress.

NATURE AND FREQUENCY OF REPORTING

We will furnish to investors in our Funds the following written reports:

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

We hold annual meetings to provide limited partners with the opportunity to review and discuss with us the investment activities and properties in the Funds.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

PetroCap does not receive any economic benefit from someone who is not a client for providing investment advice or other advisory services to our clients nor do we directly or indirectly pay any compensation to another person if they refer clients to us.

ITEM 15. CUSTODY

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

ITEM 16. INVESTMENT DISCRETION

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

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

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

ITEM 17. VOTING CLIENT SECURITIES

SECURITIES HELD IN CLIENT ACCOUNTS

Our proxy voting policy is intended to ensure proxies or consents, if any, are voted in the best economic interests of the Funds, without regard to the interests of PetroCap or its respective affiliates. Our Board of Managers (our “Board”) evaluates the subject matter of each proxy or consent and votes on behalf of the Funds in accordance with the Guidelines set forth in the proxy voting policy. Our Board also may determine not to vote proxies with respect to securities of any issuer or consents relating to private portfolio companies, if it determines it would be in the Funds’ overall best interests not to vote.

If our Board determines that we may have a potential conflict of interest in voting a proxy or consent, the Board will review the issue(s) to determine how to vote in the best interests of the Funds. If the potential conflict of interest involves a PetroCap affiliated entity, or involves any other conflict that cannot be adequately resolved by the Board, PetroCap will present the proxy or consent vote to the Funds’ Limited Partner Advisory Committee or Outside Counsel, to determine how to vote the proxy or consent in the best interests of the Funds.

OBTAINING A COPY OF THE POLICY

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

ITEM 18. FINANCIAL INFORMATION

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