



Screening Prospects: Filtering Through to Key Acquisitions

A&D – The Workshop: Breaking Into BD

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J. Jeff Voncannon Background

- Principal of Redman Resources, LLC, Houston, Texas
 - Focus on Growth Capital Investments in the Energy Sector
 - Follow an investment approach developed over my 23-year career
 - Equity Targeting
 - Primary: Acquisition, Exploitation, Exploration
 - Secondary: Midstream and Oil Field Services
- Prior to Redman Resources
 - Formed, Ran, Sold – 3 separate oil & gas investment companies

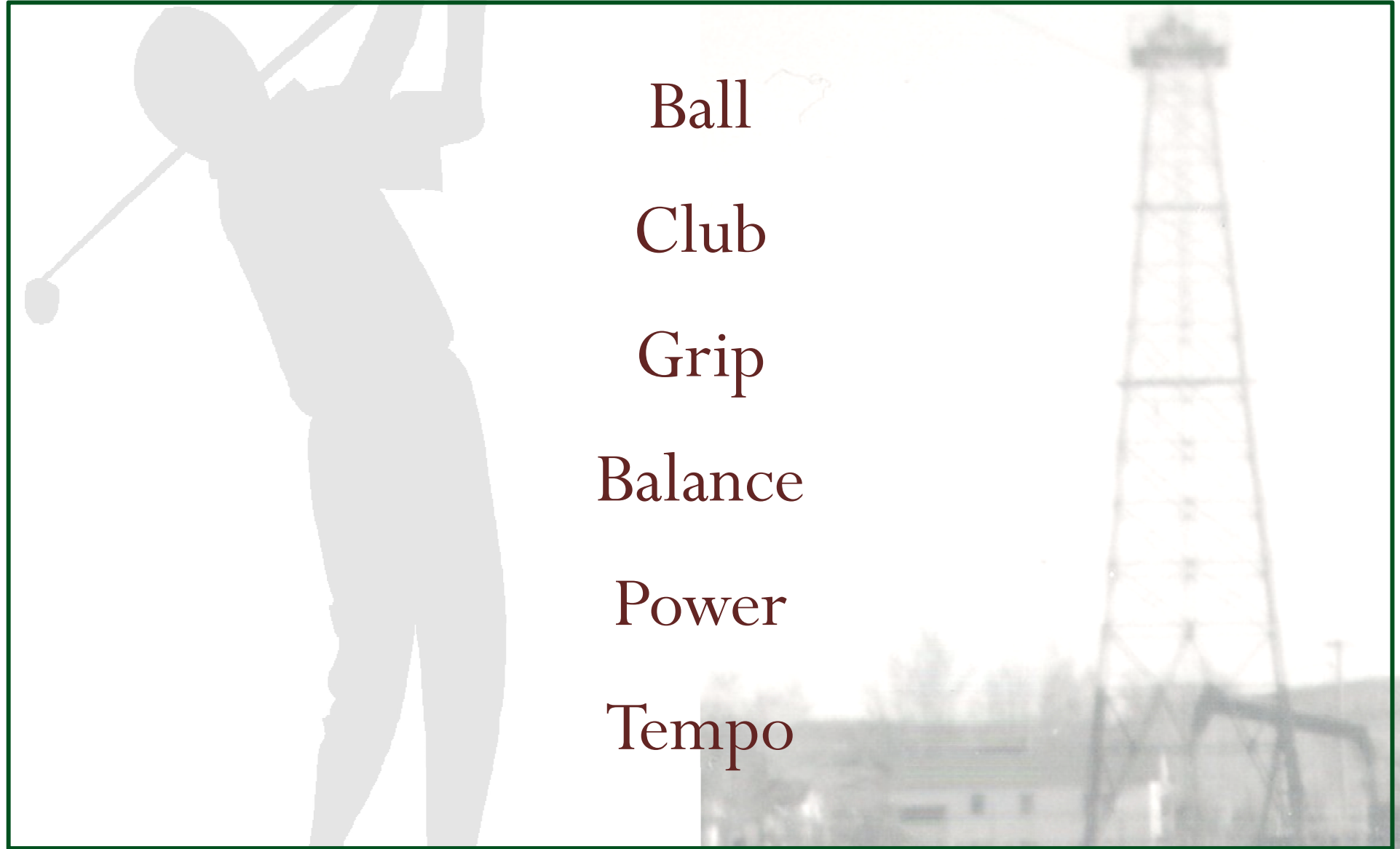
J. Jeff Voncannon Background (cont'd)

- Led more than 25 major investments over the past 16 years
 - \$1MM was a big deal when I started in 1992
 - My last deal sourced was \$220MM
 - Filtered more than 2,000 prospects in 16 years
 - Screening to Target Ratio
 - Review/screen 300 prospects/year
 - Next steps with 50 significant ones
 - Close 4 to 5
 - Lots of Filtering!

Screening Prospects and Golf

- How many of you have been on a driving range?
 - Anybody can go to the driving range
 - Anybody can hit a golf ball
 - One of my favorite golfers is Ben Crenshaw
 - His golf coach, Harvey Penick, taught him to take DEAD AIM!
 - One thing that distinguishes a professional from an amateur golfer is that he hits a golf ball where he aims
- Today, I take aim with presenting how the components of a good golf swing line up with screening prospects

Components of a Good Golf Swing



Ball

Club

Grip

Balance

Power

Tempo

Ball

- In our analogy, the ball would be a prospect or a deal
- You swing at lots of deals
- There are buckets of deals (Callaways, Top-Flite, Titleist, Pro V1's, Range Balls w/cuts

Lots of Balls / Lots of Deals

Club

- The club is an extension of your body. It connects you with the ball, or in this case the prospect. It is your networking; it's the extension of your company.
- The club is your:
 - Asset Marketing Firm
 - Corporate Brokers
 - Internet Service
 - Upstream Property Vendor
 - Development Professionals Employed
- Which club is the best to choose?
- How many clubs?
- What brand of club?

Grip

- The grip communicates to your club
- How you grip the club determines how the flight of your shot will look
- The grip, in this case, is defining or communicating to your club how you plan to make reserve growth through:
 - Acquisitions
 - Exploration
 - Exploitation
- The grip can change the flight of the ball from left to right or right to left:
 - Gas
 - Oil
 - Both

Balance

- Every professional golfer will tell you that balance is crucial to a good swing
- Balance in this analogy equates sectors or targets you are pursuing (thematic approach):
 - Consolidation and divestiture create opportunities.
 - Out of favor business or assets.
 - Using proven technologies in new area or novel ways to create value.
 - Relationships with Other Management Teams

Power

- In a golf swing, power comes from many parts of your body – most professional golfers today work on developing their core and legs
- Your power, or in other words, your core and legs in screening projects are: technical disciplines and team personalities
 - Geological
 - Engineering
 - Land
 - Marketing/Processing
 - Legal
 - Environmental
 - Financial
 - Social Issues - Partners

Tempo

- All great golfers have smooth tempos to their swing
- They look effortless when they hit a golf ball
- Tempo in this analogy is your execution strategy
- All the components work together create a dynamic event
- Understanding and articulating your sector's knowledge and thematic approach to sourcing prospects/deals allows your firm to develop unique investment opportunities

Let's Review

- Ball in our analogy is a deal/prospect
- Club is an extension of your company to the deal/prospect (networking community)
- Grip is the communication to your club
- Balance is sectors or targets
- Power is technical disciplines and team personalities
- Tempo is your Execution Strategy

Concluding Thoughts

- Anybody can do an acquisition – the key is taking aim
- Getting your handicap lower takes consistency and repetition
- If you want the returns of Tiger Woods, remember that Woods has a golf swing that is repeatable, and under pressure his tempo is solid
- Take dead aim, keep your eye on the ball, put the right clubs in the bag, have a good grip, balance stance, swing with controlled power and watch your scores go down
- If you do these things, screening-to-target ratios will improve and you will be happy with the results of deals closed from good prospects
- One of the best business development tools is a day on the golf course – I hope this analogy will help you when you are looking at your next deal
- Anybody can close a deal, but now you know how to close the right ones for you – TAKE DEAD AIM!