

# **Sage Energy Partners Proposal Seven County Infrastructure Coalition Request for Qualifications (RFQ) For Waxy Crude Consultant**

## **1.0 INTRODUCTION**

Sage Energy Partners, LLC (“Sage Energy”), is pleased to present our qualifications and express our interest in working with the Seven County Infrastructure Coalition (“Seven County Coalition”) on addressing the transportation issues associated with the Uinta Basin Waxy Crude (“Waxy Crude”). Sage Energy has been working with the Ute Indian Tribe for the past 5 years to address the energy infrastructure needs for the Uinta Basin (water, oil and gas).

We believe a working relationship between the Seven County Coalition and the Tribe is critical for evaluating, designing, permitting, and constructing of a viable transportation option as the Ute Reservation encompasses 80% of the Uinta Basin. As a Native American owned energy infrastructure company, Sage Energy will utilize our relationship with the various tribal entities in an effort to create economic value for all of the stakeholders in northeastern Utah while minimizing the environmental impact associated with additional production. Sage Energy will seek to structure a deal that may utilize the Tribe’s “Call on Crude Production” and the Seven County Coalition’s \$50 million in Community Impact Bonds (“CIB”) to provide the initial financing for a Waxy Crude Transportation solution.

Following are the component responses by Sage Energy to the RFQ published by the Seven County Coalition on February 13, 2018.

## **2.0 CONSULTANT LEAD QUALIFICATIONS AND PERTINENT EXPERIENCE**

Sage Energy was formed in April 2013 (DE, UT and CO) to bring capital and expertise to the Ute Tribe in an effort to safely develop Waxy Crude resource and address the associated transportation issues. Co-founders of Sage Energy both have over 20 years of experience in the oil and gas industry focused on exploration and production, midstream, refining and terminalling. In addition, Sage Energy understands Tribal cultures and how to leverage sovereign Tribal rights for the development of energy infrastructure projects.

### **Cleve Pike – Co-Founder, Tribal Member, Majority Owner and CEO**

1. **Member of the Ute Indian Tribe** - Valuable relationships with the Ute Tribal Business Committee and related Tribal energy departments (Energy and Minerals, UTERO, BIA).
2. **Ute Energy, LLC** - Co-founder of the company in 2005, which used the same preferential sovereign Tribal rights that Sage Energy is considering for Waxy Crude; Ute Energy sold in a private sale to Crescent Point Energy (NYSE: CPG) November 2012 for \$861 million in lieu of a Initial Public Offering. The 400 miles of natural gas pipeline system, valued over \$200 million, were retained by the Ute Tribe.
3. **Indian Country Consulting, LLC** - Currently advises Uinta Basin producers and Salt Lake City refiners on doing business in Indian Country.

### **Steve Crower – Co-Founder, CFO**

1. **TechnipFMC (NYSE: FTI)** - Operations and financial roles at a global leader in developing and executing oil and gas projects using the latest technologies; reported directly to the CEO and EVP’s running the world-wide energy business (revenue \$13 billion, 44,000 employees, \$13.8 billion market capitalization).
2. **Network International** - Worked with a team to raise \$54 million to finance, develop and grow an on-line auction site for oilfield equipment, the company is now a division of Liquidity Services (Nasdaq: LQDT).
3. **Capital One Securities, Inc. (NYSE: COF)** New Orleans, LA - Energy investment banker involved with \$4.7 Billion in public equity financing offerings focused on the production of oil and gas in North America.
4. **Cowen & Company (Nasdaq: COWN)** New York, NY - Energy Investment Banker focused on refining and terminalling M&A serving as the sell side advisor on several significant refinery transactions.
5. **SDR Capital Markets** Denver, CO - Currently Director of Energy (SEC Licenses 7, 24, 63 and 79) publishing research on the Uinta Basin M&A activity and differentials for Waxy Crude.
6. **University of Colorado**, Denver, CO - Adjunct Professor for “Global Refining and Terminalling”. published refining market analysis in financial and technical journals.
7. **Rice University, Houston, TX** - MBA concentrating in Finance.
8. **University of Michigan**, Ann Arbor, MI - BS in Civil Engineering.

# Sage Energy Partners Proposal

## RFQ For Waxy Crude Consultant

### 3.0 CONSULTANT TEAM MEMBER QUALIFICATIONS AND PERTINENT EXPERIENCE

In December 2015, the Ute Tribal Business Committee requested Sage Energy to advise on a path to reduce the price differentials and increase the production of Waxy Crude. Since that time, Sage Energy has presented proprietary analysis and financial models to the Tribal Business Committee and the State of Utah regarding waxy crude transportation solutions and the associated potential financial results once the solution is constructed. Sage Energy has established relationships with world-class engineering, construction, energy advisors and investment banks that will work as a team to meet the needs of the Seven County Coalition.

**3.1 Stantec Corporation (<https://www.stantec.com>)** – Multi-billion world-wide multi-disciplined engineering company. Stantec's oil and gas division provides feasibility studies, detailed design documents and construction management for energy infrastructure projects. The Salt Lake City office has supported numerous energy infrastructure projects in Utah and the western United States. Due to Stantec's depth, all engineering and design services will be provided in-house.

#### Key Project Personnel

1. **John Gillespie, P.E., Project Manager** - 30 years of project management experience including the feasibility, permitting, design and construction of several significant energy infrastructure projects.
2. **Mike Healy, Manager of U.S Pipeline Projects** - Technical lead with 32 years of oil and gas experience including the construction of pipelines in cold climates and mountainous and sensitive terrain.
3. **Mark Gerber, SLC Project Permit Lead** - 25 years of permitting experience in Utah and western U.S. writing National Environmental Policy Act (NEPA), Endangered Species Assessment (ESA), Environmental Impact Statement (EIS) and Environmental Assessment (EA) reports for energy infrastructure projects.

#### Relevant Project Experience

1. **Suncor Hot Bitumen Pipeline** - Design and construction of a hot bitumen pipeline using insulation and electric heat traced sections located in Alberta, Canada.
2. **Syncrude Aurora Pipeline** - Design of a 30-inch dil-bit pipeline with aerial crossings requiring insulation and electrical heat trace located in Alberta, Canada.
3. **TransCanada Northern Courier Pipeline** - Feasibility, FEED report, cost estimate, project design and construction observations for a 60-mile, 24-inch hot bitumen (300° F) pipeline located in Alberta, Canada.
4. **Perenco Heavy Oil Pipeline** - Conceptual design for a 120-mile diluted bitumen system with a 20-inch heavy oil pipeline located in the Peruvian rainforest.
5. **Williams Natural Gas Pipeline Permit** – EA and biological consultation study for 23 federally listed species for 412-mile, 16" pipeline located in Utah, Colorado and New Mexico.
6. **Questar Pipeline Permit** – NEPA, EIS and ESA for construction of 327 miles of gas pipeline located in northeastern Utah.

**3.2 Energy Advisors** - Focused research with regard to waxy crude marketing and refining to evaluate Uinta Basin energy infrastructure investments from a regional and North American perspectives.

- **Stratas Energy Advisors (<https://stratasadvisors.com>)** – Refining and Pipeline network analysis.
- **PLS Energy Advisors** – (<https://www.plsx.com>) – Exploration and production valuation analysis.

**3.3 Investment Banking Advisors** – Assist with the structuring of an agreement between the Seven County Coalition, the Ute Tribe and its operating partners. The agreement must have the ability to include additional capital partners considering investing in the chosen energy infrastructure option.

- **Goldman Sachs** – (<http://www.goldmansachs.com>) – Deal structure and transaction due diligence.
- **SDR Ventures** – (<https://sdrventures.com>) – Capital IQ, MergerMarket, M&A Advisory Services.

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## 4.0 APPROACH TO IDENTIFY FEASIBILITY PROJECTS AND OBTAIN PERMITS

Sage Energy was formed on two basic principles: first, partner and work with the highest quality oil and gas companies in the world; second respect and preserve the culture of the Native American Tribes in the environmentally safe development of their natural resources.

Any analysis of Waxy Crude requires good working relationships between the various Tribal entities. Therefore, Sage Energy will seek a Waxy Crude transportation solution that will partner the Ute Indian Tribe with the Seven County Coalition stakeholders.

### 4.1 Engineering

The Sage Energy Team will evaluate the following Waxy Crude transportation options: 1) heated pipeline to Salt Lake City, UT, 2) heated pipeline to Price, UT, 3) Rail into Uinta Basin, 4) Waxy Crude upgrader facility in the Uinta Basin. The following tasks will be accomplished:

1. **Kick Off Meeting** - Sage Energy Team will meet with the Seven County Coalition and various Tribal Entities to identify project parameters and expectations.
2. **Data Collection** - Research and collect published documents on transportation options for Waxy Crude.
3. **Evaluation of Transportation Options** - Evaluate the feasibility of each option. The evaluation will consider feasibility, environmental constraints, capital costs, construction methodologies, and environmental impacts. In addition, there will be an valuation of the the competitive reaction from Salt Lake City refiners.
4. **Evaluation of Permits** - Identify required permits for recommended option and evaluate the complexity, costs and time to obtain.
5. **Feasibility Study Report** – A report on the findings for the Waxy Crude transportation options will be issued with and a recommended path forward that will be used for the Seven County Coalition stakeholders and potential investors.

### 4.2 Native American Tribal Rights

Sage Energy will work with the following four Tribal groups and agencies.

1. **Tribal Business Committee (BC)** - Six elected members that make up the governing body of the Ute Tribe. The BC desires to move from passive to active management of the Tribes resources to improve the socio-economic well-being for current and future Tribal members.

2. **Ute Energy and Minerals (Energy and Minerals)** – Focused on enhancing and protecting the minerals and surface estates of the Ute Indian Tribe. Promote the increased oil and gas exploration and production on the Reservation by supporting energy infrastructure projects that lessen the impact to the environment.

3. **Ute Tribe Employment Rights Office (UTERO)** – UTERO was developed to ensure Indians and Indian-owned businesses participate in economic development of the resources of the Ute Reservation. The Tribe implements this ordinance under its inherent sovereign powers as a federal recognized Tribe, The Ute Tribal Constitution and powers delegated by the U.S. Congress.

4. **Bureau of Indian Affairs (BIA)** – Responsible for the administration and management of 55 million acres of land held in trust by the Native Americans in the United States.



### 5.0 Cost Estimate

The Sage Energy Team estimates the cost to advise the Seven County Coalition as a Waxy Crude consultant at \$520,000 which will address the multi-faceted approach outlined in this proposal. A breakdown of these costs are available upon request.