INVITO DRILLCO 2023 LP

TAX STRATEGY TO RETAIN AND GROW YOUR WEALTH

INVITO
ENERGY PARTNERS

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BENEFITS OF O&G INVESTMENTS

- Uncorrelated Returns (Markets and Interest Rates)
- Tax Benefits
- Hedge to Inflation
- Tax Efficient Cash Flow (Passive Income)
- Accelerated Return of Capital

TAX BENEFITS FOR OIL AND GAS INVESTMENTS

INTANGIBLE DRILLING COST: THE (IDC) DEDUCTION

- IRS Section 263 (c) allows for 100% of the intangible drilling costs (IDCs) to be deductible in the year they are incurred.
- IRS Section 469 (c) (3) allows this deduction (loss) to offset ORDINARY taxable income in the year of investment.

75% to 85% of drilling costs

TANGIBLE DRILLING COSTS

- Tangible costs can either be amortized over 5 years or due to the 2017 tax bill (TCJA), bonus depreciation can be used to write-off 100% of these costs when the well is capable of production.

15% to 25% of drilling costs

SMALL PRODUCERS TAX EXEMPTION

- IRS Section 613 covers the tax exemption for small producers and investors which allows 15% of all gross income from gas and oil wells to be excluded from taxation

15% of gross income deducted

HOW TAX BENEFITS WORK FOR OIL AND GAS INVESTING

A simplified guide to lowering your tax burden: how partnership investments lower Adjusted Gross Income

	NO INVESTMENT	INVESTMENT IN FUND
Taxable Income	$500,000	$500,000
Investment	No	$(200,000)
Adjusted Gross Income	$500,000	$340,000
Tax Bill (1)	$185,000	$125,800
Tax Savings	**None**	**$59,200**

ILLUSTRATIVE

(1) 37% flat tax rate assumed, IDC accounts for 80% of well costs

THE EXECUTIVE TEAM

Leading with vision and experience: meet our executive team

Steve Blackwell - CEO & Managing Partner

Mr. Blackwell has twelve years of experience in the energy industry and over twenty years of experience in executive management roles. Mr. Blackwell's energy experience includes serving as President of PetroMax Operating Co., an oil and gas exploration and production company focused on resource plays in Texas and Oklahoma, and COO of U.S. Energy Development Corporation. Prior to 2008, Mr. Blackwell spent fifteen years in the financial services industry in various executive management positions. Mr. Blackwell co-founded Invito Energy Partners with Mr. Christianson in June 2019. Mr. Blackwell specializes in discovering investment opportunities, improving operations, product management and business expansion. He received his BSBA in Finance and Accounting from Central Michigan University.

Jared Christianson - President & Managing Partner

Mr. Christianson has seventeen years of energy industry experience, including roles as VP of Operations and COO of U.S. Energy Development Corporation as VP of Operations at PetroMax Operating Co. Prior to joining PetroMax Operating, Mr. Christianson spent 9 years in various roles in asset development, operations, and technology companies in the energy space. Mr. Christianson has led the investment of more than $500 million in domestic onshore acquisition projects and has deployed approximately $5 billion in drilling projects over thousands of wells across every major basin in the lower 48 states. He earned a BS in Mechanical Engineering from the University of Tulsa.

TARGET RETURNS AT VARIOUS OIL PRICES

ILLUSTRATIVE (4)

		Total Return (1)	5 Year Avg. Annual Return (1, 2)	IRR (3)
Breakeven Oil Price	$40	0.96x	-1%	-2%
Target Return Range	$60	1.61x	12%	31%
	$80	2.20x	24%	61%
Upside Return Range	$100	2.79x	36%	92%
	$120	3.38x	48%	123%

(1) "Total Return" includes tax benefit and is calculated by taking cash-on-cash returns and adding the tax benefit from IDC's and TDC's and Depletion Allowance. Key Assumptions: 35% Federal tax rate, no State tax, Exit NPV20 at end of year 5

(2) Assumes exit at year 5, calculated by dividing ROI by 5 years

(3) IRR assumes 6-month delay between completion and production revenue, IRR's benefit from increased cash flow in years 1-3

(4) Returns are illustrative projections that contain assumptions; actual results may vary

PRIMARY DRIVERS OF WELL FINANCIAL PERFORMANCE

GOAL	COMPONENT	DESCRIPTION	CONTROL FACTOR
↑	Est. Oil Recovery (EUR)	How much oil or natural gas is produced	Moderate
↑	Commodity Price	Price set by market; less differentials of oil and gas	None
↓	CapEx	How much it costs to drill and complete the well	Moderate
↓	OpEx / Water Disposal	How much it costs to operate the well and dispose of water	Moderate
↓	**Fees / Promotes / Carry**	**How much promote does the Sponsor put in the PPM**	**Full**

ASSET CRITERIA GUIDELINES FOR DUE DILIGENCE

EXISTING PRODUCTION

Target assets should have existing production (legacy or new)

INFRASTRUCTURE IN PLACE

i.e., roads, electricity, water disposal, pipelines, etc.

DATAPOINTS WITHIN 5 MILES

Drilling without datapoints within 5 miles should be considered very exploratory and will carry higher risk

ESG GOALS

Target assets with limited to no flaring

MULTIPLE WELLS

Diversification is achieved by having multiple wells, improves returns through economies of scale

INVESTMENT OVERVIEW

WHAT YOU OWN

- General Partnership (GP) Units that convert to Limited Partnership (LP) Units when wells are completed
- One Unit is equal to $50K

FUND OBJECTIVE

- To acquire wellbore working interest in oil basins of both operated and non-operated oil and gas drilling projects
- Create passive cash flow and tax deductions for unit holders

WHO MANAGES THE FUND

- Invito Energy Partners LLC (IEP) is the Managing General Partner

HOW INVITO GETS PAID (ALIGNMENT)

- **One time 4% Management Fee**
- **IEP receives 13% of the fund's distribution before return on invested capital (ROIC), then IEP receives 25%**

DISTRIBUTIONS

- Unit Holders will receive 87% of the cash flow from wells on a quarterly basis until 100% of invested capital is received, then unit holders will receive 75%
- Distributions are expected to commence in Q2 or Q3 after fund close


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Thank you!

Q&A

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