



## **Commodity and Interest Rate Hedging Overview**

May 8, 2013

*The following information is current as of May 8, 2013.*

*Memorial Production Partners LP (MEMP) intends to update this information quarterly to the extent there are changes within the quarter. MEMP may update more or less frequently at its discretion.*

# Forward-Looking Statements

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This document contains “forward-looking statements.” MEMP believes that its expectations are based on reasonable assumptions. No assurance, however, can be given that such expectations will prove to have been correct. A number of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this document. These factors include, but are not limited to, the following risks and uncertainties: the uncertainty inherent in the development and production of oil and natural gas and in estimating reserves; potential difficulties in the marketing of, and volatility in the prices for, oil and natural gas; counterparty credit risk; uncertainties surrounding the success of our secondary and tertiary recovery efforts; competition in the oil and natural gas industry; general political and economic conditions, globally and in the jurisdictions in which we operate; risks related to potential acquisitions, including the ability to make acquisitions on favorable terms or to integrate acquired properties; and the risk that our hedging strategy may be ineffective or may reduce our income. Other factors that could impact forward-looking statements are described in the “Risk Factors” section of MEMP’s most recent Form 10-K filed with the Securities and Exchange Commission and other public filings and press releases by MEMP. MEMP undertakes no obligation to publicly update or revise any forward-looking statements.

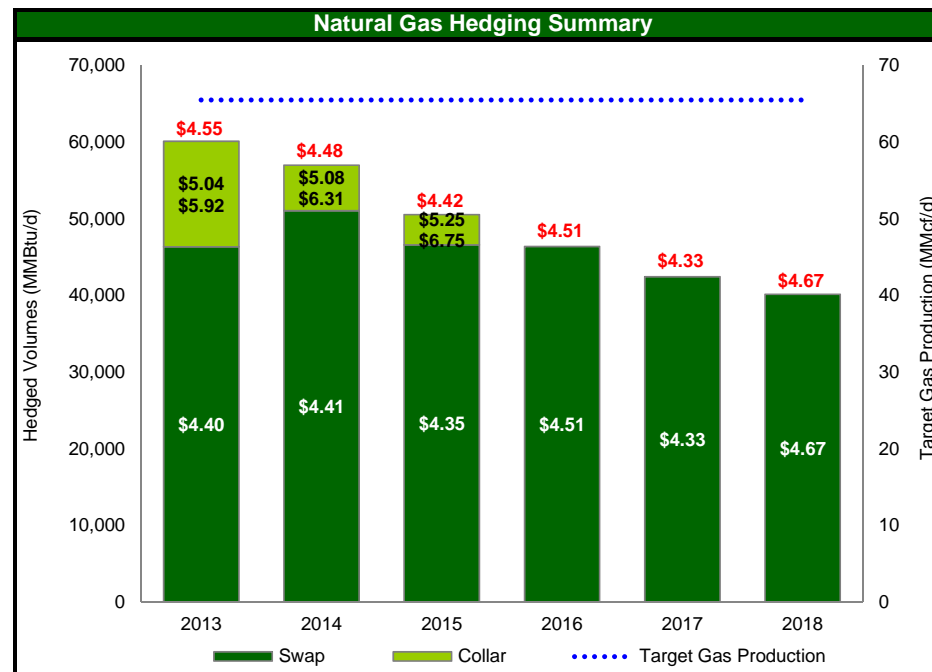
# MEMP Hedging Overview: Q2-2013 thru 2018

- MEMP's commodity risk management policy provides for hedging approximately 65-85% of estimated production from total proved reserves on a rolling three to six year period
  - Policy reduces MEMP's exposure to movements in commodity prices and provides stability to distributable cash flow
  - MEMP primarily utilizes swaps, but may strategically use collars and put options where appropriate
  - All of MEMP's trading counterparties have credit ratings of A- (S&P) or A3 (Moody's) or higher
- MEMP's targeted average net production estimates represent the lower boundary of the annual production range in the updated 2013 full year guidance

<b>Hedge Summary</b>						
	<b>Year Ending December 31,</b>					
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Natural Gas	92%	87%	77%	71%	65%	61%
Crude Oil	79%	84%	78%	71%	66%	54%
Natural Gas Liquids	67%	56%	–	–	–	–
<b>Percent of Target Production Hedged</b>	<b>85%</b>	<b>80%</b>	<b>62%</b>	<b>57%</b>	<b>52%</b>	<b>48%</b>

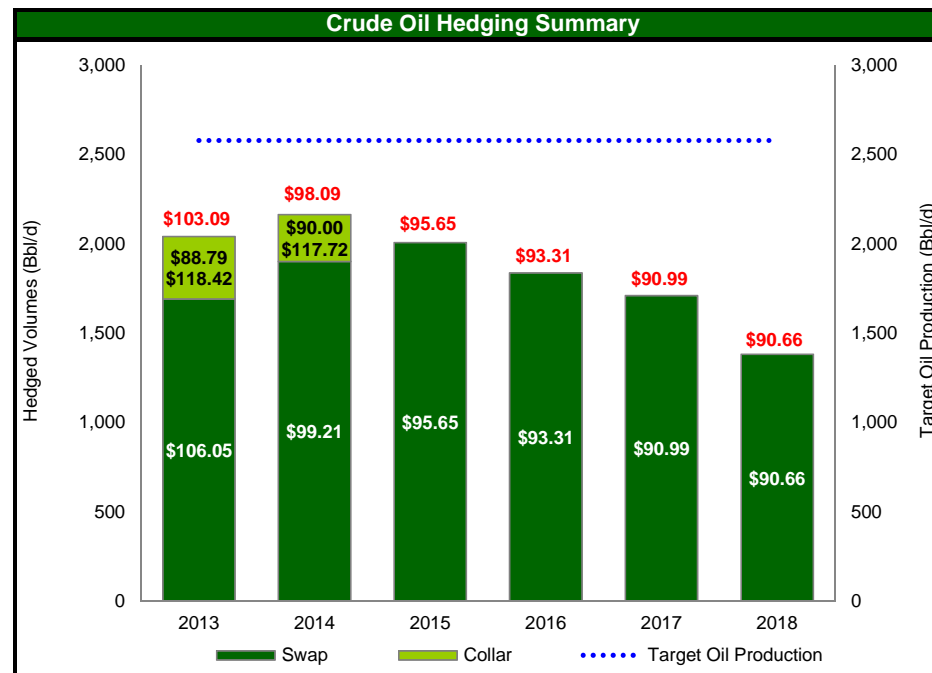
# Natural Gas Hedging Q2-2013 through 2018

- MEMP's existing natural gas hedges cover approximately 92% of targeted natural gas production volumes for the remainder of 2013 at a weighted average price of \$4.55
- 100% of MEMP's natural gas hedges are to the appropriate basis differential through 2014



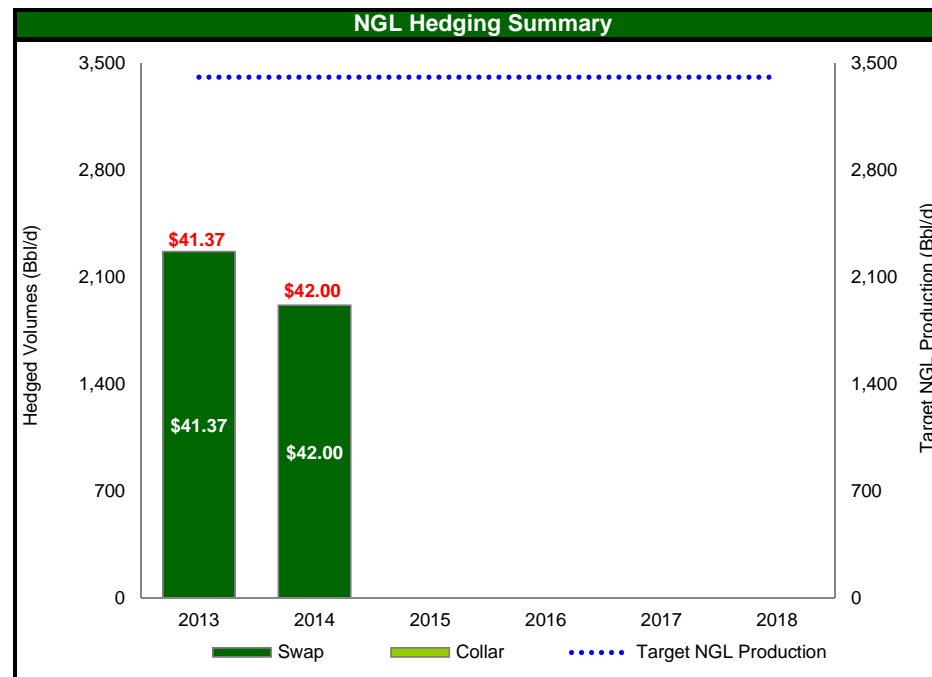
# Crude Oil Hedging Q2-2013 through 2018

- MEMP has hedged approximately 79% of targeted crude oil production volumes for the remainder of 2013 at a weighted average price of \$103.09
- MEMP's California production is hedged using Brent swaps, whereas MEMP's East Texas and South Texas oil production is hedged with WTI swaps and collars
  - MEMP's California hedges include a basis trade through 2014 from Brent to Midway-Sunset



# NGL Hedging Q2-2013 through 2014

- Hedging NGLs by product protects MEMP from fluctuations in the NGL to crude oil price relationship
  - Due to a lack of market liquidity, direct hedging of NGLs is typically limited to 12 to 24 months
- MEMP has hedged approximately 67% of targeted NGL production volumes for the remainder of 2013 at a weighted average floor of \$41.37
  - C2 (Ethane) has been hedged at a lower percentage relative to other products



# Natural Gas and NGL Hedges: Q2-2013 thru 2018

Natural Gas / NGLs Hedge Summary						
	Year Ending December 31,					
	2013	2014	2015	2016	2017	2018
<b>Natural Gas Derivative Contracts:</b>						
Swap contracts:						
Volume (MMBtu)	12,736,548	18,625,500	16,993,340	16,959,300	15,480,800	14,640,000
Volume (MMBtu/d)	46,315	51,029	46,557	46,337	42,413	40,110
Weighted-average fixed price	\$4.40	\$4.41	\$4.35	\$4.51	\$4.33	\$4.67
Collar contracts:						
Volume (MMBtu)	3,780,000	2,160,000	1,440,000	—	—	—
Volume (MMBtu/d)	13,745	5,918	3,945	—	—	—
Weighted-average floor price	\$5.04	\$5.08	\$5.25	—	—	—
Weighted-average ceiling price	\$5.92	\$6.31	\$6.75	—	—	—
Put options:						
Volume (MMBtu)	—	—	—	—	—	—
Volume (MMBtu/d)	—	—	—	—	—	—
Weighted-average floor price	—	—	—	—	—	—
<b>Total Natural Gas Derivative Contracts:</b>						
Total natural gas volumes hedged (MMBtu)	16,516,548	20,785,500	18,433,340	16,959,300	15,480,800	14,640,000
Total natural gas volumes hedged (MMBtu/d)	60,060	56,947	50,502	46,337	42,413	40,110
Total weighted-average fixed/floor price	\$4.55	\$4.48	\$4.42	\$4.51	\$4.33	\$4.67
Percent of target production hedged	92%	87%	77%	71%	65%	61%
<b>Natural Gas Liquids Derivative Contracts:</b>						
Swap contracts:						
Volume (Bbl)	623,726	700,200	—	—	—	—
Volume (Bbl/d)	2,268	1,918	—	—	—	—
Weighted-average fixed price	\$41.37	\$42.00	—	—	—	—
Collar contracts:						
Volume (Bbl)	—	—	—	—	—	—
Volume (Bbl/d)	—	—	—	—	—	—
Weighted-average floor price	—	—	—	—	—	—
Weighted-average ceiling price	—	—	—	—	—	—
<b>Total Natural Gas Liquids Derivative Contracts:</b>						
Total natural gas liquids volumes hedged (Bbl)	623,726	700,200	—	—	—	—
Total NGL volumes hedged (Bbl/d)	2,268	1,918	—	—	—	—
Total weighted-average fixed/floor price	\$41.37	\$42.00	—	—	—	—
Percent of target production hedged	67%	56%	—	—	—	—

# Oil Hedges: Q2-2013 thru 2018

Oil Hedge Summary						
	Year Ending December 31,					
	2013	2014	2015	2016	2017	2018
<b>NYMEX Oil Derivative Contracts:</b>						
Swap contracts:						
Volume (Bbl)	104,688	142,224	192,372	144,156	120,000	120,000
Volume (Bbl/d)	381	390	527	394	329	329
Weighted-average fixed price	\$92.99	\$89.27	\$89.67	\$90.17	\$88.30	\$85.10
Collar contracts:						
Volume (Bbl)	96,300	96,000	—	—	—	—
Volume (Bbl/d)	350	263	—	—	—	—
Weighted-average floor price	\$88.79	\$90.00	—	—	—	—
Weighted-average ceiling price	\$118.42	\$117.72	—	—	—	—
<b>Brent Oil Derivative Contracts:</b>						
Swap contracts:						
Volume (Bbl)	360,000	551,500	540,000	528,000	504,000	384,000
Volume (Bbl/d)	1,309	1,511	1,479	1,443	1,381	1,052
Weighted-average fixed price	\$109.85	\$101.78	\$97.78	\$94.17	\$91.63	\$92.40
Collar contracts:						
Volume (Bbl)	—	—	—	—	—	—
Volume (Bbl/d)	—	—	—	—	—	—
Weighted-average floor price	—	—	—	—	—	—
Weighted-average ceiling price	—	—	—	—	—	—
<b>Total Crude Oil Derivative Contracts:</b>						
Total Crude Oil Derivative Contracts:						
Total crude oil volumes hedged (Bbl)	560,988	789,724	732,372	672,156	624,000	504,000
Total crude oil volumes hedged (Bbl/d)	2,040	2,164	2,006	1,836	1,710	1,381
Total weighted-average fixed/floor price	\$103.09	\$98.09	\$95.65	\$93.31	\$90.99	\$90.66
Percent of target production hedged	79%	84%	78%	71%	66%	54%



## Interest Rate Hedging Overview: 2013 thru 2016

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- As of May 1, 2013, MEMP has entered into the following interest rate derivative hedging transactions as it relates to \$118.0 million debt outstanding under its revolving credit facility which currently has a \$505 million borrowing base:
  - \$110 million, or 93%, of its variable rate exposure as of May 1, 2013 extending through October 2013 at a weighted average fixed annual LIBOR rate of 1.15%
  - \$265 million of variable rate notional amounts from November 2013 through April 2014 at a weighted average fixed annual LIBOR rate of 1.31%
  - \$225 million of variable rate notional amounts from May 2014 through October 2014 at a weighted average fixed annual LIBOR rate of 1.34%
  - \$150 million of variable rate notional amounts from November 2014 through December 2016 at a weighted average fixed annual LIBOR rate of 1.19%



***Memorial***  
*Production Partners*