



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

May 6, 2015

*The following information is current as of May 6, 2015.*

*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, natural gas and natural gas liquids and in estimating reserves; risks associated with drilling activities; potential difficulties in the marketing of, and volatility in the prices for, oil, natural gas and natural gas liquids; potential failure or shortages of, or increased costs for, drilling and production equipment and supply materials for production; counterparty credit risk; uncertainties surrounding the success of 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 MEMP operates; risks related to acquisitions, including MEMP’s ability to close pending acquisitions and to integrate acquired properties; and the risk that MEMP’s hedging strategy may be ineffective or may reduce its 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.

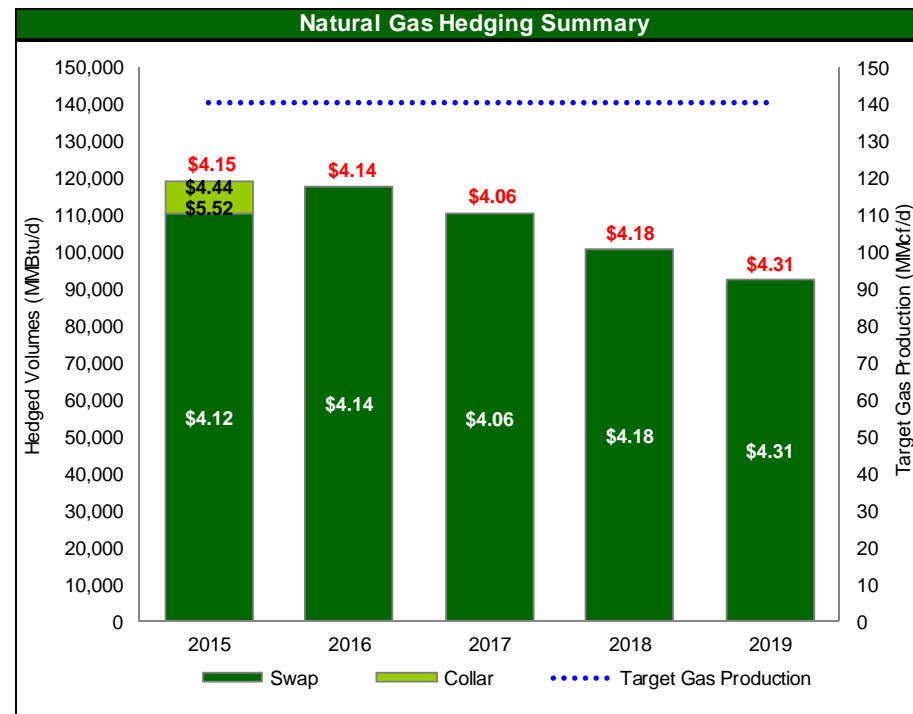
# MEMP Hedging Overview: 2Q15 through 2019

- 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
  - All of MEMP's trading counterparties have credit ratings of A- (S&P) or A3 (Moody's) or higher
  - All of MEMP's current hedges are costless, fixed price swaps and collars
- MEMP's targeted average net production estimate represents the midpoint of the annual production range in the 2015 full year guidance

Hedge Summary					
	Year Ending December 31,				
	2015	2016	2017	2018	2019
<b>Natural Gas Derivative Contracts:</b>					
Total weighted-average fixed/floor price	\$4.15	\$4.14	\$4.06	\$4.18	\$4.31
Percent of expected remaining 2015 production hedged	85%	84%	78%	72%	66%
<b>Crude Oil Derivative Contracts:</b>					
Total weighted-average fixed/floor price	\$91.14	\$86.87	\$84.70	\$83.74	\$85.52
Percent of expected remaining 2015 production hedged	86%	86%	93%	96%	49%
<b>Natural Gas Liquids Derivative Contracts:</b>					
Total weighted-average fixed/floor price	\$42.30	\$40.36	\$37.55	–	–
Percent of expected remaining 2015 production hedged	79%	59%	16%	–	–
<b>Total Derivative Contracts:</b>					
Total weighted-average fixed/floor price	\$7.51	\$7.33	\$7.52	\$7.89	\$6.84
Percent of expected remaining 2015 production hedged	84%	79%	69%	63%	48%

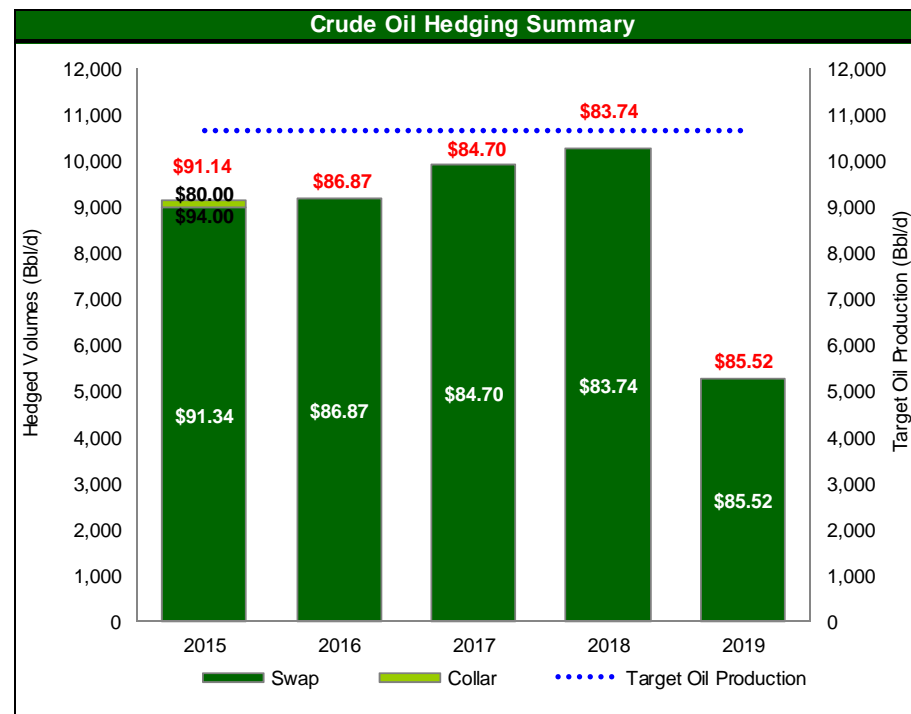
# Natural Gas Hedging 2Q15 through 2019

- MEMP's existing natural gas hedges cover approximately 85% of the midpoint of its targeted natural gas production volumes for the remainder of 2015 at a weighted average price of \$4.15
- 100% of MEMP's natural gas hedges are to the appropriate basis differential through 2016
  - 30% of MEMP's natural gas hedges are hedged to the appropriate basis in 2017



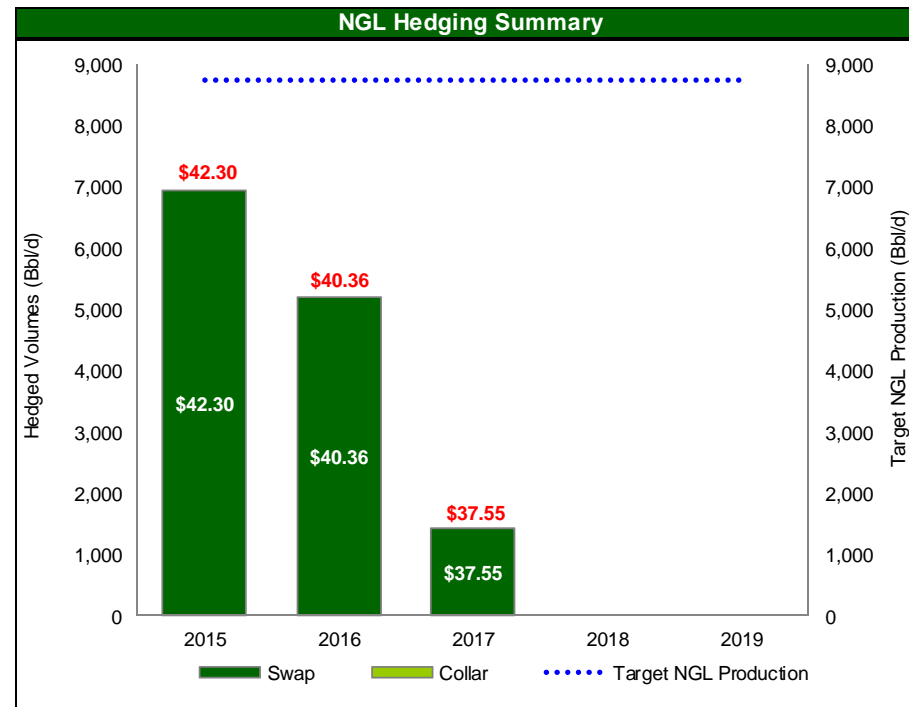
# Crude Oil Hedging 2Q15 through 2019

- MEMP has hedged approximately 86% of the midpoint of its targeted crude oil production volumes for the remainder of 2015 at a weighted average price of \$91.14
- MEMP's California production is hedged using Brent swaps, whereas MEMP's East Texas, South Texas, Permian Basin and Rockies oil production is hedged with WTI swaps and collars
  - MEMP also has crude oil basis hedges from Brent to Midway-Sunset and WTI to Midland



# NGL Hedging 2Q15 through 2019

- Hedging NGLs by product helps protect 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 18 to 24 months
- MEMP has hedged approximately 79% of the midpoint of its targeted NGL production volumes for the remainder of 2015 at a weighted average price of \$42.30



# Natural Gas and NGL Hedges: 2Q15 through 2019

Natural Gas / NGLs Hedge Summary					
	Year Ending December 31,				
	2015	2016	2017	2018	2019
<b>Natural Gas Derivative Contracts:</b>					
Swap contracts:					
Volume (MMBtu)	30,355,005	43,109,300	40,200,800	36,720,000	33,775,000
Volume (MMBtu/d)	110,382	117,785	110,139	100,603	92,534
Weighted-average fixed price	\$4.12	\$4.14	\$4.06	\$4.18	\$4.31
Collar contracts:					
Volume (MMBtu)	2,430,000	–	–	–	–
Volume (MMBtu/d)	8,836	–	–	–	–
Weighted-average floor price	\$4.44	–	–	–	–
Weighted-average ceiling price	\$5.52	–	–	–	–
Total Natural Gas Derivative Contracts:					
Total natural gas volumes hedged (MMBtu)	32,785,005	43,109,300	40,200,800	36,720,000	33,775,000
Total natural gas volumes hedged (MMBtu/d)	119,218	117,785	110,139	100,603	92,534
Total weighted-average fixed/floor price	\$4.15	\$4.14	\$4.06	\$4.18	\$4.31
Percent of target production hedged	85%	84%	78%	72%	66%
<b>Natural Gas Liquids Derivative Contracts:</b>					
Swap contracts:					
Volume (Bbl)	1,906,800	1,903,200	519,600	–	–
Volume (Bbl/d)	6,934	5,200	1,424	–	–
Weighted-average fixed price	\$42.30	\$40.36	\$37.55	–	–
Collar contracts:					
Volume (Bbl)	–	–	–	–	–
Volume (Bbl/d)	–	–	–	–	–
Weighted-average floor price	–	–	–	–	–
Weighted-average ceiling price	–	–	–	–	–
Total Natural Gas Liquids Derivative Contracts:					
Total natural gas liquids volumes hedged (Bbl)	1,906,800	1,903,200	519,600	–	–
Total NGL volumes hedged (Bbl/d)	6,934	5,200	1,424	–	–
Total weighted-average fixed/floor price	\$42.30	\$40.36	\$37.55	–	–
Percent of target production hedged	79%	59%	16%	–	–

# Crude Oil Hedges: 2Q15 through 2019

Oil Hedge Summary					
	Year Ending December 31,				
	2015	2016	2017	2018	2019
<b>NYMEX Oil Derivative Contracts:</b>					
Swap contracts:					
Volume (Bbl)	1,948,779	2,697,756	2,995,200	3,144,000	1,620,000
Volume (Bbl/d)	7,086	7,371	8,206	8,614	4,438
Weighted-average fixed price	\$89.40	\$85.17	\$83.27	\$82.24	\$85.06
Collar contracts:					
Volume (Bbl)	45,000	-	-	-	-
Volume (Bbl/d)	164	-	-	-	-
Weighted-average floor price	\$80.00	-	-	-	-
Weighted-average ceiling price	\$94.00	-	-	-	-
<b>Brent Oil Derivative Contracts:</b>					
Swap contracts:					
Volume (Bbl)	516,000	660,000	624,000	600,000	300,000
Volume (Bbl/d)	1,876	1,803	1,710	1,644	822
Weighted-average fixed price	\$98.68	\$93.79	\$91.57	\$91.60	\$88.00
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)	2,509,779	3,357,756	3,619,200	3,744,000	1,920,000
Total crude oil volumes hedged (Bbl/d)	9,126	9,174	9,916	10,258	5,260
Total weighted-average fixed/floor price	\$91.14	\$86.87	\$84.70	\$83.74	\$85.52
Percent of target production hedged	86%	86%	93%	96%	49%



# Natural Gas Basis Hedges: 2Q15 through 2019

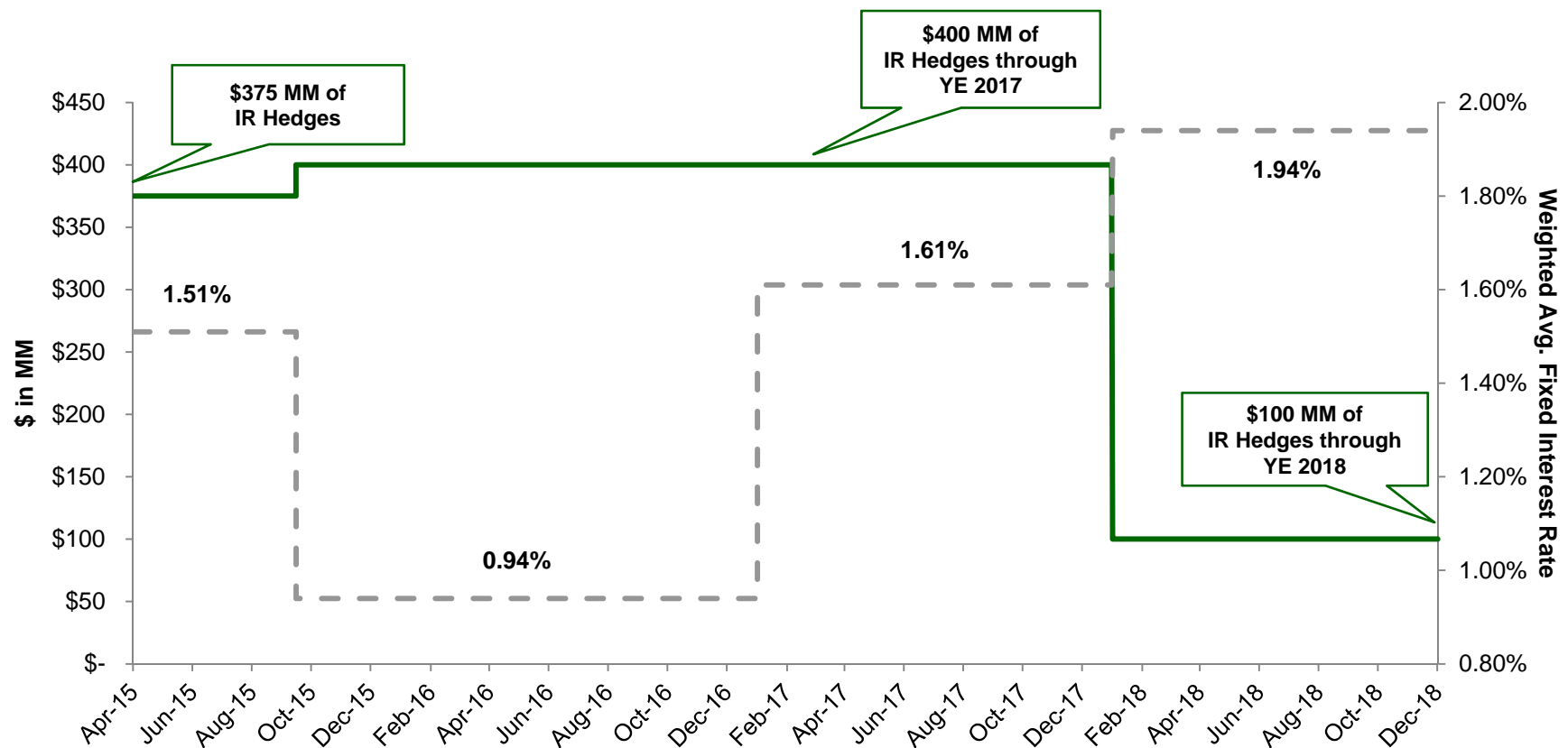
Basis Hedge for Natural Gas					
	Year Ending December 31,				
	2015	2016	2017	2018	2019
<b>NGPL TexOk Gas Differential</b>					
Total natural gas volumes hedged (MMBtu)	26,670,000	36,040,000	10,800,000	7,200,000	–
Total natural gas volumes hedged (MMBtu/d)	96,982	98,470	29,589	19,726	–
Total weighted-average fixed/floor price	(\$0.114)	(\$0.074)	(\$0.065)	(\$0.053)	–
<b>HSC Gas Differential</b>					
Total natural gas volumes hedged (MMBtu)	1,350,000	1,620,000	1,380,000	1,380,000	–
Total natural gas volumes hedged (MMBtu/d)	4,909	4,426	3,781	3,781	–
Total weighted-average fixed/floor price	(\$0.075)	\$0.068	\$0.135	\$0.150	–
<b>CIG Gas Differential</b>					
Total natural gas volumes hedged (MMBtu)	1,890,000	2,040,000	–	–	–
Total natural gas volumes hedged (MMBtu/d)	6,873	5,574	–	–	–
Total weighted-average fixed/floor price	(\$0.250)	(\$0.295)	–	–	–
<b>STX TETCO Gas Differential</b>					
Total natural gas volumes hedged (MMBtu)	2,700,000	3,240,000	–	–	–
Total natural gas volumes hedged (MMBtu/d)	9,818	8,852	–	–	–
Total weighted-average fixed/floor price	(\$0.090)	\$0.060	–	–	–
<b>Total Gas Differential</b>					
Total natural gas volumes hedged (MMBtu)	32,610,000	42,940,000	12,180,000	8,580,000	–
Total natural gas volumes hedged (MMBtu/d)	118,582	117,322	33,370	23,507	–
Total weighted-average fixed/floor price	(\$0.118)	(\$0.069)	(\$0.042)	(\$0.020)	–

# Crude Oil Basis Hedges: 2Q15 through 2019

Basis Hedge for Crude Oil					
	Year Ending December 31,				
	2015	2016	2017	2018	2019
<b>Midway-Sunset Differential</b>					
Total crude oil volumes hedged (Bbl)	516,000	660,000	–	–	–
Total crude oil volumes hedged (Bbl/d)	1,876	1,803	–	–	–
Total weighted-average fixed/floor price	(\$9.73)	(\$13.35)	–	–	–
<b>Midland-Cushing Differential</b>					
Total crude oil volumes hedged (Bbl)	360,000	480,000	360,000	–	–
Total crude oil volumes hedged (Bbl/d)	1,309	1,311	986	–	–
Total weighted-average fixed/floor price	(\$3.25)	(\$4.34)	(\$2.35)	–	–
<b>Total Crude Differential</b>					
Total crude oil volumes hedged (Bbl)	876,000	1,140,000	360,000	–	–
Total crude oil volumes hedged (Bbl/d)	3,185	3,115	986	–	–
Total weighted-average fixed/floor price	(\$7.07)	(\$9.56)	(\$2.35)	–	–

# Interest Rate Hedging Overview: 2Q15 through 2018

- MEMP has entered into the following interest rate derivative hedging transactions as it relates to the debt outstanding under its revolving credit facility
- MEMP had interest rate hedges on 61% of the \$613 MM revolving credit facility debt outstanding<sup>(1)</sup> as of April 30, 2015



(1) Revolving credit facility debt excludes \$4.8 MM Letters of Credit outstanding as of April 30, 2015



***Memorial***  
*Production Partners*