



BLACK STONE
MINERALS

2017 MLPA Annual Investor Conference



June 1, 2017

Forward-Looking Statements



This presentation contains “forward-looking statements” within the meaning of the securities laws. All statements, other than statements of historical fact, included in this presentation that address activities, events, or developments that Black Stone Minerals, L.P. (“Black Stone Minerals,” “Black Stone,” “the Partnership,” or “BSM”) expects, believes, or anticipates will or may occur in the future are forward-looking statements. The words “believe,” “expect,” “may,” “estimates,” “will,” “anticipate,” “plan,” “intend,” “foresee,” “should,” “would,” “could,” or other similar expressions are intended to identify forward-looking statements, which are generally not historical in nature. However, the absence of these words does not mean that the statements are not forward-looking.

These statements are based on certain assumptions made by Black Stone Minerals based on management’s expectations and perception of historical trends, current conditions, anticipated future developments, and other factors believed to be appropriate. Although Black Stone Minerals believes that these assumptions were reasonable when made, because assumptions are inherently subject to significant uncertainties and contingencies, which are difficult or impossible to predict and are beyond its control, Black Stone Minerals cannot give assurance that it will achieve or accomplish these expectations, beliefs, or intentions. Such statements are subject to a number of assumptions, risks, and uncertainties, many of which are beyond the control of Black Stone Minerals, which may cause actual results to differ materially from those implied or expressed by the forward-looking statements. These include the factors discussed or referenced in the “Risk Factors” and “Forward-Looking Statements” sections of the filings Black Stone Minerals has made with the Securities and Exchange Commission, including its annual report on Form 10-K and quarterly reports on Form 10-Q, as well as risks relating to financial performance and results, current economic conditions and resulting capital restraints, prices and demand for oil and natural gas, availability of drilling equipment and personnel, availability of sufficient capital to execute our business plan, impact of compliance with legislation and regulations, successful results from our operators’ identified drilling locations, our operators’ ability to efficiently develop and exploit the current reserves on our properties, our ability to acquire additional mineral interests, and other important factors that could cause actual results to differ materially from those projected. When considering the forward-looking statements, you should keep in mind the risk factors and other cautionary statements in filings Black Stone Minerals has made with the SEC.

You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which such statement is made, and Black Stone Minerals undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable law. All forward-looking statements attributable to Black Stone Minerals are qualified in their entirety by this cautionary statement.



BSM LISTED NYSE

• Headquarters.....	Houston, TX
• Inside ownership.....	>20%
• Qtrly common distribution ¹	\$0.3125 / unit
• Current annual yield ¹	7.6%
• Production (1Q17).....	35.6 MBoe/d
• Proved reserves (YE 2016).....	63.4 MMBoe

- Black Stone Minerals, L.P. is the largest publicly traded yield vehicle focused on oil and gas mineral and royalty interests in the U.S.
- Over 18 million mineral and royalty acres with interests in over 40 states and 60 producing basins
- Ideal asset profile for MLP investors
 - Upstream oil & gas exposure without the associated drilling capital or operating expense
 - Low leverage
 - Cost-free growth through development drilling and new discoveries on existing assets

Investment Highlights

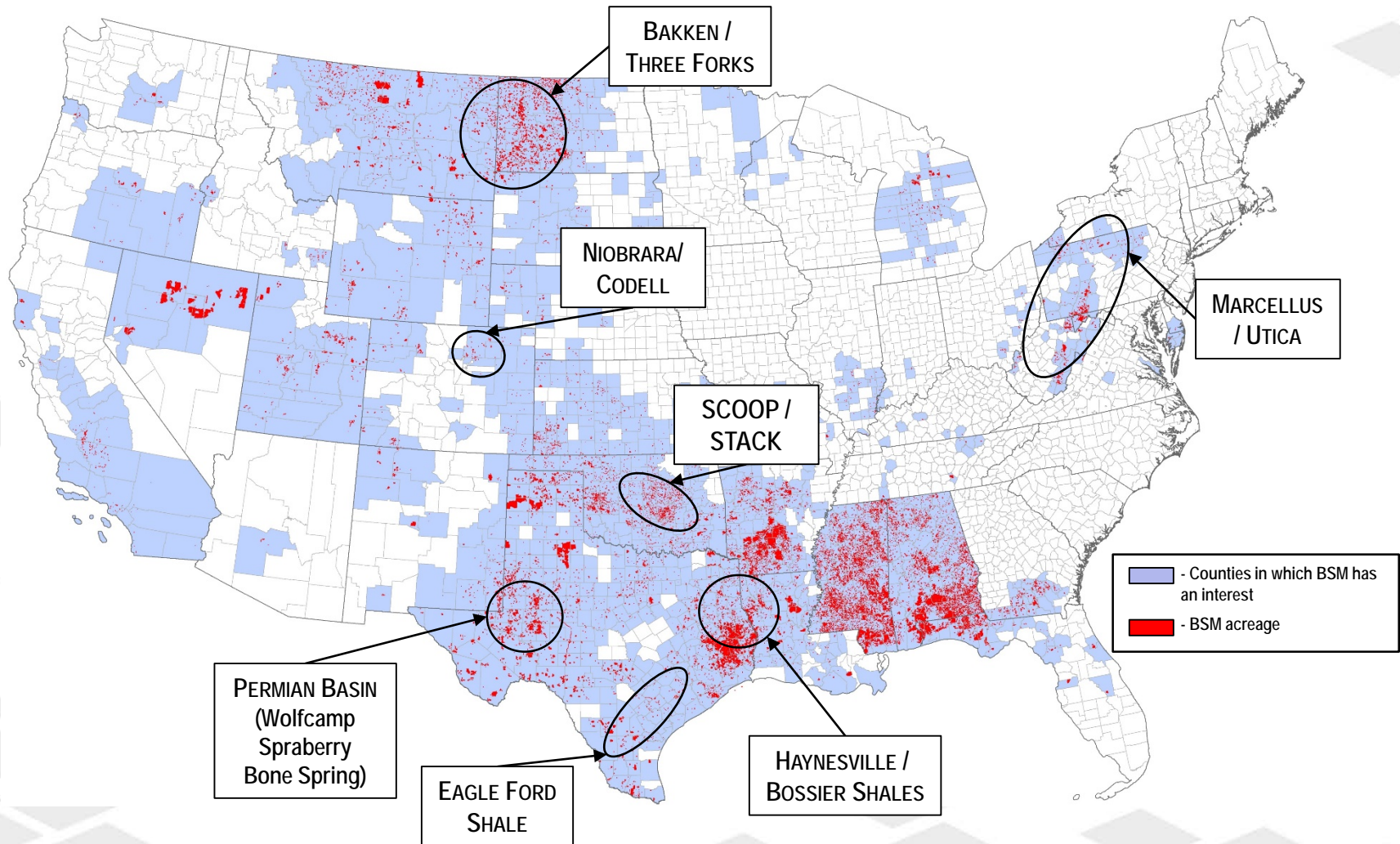


- **Growth potential from world class asset base**
 - Size and scale through over 18 million mineral and royalty acres
 - Diverse footprint exposes us to both established and emerging plays
 - Haynesville/Bossier play and Permian Basin expected to drive near-term growth
 - Durable competitive advantage; would be difficult to replicate the Partnership's positions
- **Low capital intensity = lower-risk cash flow**
 - No CAPEX or operating cost requirements on mineral and royalty assets
 - No cost to generate working interest inventory as it is embedded in the acreage
- **Unique structure delivers stability and growth**
 - Increasing MQD delivers annual common distribution growth of 9% through 1Q19
 - Almost half of all units are subordinated to common, which have priority on distributions
 - Subordinated unit conversion ratio allows flexibility to enable growing distributions beyond conversion
- **Significant liquidity and strong financial position**
 - Secured credit facility with borrowing base of \$550 million; \$388 million drawn at end of 1Q17
 - TTM leverage ratio of 1.4x as of March 31, 2017

Large, Diversified Portfolio of Assets



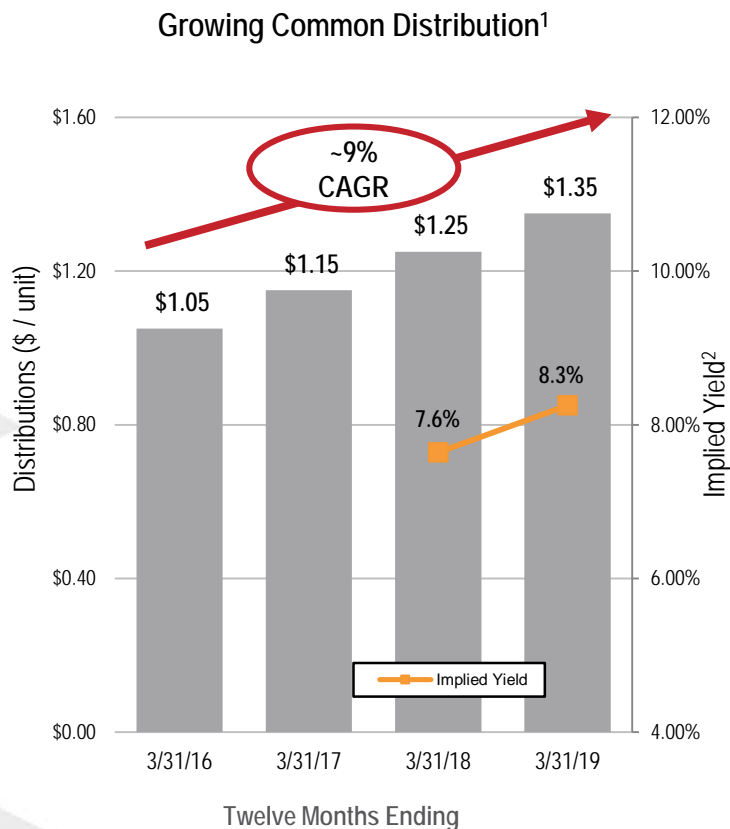
- Over the last four decades, BSM has built a high-quality, diverse footprint that is exposed to most major plays



Differentiated Distribution Structure



Growing Common Unit Distribution Protected by Subordination Structure



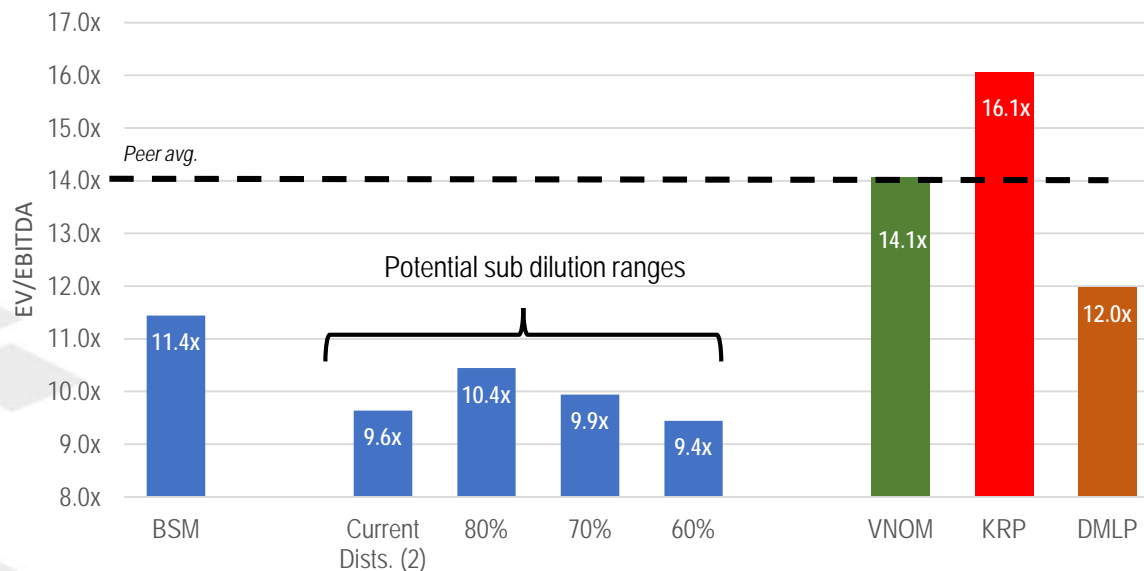
- Common units scheduled to receive an increasing distribution into 2019
- Ownership structure provides significant benefits to the common unitholders
 - Enhanced distribution coverage for common via high level of subordinated ownership
 - Quarterly coverage on all units for 1Q17 was 1.5x (2.4x to common)
 - No IDRs and no arrearages for subordinated units
- BSM is committed to growing common distribution beyond subordination period
 - Board may convert sub units at <1:1 at end of conversion period, which provides flexibility in managing post-conversion unit count

Compelling Valuation



BSM's valuation does not appear to take into account any potential dilution of the subordinated units

EV to 1Q17 Adjusted EBITDA (Annualized)¹



- Despite BSM's scale, diversity, and asset quality, it trades at a discount to peers on valuation even before factoring in any potential reduction in the subordinated unit conversion ratio
- Assuming some level of subordinated unit dilution creates an even wider valuation gap

Using reasonable assumptions regarding subordinated unit dilution, common units of BSM would need to trade meaningfully higher to trade in-line with the peer average

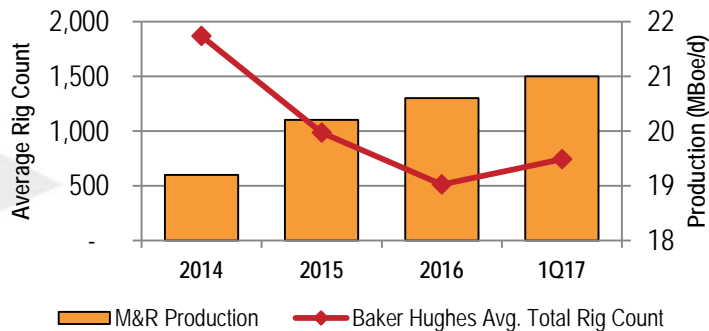
Managing the Mineral and Royalty Assets



Demonstrated ability to attract activity to BSM mineral and royalty (M&R) interests

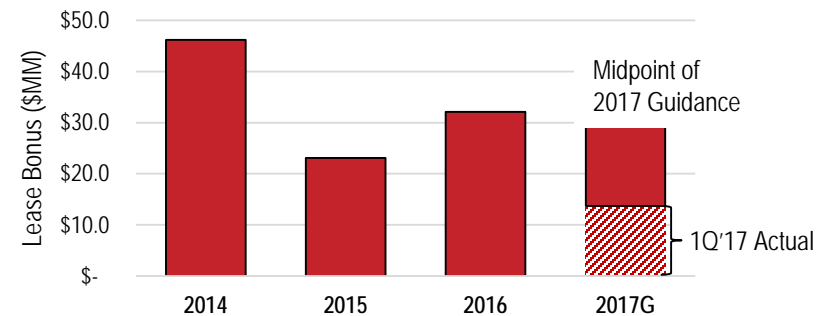
- Multiple levers available to incentivize operators to maintain/accelerate activity or test new prospects even in periods of lower industry activity

Recent M&R Volumes vs. Rig Count



- BSM generates recurring lease bonus as E&Ps search for new opportunities; this is because all assets, including undeveloped assets, are held inside of BSM, resulting in cost-free drop downs

BSM Lease Bonus



Derive working interest value from Black Stone's core M&R assets

- Black Stone Minerals leverages its mineral position to create optionality with non-operated working interests, which can then be harvested when they reach sufficient size and scale

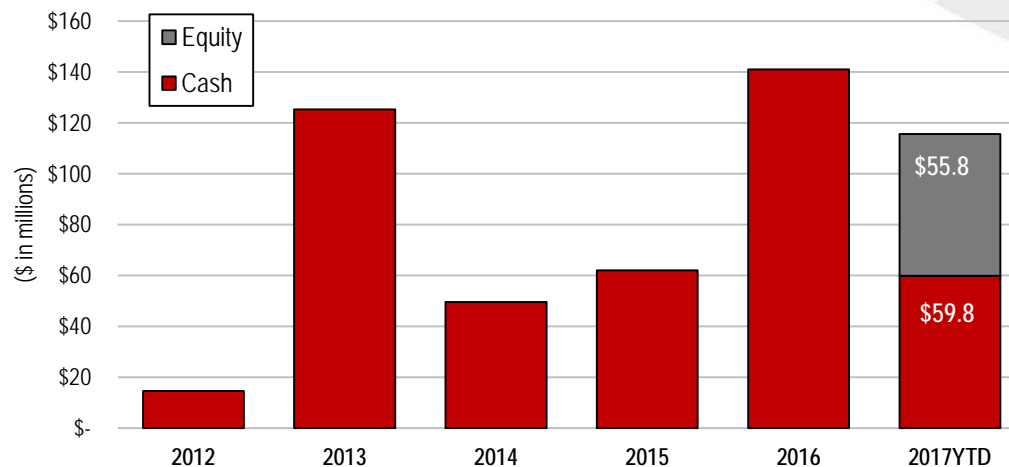
Long History of Acquisitions



2017 Year-to-Date Activity

- In Delaware Basin, BSM has acquired assets for ~\$31 million in cash and ~\$12 million in equity
- In East Texas, the Partnership has agreed to acquire assets focused on the Haynesville & Bossier Shales for ~\$29 million in cash and approximately ~\$44 million in equity
- Proved thesis that public equity is a competitive advantage in acquisitions; provides sellers with a more diversified mineral position and tax benefits

Acquisitions by Year¹



Scalable Infrastructure for Future Acquisitions

Business Development: Reviewed hundreds of third-party acquisitions since the beginning of 2012, with more than \$500 million of transactions completed/entered into; nearly \$2 billion of acquisitions since inception

Engineering/Geology: In-house engineering and geology functions ensure informed investment decisions

Land: Significant expertise in lease negotiations

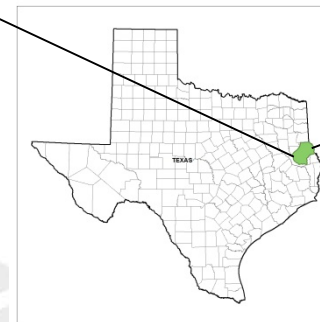
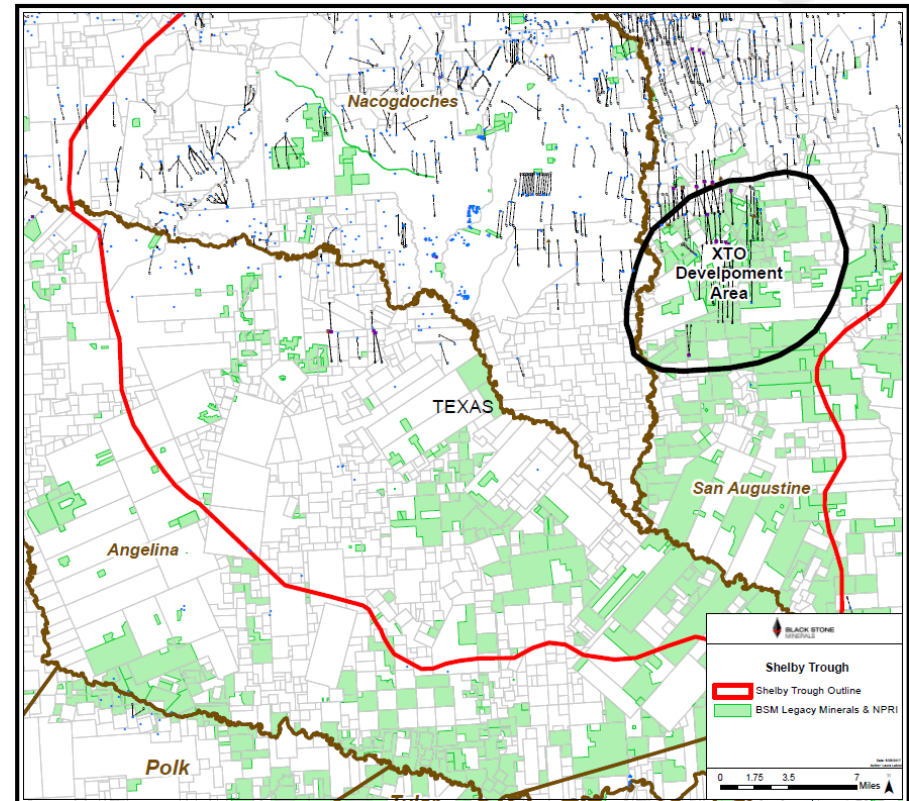
Legal: Experience in nearly every jurisdiction throughout the continental United States' producing regions

Accounting: Minimal incremental personnel and infrastructure needed for future acquisitions, regardless of size

Shelby Trough Case Study: Creating Additional Value



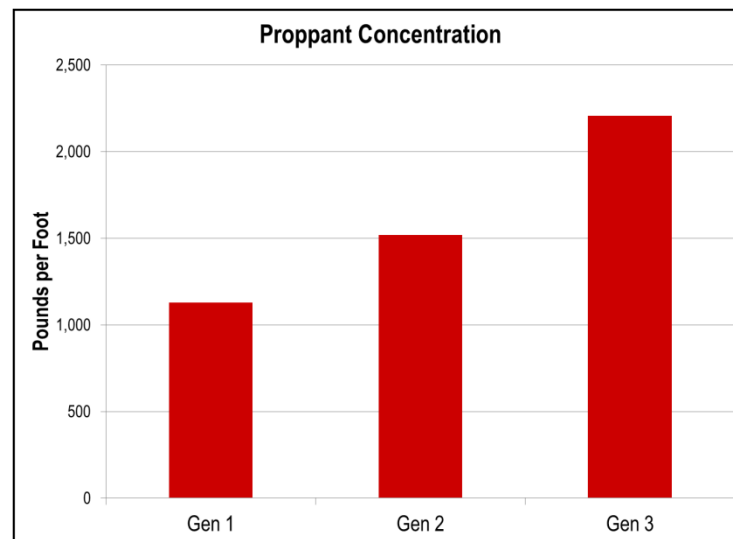
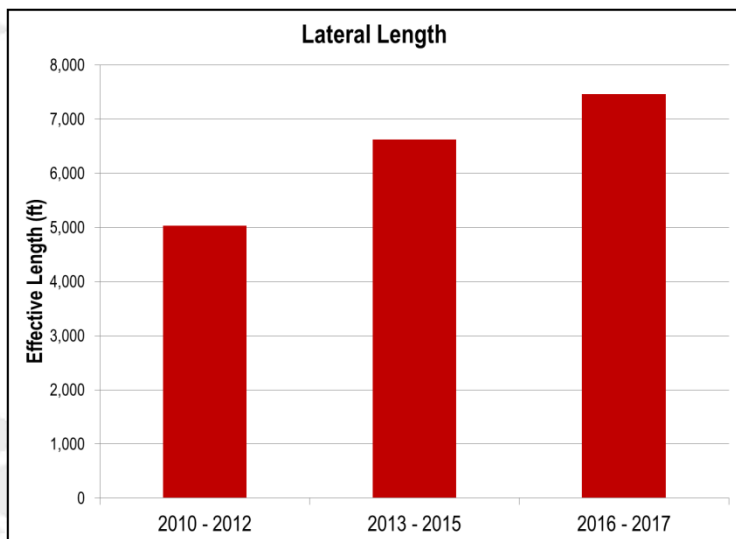
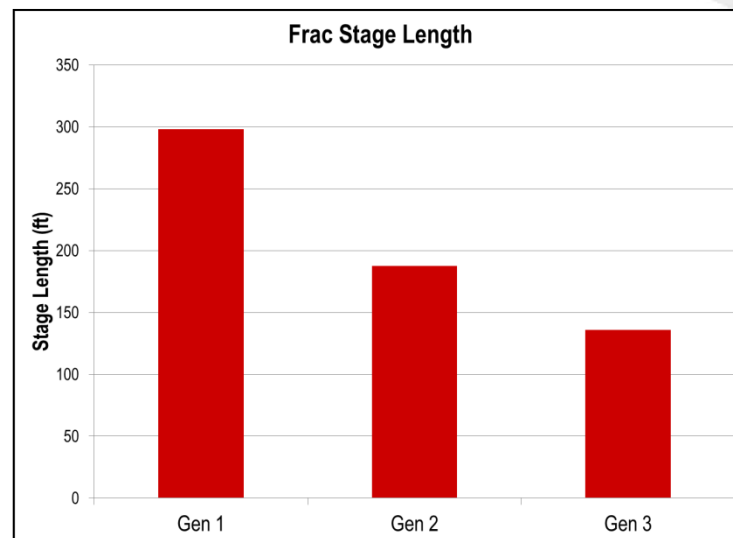
- In 2014, BSM owned ~75,000 net mineral acres in southern Shelby Trough of Haynesville/Bossier play
 - Very high quality rock
 - Prospective for both Haynesville and Bossier
 - Significantly overpressured (.85 - .90 psi/ft)
 - Relatively undeveloped compared to central Shelby Trough
- Majority of BSM's Shelby Trough acreage in San Augustine County under lease to XTO
- BSM negotiated a series of incentive development agreements with XTO to increase drilling activity to at least 10 wells per year, focused on a ~17,000 acre position
- Since late 2015, XTO has drilled 20 wells under those agreements, targeting both Haynesville and Bossier
- Through the program, BSM had early insight into significant improvements in well performance, cost and economics



Evolution in Completions



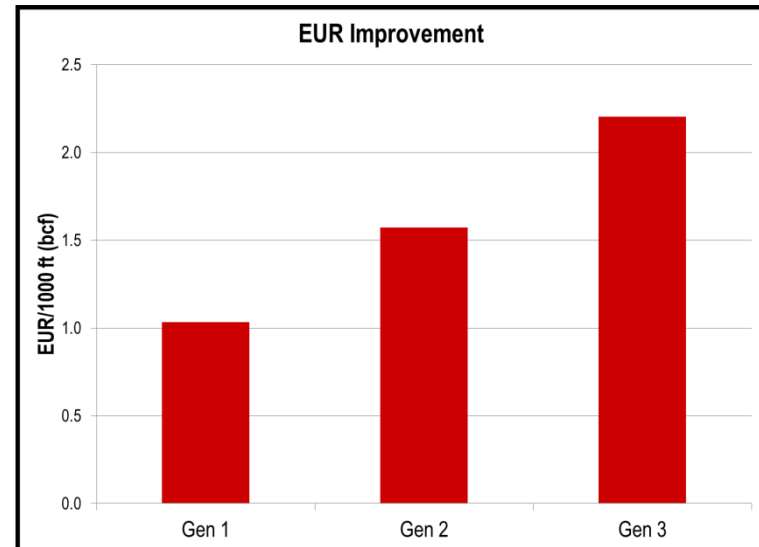
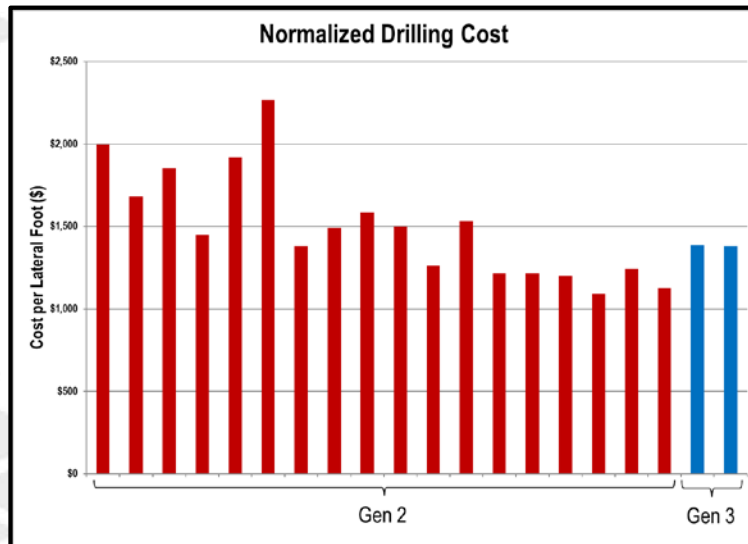
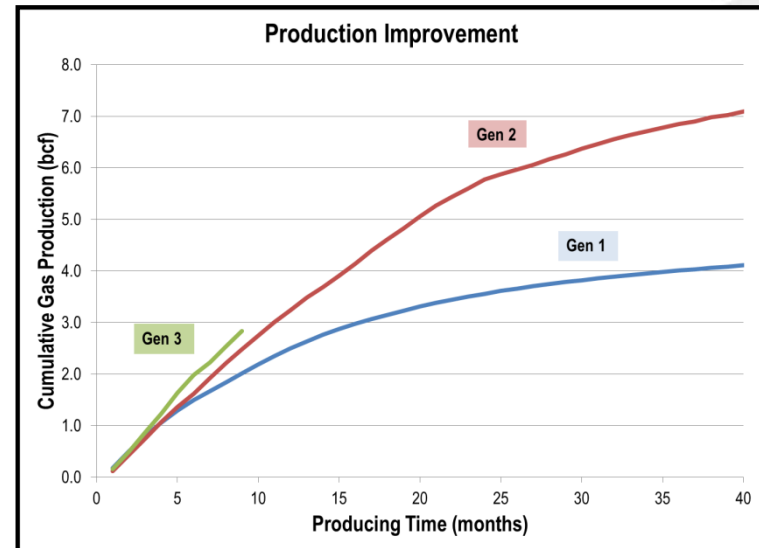
- XTO has consistently improved its completion designs
 - Stage lengths have been cut in half from Generation 1 (prior to 2014) to Generation 3 (current)
 - Proppant concentrations have doubled over the same period
- Lateral length has grown consistently over time
 - Wells prior to 2014 averaged ~ 5,000 ft
 - Currently averaging 7,500 ft
 - Several recent and upcoming wells over 8,500 ft



Evolution in Results



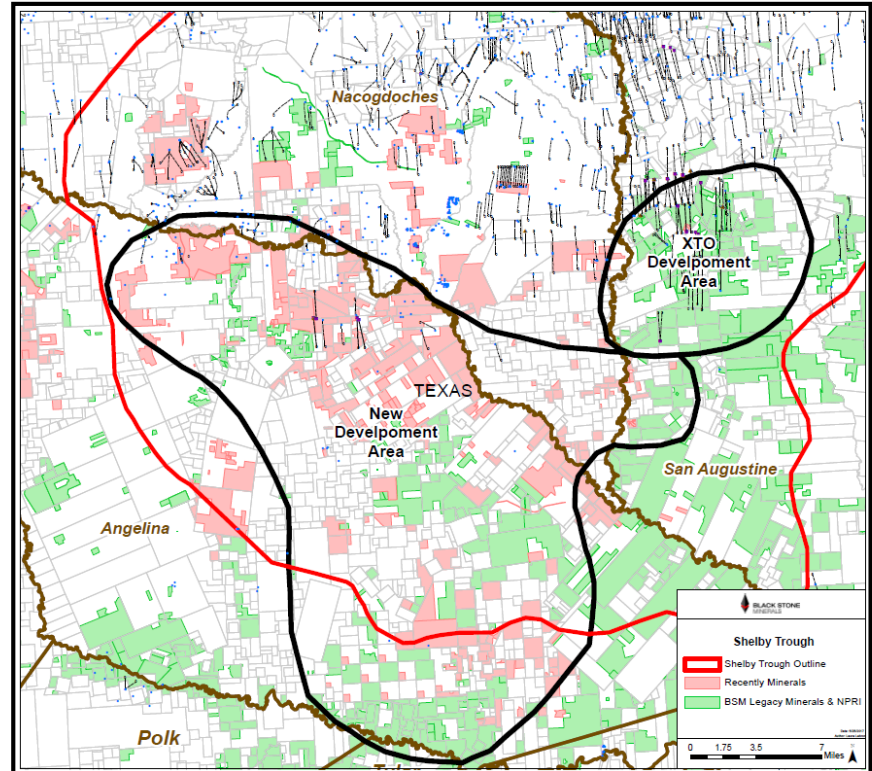
- **Improved early production**
 - 60% improvement in 1st 24 months production from Gen 1 to Gen 2
 - Expect at least 15% improvement over Gen 2 from Gen 3 completions
- **Improved EURs**
 - Normalized EURs up 2.2x from Gen 1 to Gen 3 completions to over 2.0 bcf per lateral ft
- **Improved Costs**
 - Meaningful reduction in well costs despite higher intensity completions



Shelby Trough Case Study: Expanding the Core



- In late 2015, BSM was able to attract a major oil and gas company to its leasehold and minerals acreage in northern Angelina County and entered into a development agreement on a ~10,000 acre block
- Upon the success achieved there, the Partnership began actively acquiring additional mineral acreage in the Shelby Trough in 2016
- To date, BSM has increased its position there by ~25,000 net acres, bring total exposure in Shelby Trough to ~100,000 net acres
- Concurrently, BSM and its partner agreed to expand the scope of its agreement to include a substantially larger area, effectively putting an additional 72,000 net acres under development agreements
- Combined with the initial ~17,000 net acres with XTO, total acreage under development is now at ~89,000 net acres

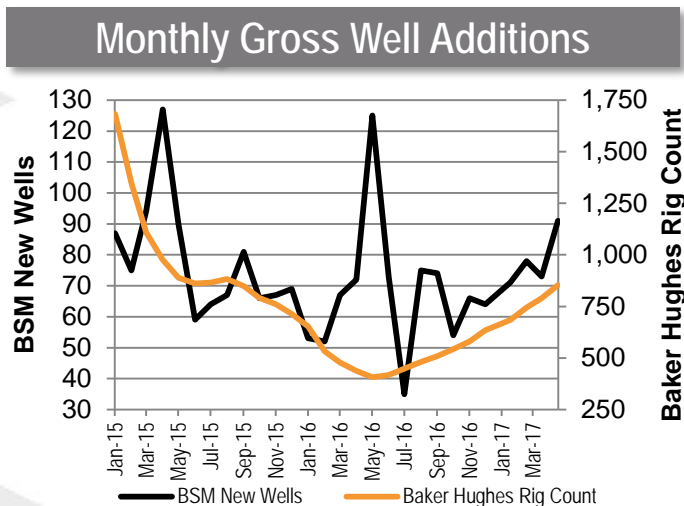


Black Stone's deep technical knowledge and strong producer relationships drive the ability to add meaningful value across existing and acquired minerals positions

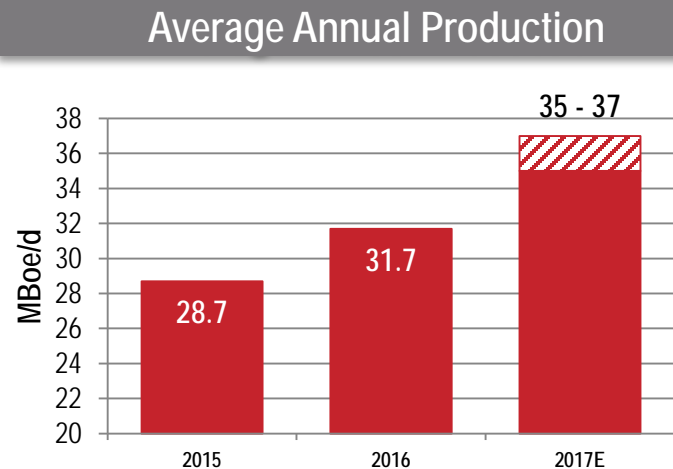
Strong Start to 2017



- Solid performance across all metrics in the first quarter of 2017
- Costs are trending in-line or better than guidance
- Well additions are averaging levels seen back in 2015



- Production expected to grow 14% at mid-point of 2017 production guidance



- Working interest capital forecasted to decline ~25% in 2017
 - Recently announced farmout covers 80% of BSM's working interest in XTO-operated properties in the Haynesville/Bossier play in San Augustine County for wells spud after January 1, 2017
 - Annual working interest capital in East Texas Haynesville/Bossier expected to range between \$10-\$15 million going forward

Solid Financial Position



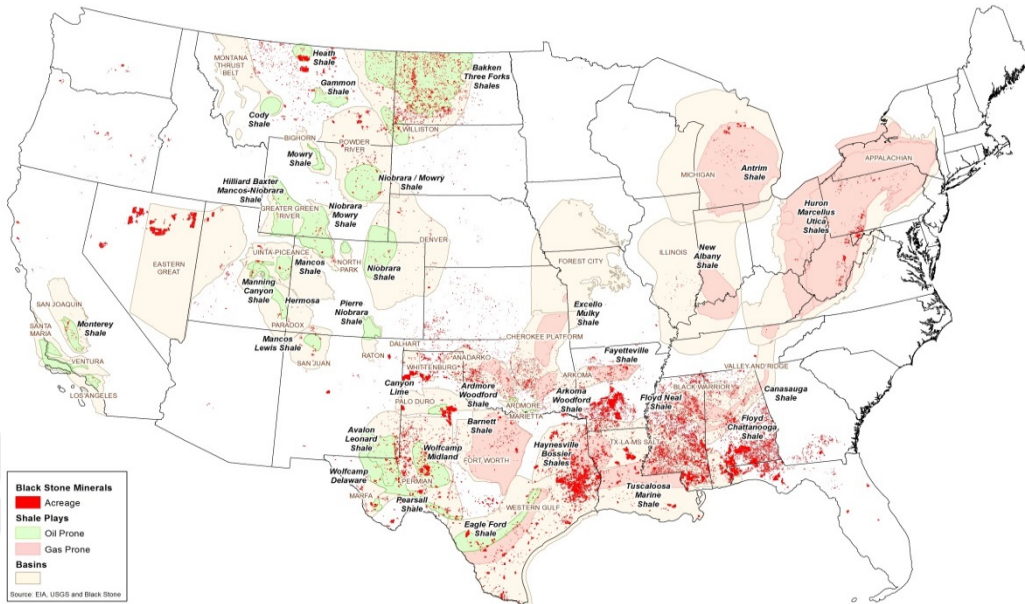
Black Stone Minerals has consistently adhered to maintaining a conservative capital structure

- Senior credit facility is BSM's only debt
 - Borrowing base increased by 10% to \$550 million following most recent redetermination
 - Pro forma liquidity in excess of \$170 million available at end of the first quarter
- TTM leverage ratio of 1.4x as of March 31, 2017
- Hedging program supports balance sheet and provides stability to cash flows
 - ~80% of 2017 natural gas production hedged at ~\$3.10/Mcf
 - ~70% of 2017 oil production hedged at ~\$54/bbl
 - Philosophy is to hedge significant portion of PDP production

World-Class Mineral and Royalty Portfolio

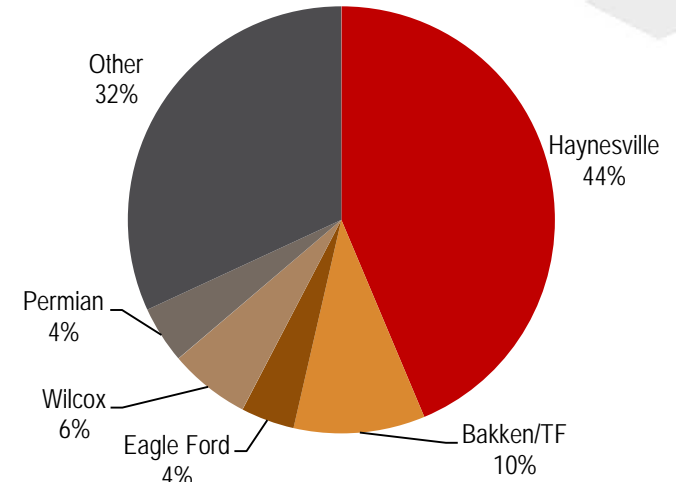


BSM Acreage Position > 18 MM Gross Acres



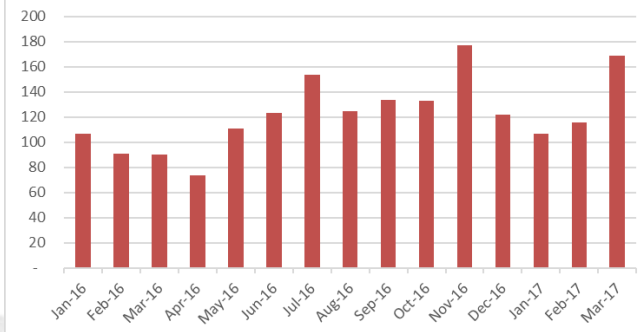
1Q17 Production by Play

35.6 MBoe/d

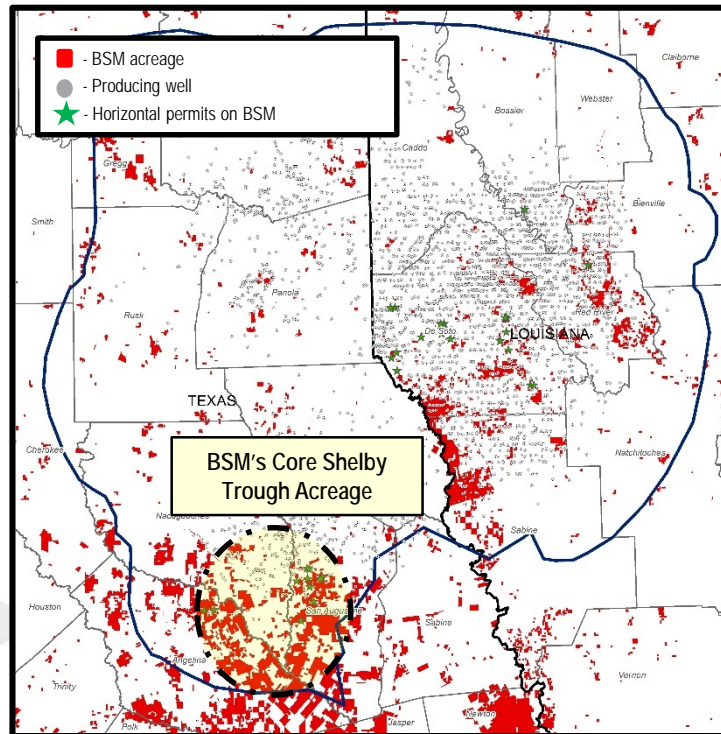


- BSM continues to see meaningful activity across its acreage position
 - Trailing 12 month permits filed increased by ~100 permits at March 31, 2017 to ~1,550 permits¹ from ~1,450 at year-end
 - The Partnership maintained its share of permits (~9% of all permits¹ filed in the Lower 48) even with significant increase in industry permitting across the US

Lower 48 Permitting Activity on BSM¹



Haynesville & Bossier Shales



Gross Mineral and Royalty Acres ¹	305,375
Net Royalty Acres ^{1,2}	295,888
1Q17 Production, Boe/d ³	15,548
Producing Wells ⁴	866
Last 12 mos New Wells Added ⁴	44
Permits on BSM last 12 mos ⁵	72
% Permits on BSM acreage last 12 mos	27%

- Improved completion designs with dramatically better results (greater than 2x)
 - Haynesville did not originally get the benefit of the resource play learning curve, but seeing it now
- Lower costs and a favorable basis, combined with better results lead to outstanding economics
- Rig count has tripled from a year ago to 37 rigs
- BP is a recent entrant into the play with 4 rigs running in the southern Shelby Trough region in Texas
- BSM well exposed across the entire play, both in Louisiana and Texas
- Active operators on BSM include XTO, Vine, Comstock, Indigo Minerals, and Chesapeake
- XTO currently running 2 rig program on BSM acreage in the core of the Shelby Trough

1) Acreage as of 12/31/16 and includes mineral interests, NPRIs, and ORRIs for Haynesville acreage only; transactions recently entered into have not been included

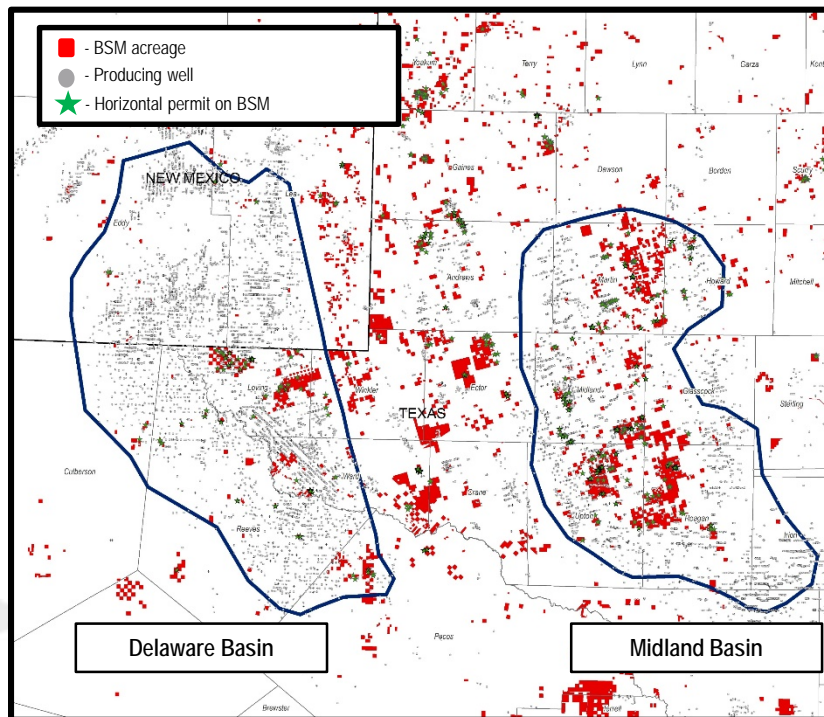
2) A net royalty acre is defined as one surface acre leased at a 1/8th royalty

3) Production includes both royalty interest and working interest

4) Estimated as of 3/31/17

5) Permit data sourced from IHS and represents permits filed through 3/31/17

Delaware and Midland Basin Horizontal Plays



Gross Mineral and Royalty Acres ¹	488,053
Net Royalty Acres ^{1,2}	41,092
1Q17 Production, Boe/d ³	1,355
Producing Wells ⁴	730
Last 12 mos New Wells Added ⁴	170
Permits on BSM last 12 mos ⁵	455
% Permits on BSM acreage last 12 mos	13%

- Black Stone has significantly expanded its Permian Basin footprint since IPO and is continuing to thoughtfully build on that
- Exposed to development of multiple benches in the resource plays, but also has significant positions on the Central Basin Platform, where old conventional fields are being extended with horizontal wells
- Most active operators on BSM acreage include:
 - Pioneer
 - Concho
 - XTO
 - Apache
 - Parsley
 - Anadarko

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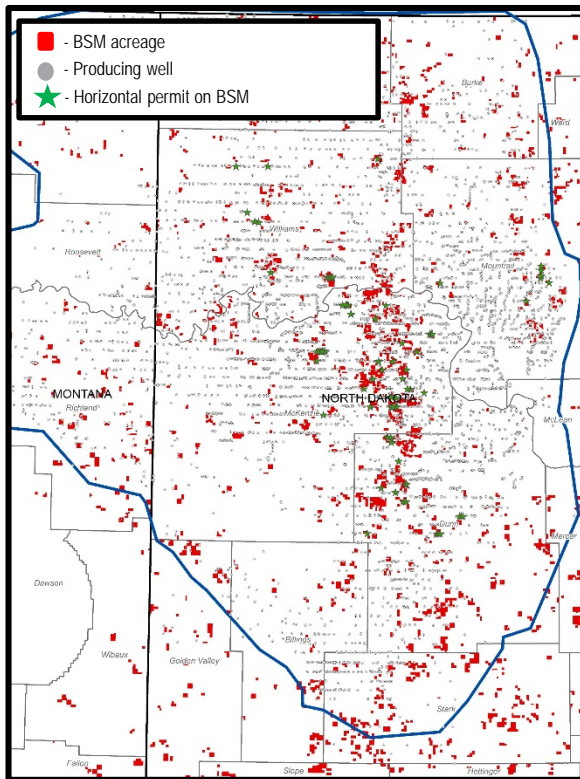
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Bakken/Three Forks



Gross Mineral and Royalty Acres ¹	359,443
Net Royalty Acres ^{1,2}	94,866
1Q17 Production, Boe/d ³	3,537
Producing Wells ⁴	2,429
Last 12 mos New Wells Added ⁴	263
Permits on BSM last 12 mos ⁵	269
% Permits on BSM acreage last 12 mos	37%

- Improved drilling efficiency and completion intensity yielding better well results and economics
 - Wells costs down as much as 50% from peak costs in 2014
- Given that BSM has a significant acreage position in the core, production has been flat despite lower levels of rig activity across play
- Active operators on BSM acreage include:
 - ConocoPhillips
 - Continental
 - Hess
 - Whiting
 - Oasis
 - EOG

1) Acreage as of 12/31/16 and includes mineral interests, NPRIs, and ORRIs for Bakken acreage only

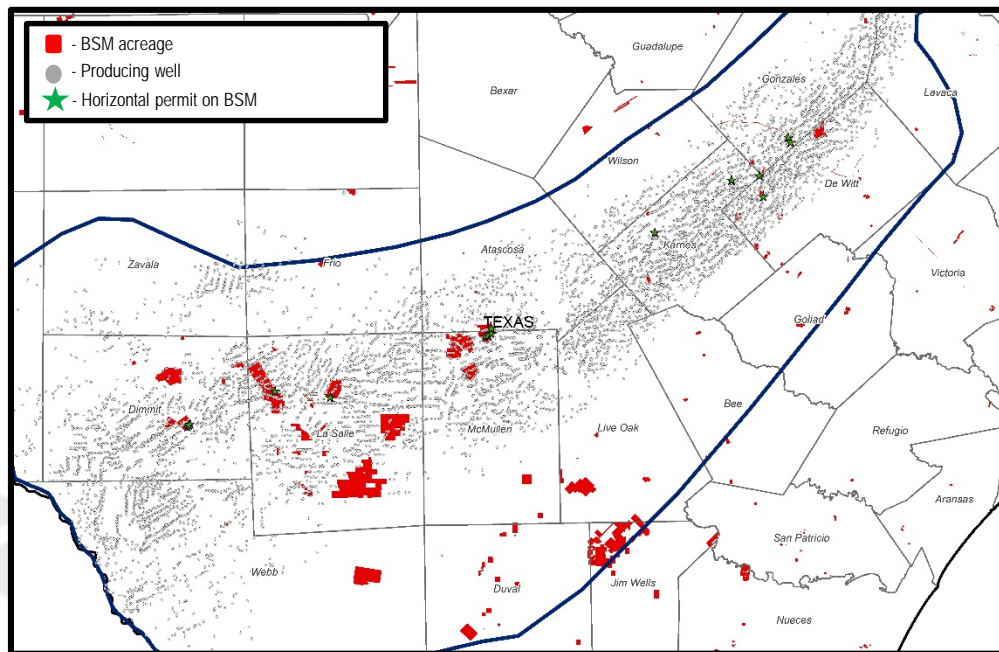
2) A net royalty acre is defined as one surface acre leased at a 1/8th royalty

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4) Estimated as of 3/31/17

5) Permit data sourced from IHS and represents permits filed through 3/31/17

Eagle Ford Shale



- Rig count recently at 72, three times the May 2016 low
- BSM exposed to some of the best parts of the play
- Most active operators on BSM include:
 - Chesapeake
 - EOG
 - EP Energy
 - Carrizo

Gross Mineral and Royalty Acres ¹	195,815
Net Royalty Acres ^{1,2}	34,065
1Q17 Production, Boe/d ³	1,443
Producing Wells ⁴	639
Last 12 mos New Wells Added ⁴	86
Permits on BSM last 12 mos ⁵	92
% Permits on BSM acreage last 12 mos	6%

1) Acreage as of 12/31/16 and includes mineral interests, NPRIs, and ORRIs

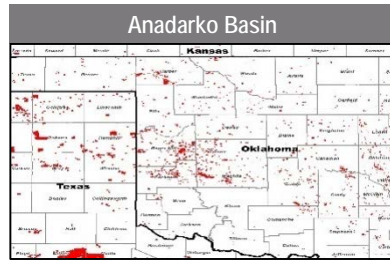
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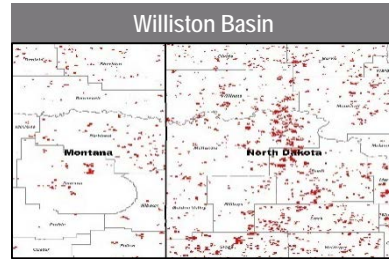
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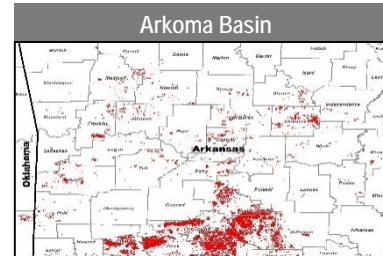
Multiple Avenues of Growth with Free Options on New Discoveries



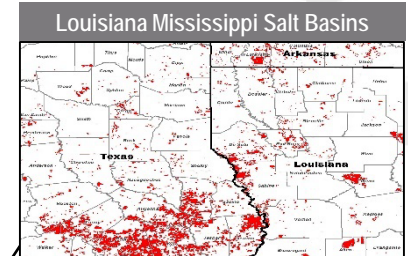
Anadarko Basin
Plays: Granite Wash, SCOOP, STACK, Cottage Grove, Hogshooter, Marmaton, and Springer



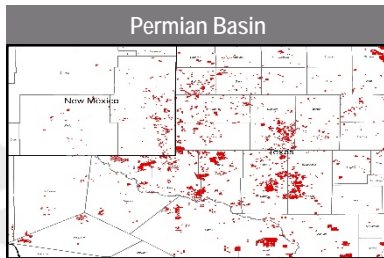
Williston Basin
Plays: Bakken, Three Forks, Madison, Red River, Ratcliff, and Spearfish



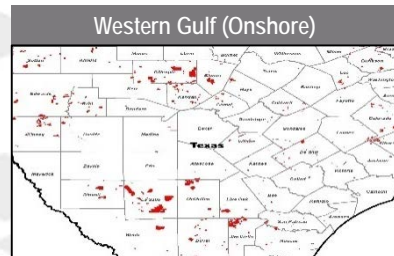
Arkoma Basin
Plays: Fayetteville, Atoka, Cromwell, Dunn, Hale, and Woodford



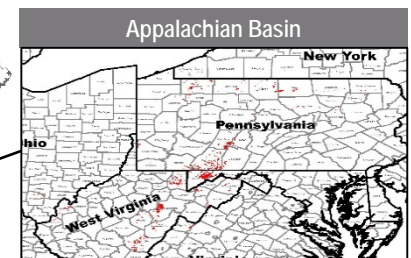
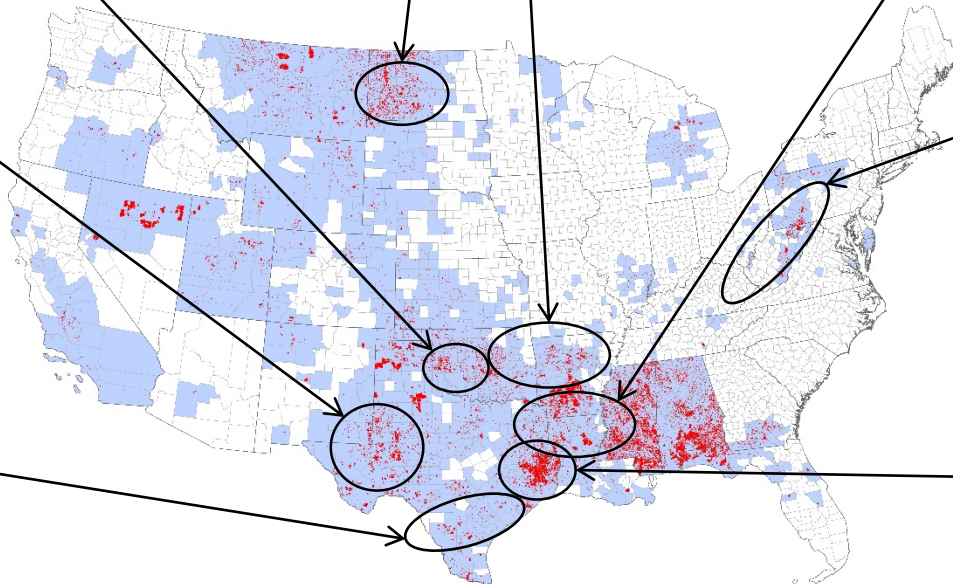
Louisiana Mississippi Salt Basins
Plays: Haynesville, Bossier, Brown Dense, Cotton Valley, Hosston, Norphlet, Smackover, and Wilcox



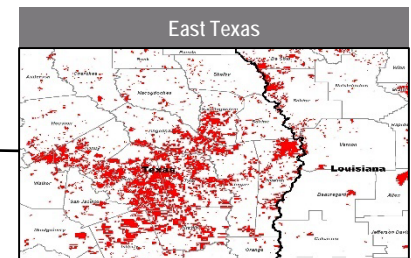
Permian Basin
Plays: Wolfcamp, Spraberry, Bone Spring, Avalon, Atoka, Clearfork, San Andres, Strawn, and Wichita Albany



Western Gulf (Onshore)
Plays: Eagle Ford, Austin Chalk, Eaglebine, Frio, Glenrose, Olmos, Woodbine, Vicksburg, Wilcox, and Yegua



Appalachian Basin
Plays: Marcellus, Utica, Berea, Big Injun, Devonian, Huron, and Rhinestreet



East Texas
Plays: Wilcox, Austin Chalk, Bossier Sand, Goodland Lime, James Lime, Pettit, Smackover, and Woodbine

Other plays include:

DJ Basin: Niobrara and Codell

Southwestern Wyoming: Pinedale Anticline, Mesaverde, Niobrara, and Wasatch

Palo Duro: Canyon Lime, Brown Dolomite, Canyon Wash, Cisco Sand, and Strawn Wash

Bend Arch-Fort Worth Basin: Barnett Shale, Bend Conglomerate, Caddo, Marble Falls, and Mississippian Falls

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