

Redman Energy

Presentation To
IPAA Business Development Round Table

June 2004

Redman Energy – Company Background

- Acquisition & Production Company First Established In 1992
 - Grew Company Through “Boot-Strapping”
- Focus Areas
 - East Texas, North Louisiana Sour Production
 - Gulf Coast Tight Gas & Gas/Water Co-Production
- Originally Formed Around Assets Acquired From Unocal (Prairie Producing)
- Well Established Industry Business & Joint Venture Relationships
- Successful Exit In 2003...Reloaded March 2004

Business Strategy

- Acquire & Exploit....With Focus On Infrastructure
- Having Capital Provider Like NGP Gives New Velocity Profile
- Utilize Relationships & Knowledge Established Over 20 Years To Purchase & Exploit Assets Currently Not Optimized
- Acquire.....Execute.....Operate.....Finish
- Focus On Longer Life, Technically Challenging, But Likely Higher Operating Margin Assets
- Ultimate Monetization Always Part Of Value Process
 - Well Files / Documentation
 - Land / Title
 - Reserves Management & Backup
 - Administration / Controls
- Selective & Small (As % Of Budget) Exploration Plan

Market Opportunity

- East Texas, North Louisiana, Arkansas, Mississippi....Prolific Oil & Gas Producing Area(s)
- Good Commodity Markets & Low Differentials
- Reserve Characteristics
 - Multiple Pay Horizons & Exploitation Targets
 - Drillbit Can Cause Serendipity
 - Generally, R/P Ratios Are Medium To High
 - Moderately Low Geologic Risk, Low To Moderate F&D Costs
 - “Plumbers” Delight
- New Completion Technologies Re-Vitalizing Reserves
- Very Few Chasing Sour Opportunities
- Relationships With Entities With Infrastructure (Plants, Compression, Separation & Pipelines) Is Key
- Redman Has Been “In The Paint” For 20 Years

Principals

- Owners/Managers (Redman)
 - Jeff Voncannon
 - 20+ Yrs, Founder - Redman
 - Texas A&M - Pet Eng
 - Cashed Out Of Majority Of Redman Properties In 2003
 - Career Path
 - Prairie Producing, Unocal & Redman
 - Field Ops, Acq & Management
 - Chuck Cederberg
 - 28+ Yrs Actg, Founder CPA Firm
 - Expert Witness, Joined Redman In 1998
 - Career Path
 - Larson, Allen, Weirshire & Co, Centura Energy, Cederberg, Riley, Franks, & Redman Energy
 - Oil & Gas Audits, Testimony
 - Brock Morris
 - 20+ Yrs
 - Texas A&M - Pet Eng
 - Career Path
 - Quintana (Since Graduation)
 - Res/Prod Eng, Ops, Field Optimization, Econ Evaluations
 - Bryan McMicken
 - 20+ Yrs, Geologist, Finance
 - Career Path
 - Prairie Producing, Samedan (EDC), Meridian
 - Prospect Generating, Log Analysis, & Economic Feasibility

Principles

- Character / Strategy
- Substance / Style
- Finish / Strong
- JOY
- Develop / Defeat

What Deals Are We Interested In?

Sour Gas

- Exploitation Opportunities
 - Farm In
- Acquisition
 - Current Area Of Operations

Water Moving Projects

- Gulf Coast
 - Pressured Environments
 - Normal Pressure

The Big Impact Exploration

- If You Need A Small Player To Fill It Out

How to contact us?

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- When you think of **Sour Gas** or **Co-production**..... think of

Redman!