TRAIL RIDGE ENERGY PARTNERS, LLC
“ROAD TO SUCCESS”

IPAA 2012
PRIVATE CAPITAL CONFERENCE
January 24, 2012
Houston, Texas
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Full Cycle

- Aug ‘07 – Formed Trail Ridge Energy Partners, LLC
- April ‘08 – Closed Equity Agreement with Kayne Anderson
  Closed Texas Panhandle Acquisition and Started Leasing
- June ‘09 – Closed Anadarko Basin Acquisition
- Sept ‘09 – Closed Anadarko/Cherokee Platform Acquisition
- Feb ‘10 – Closed Arkoma Basin Acquisition
- Mar ‘10 – Feb ‘11
  - Annexation of Interests
  - High-Grade & Execute on Upside Opportunities
  - Perform Field Refurbishments
  - Drill 1st Horizontal Tonkawa Well
  - Participate in over 20 Non-Op Horizontal Wells
- Feb ‘11 – Initiate Exit Strategy
- Oct ‘11 – Closed Asset Sale to EnerVest
The Team

• Ronald D. Wade – President & CEO
  - 30 Years of Experience in Reservoir Engineering; Economics; Bus Dev; Financial Modelling; and Negotiations (CSM – BSc PE)
    - Trail Ridge Energy Partners, LLC (Private Equity)
    - Redman Energy Corporation (Private Equity)
    - Cordillera Energy Partners II, LLC (Private Equity)
    - Hunt Petroleum Corporation (Independent)
    - Forrest A. Garb & Associates, Inc. (Consulting Firm)

• Chuck Cederberg – Chief Financial Officer
  - 37 Years of Experience in Oil and Gas Finance and Accounting (St. Cloud Univ – BBA Accounting)
    - Trail Ridge Energy Partners, LLC (Private Equity)
    - Redman Energy Corporation (Private Equity)
    - Jennings, Hawley & Cederberg (CPA Firm)
    - Drilling Fund Consultants (Consulting Firm)
    - Centura Energy Corporation (Independent)
The Team (Cont.)

• William E. Knebusch - Vice President – Geology
  - 30 Years of Experience in Both Domestic and International Exploration and Operations (Sul Ross BSc Geology)
    - Calvary Consulting, LLC (Consulting Firm)
    - Mewbourne Oil Co. (Independent)
    - Rio Petroleum, Inc. (Independent)
    - Maxus Energy Corporation (Independent)

• Toby Solis – Operations and Drilling Manager
  - 13 Years of Experience in Drilling and Completion Operations and Work-Overs (CSM – BSc CPR)
    - Samson Resources (Independent)
    - Newfield Exploration (Independent)
    - Manzano Oil Corporation (Private Equity)
    - Petroleum Development Corp (Public)
    - Agave Energy Corporation (Private)

• Rebecca Edwards – Land Coordinator
  - 15 Years of Experience in Land Management (UT – BBA Mgmt & Acct)
    - Murchison Oil & Gas, Inc. (Private)
    - Patterson Drilling Company, LP (Private)
Dawn of the Dawn

- “Imagination is the key… the rest is painted with science fiction”
  
  Jimi Hendrix

- It All Starts with an Idea… and Commitment to Excellence
  
  - Don’t Quit Your Day Job - Stick to What You Know Best
  
  - Be an Excellent Steward of Your Skin and Your Equity Partner’s Skin
  
  - Choose Your Employees and Partners Wisely
  
  - Find the Balance - (Risk/Reward; Macro/Micro; Personal/Business)
  
  - Persevere

TRAIL RIDGE
ENERGY PARTNERS, LLC
Courting the Quan

- **Should I use a PE Dating Service?**
  - Investment Advisors Yield More Exposure, but comes with a Price
    - Good at Matching Your Idea and Skills with the Right PE Fund
    - Help Secure the “Best Deal”
    - Expedite Your Time to Close and Save the “Deal in Hand”
    - Trail Ridge Selected Rivington Capital Advisors, LLC as Our IA

- **The Proposal – Will you marry me? or Should I marry you?**
  - Compatibility is Very Important
    - It’s Not Just About the Money
    - Where’s the Love, Respect, Community?
    - Speak the Same Language (Finance, Engineering, Land)
The Mate

- The Engagement
  - Deal Terms
    - First Timers
      - Not Much Room to Negotiate
      - Structure Can Vary Significantly
    - Second Timers
      - Can Expect/Negotiate Better Terms
      - More Flexibility (Regional Diversity; Exit Timing)

- The Marriage
  - Contract or covenant?
    - 100 : 100 Relationship
    - Don’t See Eye to Eye? Compromise
    - ‘til Success/Death Do Us Part
The Play
**Execution**

**TX PANHANDLE ACQUISITION**
- Closed April 2008
- Tonkawa & Cleveland Plays
- 100% PDP w/ Horizontal Upside
- 7 Wells (100% Operated)
- 24 Opportunities
- CHK Presently Drilling Tonkawa and Cleveland Wells

**ANADARKO ACQUISITION**
- Closed June 2009
- All Producing Formations
- 64% PDP w/ Vertical and Horizontal Mississippian & Woodford Upside
- 183 Wells (73% Operated)
- 51 Initial Opportunities

**TONKAWA & CLEVELAND HORIZONTAL DRILLING PROJECT**
- Formed JV to Reduce Capital Exposure / Well
- Leased 12,000 Gross (9,000 Net) Acres
- 800 Gross Well Locations (Tonkawa, Cottage Grove and Cleveland)

**TOTAL ALL ACQUISITIONS**
- Closed 4 Major Acquisitions
  - Plus Several Small Annexations
- 730 Net BOEPD (6,100 BOEPD Gross)
- 51 MMBOE 3-P Reserves (24% Proved)
- 18.8 Reserve Life Index
- 61% Liquids
- 274 Active Wells (76% Operated)
- 24,500 Net Acres (78% HBP)
- 1,062 Horizontal Locations

**ARKOMA BASIN ACQUISITION**
- Closed Feb 2010
- Gilcrease & Cromwell
- 68% PDP w/ Horizontal Woodford & Hunton Upside
- 53 Wells (100% Operated)
- 30 Initial Opportunities

**ANADARKO & CHEROKEE PLATFORM ACQUISITION**
- Closed Sept 2009
- Several Producing Formations
- 59% PDP w/ Horizontal Mississppian, Hunton and Woodford Upside
- 101 Wells (97% Operated)
- 26 Initial Opportunities

**TRAIL RIDGE ENERGY PARTNERS, LLC**

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Dawn of the Dusk

- Equity Plus Debt Invested in Assets
  - Capital Calls on Non-Op Acreage Continue
    - Tonkawa, Cottage Grove, and Cleveland Wells ($4 to $7 MM)
    - Woodford ($8 to $10 MM)
  - Equity ROR Can Consume Significant % of Net Cash Flow

- Lease Expirations Become a Concern
  - 3-Year Leases Nearing Expiration
    - Must Exercise 2-Year Extension Option

- Time Exit @ Peak Production
  - Non-Op Drilling Program Makes this Difficult
Sortie

- Always be Ready to Sell
  - Interview Several Financial Advisory Firms
    - Expertise in Play Areas is Critical
    - Expected Exit Value Important to Selection
  - Prep Time is Longer than Anticipated
- Select Bid Date @ Peak Commodity Prices
  - Good Luck With That!!
- Select Buyer with High Probability of Closing
  - Important to have a Strong PSA
Dawn of a New Day

• Where Do We Go From Here?
  - Depends on Management Team Objectives
  - Depends on Degree of Success

• Trail Ridge Exploration and Production, LLC
  - Staged to Re-Group
  - Kick-Off March 1, 2012
  - Mid-Continent Region Still Attractive
  - May Expand to Rockies and East Texas
  - Acquire & Exploit and Lease to Drill Model
  - Seed Capital of $5 MM Funded with Private Investors
  - Secondary Offering of $50+ MM within 12 months