Started With Simple Business Plan

- Raise $150mm in equity; (Warburg Pincus)
- Invest $10-20mm in 3-5 Resource Plays;
- Appraise;
- Find 1-2 plays that work best economically;
- Lever up and develop;
- Sell at a reasonable multiple

Regional Geology Provides Bounds on Uncertainty

Midland Basin morphology during the deposition of Spraberry Dean was essentially the same as today

Assemble an Experienced Management Team & Staff
Hone in on Prospects / Acquire Leasehold
115K Acres / 850 Locations
in 3 Plays

3 wells drilled in Spring 2008
35 wells by YE
Redefining the Wolfberry - 5,000 Well Field Study

Historical Completions Proved Productivity of 2800’ Interval

Optimized 7-9 stage Frac design For optimum recovery

Zone/ # completions
U_SPRABERRY_A 1697
U_SPRABERRY_B 788
U_SPRABERRY_C 737
L_SPRABERRY_A 1676
L_SPRABERRY_B 1648
L_SPRABERRY_C 1986
L_SPRABERRY_D 1042
L_SPRABERRY_E 2735

DEAN
DEAN_BASE
WOLFCAMP_A 1314
WOLFCAMP_B
WOLFCAMP_C 1287
WOLFCAMP_D 1134
WOLFCAMP_E 572
WOLFCAMP_BASE 206
Drilling Results
(Well EUR excluding NGLs)

- Drilling proved commerciality and repeatability across Broad Oak’s leasehold

- Multi-stage completion and modern fracture stimulation minimized the frequency of non-commercial wells
Two year study Integration of Core, Petrophysics & Production Data

Comprehensive core sampling & data analysis
Conventional & unconventional reservoir lithologies

Log data QC, statistical integration of core and log data, attribute analysis computations & volumetrics

Analysis of source rock geochemistry data for maturity, richness, burial/thermal history and HC volumes generated

Volumetric summaries and zone rankings

Huge amount of hydrocarbons in place
- 250 Billion BOE within old Spraberry field outline
- Recovery to date 2.5 BBOE = 1% OIP
How do we recover more ??
July 2009 BOE Drilled 1st Wolfcamp Horizontal Well
Sugg A 159AH

BOE 159 AH

4200’
7 stage Frac

BOE 142 -L

Avg 150 boepd over 6 months

TVD Correlation
Broad Oak 183 CH Upper Wolfcamp Horizontal

6000' ft lateral / 20 stage frac

30 Day Avg 490 BOE

BOEPD (excluding NGLs)

GasBOE
Oil

~ 20'
Path to Transaction

- Concentrate company efforts – sell N. Louisiana and South Texas Assets
- Continue to build Wolfberry Lease position – 75K
- Continue to build Operational excellence
- Grow Production - goal of 10,000 BOEPD net to support $1B+ PW10
- HBP acreage as soon as practical with vertical wells
- Encourage Wolfcamp Horizontal Development

BOE Reserves – 1/17/11

<table>
<thead>
<tr>
<th>Wells</th>
<th>Mb</th>
<th>Ngl</th>
<th>MMcf</th>
<th>Mboe</th>
<th>PW10 (M$)</th>
<th>BOE/well (M)</th>
<th>PW10 (M$/Well)</th>
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<tbody>
<tr>
<td>PDP</td>
<td>320</td>
<td>11,967</td>
<td>9,230</td>
<td>51,273</td>
<td>29,743</td>
<td>629,141</td>
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<tr>
<td>PDNP</td>
<td>19</td>
<td>817</td>
<td>577</td>
<td>3,207</td>
<td>1,928</td>
<td>36,311</td>
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<tr>
<td>PUD</td>
<td>774</td>
<td>30,143</td>
<td>23,177</td>
<td>128,747</td>
<td>74,778</td>
<td>618,804</td>
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<tr>
<td>Total Prv</td>
<td>1,113</td>
<td>42,927</td>
<td>32,985</td>
<td>183,228</td>
<td>106,450</td>
<td>1,284,256</td>
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<tr>
<td>Probable</td>
<td>281</td>
<td>9,240</td>
<td>7,318</td>
<td>40,294</td>
<td>23,273</td>
<td>132,488</td>
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<tr>
<td>Total 2P</td>
<td>1,394</td>
<td>52,166</td>
<td>40,304</td>
<td>223,523</td>
<td>129,724</td>
<td>1,416,745</td>
<td>126</td>
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</table>

Total days from spud to first production reduced to 30 days
Grow Production

Withdrawn Market Test
BP Macondo Blow out
Greek debt Crisis
WTI fell below $70/boe
Production rate vs. PV

Net 6600 boepd
Full Cycle and Operating Margins

<table>
<thead>
<tr>
<th></th>
<th>1Q10</th>
<th>2Q10</th>
<th>3Q10</th>
<th>4Q10</th>
<th>1Q11</th>
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</thead>
<tbody>
<tr>
<td>% Operating Margin</td>
<td>75%</td>
<td>78%</td>
<td>75%</td>
<td>79%</td>
<td>80%</td>
</tr>
<tr>
<td>% Full Cycle</td>
<td>58%</td>
<td>58%</td>
<td>56%</td>
<td>61%</td>
<td>61%</td>
</tr>
</tbody>
</table>

**EBITDAX**
- **LOE**
- **Production Taxes**
- **G&A**
- **Deriv G/L**
- **F&D est**
- **Full Cycle Margin**

*EBITDAX includes Derivative Gain/Loss*
Revenue & EBITDAX Growth 2009-11

Won LSU 100 and 2nd in Dallas Business Journal 100
With Revenue CAGR of 464% for years 2007-09
Estimated Broad Oak Transaction Metrics

- **BOE Stand alone IPO**
  - Estimated 2012 EBITDAX = $175-225mm
  - Multiple of 8-10 times EBITDAX = $1.4 - 2.2B (5 Investment banks)
  - Management team concerns
    - Multi year tie up
    - Sarbanes - Oxley

- **LPI Merger & IPO - Cash and Stock (with management team stock election)**
  - BOE value $1.01B with debit (~$246mm) NAV $764mm
  - Dollars per flowing BOE ~ $91,818
  - Dollars per proved BOE ~ $9.49
  - Return on equity 4.78x (on a cash basis)
  - Return on equity post IPO of merger partner ~ 6-8 depending on LPI stock price
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