



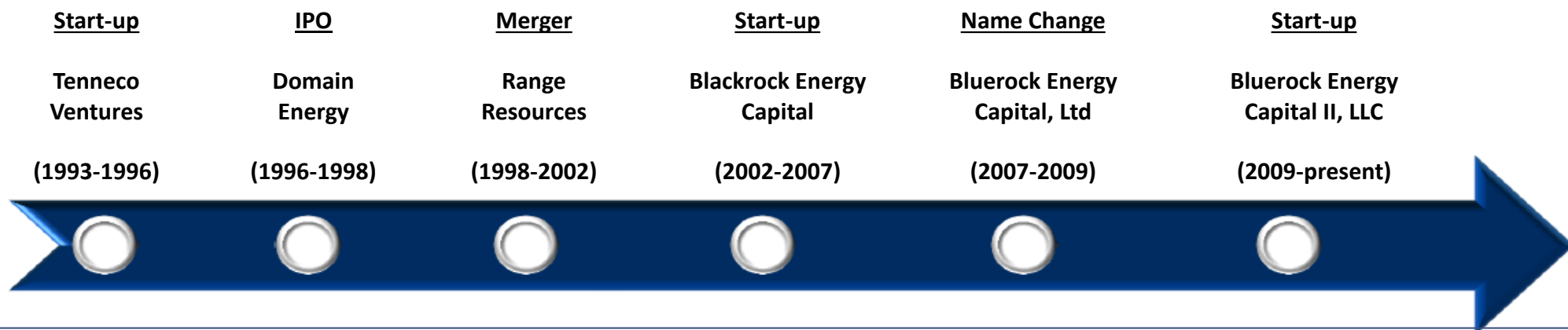
The Unique Capital Partner for Small Producers



BlueRock History / Team

Our partners have 25-30 years in the industry, 20 years together and have invested more than \$375 million in small transactions

History



Person	Background	Title	Role
Stuart Rexrode	Engineer / MBA / Energy Finance	CEO	Management/BD
Allen Shook	Petroleum Engineer / MBA	Partner	Deal Execution
Scott Abel	Petroleum Engineer	Partner	Deal Execution
Russ Carlson	Petroleum Engineer	Director	Deal Execution
Dave Stevens	Geologist / MBA	Transaction Advisor (Part-time)	Deal Execution
Lucynda Herrin	Accountant / CPA	Controller (Part-time)	Finance

BLUEROCK'S UNIQUE POSITIONING

- **We are NOT Mezzanine Debt**
- **We are a *Temporary Partner* that goes away upon structure payout**
- **The client retains virtually all upside and growth potential**

BLUEROCK'S UNIQUE POSITIONING

BlueRock Clients Receive the Benefits of both debt and equity

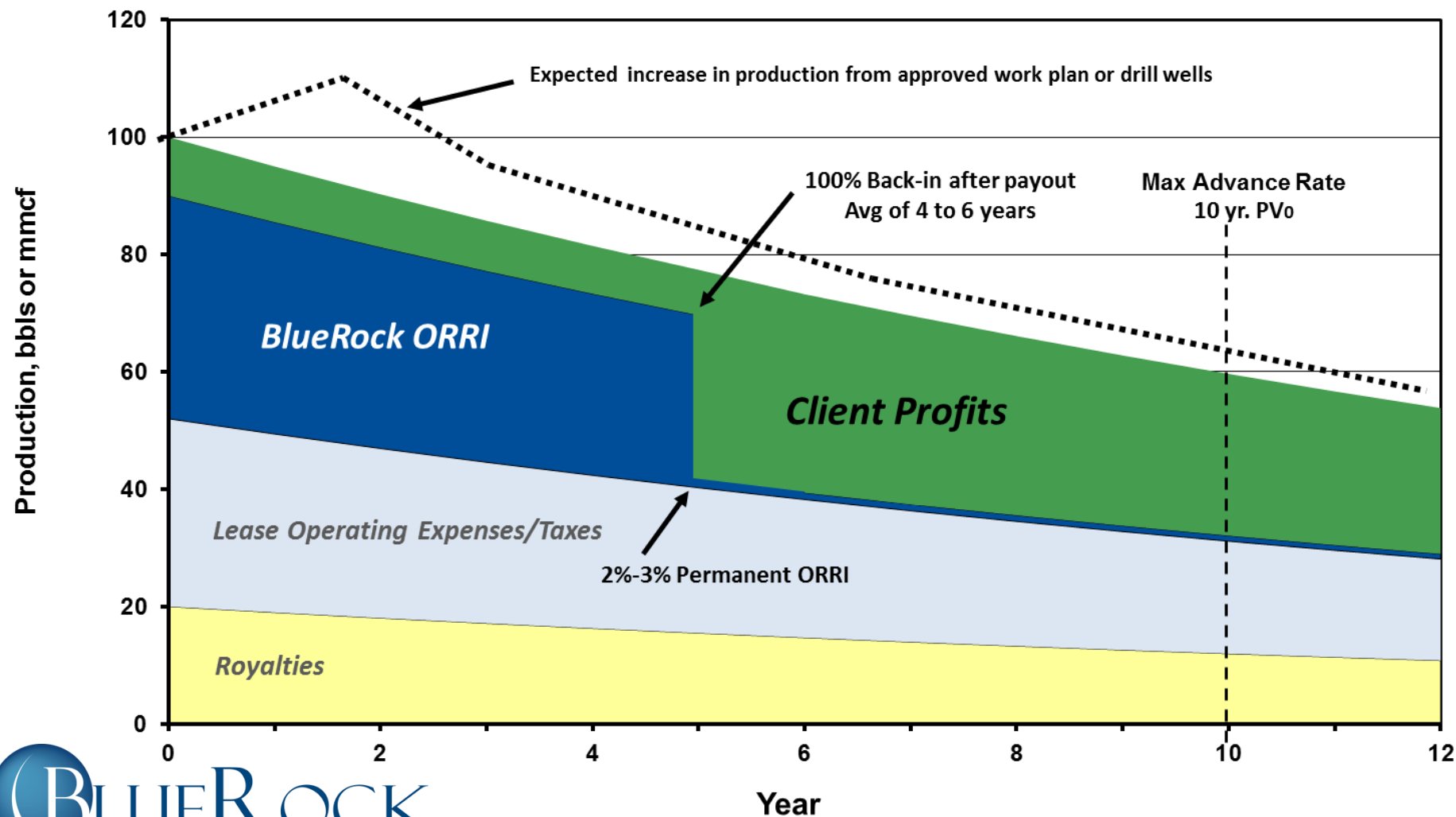


BlueRock Deal Characteristics

- Deal Structure: A non-recourse financial production payment via a limited term override and small permanent overriding royalty after payout
- Use of Proceeds: Acquisitions, development plans, and monetizations
- Investment size: Up to \$20 million
- Timing: Simple deal structure results in minimal documentation and the ability to close in less than 30 days
- Engineering: No third party reports are required
- Closing Costs: Closing costs are nominal with no hidden fees
- Price Hedging: Hedging is not required
- Focus Area: Lower 48 (USA)

DEAL STRUCTURE: VISUAL EXAMPLE

Our growth capital is a *lower-cost alternative* to selling off your upside



ADVANTAGES AND DIFFERENTIATION

We are E&P professionals that understand your business

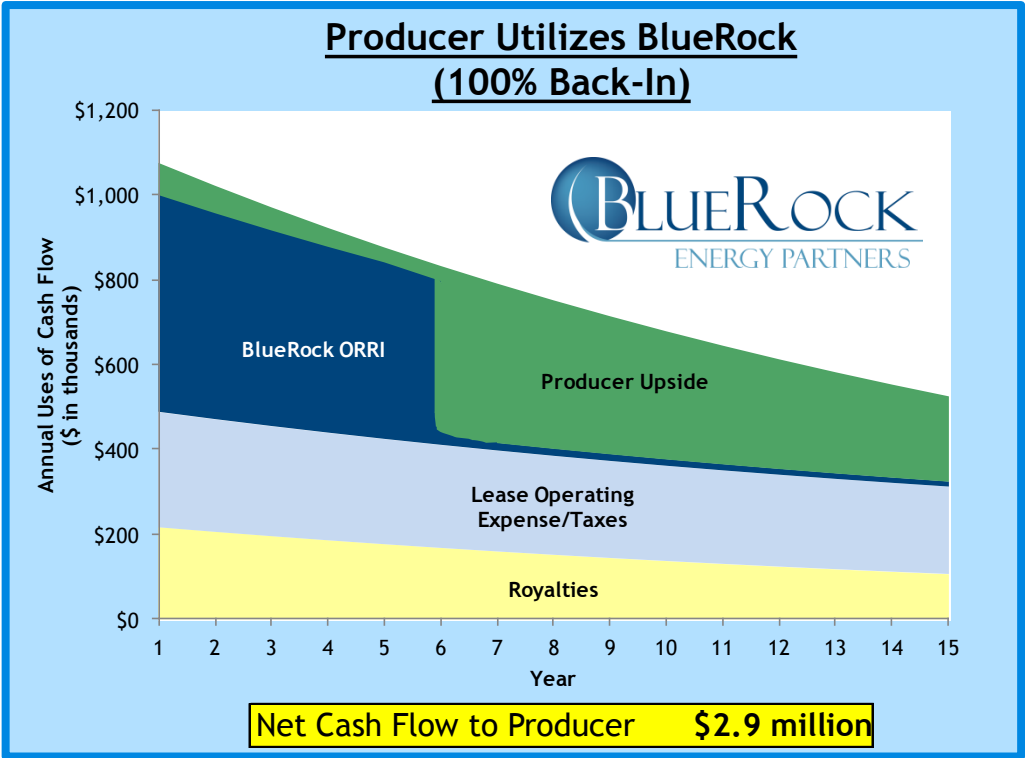
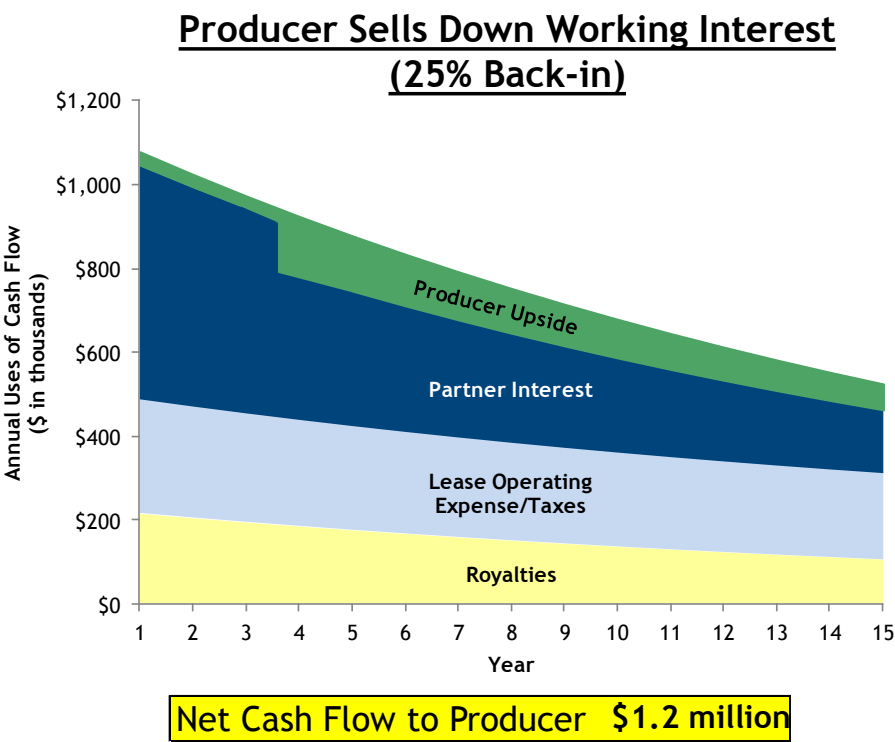
- A Partner to our Clients
- Client retains upside and control of project
- Provide more capital than a bank, more upside than a working interest investor
- Share in the production and price risk
- No personal or corporate guarantees, non-recourse
- Team made up of engineers, geologists and finance professionals
- Simple deal structure and reporting
- No 3rd party engineering reports required
- Repeatable and expandable
- Favorable accounting and tax treatment may apply

ECONOMIC IMPACT

Clients use BlueRock Capital to Retain Far Greater Upside

Deal Options:

A producer is looking to acquire 30 PDP wells for \$1,500,000. The development plan includes drilling and completing 10 shallow wells costing \$30,000 each. The producer's total capital need is \$1,800,000 and the producer intends to contribute \$100,000.




COMPARISON TO OTHER TYPES OF CAPITAL

BlueRock is NOT debt, mezzanine or equity,
We are a non-operating partner who returns its interest after payout

Type of Funding		
Debt / Mezzanine	Working Interest / Equity Partner	Temporary ORRI Partner - BlueRock
<ul style="list-style-type: none"> ■ Take properties as collateral and / or personal guarantee ■ May take portion of upside in form of net profit interest ■ Extensive reporting requirements ■ Third-party engineering required ■ Govern through financial covenants ■ Fixed monthly payments – does not fluctuate with cash flow 	<ul style="list-style-type: none"> ■ Takes a permanent ownership in a portion of the properties and the upside ■ Producer may not be able to deliver as high of a working interest to a buyer ■ Minimal reporting ■ Producer may not maintain control ■ Governance through a JOA ■ Takes production and price risk with the producer ■ Equity partners typically require 25% or higher rates of return 	<ul style="list-style-type: none"> ■ Take a <u>non –recourse, temporary</u> ORRI – no personal guarantee ■ Producer maintains upside ■ Minimal reporting requirements ■ No financial covenants ■ No governance rights / client maintains control ■ Variable monthly payments – fluctuate with cash flow (takes production and price risk with producer)

BLUEROCK'S POSITIONING: A MORE DETAILED LOOK

	Senior Debt	Mezzanine	Equity Partner	 BlueRock Energy Partners	Working Interest Partner
Where to Obtain It:	Commercial Banks	Mezzanine Lenders	Private Equity Firms, High Net Worth Individuals		E&P producers, High Net Worth Individuals
Collateral:	Mortgage on properties as collateral and/or personal guarantee	Mortgage on properties	Purchase a permanent portion of your company	Purchase a non-recourse temporary ORRI	Purchase a permanent interest in the production as well as the upside
Reporting Requirements:	Extensive	Moderate	Extensive	Minimal	Through JOA
Engineering:	Third-party report required, billed to Producer	Third-party report required, billed to Producer	Third-party report required, billed to Producer	Helpful, although not required	Helpful, although not required
Governance:	Through covenants	Through financial covenants and budget approvals	Through board of directors	None - funding is for a predetermined work plan	Through JOA
Control:	Operator retains if in compliance with covenants	Operator retains if in compliance with covenants	Shared with equity partner	Operator retains if no operational default	Each WI partner maintains control of ownership piece
What do you give up to Obtain the Capital:	Pledge of properties, corporate and often personal guarantees	Pledge of properties and corporate guarantee	Your ownership / control of your company	Temporary ORRI, then a small permanent ORRI	Permanent interest in properties
Your Downside:	Foreclosure if out of compliance	Foreclosure / loss of properties	Controlling shareholder dictates direction of company	Maintain ownership of your properties, but revenue is limited temporarily	Could lose operations
Your Upside:	Retain all upside	Retain all upside less a large NPI	Shared with equity partner	Retain all upside less a small permanent ORRI	Reduced by amount of interest sold

WHY BLUEROCK FIRST, NOT A BANK

- Deal Size
- Advance rate
- Wellbore concentration
- Lack of secondary or tertiary sources of repayment
- Capital structure issues
- No price hedging required

WHO SHOULD TALK TO BLUEROCK

1. Got Production.



2. Need capital.



INFORMATION REQUIREMENTS

What we use to evaluate your project

- Letter of Intent or PSA (*if funding an acquisition*)
- Property and deal description, “The Story”
- Customer’s own engineering evaluation of properties
- Use of proceeds
- Production history, decline curves, state reports
- Purchase statements, prior 12 months
- Lease Operating Expense history, prior 24 months
- Company financial statements
- References and resumes

THE IDEAL CUSTOMER

What BlueRock looks for...

- Experienced industry professionals
- Current production
- Projects with upside potential
- Specific focus, e.g., area, trend or niche
- Administrative expertise and processes
- Uncomplicated corporate structure
- Integrity

BLUEROCK CONTACT INFORMATION

Get to know us. We want to know you!

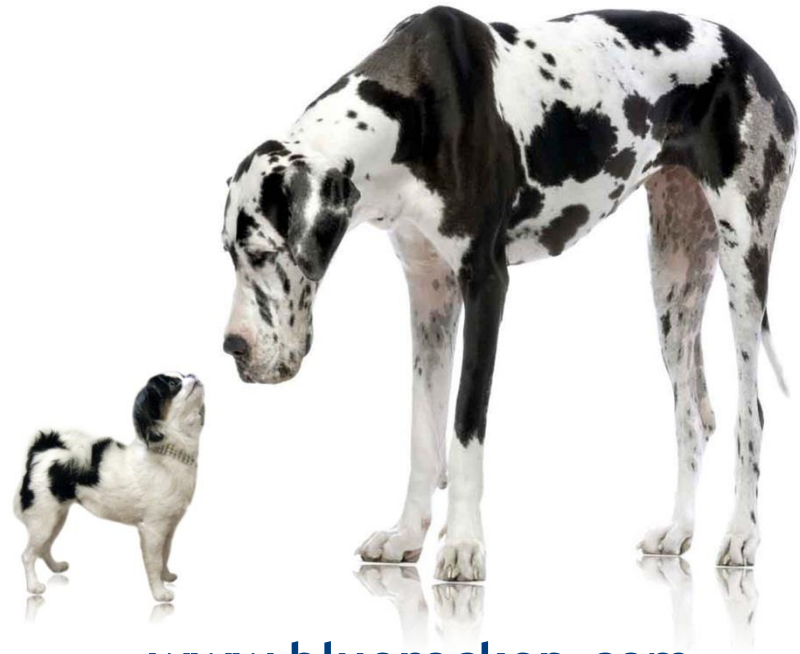
Regardless of where you are in your planning process, we encourage you to call or stop by our offices and get to know us. You never know when an opportunity may develop!

Contact:

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