

EnergyNet.com, Inc.

Presents To:

SPEE Lunch Meeting

Houston, TX Chapter

Wednesday, April 2, 2008

What is EnergyNet?

EnergyNet is an easy-to-use oil and gas property auction service that facilitates the sale of producing working interests (operated and non-operated), overrides, royalties, mineral interests, and non-producing leasehold. Most of the properties we sell are located in the lower 48 United States and typically range in value from \$1000 to \$15MM. Using an internet platform, EnergyNet allows buyers the flexibility and convenience of conducting their due diligence and placing bids online.

EnergyNet is a continuous marketplace, with auctions going on everyday.

In simple terms, EnergyNet strives to get the highest value for straight forward PDP-type properties by exposing them to the widest possible audience of accredited buyers.



EnergyNet Sales History

- Over \$418mm in Property Sales
- We successfully close 90% of the properties we list for sale.
- We close about 1,500 to 2,000 individual oil and gas property transactions per year.
- We have 14,300+ registered and qualified bidders, with over \$3B+ in aggregate registered funds ready to bid on properties for sale.
- We have sold properties for over 2,500 different companies and individuals.
- Over 26,000 individual properties in practically every U.S. Basin.
- The largest single lot transaction - \$8.75MM
- The largest package of properties sold - \$80MM+ for Chevron USA

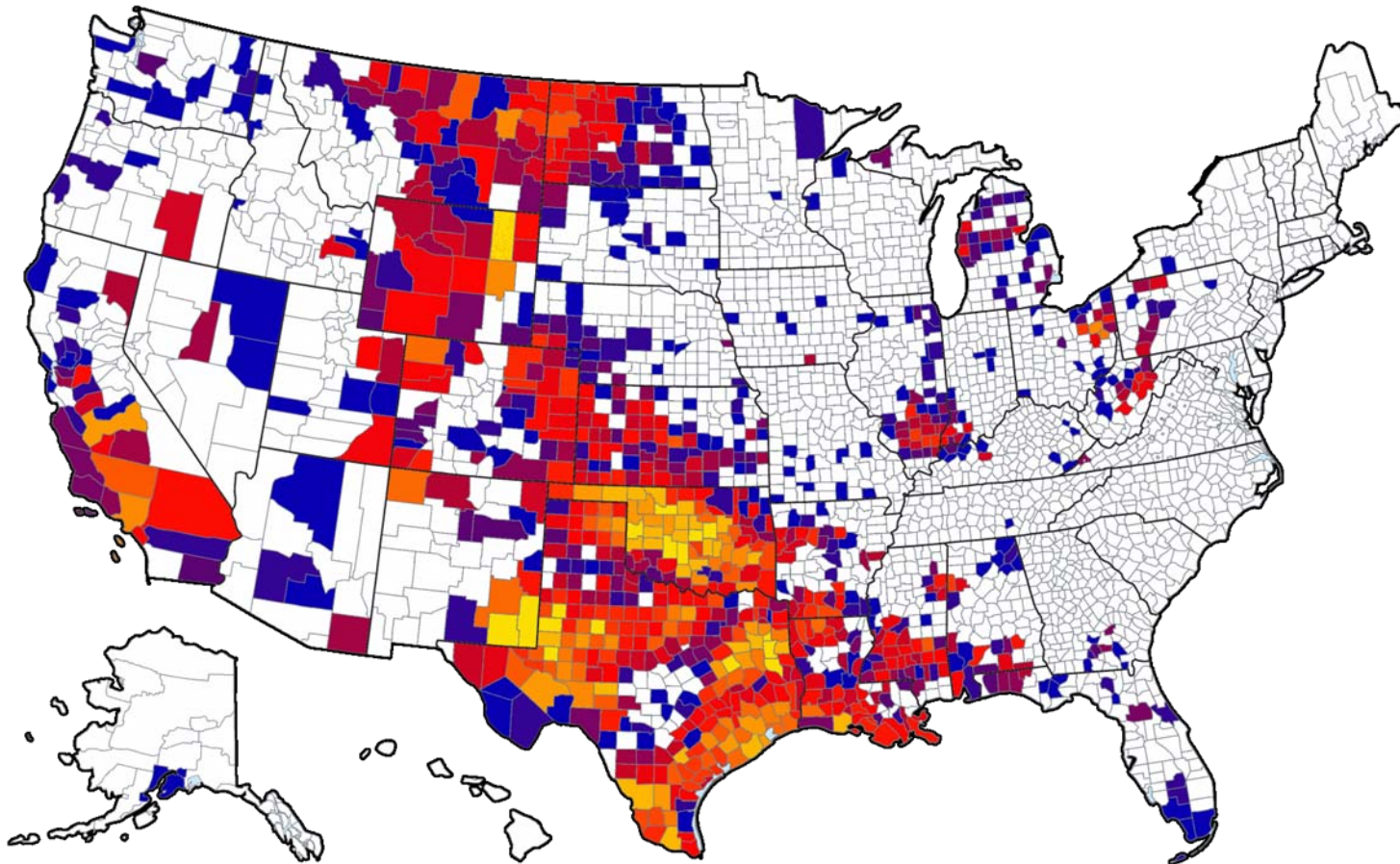


Property Sales: 2000 – 2008

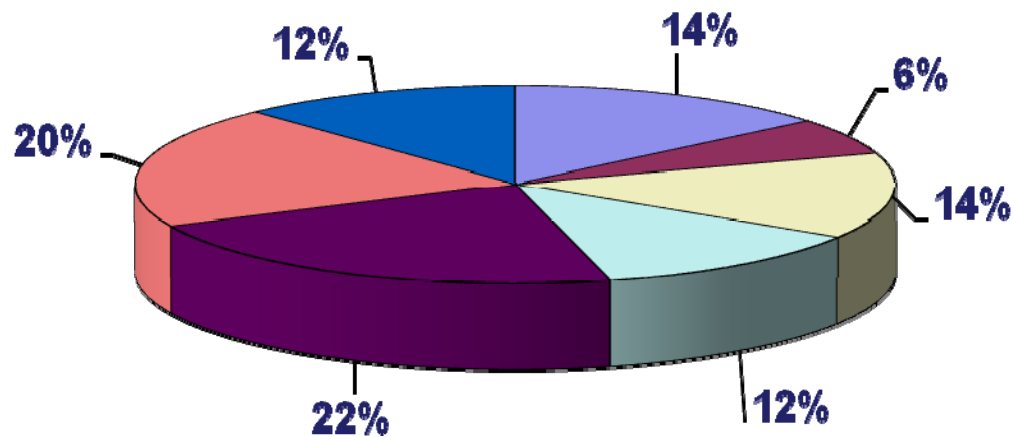
Number of Properties Sold



Over 26,151 Properties Sold in 36 States



Sales by Property Type



 Non-Producing Interest

 Combination Interest

 Producing Field

 Operated WI

 Non-Operated WI (OBO)

 Overriding Royalty Interest

 Royalty Interest

Representative Clients who Have Sold with EnergyNet



Who are the buyers?

- Top 200+ Public E&P Companies
- Top 200+ Private E&P Companies
- Private Equity Backed Start-Ups
- Master Limited Partnerships
- Small-to-Medium Sized Regional O&G Companies
- Royalty Aggregators
- Investment Groups
- High Net Worth Individuals

Presentation Topics

- **A&D Marketplace Evolution**
- **Current Market Metrics**
- **Effect of MLP's on the Marketplace**

Acquisition & Divestiture: 20 Years of Evolution

Moments in History

- **1987** – EBCO sells RTC properties
- **1993** – Oil and Gas Asset Clearinghouse conducts first auction.
- **1999** – EnergyNet is founded
EBCO purchased by Penn Net
- **Feb 2000** – EnergyNet conducts first ever online Auction
- **Jun 2000** – Oil & Gas Journal Exchange conducts “internet enabled auction”
- **Oct 2000** – Madison Energy Advisors acquired by OGJEX

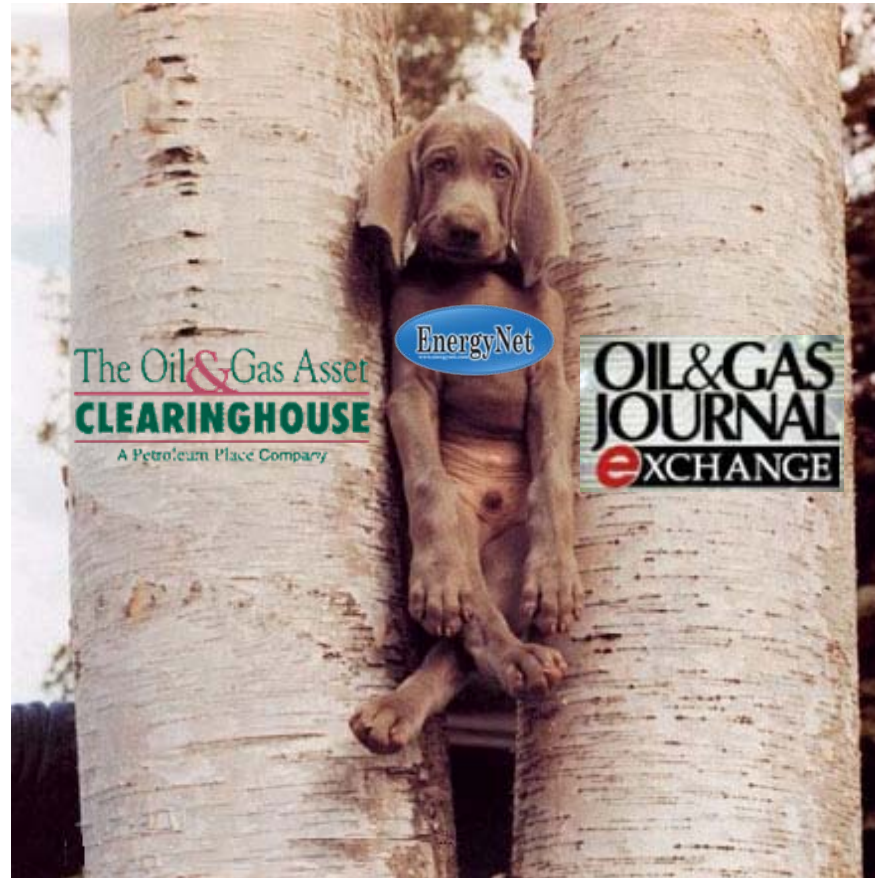


Acquisition & Divestiture Marketplace Evolution

[Petrodeal
.com](http://Petrodeal.com)

[Oil
Properties
.com](http://Oil
Properties
.com)

[Oil and Gas
Auction
.com](http://Oil and Gas
Auction
.com)



[The Oil
Auction
.com](http://The Oil
Auction
.com)

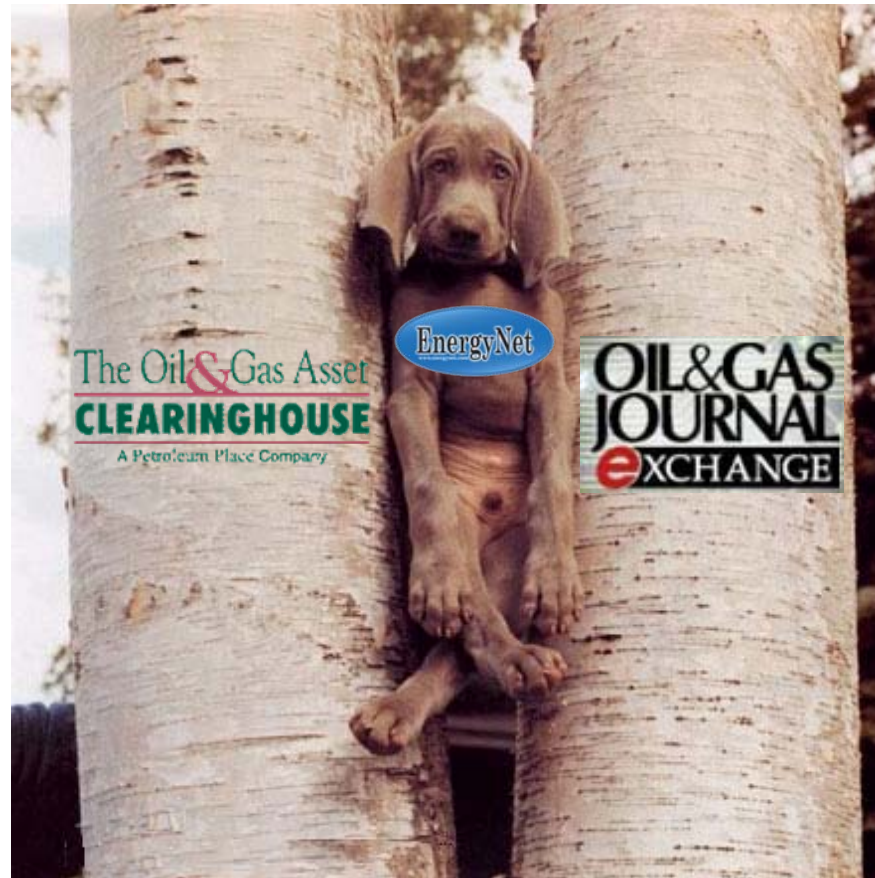
[World
Energy
Exchange
Weex.com](http://World
Energy
Exchange
Weex.com)

[Petrocosm
.com](http://Petrocosm
.com)

EnergyAuctionPlace.com



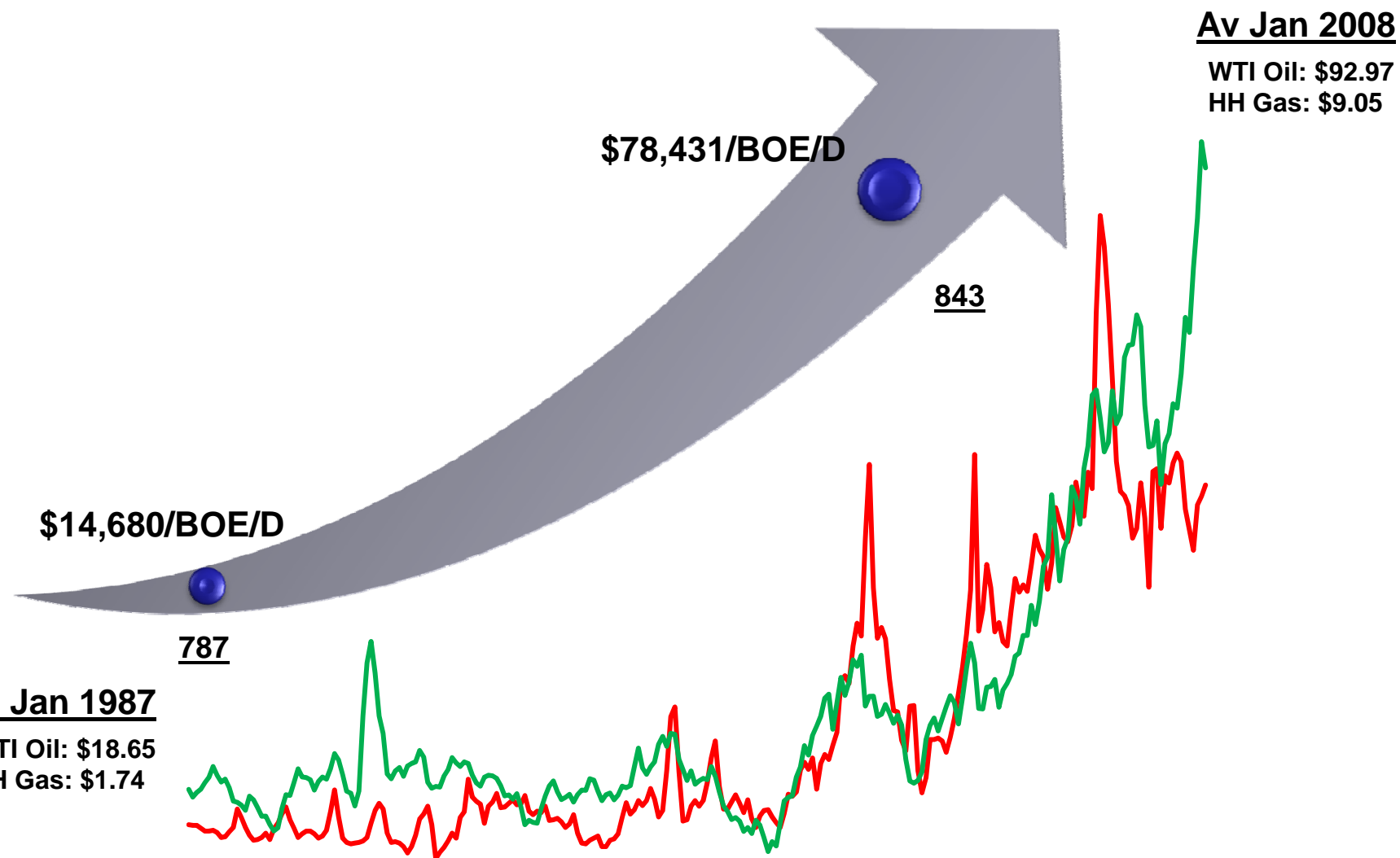
Acquisition & Divestiture Marketplace Evolution



Acquisition & Divestiture Marketplace Evolution



1987 – 2008: Auction Prices Received - All Producing Properties (\$/BOE/D) (\$/Bbl)



Current Market Metrics - Auction

All Producing Interest Types 6:1

Geographic Region	Average \$/BOE/D	Average \$/MCFE/D	Average Multiple (Average Income)	Average Multiple (Last Income)
Appalachians	\$55,170	\$9,195	46.56	51.12
Ark-La-Tex	\$103,261	\$18,093	72.49	68.32
Gulf Coast	\$83,304	\$15,267	53.40	63.72
Michigan Basin	\$124,625	\$38,179	56.20	76.49
Mid Continent	\$88,669	\$17,127	63.75	67.28
Permian Basin	\$97,455	\$18,843	59.10	59.31
Rockies	\$76,286	\$12,714	62.74	64.95
San Juan	\$94,708	\$15,785	103.74	109.24
South Texas	\$44,588	\$6,209	46.86	52.42
West Coast	\$110,748	\$15,124	71.90	77.63
Column Average	\$87,881	\$16,654	63.67	69.05

Current Market Metrics - Auction

Working Interests 6:1

Geographic Region	Average \$/BOE/D	Average \$/MCFE/D	Average Multiple (Average Income)	Average Multiple (Last Income)
Appalachians	\$47,237	\$7,873	38.72	34.44
Ark-La-Tex	\$49,021	\$7,184	43.56	45.51
Gulf Coast	\$31,078	\$11,543	37.56	42.49
Michigan Basin	\$23,341	\$3,890	31.79	75.45
Mid Continent	\$54,274	\$8,288	52.32	59.02
Panhandle	\$38,212	\$6,369	45.75	48.80
Permian Basin	\$51,099	\$8,008	50.44	45.48
Rockies	\$44,079	\$7,346	41.30	41.63
South Texas	\$33,828	\$5,032	38.56	50.07
West Coast	\$42,260	\$5,292	44.73	44.48
Column Average	\$41,443	\$7,083	42.47	48.74

Current Market Metrics - Auction

Overriding Royalties 6:1

Geographic Region	Average \$/BOE/D	Average \$/MCFE/D	Average Multiple (Average Income)	Average Multiple (Last Income)
Appalachians	\$134,068	\$22,345	101.15	101.15
Ark-La-Tex	\$100,633	\$16,772	69.90	56.64
Gulf Coast	\$64,000	\$10,667	46.69	41.28
Mid Continent	\$97,274	\$19,223	62.50	68.43
Panhandle	\$105,957	\$17,659	61.40	80.47
Permian Basin	\$102,827	\$18,846	56.61	59.75
Rockies	\$92,386	\$15,398	55.49	58.89
South Texas	\$57,662	\$9,610	44.69	58.43
West Coast			103.35	103.34
Column Average	\$94,351	\$16,315	66.86	69.82

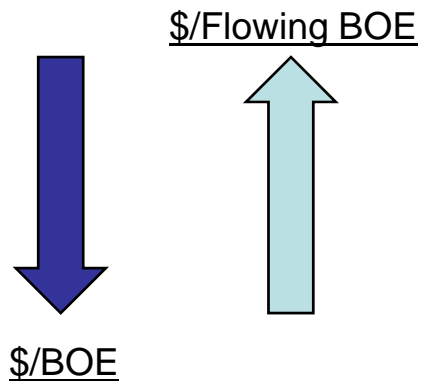
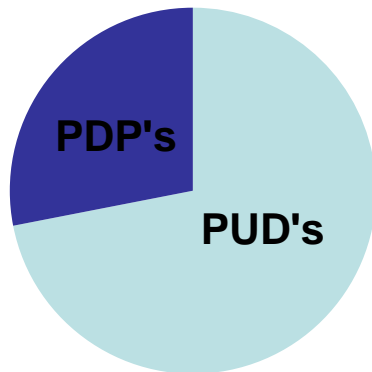
Current Market Metrics - Auction

Royalties 6:1

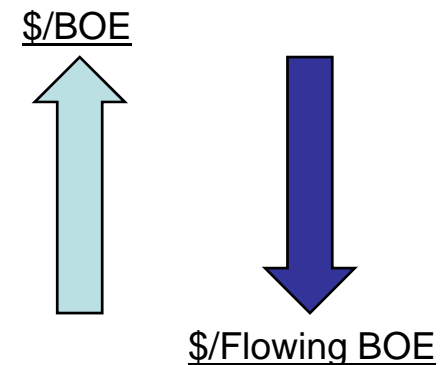
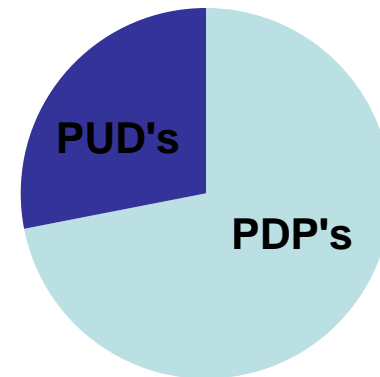
Geographic Region	Average \$/BOE/D	Average \$/MCFE/D	Average Multiple (Average Income)	Average Multiple (Last Income)
Ark-La-Tex	\$175,249	\$29,727	101.09	93.66
Gulf Coast	\$103,616	\$18,994	56.32	71.78
Michigan Basin	\$231,644	\$38,607	97.32	87.98
Mid Continent	\$151,424	\$31,578	82.04	75.96
Panhandle	\$121,997	\$20,333	72.61	68.31
Permian Basin	\$189,287	\$36,089	145.84	109.14
Rockies	\$96,161	\$16,027	75.42	76.82
South Texas	\$75,535	\$12,589	80.82	67.10
West Coast	\$131,516	\$21,919	73.89	83.44
Column Average	\$141,826	\$25,096	87.26	81.57

Expected Results – Negotiated Transactions Vs. Auction Sales

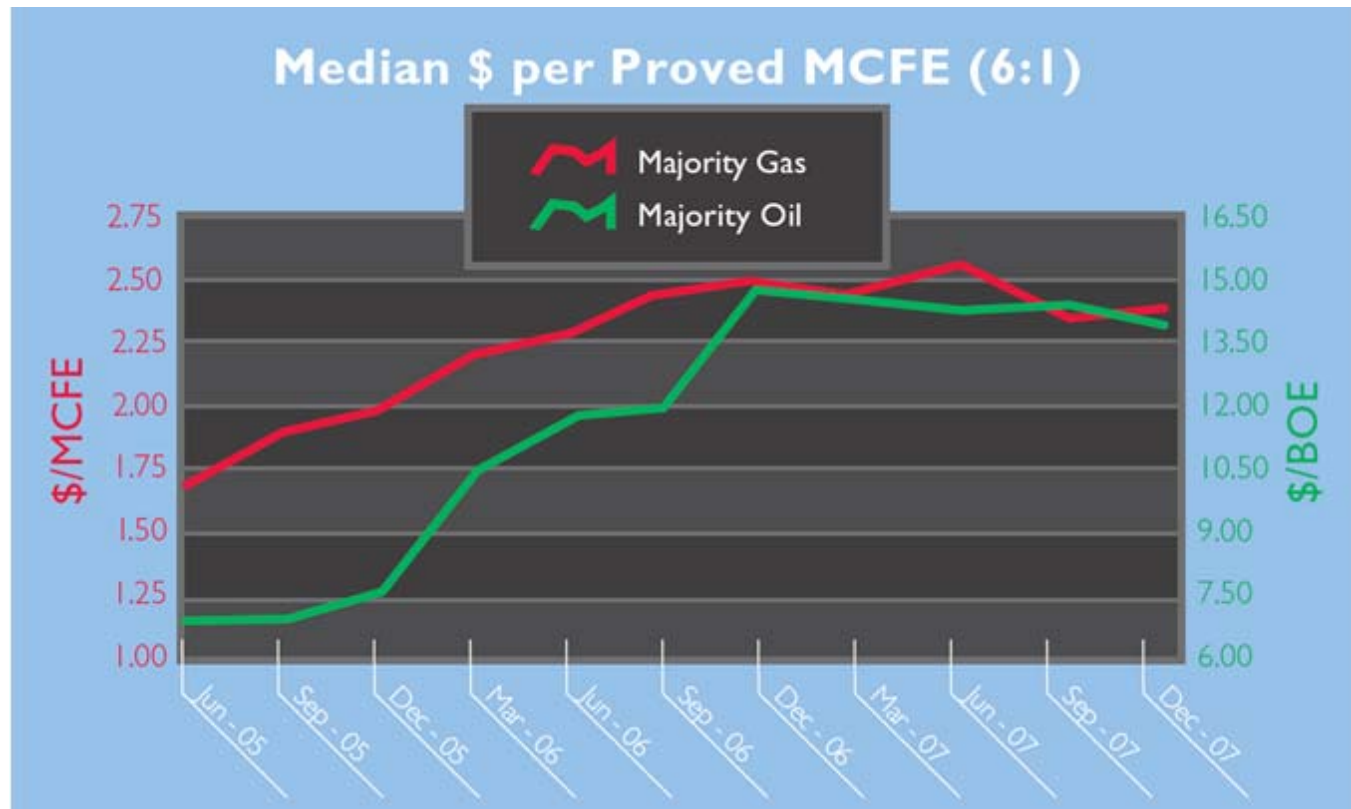
NEGOTIATED TRANSACTIONS



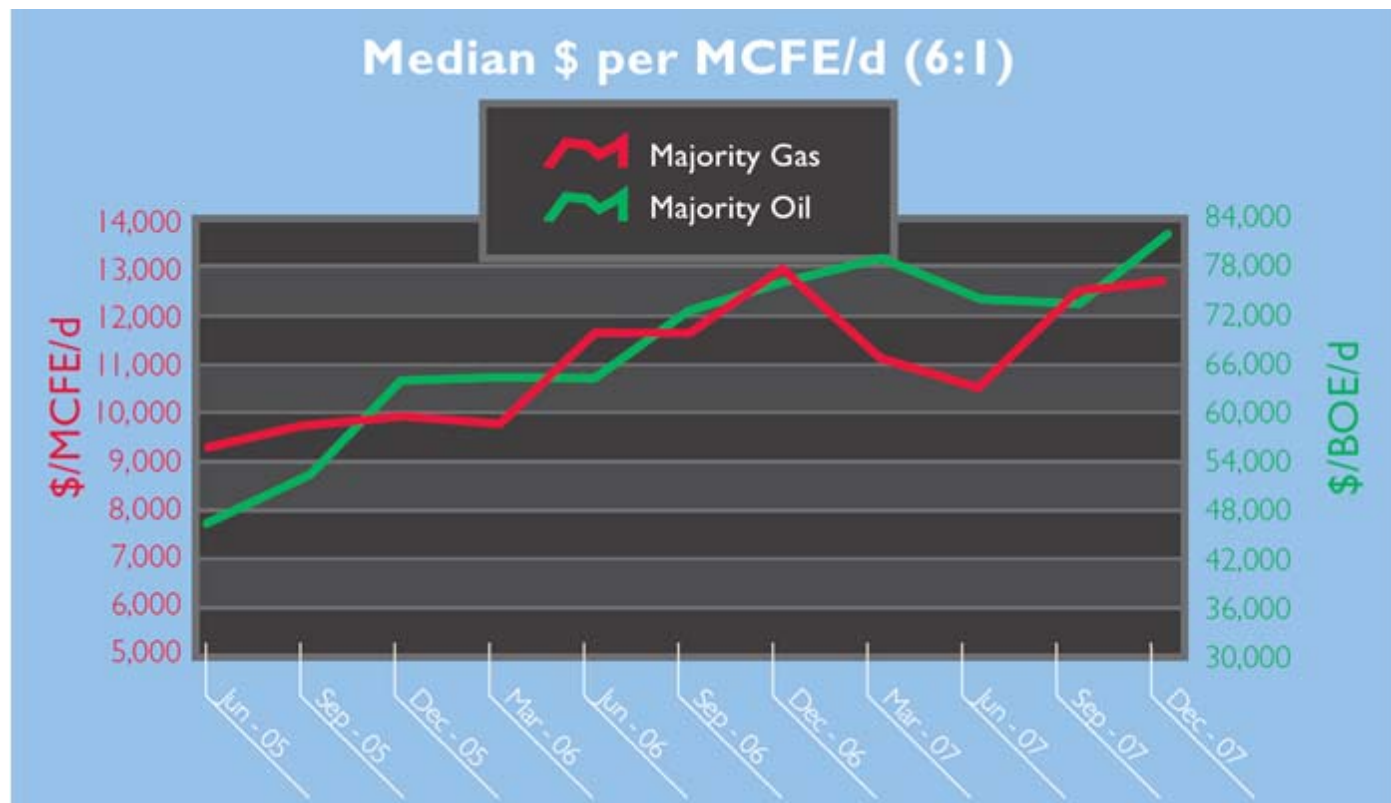
AUCTION SALES



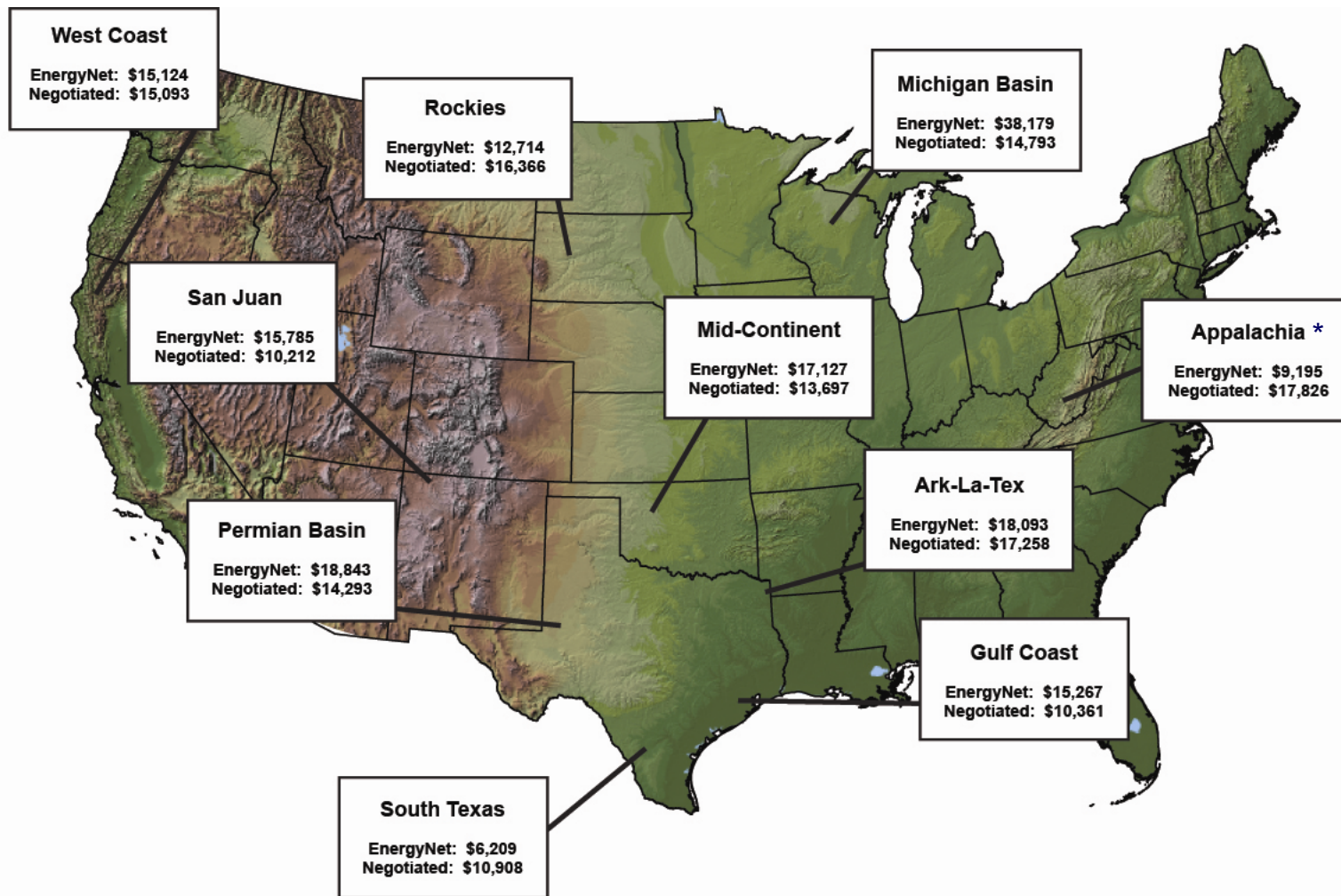
Negotiated A&D Marketplace Evolution



Negotiated A&D Marketplace Evolution



EnergyNet/ Negotiated Sale Metrics 2007 (mcfe/d)



All Metrics Calculated: (6:1)



Source: EnergyNet and Energy Spectrum Advisors, Inc.

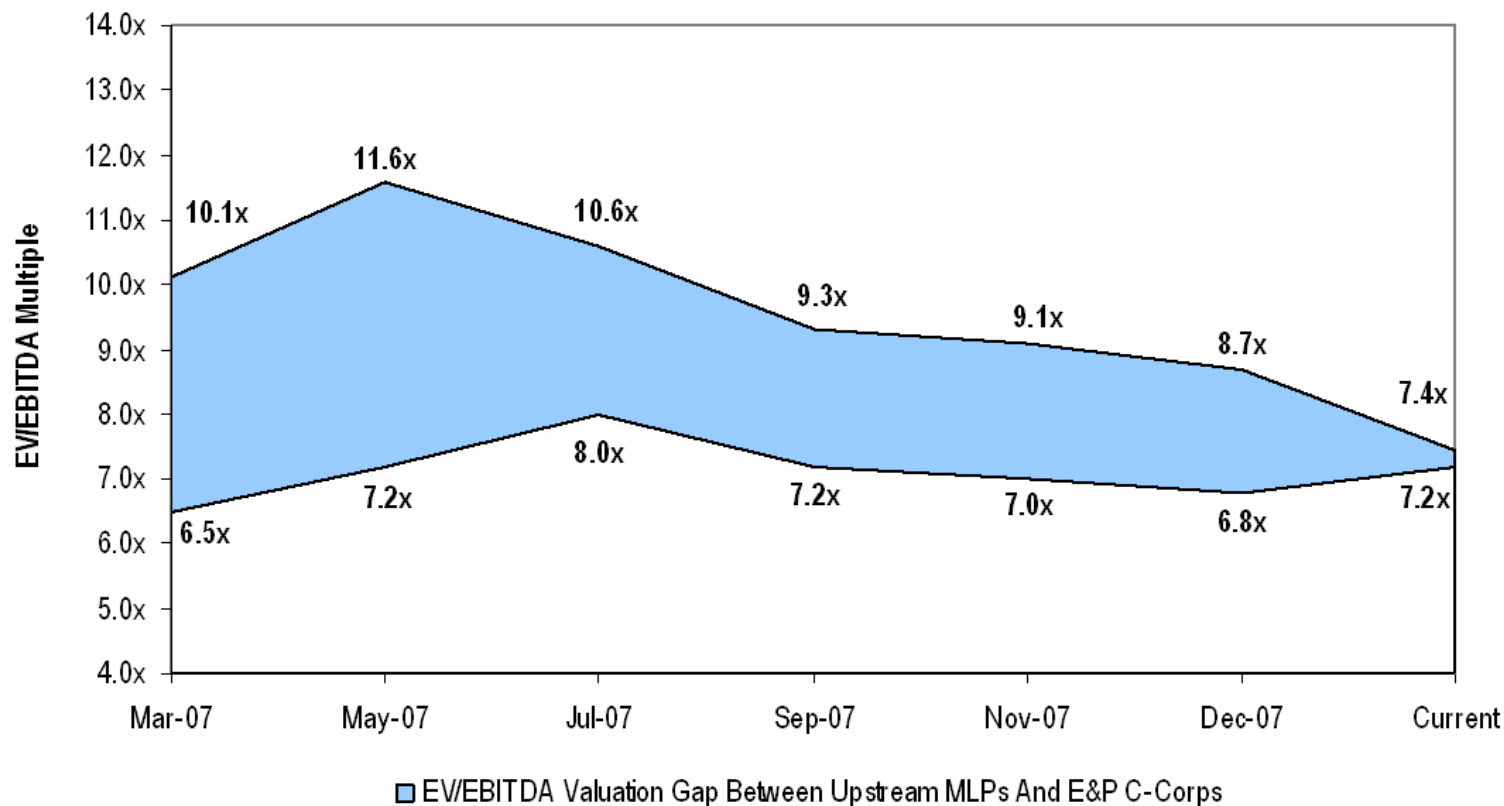
What is an Upstream Master Limited Partnership?

- Asset Acquisition Driven
- Distribute 70 – 75% of Net Income – Quarterly
- Avoids corporate double taxation – Flows through to Limited Partner
- Provide a “Tax Shielded” Return
- Must replace, Reserves & Production Annually
- Continuous Capital Required to Grow
- Commodity Price Hedges Required
- Basically not an Oil and Gas Company – More a Bond with a growth component
- Arbitrage between C-Corp and MLP EBITDA Multiples (WAS)

Valuation Gap With C-Corps Has Narrowed

- Upstream MLP EV/EBITDA multiples have narrowed to an approximate 3% premium over C-Corp valuations versus a peak premium of over 60% during May 2007

Valuation Gap Versus E&P C-Corps



Note: E&P C-Corp peer group consists of the following mid-cap companies VPL, NFX, PXD, RRC, KWK, FST, SM, BBG and BRY. Estimates provided by Wachovia's E&P analyst
Source: FactSet and Wachovia Capital Markets, LLC estimates

Upstream MLP Precedents

- 80's Model – Failed
- Midstream MLPs – Very Successful
- Canadian Royalty Trusts - Legislation

Ideal Upstream MLP Assets

- > 80% PDP
- > 15+ Year Reserve Life Index (RLI)
- < 10% Decline Rate
- < 25% Maintenance CAPEX
- ≥ 90% Operated W.I.

MLP Market Risks

- Acquisition prices get too high – Competition may cause over payment for assets
- Political climate – Tax shield/pass through benefits go away
- Maintenance CAPEX – Becomes too high
- Small Public Market Sector – One missed distribution affects all
- Investor must file tax returns in every state

Master Limited Partnerships – 2008

Current MLP's – Market Cap \$9 Billion

Atlas Energy Partners	EV Energy Partners
Breitburn Energy	Linn Energy
Constellation Energy	Legacy Reserves
Eagle Rock Energy Partners	Quest Resources
Encore Energy Partners	Vanguard Natural Resources

10

Possible Future MLP's

Abraxas Energy Partners LP	Resolute Energy Partners LP
Berry Petroleum	Venoco
Petrohawk Energy	Whiting
	XTO Energy

7

MLP's Delayed or Pulled

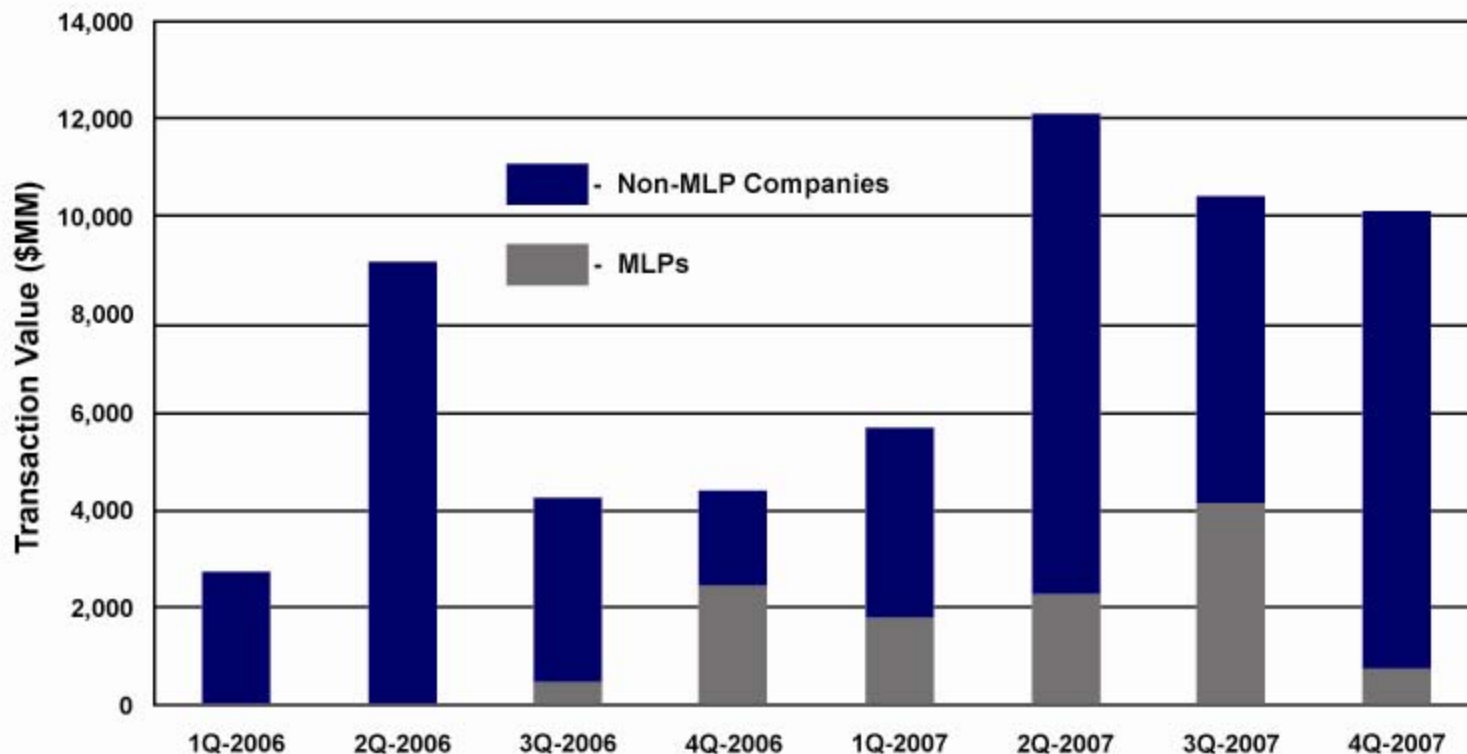
EXCO Partners LP
Pioneer Southwest Energy Partners LP
Plains Exploration

3



MLP Overview – Transaction Volumes – US Onshore Transactions

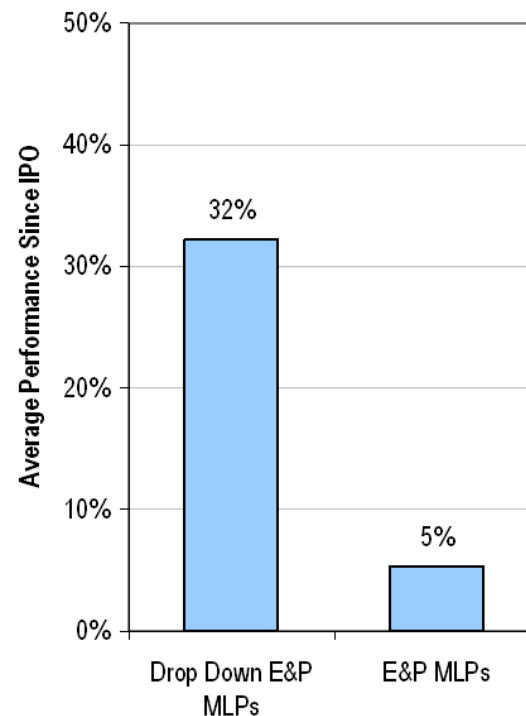
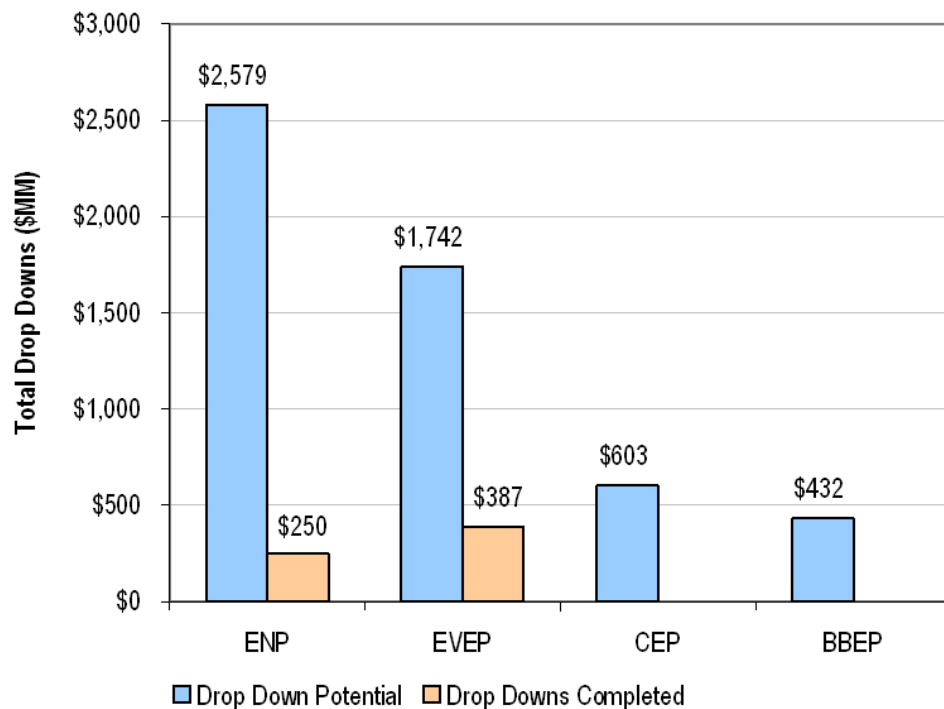
MLPs acquired ~25% of transactions in 2007 vs. 15% in 2006



Source: J.S. Herold & Tristone data

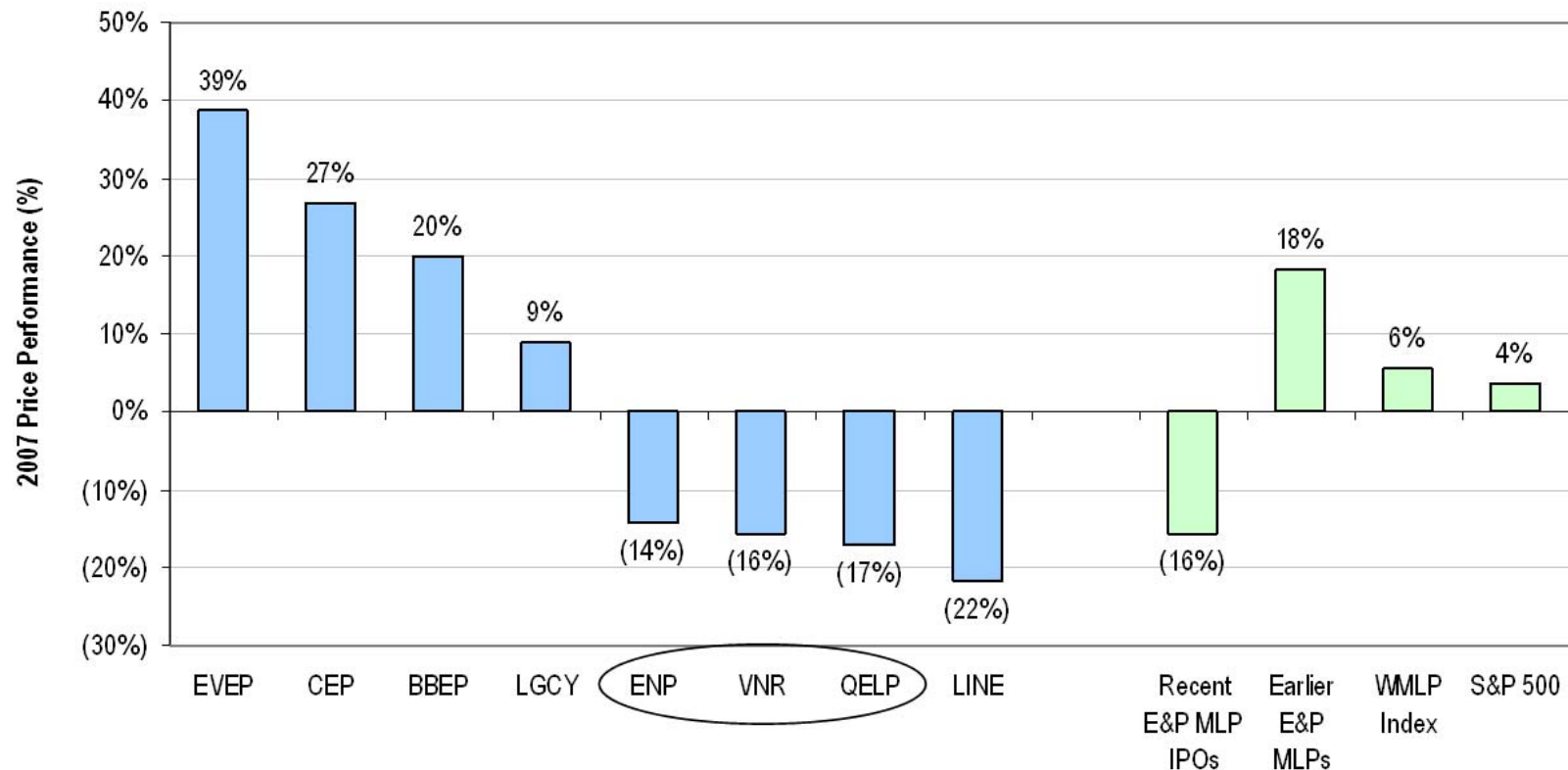
Drop Downs Have Outperformed

- As a group, upstream MLPs with sponsors who own a significant portfolio of MLP-suitable reserves have outperformed
- Drop-down MLPs typically trade at lower yields, as investors build in expectations of future drop downs



Source: Partnership reports, FactSet and Wachovia Capital Markets, LLC

Recent Upstream MLP IPOs - Have Struggled to Find an Audience



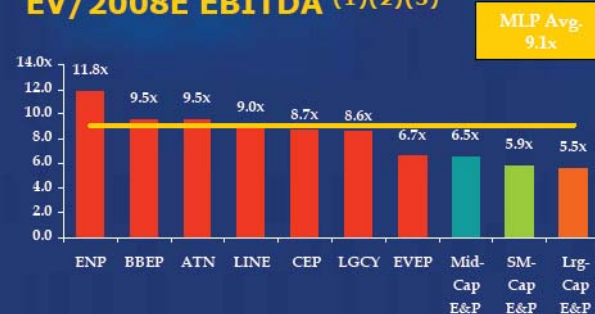
Source: FactSet, Standard and Poor's, Wachovia Capital Markets, LLC

MLPs as a "Game Changer" Current Upstream MLP Valuations

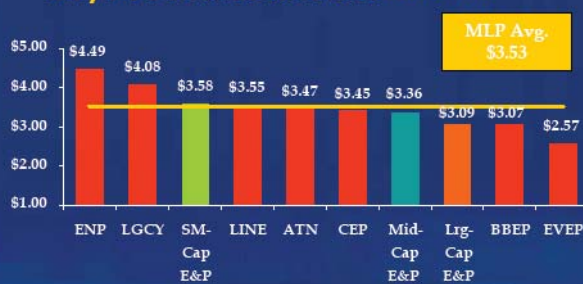
Current Yield



EV/2008E EBITDA (1)(2)(3)



EV/Proved Reserves (1)(2)(3)



EV/2008E Production (1)(2)(3)



Note: All data based on public estimates.

(1) Small-Cap Composite includes: ATPG, BRG, BDE, BEXP, CFE, CRK, CRZO, DFTB, EAC, EPL, GDP, GSX, ME, MMR, PETD, SFY, SGY, THX, TMR and WLL.

(2) Mid-Cap Composite includes: COG, DNR, FST, HK, NBL, NFX, PPP, PXD, RRC, SM, SWN, UPL, WTI, XCO and XEC.

(3) Large-Cap Composite includes: APC, APA, CHK, DVN, EOG and XTO.

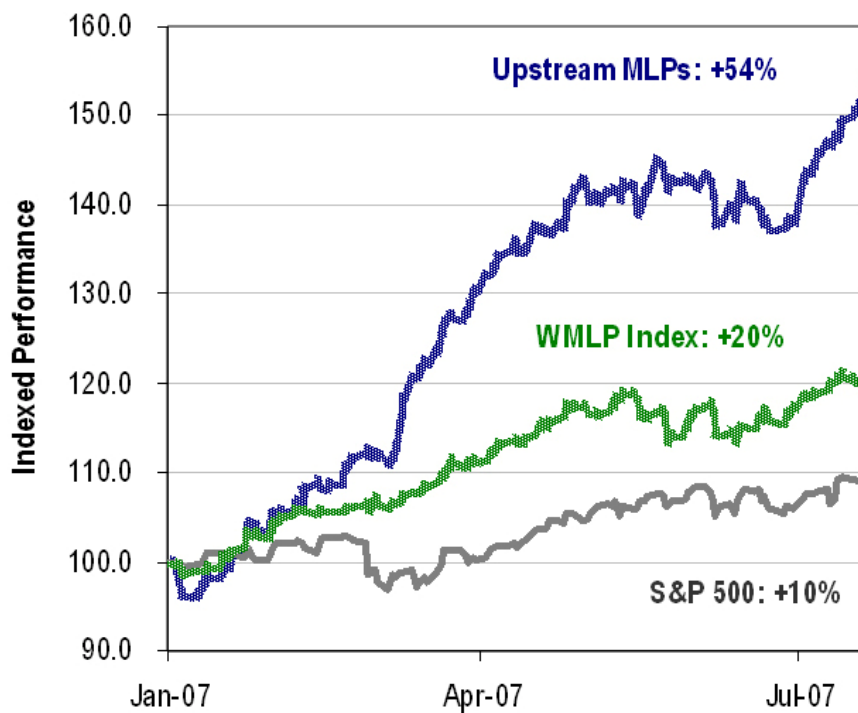
Global Markets & Investment Banking Group

Provided By: Thomas A. Petrie, CFA, Vice Chairman, Merrill Lynch & Co. Presented to the Platts 2nd Annual Oil & Gas Acquisition & Divestiture Conference and MLP Symposium, November 6, 2007. 12

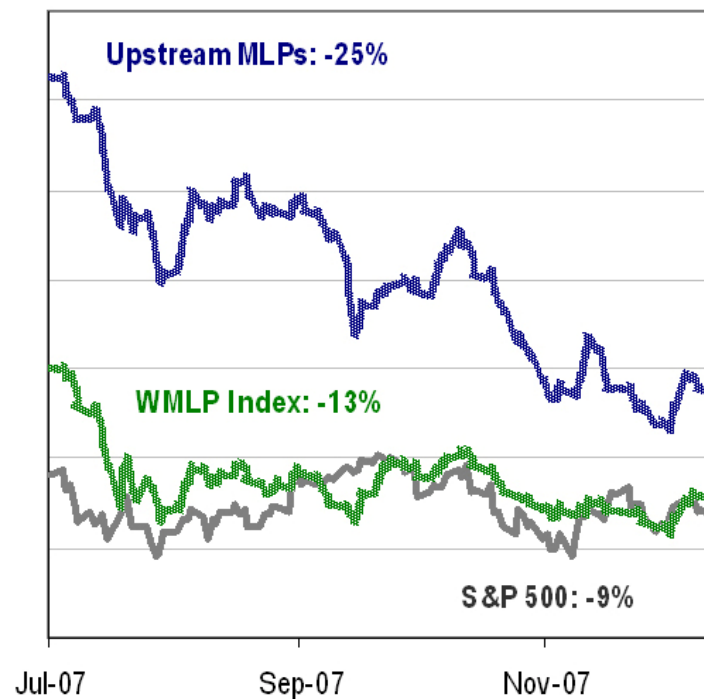
Reviewing 2007 Performance – A Tale of Two Halves

- After a strong showing in the first half of 2007 (up 54% between 1/1/07 and 7/19/07), upstream MLP's underperformed in the latter half of the year (down 25% between 7/20/07 and 12/31/07) and continue to struggle in 2008 (down 2% YTD)

Upstream MLP Performance 1/1/07 – 7/19/07



Upstream MLP Performance 7/20/07 – 12/31/07



Yield's from 6.3 – 10%

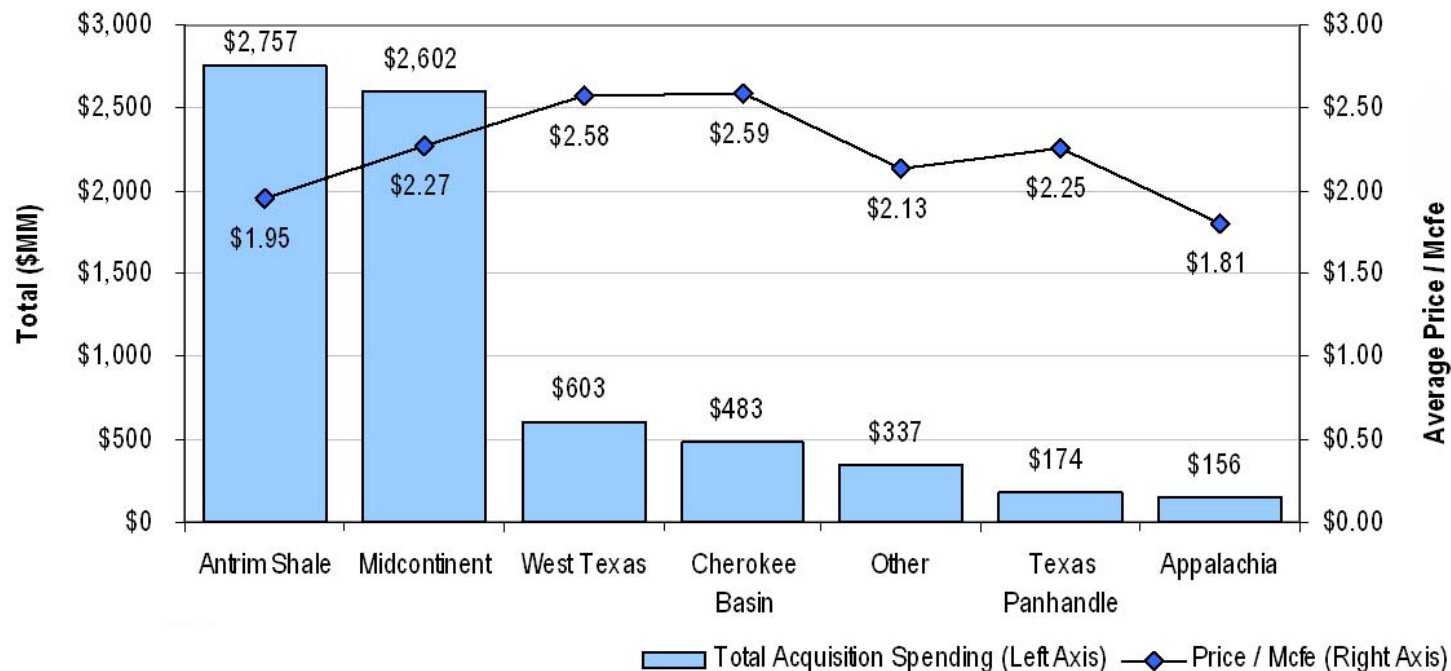


Source: FactSet, Standard & Poor's, Wachovia Capital Markets, LLC

Upstream MLP Acquisitions by Region

- Upstream MLPs have completed over \$7B of acquisitions in 2007 and now have a presence in over 10 basins, including the Permian Basin, Appalachian Basin, Los Angeles Basin, Cherokee Basin, Antrim Shale and the Marcellus Shale.
- The price of reserves acquired has ranged from \$1.87 per Mcfe to \$3.86 per Mcfe (average of \$2.31 per Mcfe)

Acquisitions by Region



Source: Partnership reports, Wachovia Capital Markets, LLC

Upstream MLP Acquisitions in 2007

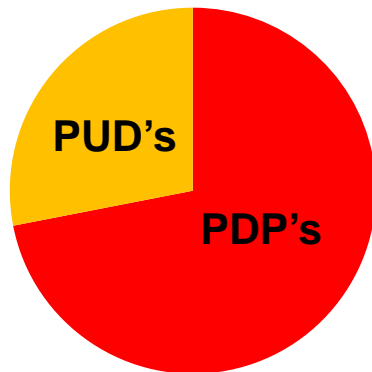
	Date	Price (\$MM)	Reserves (Bcfe)	Price / Mcfe	Price / Flowing Mcfe	Prod. (Bcfe)	EBITDA (\$MM)	EBITDA Multiple	DCF (\$/unit)	% Oil	% Dev.	R/P
ATN												
DTE Energy	May-07	\$1,225	613.0	\$2.00	\$20,763	21.54	\$151.0	8.1x	\$0.67	0%	74%	28
Michigan	Sep-07	\$11	5.2	\$2.06	\$21,029	0.19	\$2.0	5.3x	\$0.02	0%	66%	28
BBEP												
Permian Basin	Jan-07	\$29	12.0	\$2.42	\$18,038	0.66	\$4.5	6.4x	\$0.09	100%	-	18
Florida	May-07	\$100	57.0	\$1.75	\$10,417	3.50	\$14.8	6.8x	\$0.18	100%	90%	15
California	May-07	\$92	38.8	\$2.38	\$17,111	1.97	\$11.7	7.9x	\$0.19	99%	100%	20
Michigan	Sep-07	\$1,450	530.0	\$2.46	\$17,171	27.74	\$175.8	8.6x	\$0.42	4%	89%	19
CEP												
EnergyQuest	Mar-07	\$115	49.0	\$2.35	\$14,557	2.88	\$16.1	7.1x	\$0.40	0%	-	17
AMVEST Osage	Jul-07	\$240	93.0	\$2.58	\$15,000	5.84	\$31.8	7.6x	\$0.38	-	-	16
Newfield Expl.	Aug-07	\$128	45.0	\$2.84	\$13,333	3.50	\$17.4	7.4x	\$0.23	0%	-	13
ENP												
Permian Basin	Dec-07	\$250	64.8	\$3.86	\$23,148	3.94	\$34.0	7.4x	\$0.57	65%	88%	16
EVEP												
Michigan	Jan-07	\$72	56.3	\$1.27	\$10,453	2.50	\$14.1	5.1x	\$0.50	0%	89%	22
Monroe Field	Mar-07	\$96	65.2	\$1.47	\$12,632	2.77	\$14.9	6.4x	\$0.31	0%	99%	22
Austin Chalk	Apr-07	\$100	39.0	\$2.56	\$7,581	4.81	\$26.4	3.8x	\$0.44	21%	82%	8
Permian Basin	Jul-07	\$160	79.1	\$2.02	\$14,249	4.10	\$23.4	6.8x	\$0.26	7%	51%	19
West Virginia	Nov-07	\$60	28.0	\$2.14	\$15,000	1.46	\$9.6	6.2x	\$0.14	1%	99%	18
LGCY												
East Binger	Mar-07	\$45	24.6	\$1.83	\$10,218	1.61	\$9.7	4.7x	\$0.20	-	-	16
West Texas	Apr-07	\$21	8.6	\$2.41	\$12,207	0.62	\$3.9	5.3x	\$0.07	-	77%	14
West Texas	May-07	\$13	6.0	\$2.14	\$10,000	0.47	\$2.9	4.5x	\$0.06	-	100%	13
West Texas	Jul-07	\$20	7.3	\$2.77	\$11,203	0.66	\$4.1	5.0x	\$0.07	-	92%	11
West Texas	Aug-07	\$15	4.7	\$3.26	\$16,038	0.35	\$2.7	5.6x	\$0.04	-	100%	14
West Texas	Aug-07	\$6	3.4	\$1.77	\$11,296	0.20	\$1.6	3.9x	\$0.03	-	81%	18
TX Panhandle	Sep-07	\$61	23.7	\$2.55	\$16,839	1.33	\$3.1	6.4x	\$0.14	-	100%	18
Texas	Nov-07	\$10	4.6	\$2.16	\$10,549	0.35	\$2.5	4.1x	\$0.05	-	92%	13
LINE												
TX Panhandle	May-07	\$91	42.0	\$2.15	-	-	-	-	-	-	-	-
Dominion	Jul-07	\$2,050	760.0	\$2.70	\$15,063	49.67	\$325.0	6.3x	-	7%	75%	15
TX Panhandle	Aug-07	\$23	11.0	\$2.05	-	-	-	-	-	-	-	-
Lamaco	Dec-07	\$552	300.0	\$1.84	\$23,000	8.76	\$75.0	7.4x	\$0.15	88%	70%	34
VNR												
West Texas	Dec-07	\$78	26.4	\$2.97	\$16,111	1.77	\$14.3	5.5x	\$0.42	83%	90%	15
Total / Average		\$7.112	107.1	\$2.31	\$14,646	5.89	\$38.2	6.1x	\$0.24	NM	86%	18



Source: Partnership reports and Wachovia Capital Markets, LLC estimates

C-Corp Vs. MLP Acquisitions - 2007

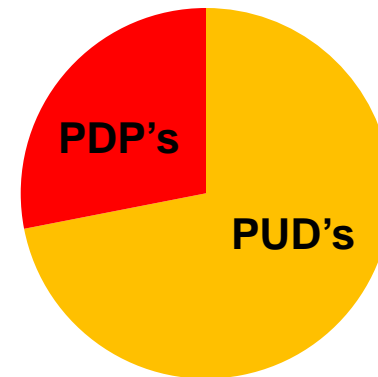
MLP's



Median \$/mcfe/d - \$14,061

Median \$/mcfe - \$2.24

C-Corp's



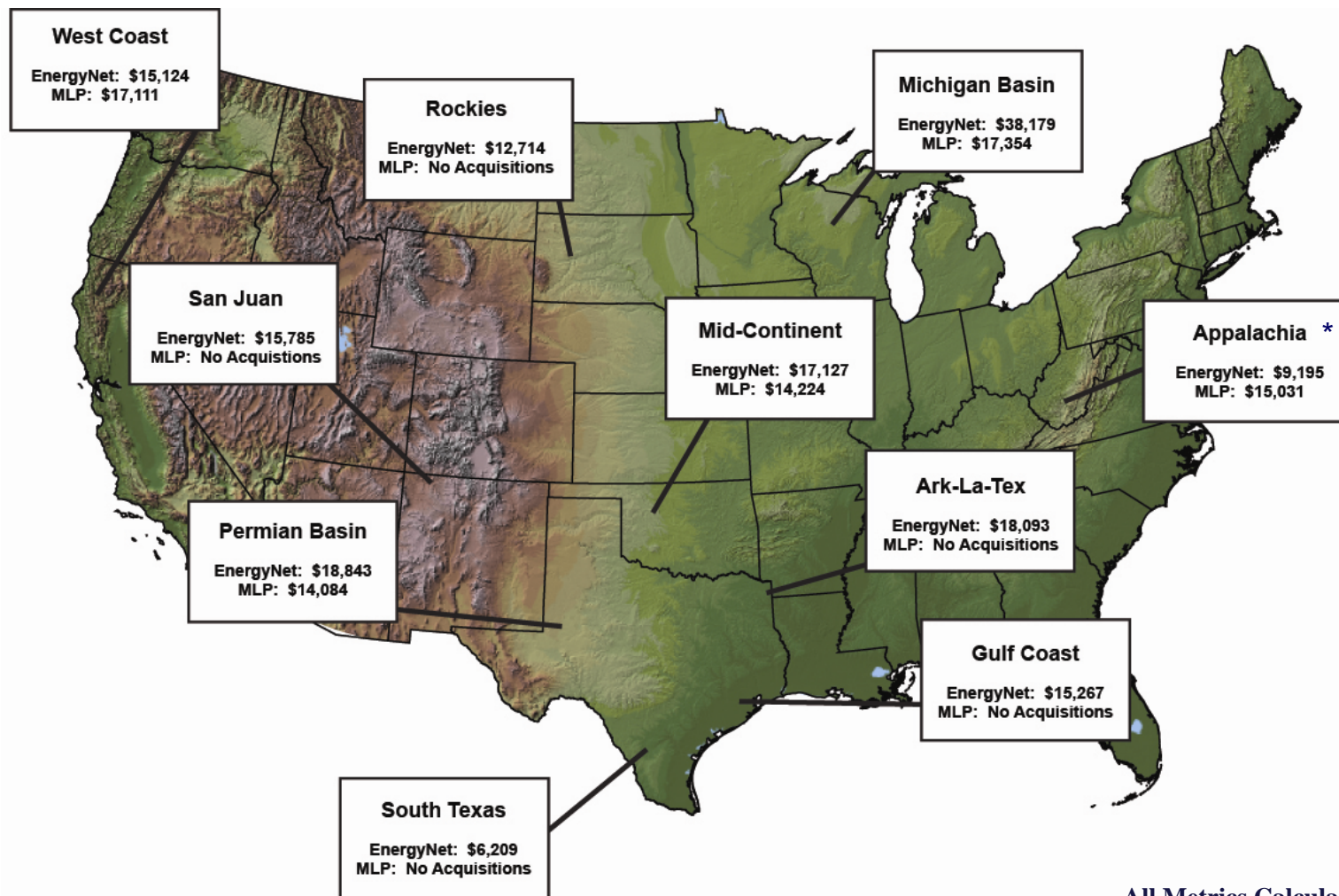
Median \$/mcfe/d - \$11,493

Median \$/mcfe - \$2.46

Conclusions & Observations

1. Will there be more Public Upstream MLPs?
 - Private equity on the sidelines
2. Will some of the current ones fail?
 - Looking for bank financing
 - “Drop Downs” have an advantage
3. Will majors form “Drop Downs”?
4. Have Upstream MLPs been metrics “Game Changers”?
5. Will they be in the future?

EnergyNet/ MLP Sale Metrics 2007 (mcfe/d)



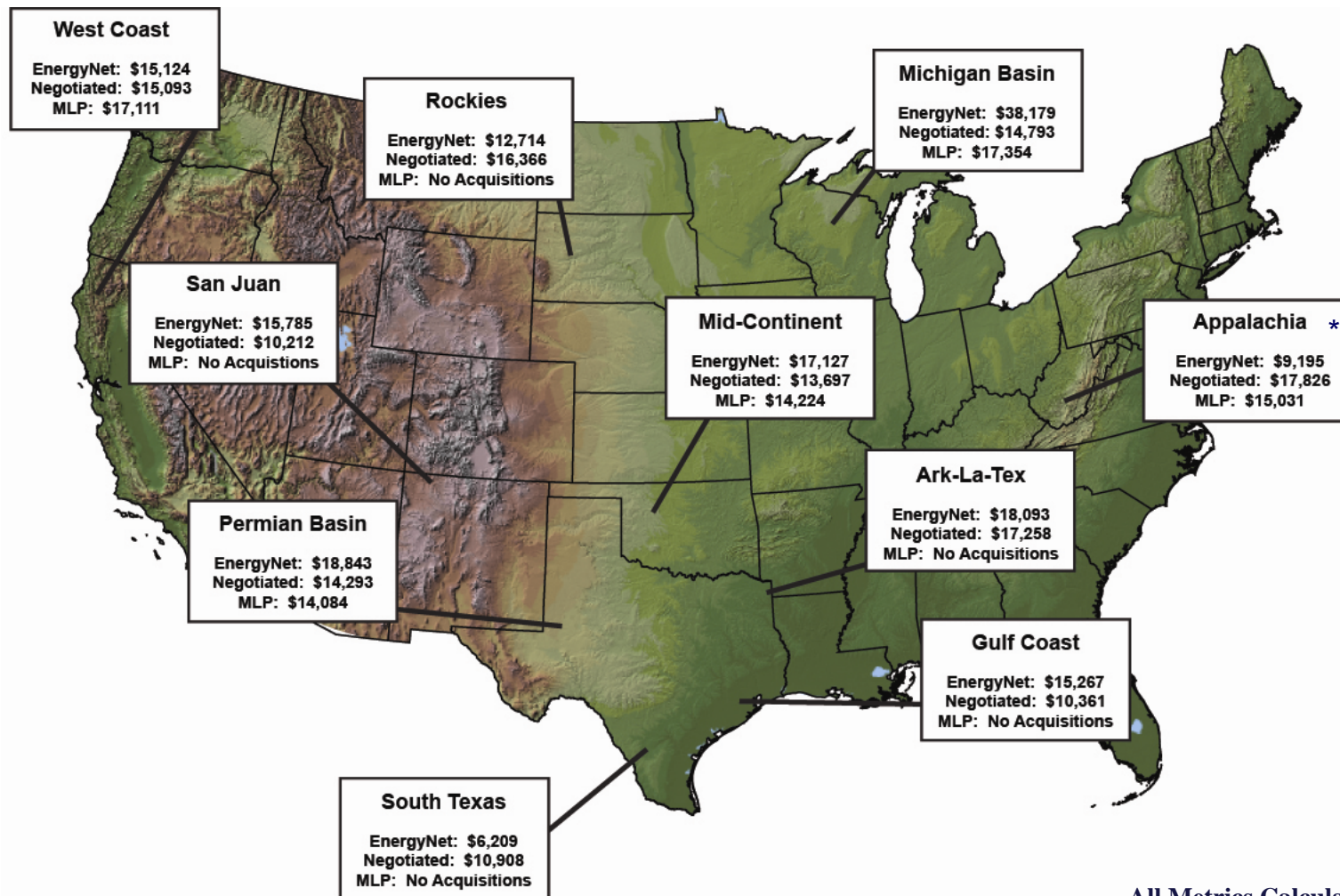
All Metrics Calculated: (6:1)

* Marcellus Shale effect



"Achieve better than MLP prices *now*--you don't have to wait to consolidate your properties!"

EnergyNet/ Negotiated/ MLP Metrics 2007 (mcfe/d)



All Metrics Calculated: (6:1)

* Marcellus Shale effect



"Achieve better than MLP prices *now*--you don't have to wait to consolidate your properties!"

Today's A&D Market Conclusions:

- OBVIOUSLY VERY COMPETITIVE
- RECORD SITUATIONAL METRICS
- MLP'S AND C-CORPS PAYING ABOUT THE SAME FOR PROVEN RESERVES.
- MLP'S EFFECT LESSENERD.

EnergyNet.com, Inc.

Presents To:

SPEE Lunch Meeting

Houston, TX Chapter

Wednesday, April 2, 2008