

INFLECTION
ENERGY LLC

Presented to

Broome County
July 7, 2010



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Presentation Outline

- * Company Overview
- * Management Team
- * Operational Overview
- * Benefits to Broome County
- * Deal Terms



Inflection Energy LLC Profile

* **Founded: June 2008**

* **Corporate Headquarters**

Inflection Energy, LLC
1125 17th Street, Suite 2540
Denver, Colorado 80202-2051
(303) 531-2300
(303) 531-2301 fax

* **Reservoir Engineering**

Netherland Sewell & Associates Inc., Dallas

* **Auditors**

Anton Collins Mitchell LLP (BDO Seidman Alliance), Denver

* **Legal Counsel**

Hogan and Lovells

* **Commercial Banks**

JPMorgan Chase and Wells Fargo

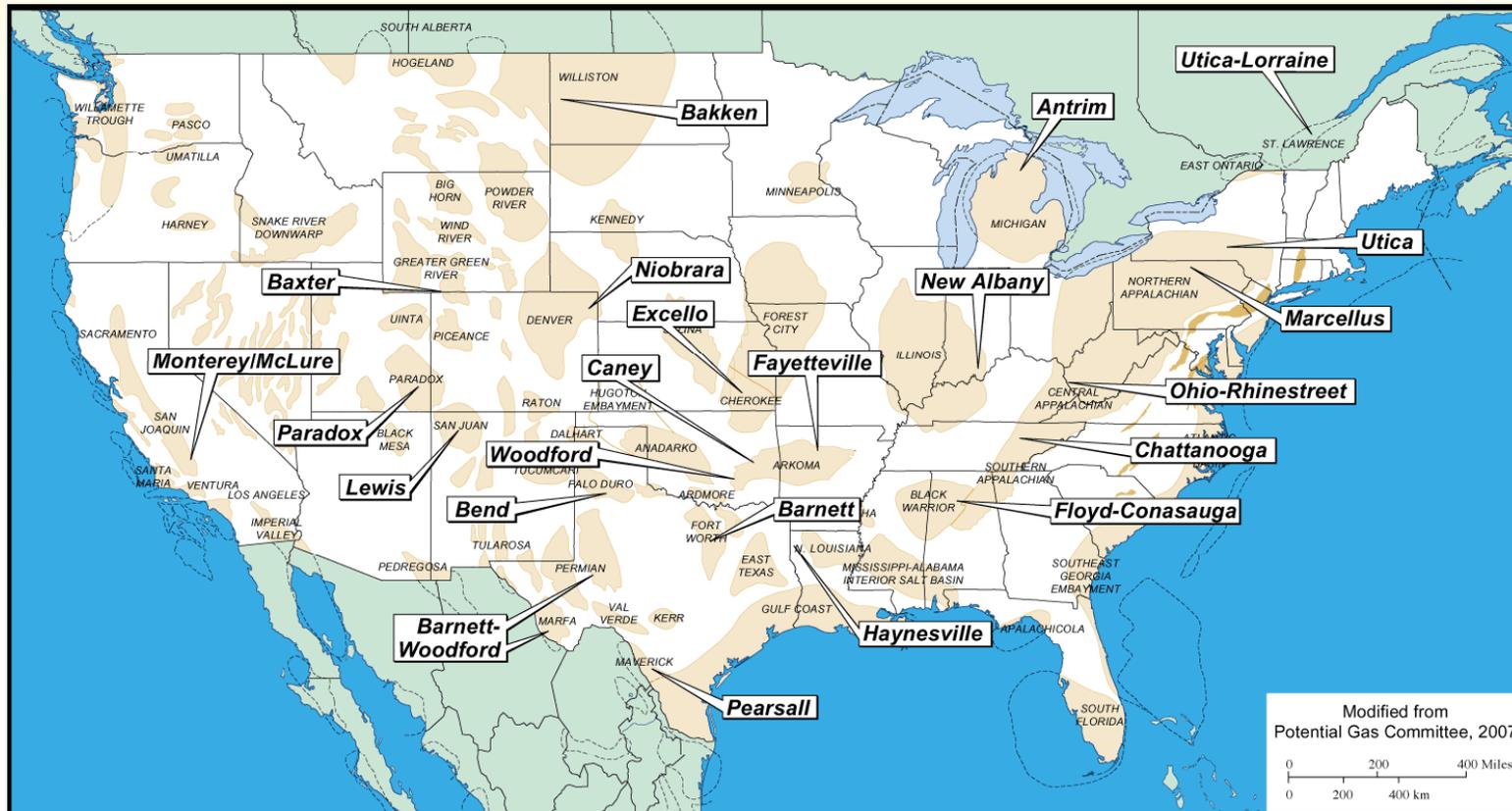


Management/Technical Team

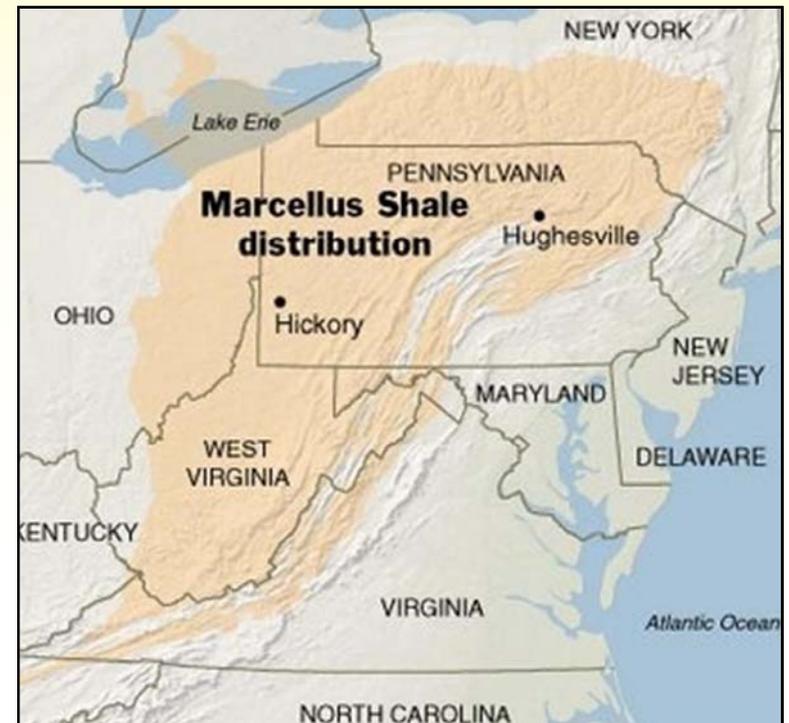
- * Mark S. Sexton, Chairman & CEO
- * J. Scott Zimmerman, Executive Vice President
- * Tom Coyne, CFO
- * George Hampton, Vice President Exploration

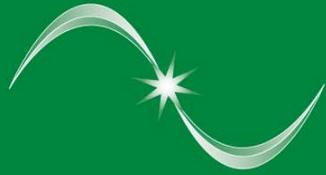
- * Technical Staff
 - * Robert Grundy, John Lamb, Todd Gilmer, Tracy Lombardi
- * Land Staff
 - * Jim Vandiver, Shawna Murphy

✧ Approximately 20 Prospective Shale Plays in the U.S.



- * Largest onshore basin in US
- * Area = 183,000 mile²
- * Exploration/development dating to early 1800's
- * Conventional/unconventional resources
- * Marcellus Shale
 - * Devonian Shale Gas Play
 - * Current exploration began in 2004
 - * One of the most active plays in US
 - * High TOC, Wet & Dry gas
 - * High IP rates





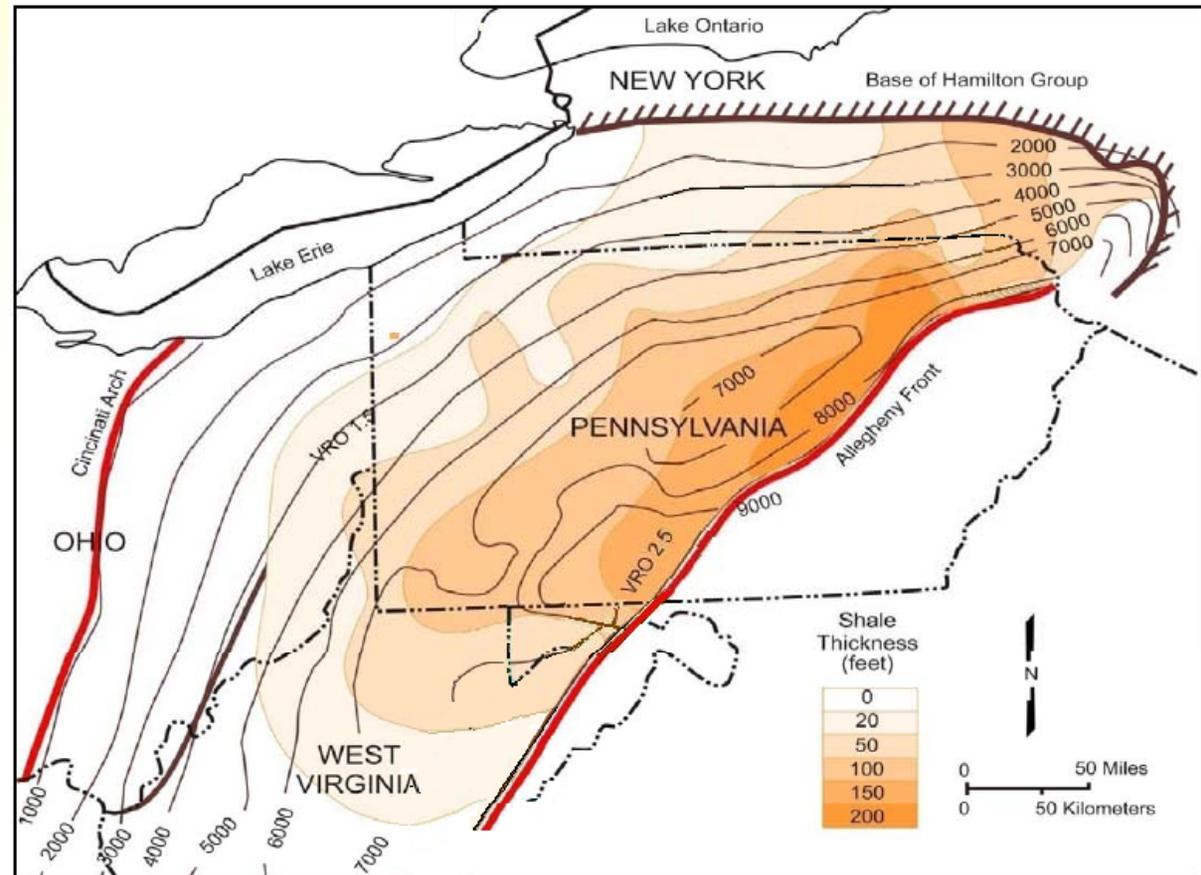
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Regional Marcellus Shale Depth & Thickness

Depth: Outcrop to over 8,000 feet

Thickness: 0 to +200 feet

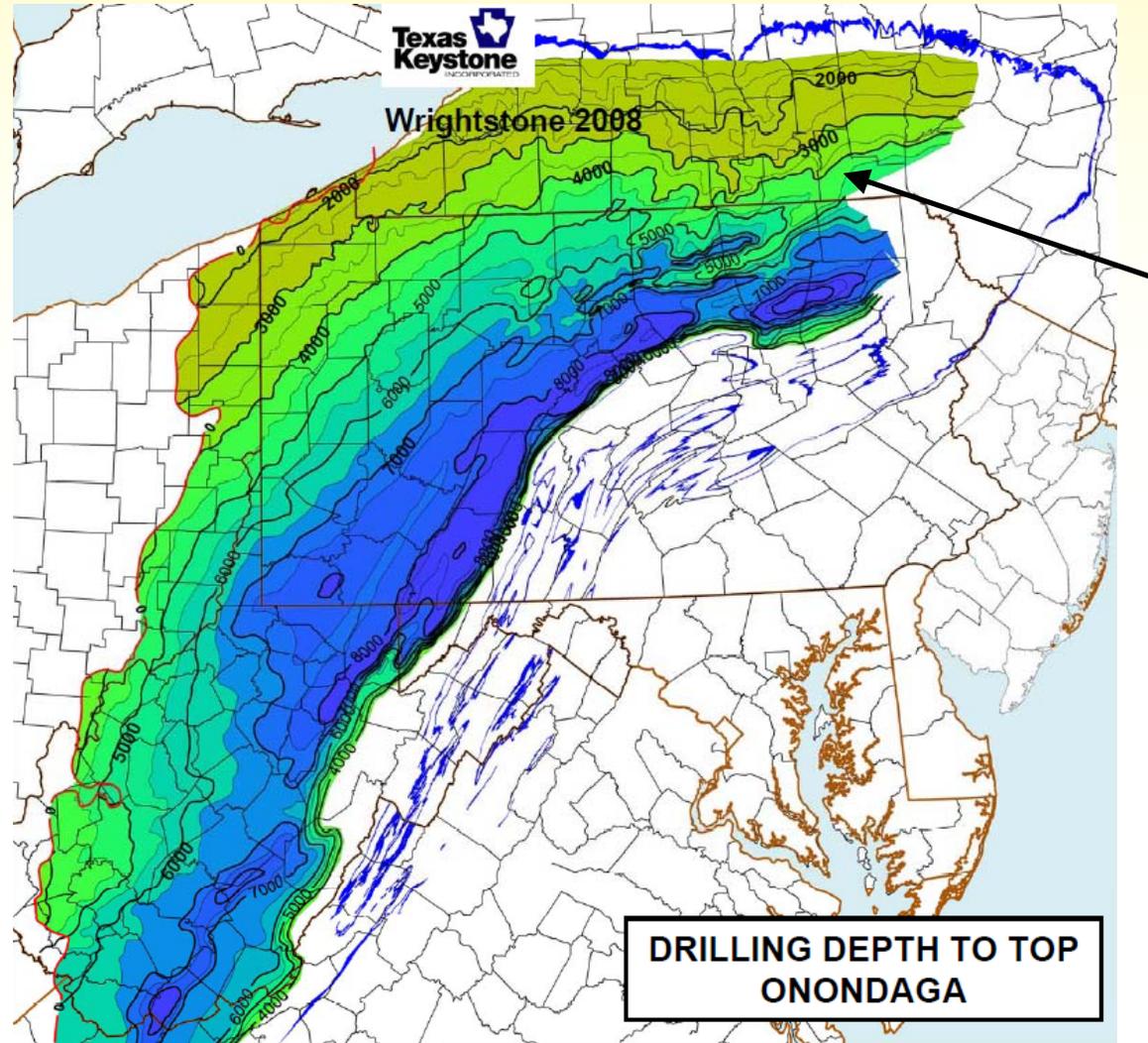
Thickness and depth increase west to east

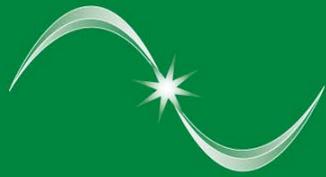




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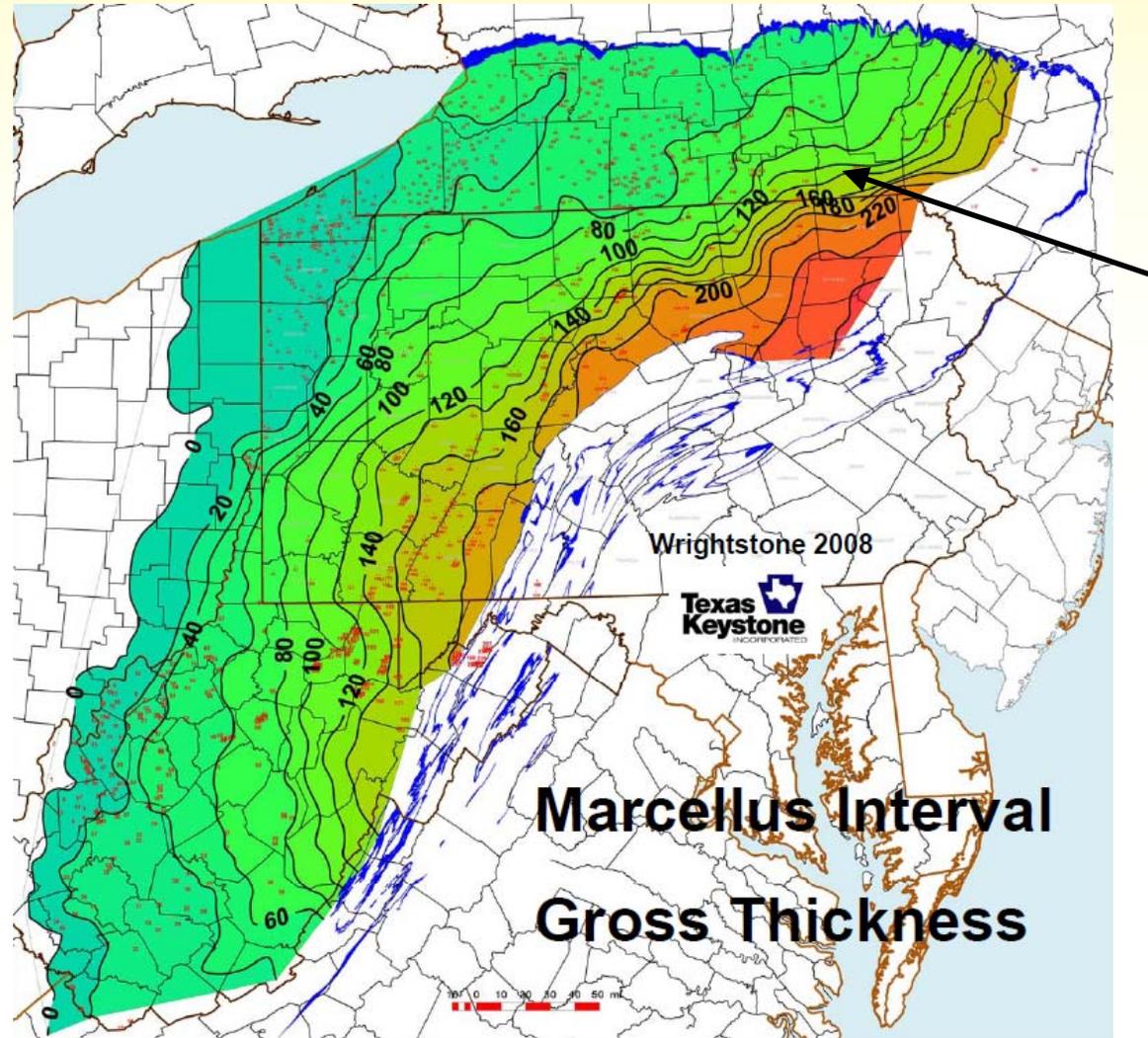
Depth top Onondaga LS



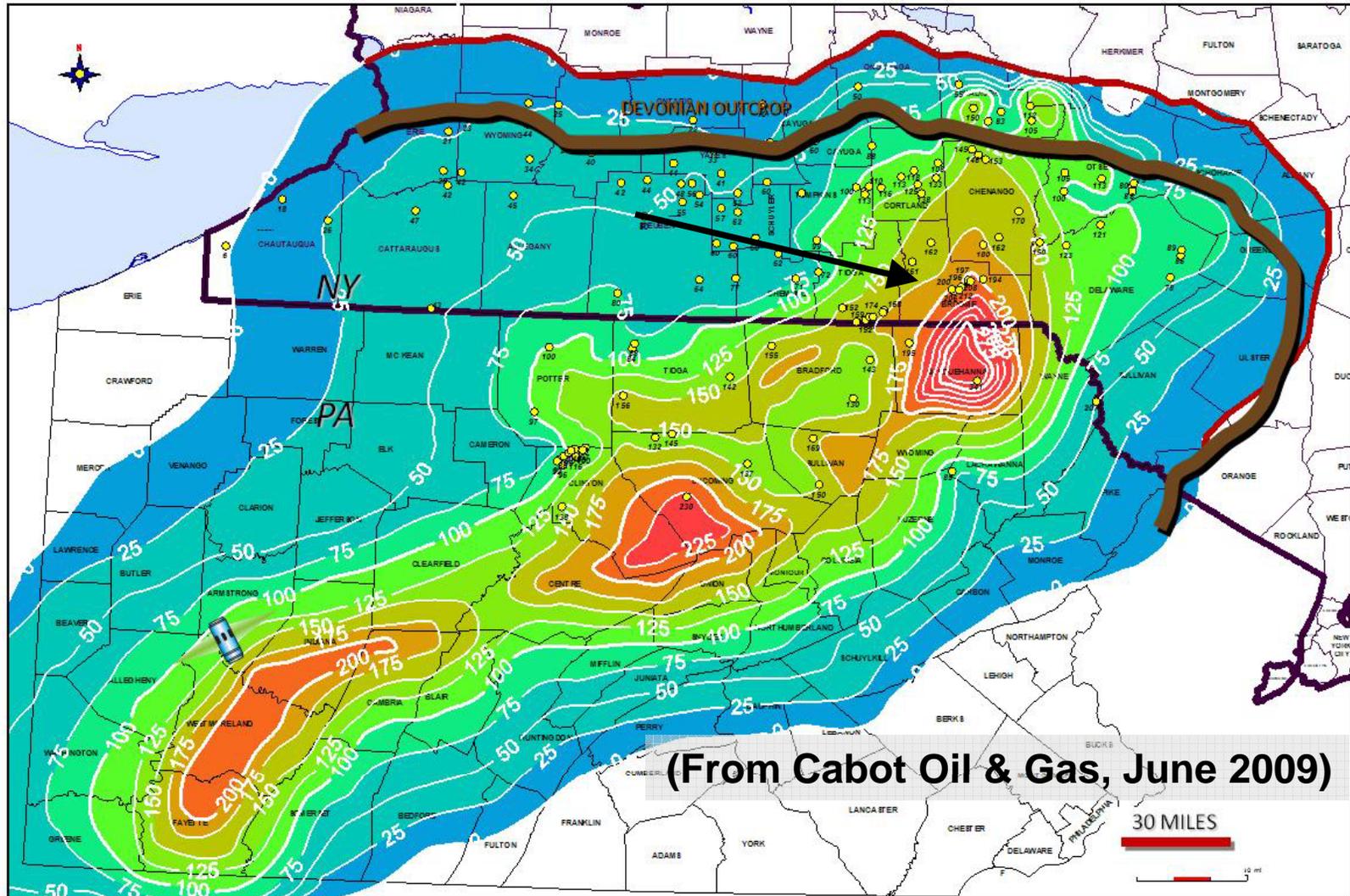


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Marcellus Thickness



Broome County is near the Thickest Portion of the Marcellus Shale



Broome County Area has Attractive Thermal Maturity (Ro%)

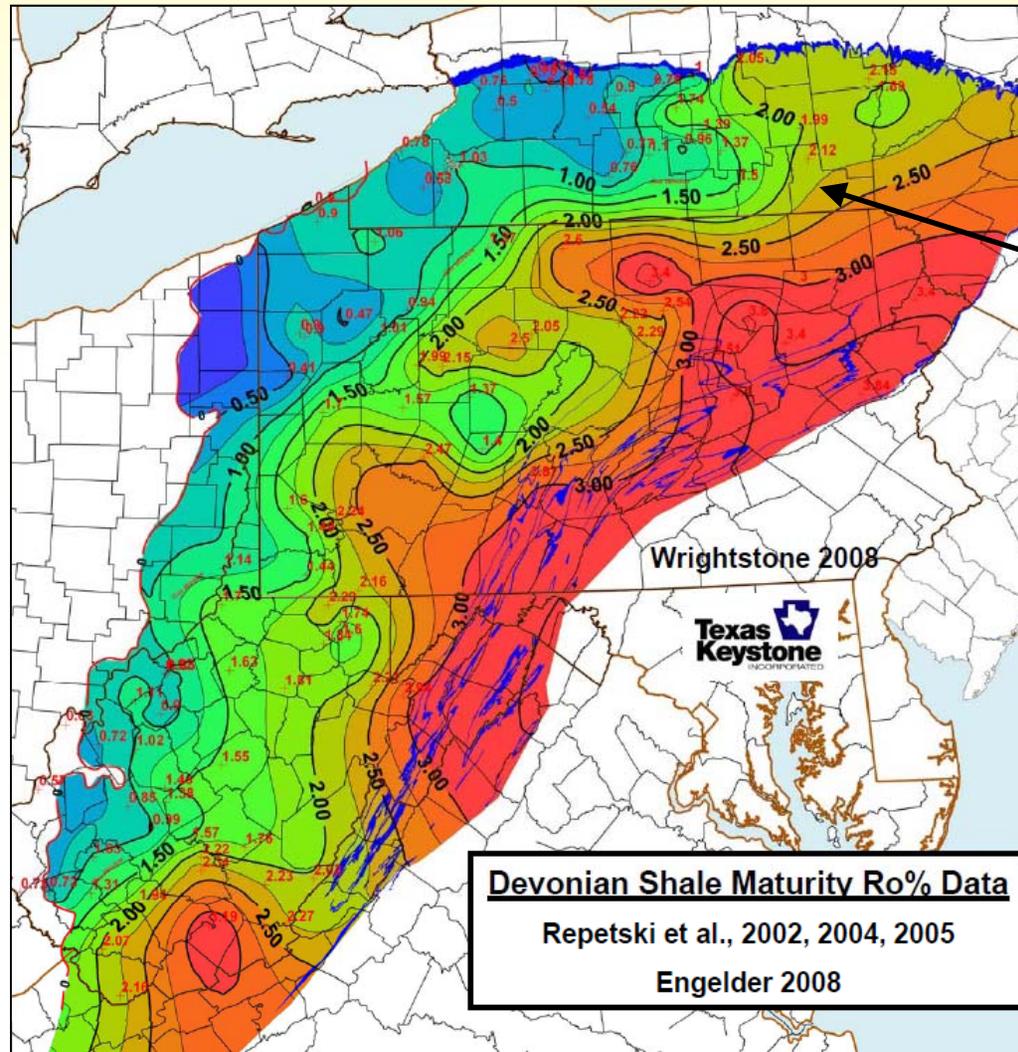
Ro% Stages

Immature = 0.2% to 0.6%

Oil Window = 0.6% to 1.1%

Wet Gas Window = 1.1% to 1.4%

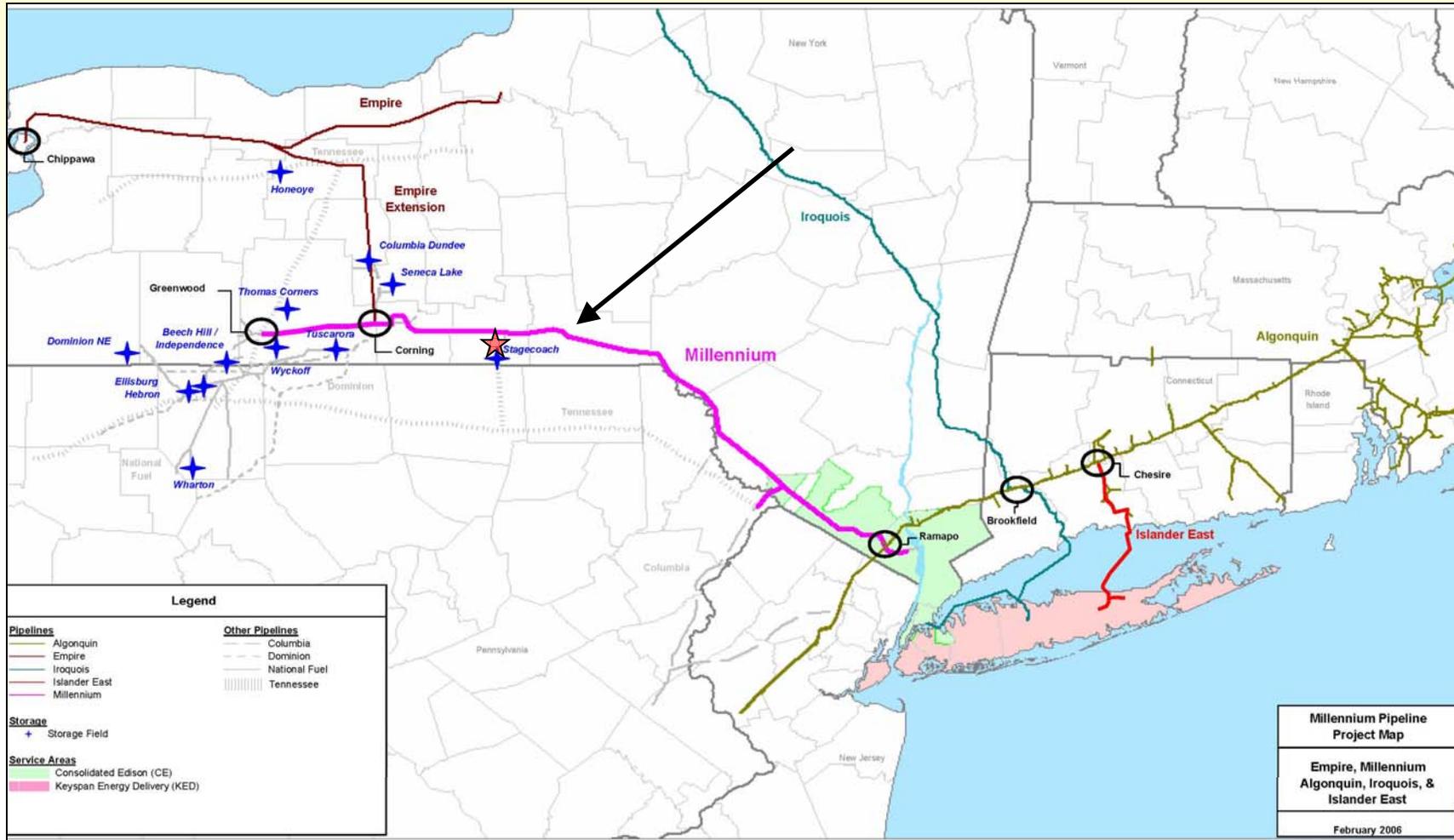
Dry Gas Window = 1.4% or more



Broome County in area where dry gas is pipeline quality, approximately 1050 – 1150 Btu, no major gas processing is expected

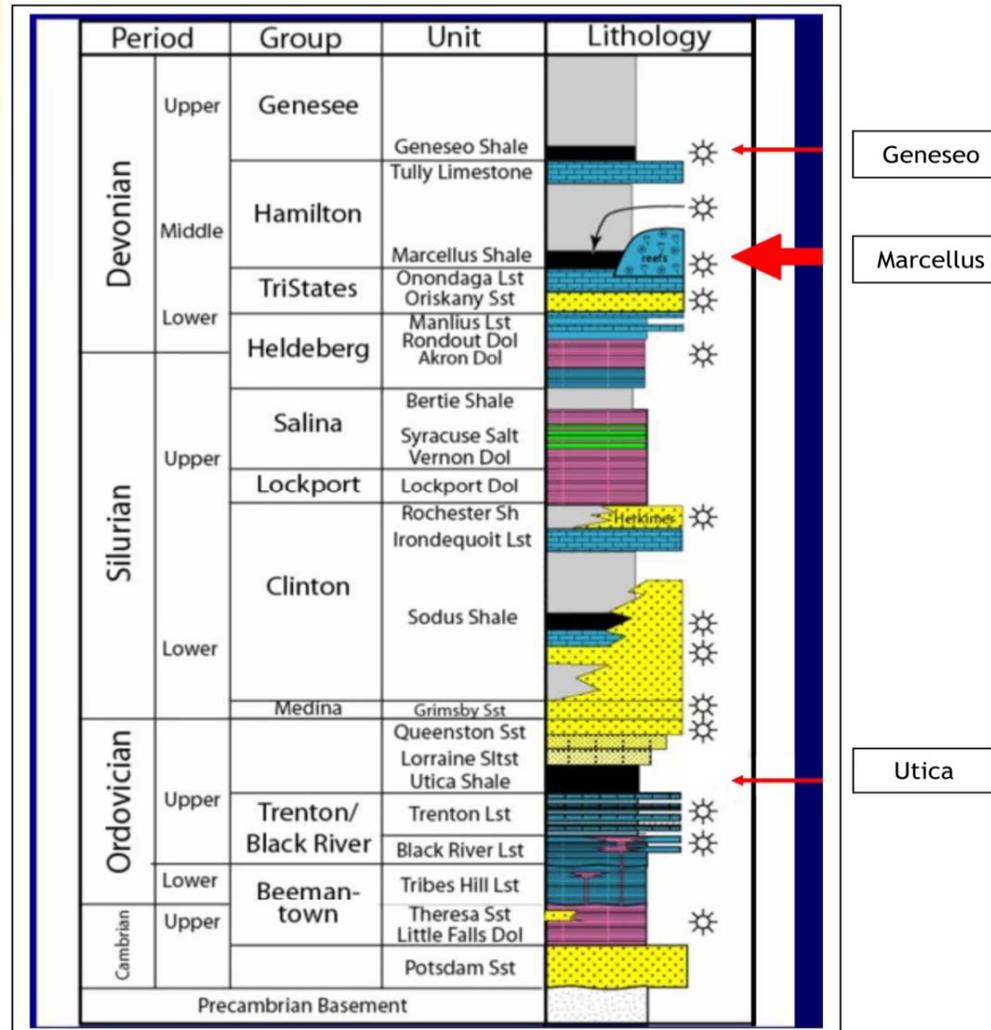


Broome County is Located Close to Good Gas Markets, Pipelines, and Gas Storage



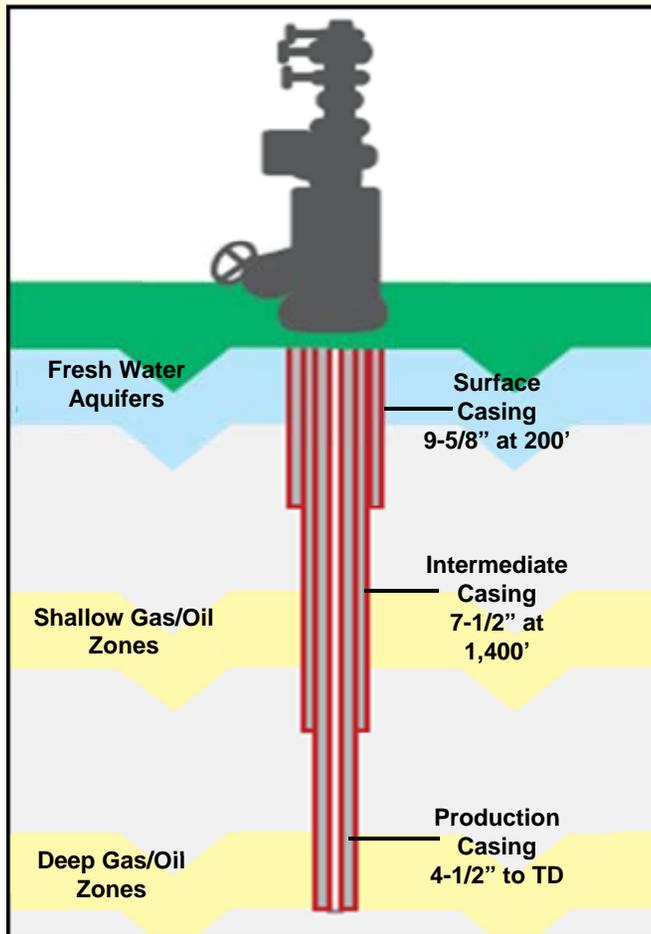
From: MillenniumPipeline.com

The Marcellus is Not the Only Shale Play in This Area; The Utica Lies Deeper

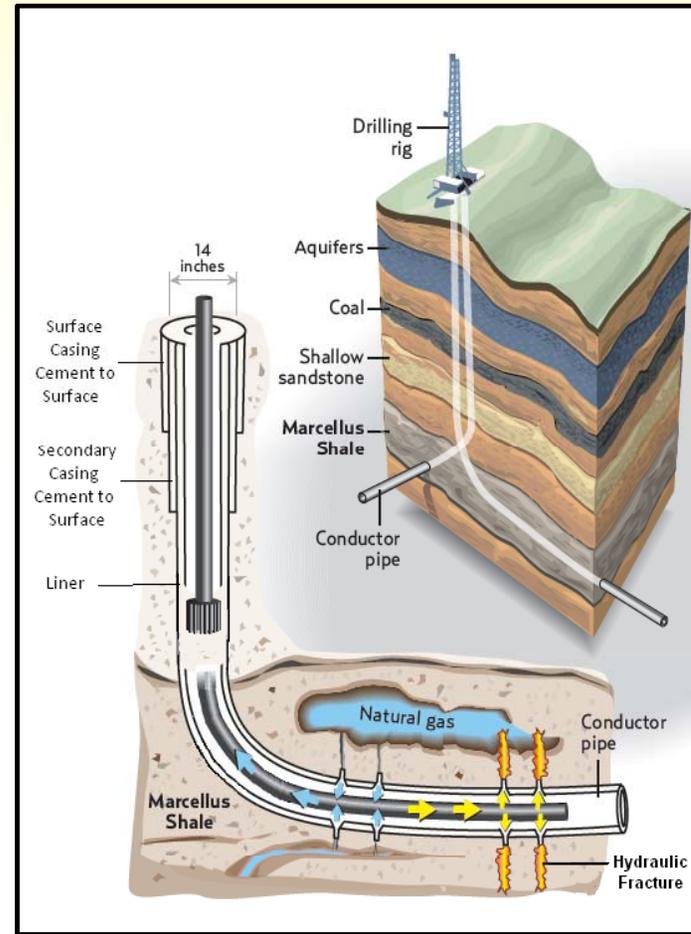


Source: AAPG (Nyahay et. al.) Comparison of Various Shales

Vertical



Horizontal

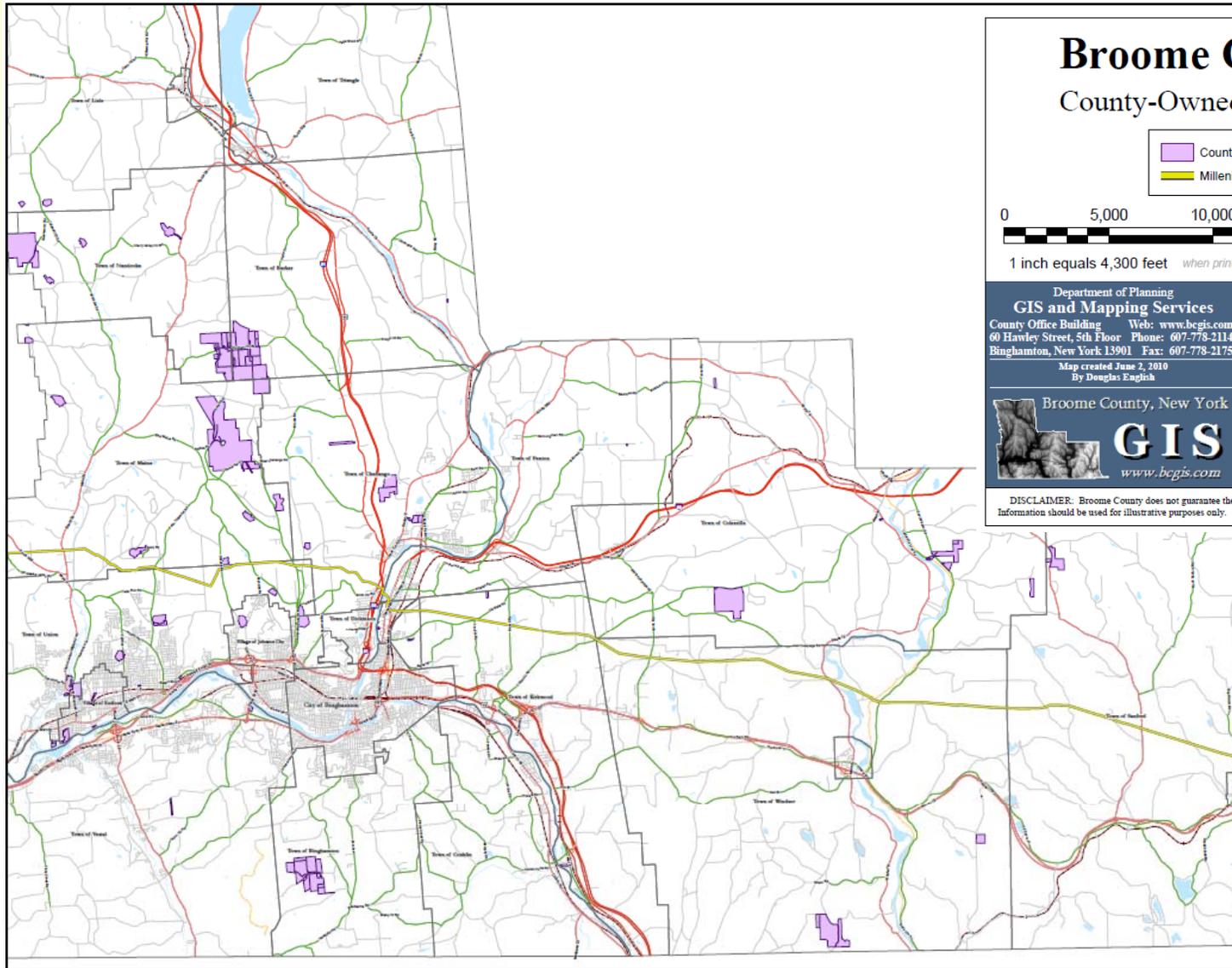


All casing cemented to surface

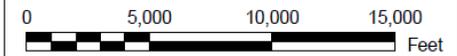
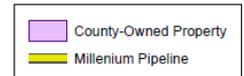


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Broome County Acreage



Broome County County-Owned Property



1 inch equals 4,300 feet when printed on 34" x 44" media

Department of Planning
GIS and Mapping Services
 County Office Building Web: www.bcgis.com
 60 Hawley Street, 5th Floor Phone: 607-778-2114
 Binghamton, New York 13901 Fax: 607-778-2175

Map created June 2, 2010
By Douglas English



Broome County, New York

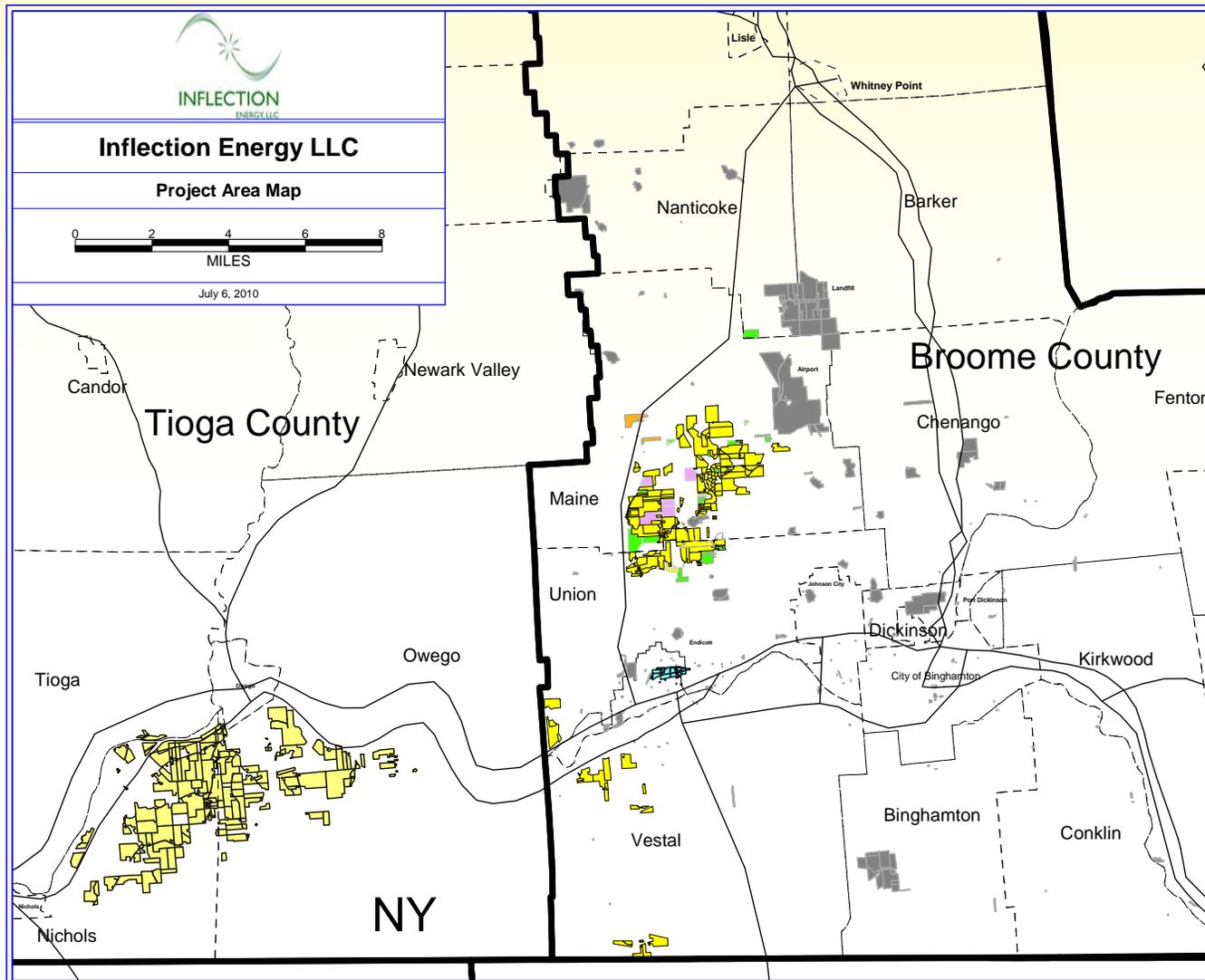
GIS
www.bcgis.com

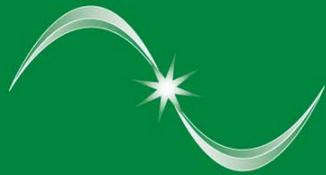


DISCLAIMER: Broome County does not guarantee the accuracy of the data presented. Information should be used for illustrative purposes only.



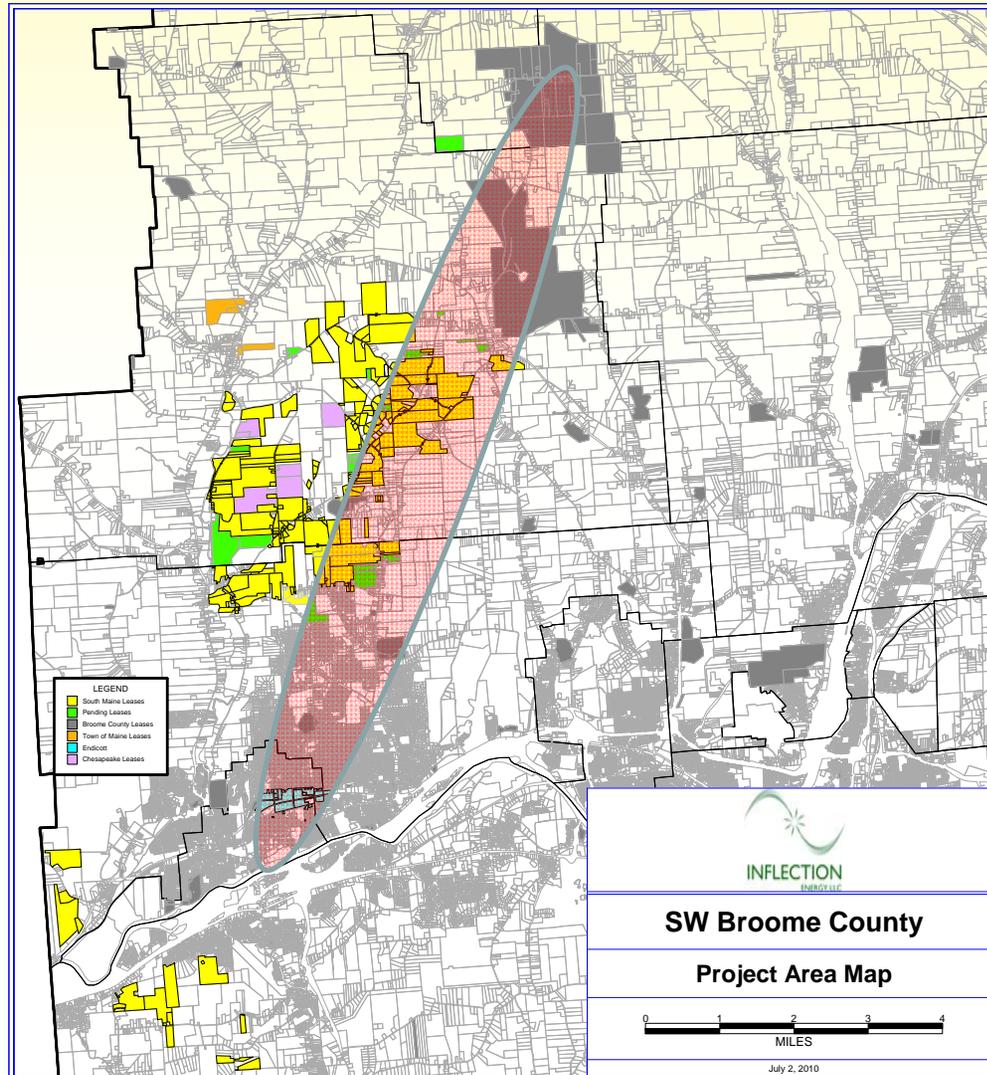
Inflection Energy Project Areas Broome and Tioga Counties, NY





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Energy Corridor





Advantages for Broome County in Partnering with Inflection Energy

- * **Faster realization of economic benefits**
 - * Inflection is focused on Broome and Tioga Counties and is committed to efficiently drilling wells that will generate royalties
- * **Management's demonstrated track record of superior environmental stewardship**
 - * Evergreen Resources won many environmental awards under Mark Sexton's leadership
- * **Currently collaborating on Energy Corridor development**
 - * Partnering with NYSEG to minimize impact of gathering system development
 - * Partnering with Endicott, General Electric, and NETL to develop innovative water treatment and recycling system that will minimize truck traffic
 - * Agreed to use grey water from municipal treatment plant to minimize water withdrawals from Susquehanna River



Energy Development Generates Economic Benefits

Example: Changes in Las Animas County Colorado as Evergreen Resources Grew

| | 1990 | 2008 | Change |
|---|----------|----------|--------|
| Population | 13,765 | 16,048 | 17% |
| Employment | 5,514 | 8,784 | 59% |
| Median Household Income | \$16,286 | \$36,607 | 125% |
| Percent of Population Below Poverty Level | 26.2% | 17.2% | -9.0% |



Awards for Environmental Stewardship and Community Relations

Commitment to the Communities In Which We Operate

- * 1996 Outstanding Oil and Gas Operations Award for Community Relations – for dedication and commitment to working closely with landowners and local governments to plan for natural gas development in Las Animas County. Development included drilling wells and installing gas gathering systems and compressor stations in an area with increasing residential development.
- * 2000 Outstanding Operations Award presented to Evergreen Resources for Community Relations; 2001 Outstanding Operations Award presented to Evergreen Resources by COGCC (NYDEC Equivalent in Colorado)
- * 2001 IOGCC Chairman’s Environmental Stewardship Award
- * 2001 Evergreen Resources ranked as One of Forbes 200 Best Small Companies in America (No. #43)
- * 2002 Outstanding Operations Award presented to Evergreen Resources for Community Relations
- * 2003 Outstanding Operations Award presented to Evergreen Resources, specifically citing Mitigation of Noise and Visual Impacts
- * 2003 Coalbed Methane Natural Resource Stewardship Award presented to J.M. Huber Corporation by Wyoming Game and Fish Department



Opportunity for Broome County

* Broome County Deal Term Summary

- * \$3,000 per net mineral acre, payable within 90 days
- * 5 year term
- * 3 year extension option at \$3,000 per net mineral acre
- * 20% royalty
- * County's post production costs shall not exceed \$0.30 per Mcf
- * No surface occupancy on County park lands or watersheds
- * Inflection shall drill two vertical or horizontal wells on County-owned property, subject to lease and drill site spacing during the primary term
- * Well depth shall be at least to Marcellus Shale or deeper formations



Opportunity for Broome County (cont'd)

- * Continued Broome County Deal Term Summary
 - * Inflection shall have all of the ingress and egress access rights of the County
 - To install gathering systems, pipelines, conduct exploration and production operations, and drill for oil and natural gas.
 - Inflection to pay County \$1.00 per foot for pipeline installed, plus \$2,000 per acre for other surface disturbances
 - * Inflection shall retain an independent consultant for the County as an Environmental Monitor for well construction, drilling, fracturing, plugging, and related activities.



Appendix: Management Biographies

* Mark Sexton, Chairman and CEO

- * Over 30 years of energy industry experience.
- * Chairman of the Board and CEO of Evergreen Energy 2006-2007, a public company specializing in clean coal technology.
- * Chairman of the Board, Chief Executive Officer and President of Evergreen Resources, Inc., a publicly traded independent energy company from 1995 until it merged with Pioneer Natural Resources Co. in 2004.
- * Technical, operational, financial, and managerial positions with Evergreen Resources, Amoco Production Company, and Norwest Bank Minneapolis.
- * Registered Professional Engineer in Colorado, B.S. in Mechanical Engineering from Stanford University.



IE is Led by a Very Experienced Team

* Scott Zimmerman, EVP, Operations

- * 30-year career in oil and gas operations and senior management.
- * President and CEO of South Texas Oil Company, a San Antonio-based publicly traded oil and gas company.
- * President and CEO of Denver-based Storm Cat Energy, a public company which he founded in 2005.
- * VP Operations and Engineering for Evergreen Resources, where he worked with Mr. Sexton.
- * JM Huber Corporation - 20 years concentrating specifically on coal bed methane drilling and completion operations.
- * Member of SPE, B.S. in Petroleum Engineering from Texas Tech University, and author of numerous SPE papers.



IE is Led by a Very Experienced Team (cont'd)

* George Hampton, VP, Geology

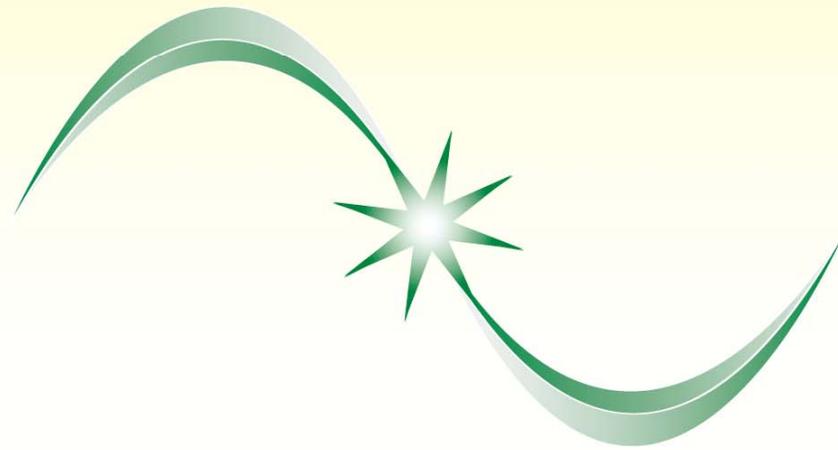
- * 30 years of industry experience in unconventional gas exploration.
- * President and Chief Geologist of Hampton & Associates, Inc. H & A, Inc. specializing in all aspects of CBM -1986 to 2008.
- * Amoco Production Co. (Denver) (1978-1986) - was instrumental in Amoco's early endeavors in CBM projects.
- * Consulting Project Geologist for JM Huber Corporation (1999-2003), Project Manager for Pennaco (1998-1999) and Consultant for many other oil and gas companies on projects in the US, Canada and international CBM projects
- * BS and MS in Geology from BYU, 1977, 1979.



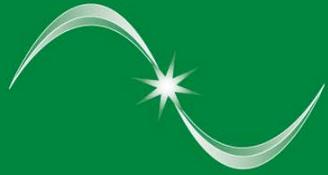
IE is Led by a Very Experienced Team (cont'd)

* Tom Coyne, Chief Financial Officer

- * CFO and CEO of CCR Technologies Ltd., a public company specializing in the application of proprietary liquids and gas separation technologies. Led the turnaround of the company, during which it outperformed its market benchmark by 43%, and expanded into carbon capture and storage and clean fuels applications.
- * MAC Group - Led the corporate growth global center of excellence. For one year, he was seconded to run the international project development group of a major Canadian energy company.
- * Management consultant in Europe, the United States, Canada and Asia, providing strategic and financial advice to global clients in the energy, utility and process industries.
- * Chase Manhattan Bank - Involved in power, energy, chemicals and project financings in the United States, Latin America and Europe.
- * BS in Economics from Georgetown University; MBA from Harvard.



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Notes