

Blue Tip Energy/Colt Energy



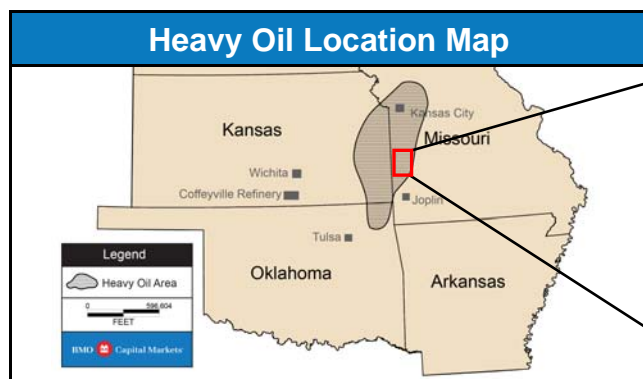
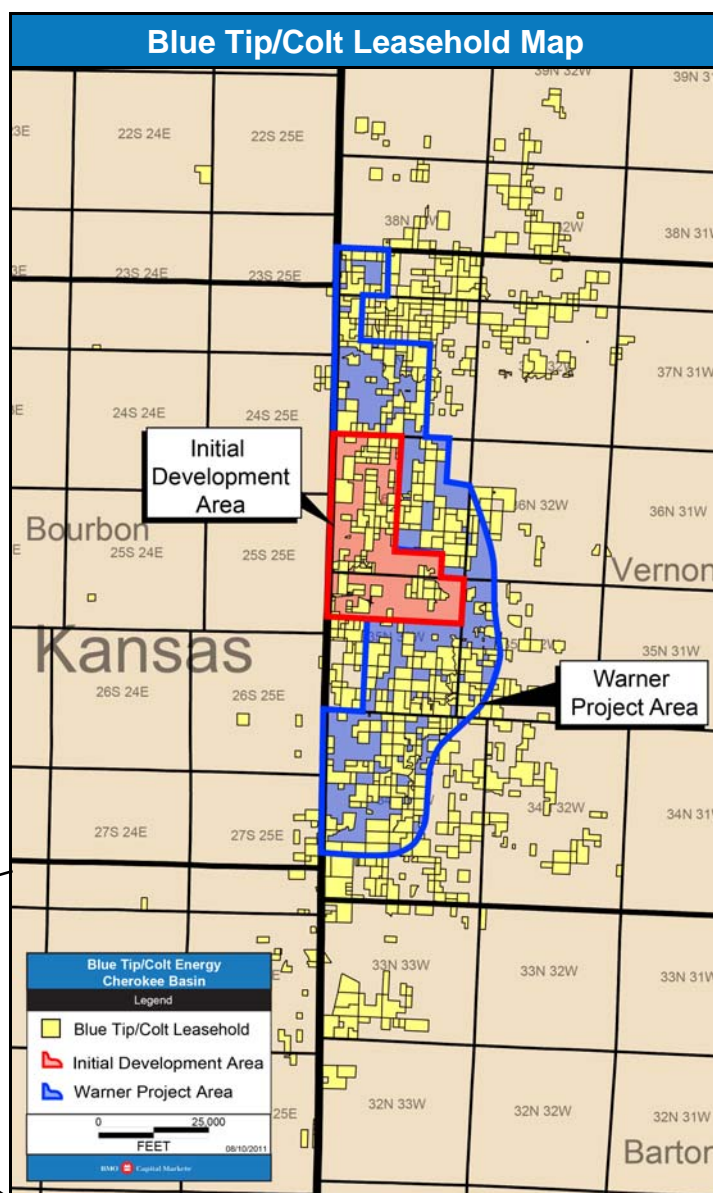
2011 Mid-Continent Heavy Oil Asset Divestiture



100 MMBO NET RECOVERABLE OIL IN INITIAL DEVELOPMENT AREA

Blue Tip Energy and Colt Energy (“BTC”) are jointly offering for sale certain heavy oil Mid-Continent interests located in the Cherokee Basin. BMO Capital Markets (“BMO”) has been retained to provide financial and technical advisory services for this transaction. BTC’s preference is to sell as one transaction for cash.

- Opportunity to resume economic thermal EOR development of a billion barrel heavy oil resource
 - Shallow (150’ to 250’) heavy (14 to 22° API) oil resource of 1.3 billion barrels in the Pennsylvanian-Aged Upper Warner and Bluejacket Sands that is clearly delineated by over 100 existing wells and core holes
 - Average porosity is 22% and oil saturation is 60% which yields over 22.4 MMBO per productive section of OOIP
 - Warner & Bluejacket Sands have produced nearly 1 MMBO from less than 200 acres when thermal operations were halted due to low oil prices in 1986
- BTC owns ~94,000 net acres with a typical lease having a 100% WI and 87.5% NRI
 - Initial Development Area comprises ~5,000 net acres of the Warner Project Area (~29,000 net acres)
 - Additional ~65,000 net acres with exploratory potential in the Warner, Bluejacket & Riverton Sands
 - Average remaining primary term of 10 years allows staged development of the Warner Project Area over five phases
- Low risk thermal development project - “manufacturing oil process” using technology developed in the 1970s
 - Multi-pattern development locations consisting of seven 7-spot patterns (24 producers, 7 injectors) in 18 acres and can be drilled at a rate of 1 per month at a cost of \$3.5 MM including facilities
 - In the Initial Development Area, continuous steam injection is expected to recover 100 MMBO net recoverable oil (~260 MBO per multi-pattern) achieving peak net rates of over 19,000 BOPD
 - Significant opportunity to employ new technology (such as Continuous Heavy Oil Production “CHOP” process) to increase recovery and exploit economies of scale that will significantly reduce F&D costs



ADDITIONAL TRANSACTION INFORMATION

Confidentiality Agreement

- Download at <http://datarooms.bmo.com>
- Email to linda.fair@bmo.com

Evaluation Materials

- Available late August 2011

Management Presentations

- Available August 22 through September 2 by request only

Data Rooms (Houston, TX)

- Open September 6 through 23
- Linda Fair (713-546-9748) will contact you to schedule a Data Room appointment after receipt of a signed Confidentiality Agreement

Final Offers

- Due October 2011
- Closing in November 2011

Additional Questions and Inquiries

- Submit to BTC.Midcont@bmo.com

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AUGUST						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

SEPTEMBER						
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				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

	Management Presentations
	Data Rooms
	U.S. Holiday

NOTE

All or part of the Blue Tip Energy and Colt Energy ("BTC") 2011 Mid-Continent Heavy Oil Asset Divestiture is subject to prior sale at any time and any dates are subject to revisions at any time, at the sole discretion of BTC and BMO. **NO BTC PERSONNEL MAY BE CONTACTED DIRECTLY WITHOUT THE PRIOR KNOWLEDGE AND APPROVAL OF BMO.**

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