

EXECUTIVE SUMMARY

*Ellora Energy (“Ellora”) is offering the Properties described in this brochure for sale. This will be a negotiated sale. The Data Room will be open from June 8, 2009 through July 10, 2009. It is anticipated that negotiations will be concluded by July 15, 2009. The effective date of the sale will be August 1, 2009. **The Properties are subject to prior sale. No offers will be considered that are subject to further reservoir engineering (future production volume or operating cost forecasts). Ellora reserves the right to reject any and all offers.** The expected price range for the Properties can be obtained by calling Robert A. Albrecht or Harrison Williams at (713) 951-9586.*

Much of the data contained herein can be accessed through our website: www.albrechtai.com.

Ellora is selling its interests in properties located in Southeastern Colorado and Southwestern Kansas. The Colorado properties include 35 producing wells, eight inactive wells, three active pipelines, one inactive pipeline and 16,000 acres of undeveloped acreage in Bent, Prowers and Kiowa Counties. Based on value, Ellora operates 91% of the Colorado producing properties and 100% of the pipelines. The Kansas properties consist of 51 producing wells and one inactive well in Hamilton and Greeley Counties. All of the Kansas properties are non-operated. Total net production from both states is approximately 1,000 Mcfd. **It is the seller’s intention to transfer its operations of the Properties to the buyer.**

The following table summarizes estimated net PDP reserves, future net revenue, PV₁₅ and the first five years’ cumulative cashflow for the interests being sold:

Reserve & Economic Summary					
Entity	Net Gas (MMcf)	Net Oil (bbls)	FNR (M\$)	PV₁₅ (M\$)	5 YR CF (M\$)
Colorado (Wells)	2,384	1,701	\$13,140	\$4,583	\$4,077
Colorado (Pipeline)	0	0	2,101	1,728	1,892
Kansas (Wells)	1,225	0	1,843	901	926
All Properties	3,609	1,701	\$17,084	\$7,212	\$6,896

Projected Proved Developed Producing cashflow for the first 12 months following the effective date is **\$1.4 million**. Cashflow for the trailing 12-month period was \$2.7 million.

Note that the engineering included in this brochure was done with ARIES DOS. Copies of the database, in both DOS and Windows versions of ARIES and PHDWin, are available on our website at www.albrechtai.com. A password may be obtained by contacting Harrison Williams at (713) 951-9586.

The Data Room will be at the offices of Albrecht & Associates, Inc., Pennzoil Place, South Tower, 711 Louisiana, Suite 1600, Houston, TX, 77002. Parties interested in further information or wishing to visit the Data Room should contact Harrison Williams at (713) 951-9586.

OIL AND GAS PRICING COMMENTS

The oil and gas prices used in the economic runs are based on the Three Year Forward NYMEX Strip for the June 1, 2009 settlement. Oil and non-operated gas prices were adjusted back to the sales point using a differential based on a comparison of actual prices received and the historical NYMEX price for the 12 months ending January 2009. Operated gas is sold on a month-to-month basis. The most recent pricing is Panhandle Eastern minus \$0.35/MMBTU. The forward basis differential for Panhandle Eastern was used to calculate the operated gas differentials. Each year's price was held constant for that 12-month period. After the third year, prices were escalated at 3% per annum. These prices were capped at \$90.00 per bbl and \$9.00/MMBTU, not including the differential. The prices used are shown in the Pricing Table below.

Pricing Table	NYMEX Base Oil	Average Wellhead	NYMEX Base Gas	Average Wellhead
12-month Strip*	(\$/bbl)	(\$/bbl)	(\$/MMBTU)	(\$/Mcf)
First Year	71.80	62.97	5.67	4.22
Second Year	74.91	66.08	6.96	5.17
Third Year	77.23	68.40	7.37	5.48

*The forward price strip was determined beginning with the August contract for each period.

PIPELINE COMMENTS

Ellora owns and operates four pipelines in Southeastern Colorado. The McClave, Nee Noshe, and Wagon Trail systems are active and the Las Animas system is inactive. The systems have a combined throughput of 3.5 MMcfd. In addition to transportation revenues, the pipelines receive revenue from a condensate yield of 6.5 bbls/MMcf that is collected at the central facilities. All of the active systems have an inlet pressure of approximately 15 psi and use 3-stage central compression to enter the CIG sales line at 800 psi. The **cashflow** from the pipelines for the **first 12 months** following the effective date is projected to be **\$490,000**. Cashflow for the 12-month period ending December 2008 was \$850,000.

The McClave and Nee Noshe systems are connected by a third-party pipeline. The systems have a combined throughput of 550 Mcfd from operated wells and 2,800 Mcfd from third party wells. The McClave and Nee Noshe systems include approximately 37 miles of steel pipe, one mile of poly pipe and a rented 1,200 HP central compressor.

The Wagon Trail system has a throughput of 290 Mcfd, all of which is from operated wells. Ellora owns a 200 HP compressor at the central facilities. There are approximately seven miles of steel pipe and two miles of poly pipe in the system.

The inactive Las Animas system has six miles of steel pipe, three miles of poly pipe and a company-owned 50 HP compressor. A map of the pipelines can be seen on page 33.

OPERATING COST COMMENTS

The operating costs for the Properties are based on the actual costs incurred for the 12-month period ending February 2009. All operating costs were held constant for 12 months and then escalated at 2% per annum through July 2019. The rental compression charges for the McClave pipeline are forecasted to decline periodically with throughput. COPAS charges were not included in the projected operating expenses for operated properties.

TRANSACTION PROCESS

This will be a negotiated sale. The Properties are subject to prior sale. An offer may be made at any time, but no offers will be considered that are subject to further reservoir engineering (future production volume or operating cost forecasts) and no offers will be considered that are contingent on financing. A draft Purchase and Sale Agreement will be available in the Data Room. Ellora reserves the right to reject any and all offers. Significant dates are listed below.

Data Room Open..... June 8, 2009
Data Room Closed July 10, 2009
Offers Due..... July 15, 2009
Effective Date August 1, 2009

The Data Room will be held in Albrecht & Associates' offices at Pennzoil Place, South Tower, 711 Louisiana, Suite 1600, Houston, Texas, 77002. Parties interested in further information or wishing to visit the Data Room should contact Harrison Williams at (713) 951-9586.

The Data Room presentation will include an overview of the Properties and a technical presentation of the Proved reserves. Furthermore, Ellora's logs and well files will be available in the Data Room.

All of the handouts provided in the Data Room are available in advance. These materials include the details of the engineering and geological analyses of the Properties as well as any maps and log sections used in the evaluation. **Please contact Harrison Williams if you would like to receive the Data Room packet in advance.**

ONLINE DATA

Much of the information in this brochure can be accessed on our website at www.albrechtai.com. This includes detailed lease operating statements plus expense and price differential calculations. Additionally, a copy of the economic database is available in ARIES and PHDWin. This information is all password protected. Please call Harrison Williams to obtain the password.

CONTACT INFORMATION

Robert A. Albrecht
President
bob@albrechtai.com

Albrecht & Associates
Pennzoil Place, South Tower
711 Louisiana, Suite 1600
Houston, TX 77002
Phone: 713-951-9586
Fax: 713-658-0654
www.albrechtai.com

Harrison Williams
Executive Vice President
hwilliams@albrechtai.com

DISCLAIMER

The information contained in the enclosed package was compiled by Ellora Energy and Albrecht & Associates, Inc. ("Albrecht") personnel to assist prospective purchasers in their evaluations of the Properties. Although this information is believed by Ellora Energy and Albrecht to be complete and accurate in all material respects as of the date of this letter (or other date specifically stated), Ellora Energy and Albrecht disclaim any and all liability for the statements contained herein and make no representation or warranty as to the completeness or accuracy of the enclosed package or the information contained herein, or any other written material furnished or information orally transmitted to a prospective purchaser including, but not limited to, any information which may be provided to a prospective purchaser by Ellora Energy or Albrecht, or any officer, director, partner, shareholder, employee, agent, or representative thereof. The only representations and warranties that Ellora Energy shall make with respect to the Properties shall be set forth in the definitive purchase and sales agreement executed between Ellora Energy and the prospective purchaser. In particular, Ellora Energy and Albrecht are not making and will not make any representation or warranty of any kind as to the amount of "in place" or recoverable oil and gas reserves (proved, probable or otherwise) attributable to the Properties, as to geological and engineering interpretations related thereto or as to prices which will be received for production. Ellora Energy and Albrecht reserve the right to change materials in this package or any other information that may be available to prospective purchasers at any time, either by revision of existing material or addition of new material.

Each prospective purchaser should conduct and rely solely on an independent investigation and evaluation of, and appraisal and judgment with respect to the geologic and geophysical characteristics of the Properties described in the package, the estimated hydrocarbon reserves recoverable therefrom, and the price and expense assumptions applicable thereto.

Albrecht is the sole party authorized by Ellora Energy to seek offers for the Properties. No fee will be paid by Ellora Energy or Albrecht to any broker or finder in connection with the proposed transaction.

Some of the production histories used herein were obtained from Petroleum Information/Dwight's LLC and are based on the data licensed from IHS Energy: copyright 2005, all rights reserved. This is a one-time delivery of PI/D data with no obligation for IHS Energy to update the data.

albrecht & associates, inc.
June 3, 2009