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## EXECUTIVE SUMMARY

*SND Operating, LLC, SND Energy Co., Inc. and Topcat Energy Co., Inc. (collectively "SND") are offering the Properties described in this brochure for sale. This will be a negotiated sale. The Data Room will be open from May 17, 2010 through June 25, 2010. It is anticipated that negotiations will be concluded by June 30, 2010. **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), and no offers will be considered that are contingent on financing.** SND reserves the right to reject any and all offers. The effective date of the sale will be August 1, 2010. 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](http://www.albrechtai.com).**

SND is selling its interests in **381 producing wells and 137 Proved Non-Producing opportunities**. All of the wells and upside opportunities are located in the East Texas Field in Gregg and Rusk Counties, Texas. The properties are on approximately **7,836 gross acres (6,821 net acres)**, all of which are held by production. ***The rights conveyed with this acreage will be from the surface to the Base of the Woodbine only.*** SND operates all of the properties and intends to transfer these operations to the buyer.

The East Texas Field has produced 5.4 billion bbls of oil in its 80-year history. With current operating techniques, approximately 70 million bbls of recoverable oil remain. Production is from the Woodbine Formation at 3,600 feet. Fieldwide production is currently just under 10,000 BOPD. **With gross production of 1,300 BOPD (830 BOPD net), SND is the third largest operator in the field.** Extensive drilling of the underlying Cotton Valley has produced a wealth of current information about Woodbine net pay thickness and water levels. SND has coupled this information, along with other data, to identify 137 Proved Non-Producing opportunities in the form of reactivations, frac work, plugbacks and reperforations, deepenings and ESP installations. This program should increase gross production by 530 BOPD. *There are an additional 406 shut-in wells that are potential reactivation candidates to which no value has been assigned in this evaluation.*

The following table summarizes estimated net reserves by category, future net revenue, PV<sub>12</sub> and the first six years' cumulative cashflow for the interests being sold:

<b>Reserve &amp; Economic Summary</b>					
<b>Reserve Category</b>	<b>Net Oil (Mbbbls)</b>	<b>Net Gas (MMcf)</b>	<b>FNR (M\$)</b>	<b>PV<sub>12</sub> (M\$)</b>	<b>6 YR CF (M\$)</b>
Proved Developed Producing	5,696	2,656	248,438	90,964	84,915
Proved Developed Non-Producing	2,892	1,339	136,007	35,271	28,975
<b>Total Proved</b>	<b>8,588</b>	<b>3,995</b>	<b>\$384,444</b>	<b>\$126,235</b>	<b>\$113,890</b>

**Projected Proved Developed Producing cashflow** for the first 12 months following the effective date is **\$16.1 million**. Cashflow for the 12 months ending February 2010 was \$11.4 million. The aggregate sales price during those 12 months was \$66.24 per bbl of oil. The projected wellhead price for the first year of the accompanying economics is \$84.82 per bbl of oil.

*Note that the engineering included in this brochure was done with PHDWin. Copies of the database, in both DOS and Windows versions of ARIES and PHDWin, are available on our website at [www.albrechtai.com](http://www.albrechtai.com). A password may be obtained by contacting Mr. 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.

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**OIL & GAS PRICING COMMENTS**

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The oil and gas prices used in the economic runs are based on the **Five Year Forward NYMEX Strip** for the May 12, 2010 settlement. Oil prices were adjusted back to the wellhead using the discount from NYMEX as per SND's current contract (effective October 1, 2009). Gas prices were adjusted back to the wellhead using the historical differential from wellhead to NYMEX for the 12 months ending February 2010. Gas is sold under Percent-Of-Proceeds contracts with very low netbacks to the producer for both residue gas and liquids. The end result is, that even with the liquids blended in; the gas prices for the field are low.

Each year's prices were held constant for that 12-month period. After the fifth year, prices were held flat. The prices used are shown in the Pricing Table below.

<b>Pricing Table</b>	<b>NYMEX Base Oil (\$/bbl)</b>	<b>Average Wellhead (\$/bbl)</b>	<b>NYMEX Base Gas (\$/MMBTU)</b>	<b>Average Wellhead (\$/Mcf)</b>
<b>12-month Strip*</b>				
First Year	85.98	84.82	5.29	2.43
Second Year	88.99	87.83	6.03	2.71
Third Year	90.32	89.16	6.33	2.83
Fourth Year	91.32	90.16	6.59	2.93
Fifth Year	92.55	91.39	6.88	3.05

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

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**OPERATING COST COMMENTS**

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Operating expenses were based on actual costs incurred for the 12 months ending March 2010. No COPAS expense was included for the operated properties. All operating costs were held constant for 12 months and then escalated at 2% per annum through July 2015.

The costs of salt water disposal were included in the operating expenses. In the East Texas Field, this is handled through the East Texas Salt Water Disposal Co. (ETSWDCo.), a field wide cooperative that disposes of a million barrels of water each day. Economies of scale allow the ETSWDCo. to charge less than \$0.05/BW for disposal.

SND receives a monthly income of approximately \$25,000 from COPAS charges paid by their working interest partners. *This revenue stream was not included in the accompanying economics.*

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**TRANSACTION PROCESS**

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***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. SND reserves the right to reject any and all offers. Significant dates are listed below.

Data Room Open..... May 17, 2010  
Data Room Closed ..... June 25, 2010  
Offers Due..... June 30, 2010  
Effective Date ..... August 1, 2010

**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, SND'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.**

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**ONLINE DATA**

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Much of the information in this brochure can be accessed on our website at [www.albrechtai.com](http://www.albrechtai.com). This includes detailed lease operating statements plus expense and price differential calculations. Additionally, copies of the economic database are available in the DOS and Windows versions of ARIES or in PHDWin. This information is all password protected. Please call Harrison Williams to obtain the password.

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**CONTACT INFORMATION**

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**DISCLAIMER**

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The information contained in the enclosed package was compiled by SND Operating, LLC, SND Energy Co., Inc. and Topcat Energy Co., Inc. and Albrecht & Associates, Inc. ("Albrecht") personnel to assist prospective purchasers in their evaluations of the Properties. Although this information is believed by SND Operating, LLC, SND Energy Co., Inc. and Topcat Energy Co., Inc. and Albrecht to be complete and accurate in all material respects as of the date of this letter (or other date specifically stated), SND Operating, LLC, SND Energy Co., Inc. and Topcat Energy Co., Inc. 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 SND Operating, LLC, SND Energy Co., Inc. and Topcat Energy Co., Inc. or Albrecht, or any officer, director, partner, shareholder, employee, agent, or representative thereof. The only representations and warranties that SND Operating, LLC, SND Energy Co., Inc. and Topcat Energy Co., Inc. shall make with respect to the Properties shall be set forth in the definitive purchase and sales agreement executed between SND Operating, LLC, SND Energy Co., Inc. and Topcat Energy Co., Inc. and the prospective purchaser. In particular, SND Operating, LLC, SND Energy Co., Inc. and Topcat Energy Co., Inc. 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. SND Operating, LLC, SND Energy Co., Inc. and Topcat Energy Co., Inc. 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 SND Operating, LLC, SND Energy Co., Inc. and Topcat Energy Co., Inc. to seek offers for the Properties. No fee will be paid by SND or Albrecht to any broker or finder in connection with the proposed transaction.

albrecht & associates, inc.  
May 17, 2010