

Limitations of the Estimated Value per Common Unit

As with any methodology used to estimate value, the methodology employed by the Partnership was based upon a number of estimates and assumptions that may not be accurate or complete and may not accurately reflect future conditions. The estimates and assumptions underlying the estimated value involve judgments with respect to, among other things, future economic, competitive, regulatory and financial market conditions and future business decisions which may not be realized and that are inherently subject to significant business, economic, competitive and regulatory uncertainties and contingencies, including, among others, risks and uncertainties described in the periodic reports filed by the Partnership with the Securities and Exchange Commission (“SEC”), all of which are difficult to predict and many of which are beyond the control of the Partnership. Further, different parties using different assumptions and estimates could derive a different estimated value per common unit, which could be significantly different from the Partnership’s estimated value per common unit.

The estimated per common unit value does not represent: (i) the amount at which the Partnership’s common units would trade on a national securities exchange, (ii) the amount a limited partner would obtain if he or she tried to sell his or her common units or (iii) the amount limited partners would receive if the Partnership liquidated its assets and distributed the proceeds after paying all expenses and liabilities. Accordingly, with respect to the estimated value per common unit, the Partnership can give no assurance that:

- a limited partner would be able to resell his or her common units at this estimated value;
- a limited partner would ultimately realize distributions per common unit equal to the estimated value per common unit upon liquidation of the Partnership’s assets and settlement of its liabilities or a sale of the Partnership (in part because estimated values do not necessarily indicate the price at which individual assets or the Partnership could be sold, oil and gas property values fluctuate and change, and the estimated value may not take into account the expenses associated with such a sale);
- the Partnership’s common units would trade at a price equal to or greater than the estimated value per common unit if they were listed on a national securities exchange;
- the methodology used to estimate the value per common unit would be acceptable to FINRA or for compliance with requirements applicable to a trustee’s or custodian’s obligations with respect to IRAs; or
- any or all of the assumptions used in estimating the value per common unit will prove to be accurate or complete.

The estimated value reflects the fact that the estimate was calculated as of a point in time. The value of the Partnership’s common units will likely change over time and will be influenced by changes to the value of individual assets, changes in the oil and gas industry, as well as changes and developments in the energy and capital markets. The Partnership does not intend to update or otherwise revise the above information to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying the information are no longer appropriate.

Assumptions Used in Estimated Value per Common Unit

As discussed above, the estimated value of the Partnership’s oil and gas properties was determined based on various market level assumptions, including but not limited to commodity market prices, discount rates and processing and transportation costs. The following is a list of key assumptions used in the calculation of the estimated value of the Partnership’s oil and gas properties, a component of the estimated value per common unit:

- NYMEX oil strip pricing as of January 1, 2021, which ranges from \$48.26 per barrel to \$44.95 per barrel as of January 1, 2021 to December 31, 2025, and an increase of 3% thereafter with price cap at \$75.00 per barrel
- NYMEX gas strip pricing as of January 1, 2021, which ranges from \$2.67 per Mcf to \$2.50 per Mcf as of January 1, 2021 to December 31, 2025, and an increase of 3% thereafter with price cap of \$4.50 per Mcf
- Differentials to NYMEX strip pricing due to product processing, transportation or contract terms
 - o Weighted average oil differential of \$7.49 per barrel of oil
 - o Weighted average natural gas differential of \$2.54 per Mcf of natural gas
 - o Natural gas liquids (NGL) pricing determined using 14.0% of NYMEX oil price
 - o Weighted average natural gas shrink of 30.2%
 - o NGL yield of 109.57 barrels per MMcf of wet gas
- Discount rate – 10.0%