



COSCO CAPITAL MANAGEMENT LLC

sales, arranging secondary placements of their securities, and selectively providing investor relation services.

Through its affiliate, Private Energy Securities, Inc. (member NASD, SIPC), COSCO has consistently arranged private capital financings tailored for energy companies throughout North America and abroad. As distinct from other placement agents, COSCO, itself, invests in every equity mandate it sponsors. Again, over the past five-plus years, COSCO has assisted energy companies to access approximately \$870MM of private capital (see below for recent representative activity).

Finally, since its inception in January 1992, COSCO has regularly assisted professional investors with new investment strategies or with existing or pending energy investments. Since 2000, as an example, it has assisted buy-side clients to purchase or sell approximately \$400MM of portfolio companies or assets.

Unlike its peers, most of its personnel first enjoyed careers within the energy business before joining COSCO. Its founder, in fact, built, ran, and sold private and public E&P companies in the U.S. and Canada for over 15 years. Two of COSCO's three managing directors have



COSCO managing directors Cameron O. Smith, left, William E. Weidner, middle, and Lane W. McKay, right.

master's degrees in geology. Its third managing director presided over 30+ M&A transactions in a 3-year period, on his way to building, taking public, and selling what is now the second largest property and casualty insurance company in Canada.

In addition to its own members, COSCO has also built up a strong network of Colleagues, who are under contract to assist it to source and investigate new investment opportunities. COSCO's current Colleagues are based in Oklahoma City, Tulsa, Dallas, Houston, Calgary, London, Sydney, and Caracas.

COSCO SERVICES:

Capital Formation. COSCO specializes in recognizing early in their development energy company managements who are









CORPORATE BACKGROUND:

COSCO Capital Management LLC for over a decade has been the foremost specialist for value creation within private energy finance, fulfilling its mission to "develop sound, sustainable, and profitable relationships between the financial and operational segments of the energy business".

For energy companies, COSCO helps managements recognize and focus on their particular competitive advantages. During the past five years, alone, COSCO has advised over ninety such energy clients, defining market niches, assisting with investment strategies and execution, effecting mergers and acquisitions or

DEALS

US\$500+ Million in Energy Private Placements and Transactions in Last 18 Months.

<p>June 2006</p>  <p>(Lafayette LA)</p> <p>\$25,000,000 Common Equity</p> <p>for an Affiliate of Orbit Energy, Inc.</p>	<p>April 2006</p> <p>Undisclosed</p> <p>\$26,375,068 (C) Line of Equity</p> <p>Jog Capital Inc, BlackRock, Inc., And Others Exploration and development in Alberta</p>	<p>February 2006</p>  <p>(Calgary AB)</p> <p>\$35,278,873 (C) Common Equity</p> <p>Quantum Energy Partners, et al Development drilling in Saskatchewan</p>	<p>June-Nov. 2005</p>  <p>(Calgary AB)</p> <p>\$52,077,000 (C) Primarily a Line of Equity</p> <p>The Huff Alternative Fund, L.P. & Others Exploration and development in Alberta</p>	<p>October 2005</p> <p>SLEEPING GIANT LLC</p> <p>(Traverse City MI)</p> <p>\$91,600,000 Sale of Company</p> <p>Enerplus Resources Fund Advised re M&A alternatives & arranged sale of the company</p>
<p>October 2005</p>  <p>(Tulsa OK)</p> <p>\$80,800,000 Equity Units</p> <p>Greenhill Capital Partners, LLC, & Lime Rock Partners Exploration and development of unconventional reserves in Mid-Continent and Appalachia</p>	<p>July 2005</p>  <p>(Calgary AB)</p> <p>\$8,000,000 (C) Units of Common Stock and Warrants</p> <p>Wellington Management Co. LLC Oil and gas development and exploration in Queensland, Australia</p>	<p>June 2005</p>  <p>(Jackson MS)</p> <p>\$72,199,908 Volumetric Production Payment</p> <p>AIG Financial Products Corp. To accelerate PUD drilling in MS and LA, et al.</p>	<p>May 2005</p>  <p>(Calgary AB)</p> <p>\$17,800,000 (C) Common Equity</p> <p>Greenhill Capital Partners, LLC To fund drilling and acquisitions in Alberta and Saskatchewan</p>	<p>May 2005</p>  <p>(Kansas City MO)</p> <p>\$70,700,000 Equity Units</p> <p>Greenhill Capital Partners, LLC & Citigroup Investments Inc. Development of coalbed methane and other unconventional resources in the Rockies</p>

worthy of receiving private corporate equity or with projects suitable for mezzanine debt. Often this capital is sourced from those same professional investors to which COSCO has provided advisory services. COSCO's selection of clients is first and foremost influenced by the fact it invests in every equity financing it arranges. This also has the benefit of establishing immediate credibility for its clients. COSCO ensures that each client has a realistic appreciation of its own value in the private marketplace and understands the full range of financing structures acceptable to the Private Capital community. COSCO assists clients to prepare necessary descriptive documents and marketing materials, arrange meetings with financing candidates likely to appreciate them and their business plans, negotiate term sheets and agreements, and close financings on terms fair to all stakeholders.

Advisory. COSCO provides financial, investment/divestiture, and investor relations services to both oil and gas companies and professional investors, alike. For investors, advice includes consultation on investment strategies and execution, specific due diligence, and intelligence regarding peer competition. Clients have included Warburg Pincus, Morgan Stanley Private Capital (now Metalmark), Lime Rock Partners, and Emerging Markets Partnership, among others. For private and public energy companies, COSCO provides sound financial and business advice designed to focus managements on their own competitive advantages, business opportunities, and financing potential. For the latter, COSCO can also provide a full range of investor relations services. For family-owned companies, it has personal experience with generational succession planning. Advisory clients within the Industry have included Ausam Energy, Shell Canada, Arena Energy, Crutcher



Standing, from left, are Scott Kessey, Cameron Smith, Bill Weidner, and Lane McKay. Seated, from left, are Craig Campbell, Reva White, Warren Shimmerlik, and Sharon Younger.

Tufts Resources, Novus Petroleum, and Momentum Energy, among many others.

Mergers & Acquisitions/Divestitures, Secondary Placements. Because its personnel and Colleagues are located in almost all of the principal energy centers of North America, as well as many key international hubs, COSCO is well positioned to match industry clients with acquisition, divestiture, or merger candidates. COSCO's experience in structuring deals and in raising capital is often crucial in completing successful transactions. Also, because COSCO has close working relationships with almost all of the closed-end Private Capital Funds and many of the open-end mutual and hedge funds in the U.S., Canada, and abroad, it is particularly adept in arranging secondary placements of public and private energy securities, as well as entire energy portfolios.

Principal Investing. COSCO participates as a minority investor in each equity financing it leads. Currently, it has a portfolio of 20 investments, having realized a 9.0:1 ROI on its seven investments monetized to date. In 2005, COSCO entered into a money management

relationship with two private co-investors based in New York and Vermont. As a consequence, depending on the size of a financing, COSCO now anticipates participating in up to ten percent of each of its future equity mandates.

Education. From the outset, COSCO has worked diligently to inform both the energy industry and investors about the mores and virtues of Private Capital. In 1997, it founded the Private Capital for Energy Forum™, which it has hosted seventeen times in New York, Calgary, and Houston. Over eighty Private Capital Sources and another sixty or so Capital Beneficiaries have now made presentations at these Forums. Starting in spring 2005, COSCO has also begun publishing the COSCO Private Capital Energy Index Report™, which tracks the investing activities and predilections of a representative cross-section of the Private Capital community focused on Energy. This and other articles on private capital contributed by COSCO personnel regularly appear in *Oil and Gas Investor* and other Industry periodicals, and COSCO is widely quoted in non-industry publications, most recently *Business Week*, *Worth*, and *Private Equity International*.



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