



COSCO CAPITAL MANAGEMENT LLC

COSCO is far more than a placement agent, however. Because its personnel almost all came first from the oil and gas industry, before establishing careers in proprietary investing and finance, they understand intimately, are accepted in, and can bridge both worlds. As a consequence of this pedigree and having invested in several tens, and seen thousands, of business plans and proposals, COSCO often can understand even better than its clients what constitutes their particular strengths and competitive advantages. It can help clients refine investment strategies and improve presentations, effect mergers, acquisitions, or sales, and arrange secondary placements. Reflecting its confidence in its ability to select outstanding management teams, COSCO invests in every private equity mandate it sponsors and often continues post closing as an advisor or director to assist its portfolio companies to execute or amend their investment strategies.

Also as testimony to its unique position among financial intermediaries, since its inception in January 1992, COSCO has assisted many of the established professional energy investors, themselves,



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

particularly in the East, to develop new investment strategies or manage existing or pending energy investments and divestitures. Since 2000, as an example, it has assisted buy-side clients to purchase or sell approximately \$400MM of portfolio companies or assets.

In January 2007, COSCO significantly expanded the services it can offer its energy clients by participating in the formation of Strategic Energy Research and Capital, LLC, which focuses on trading in, and financings for, public energy companies, as well as providing research and targeted investor relations services.

CORPORATE SUMMARY:

COSCO Capital Management LLC over the past fifteen years has become the leading financial advisor and placement agent for small and mid-cap private energy companies in the US and Canada. Through its affiliate, Private Energy Securities, Inc. (member NASD, SIPC), since 2000, alone, COSCO has arranged private placements of over \$1 billion of primarily private equity and mezzanine debt, usually to energy focused closed-end funds (see below for recent representative private placements).

\$500+ Million in Energy Mandates Since January, 2005, Alone.

<p>December 2006</p>  <p>Sanchez Oil & Gas Corporation (Houston TX)</p> <p>\$50,000,000 Secured Notes</p> <p>TCW</p>	<p>June 2006</p>  <p>ORBIT ENERGY, INC. (Lafayette LA)</p> <p>\$25,000,000 Line of Equity</p> <p>Undisclosed</p>	<p>April 2006</p> <p>Undisclosed E&P Company (Calgary AB)</p> <p>\$26,375,068 (C) Line of Equity</p> <p>Jog Capital Inc, BlackRock, Inc., et al</p>	<p>February 2006</p>  <p>ACTION ENERGY INC. (Calgary AB)</p> <p>\$35,278,873 (C) Line of Equity</p> <p>Quantum Energy Partners, et al</p>	<p>June-Nov. 2005</p>  <p>oneFOUR energy utd. (Calgary AB)</p> <p>\$52,077,000 (C) Primarily a Line of Equity</p> <p>The Huff Alternative Fund, L.P. & Others</p>
<p>October 2005</p> <p>SLEEPING GIANT LLC (Traverse City MI)</p> <p>\$91,600,000 Sale of Company</p> <p>Enerplus Resources Fund</p>	<p>October 2005</p>  <p>CORONADO RESOURCES (Tulsa OK)</p> <p>\$80,800,000 Line of Equity</p> <p>Greenhill Capital Partners, LLC, & Lime Rock Partners</p>	<p>June 2005</p>  <p>TENRGYS LLC (Jackson MS)</p> <p>\$72,199,908 Volumetric Production Payment</p> <p>AIG Financial Products Corp.</p>	<p>May 2005</p>  <p>GENESIS GAS & OIL LLC (Kansas City MO)</p> <p>\$70,700,000 Line of Equity</p> <p>Greenhill Capital Partners, LLC & Citigroup Investments Inc.</p>	<p>May 2005</p>  <p>ENERGY INC. (Calgary AB)</p> <p>\$17,800,000 (C) Line of Equity</p> <p>Greenhill Capital Partners, LLC</p>

COSCO PERSONNEL:

Unlike its peers, before joining it, most of COSCO's personnel first enjoyed careers within the energy business.

Prior to founding COSCO in 1992 and working with Odyssey Partners LP for its first four years, Cameron Smith, COSCO's Senior Managing Director, was employed as a geologist and then ran various E&P companies in the U.S. and Canada for over 15 years. Bill Weidner, another Managing Director, also worked as a geologist in the industry for four years, then for a commercial bank for a year, finally with RIMCO, a mezzanine lender, for eight years, before joining COSCO.

Lane McKay, COSCO's third managing director and President of COSCO Canada, worked in risk management for eight years, presiding over 30+ M&A transactions in a three-year period, on his way to building, taking public, and selling what is now the third largest property and casualty brokerage company in Canada.

In addition to its own members, COSCO has built 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, Denver, Calgary, London, Sydney, and Caracas.

COSCO SERVICES:

Capital Formation. COSCO's strength is in discerning energy company managements worthy of equity financing, whether public or private, and projects suitable for mezzanine debt. This reflects the technical and industry training of its personnel. The COSCO Value Process™ begins with a frank assessment of a client's management and the company's competitive position and value in the marketplace. If



From left to right: COSCO's Scott Kessey, Lane McKay, Bill Weidner, Cameron Smith, Warren Shimmerlik, and SERC's Mark Kellstrom.

a financing appears feasible, COSCO then assists clients to prepare necessary descriptive documents and marketing materials, arrange meetings with likely financing candidates, negotiate agreements, and close on terms fair to all stakeholders.

Advisory. COSCO provides financial, investment/divestiture, and general business advice to both industry and investors, alike. For investors, services include consultation on investment strategies and execution, specific due diligence, and peer ranking. For private and public energy companies, COSCO provides sound business and financial advice designed to focus managements on their own competitive advantages, business opportunities, and financing potential. COSCO's advisory role often extends well into the execution stage, post financing.

Mergers & Acquisitions/Divestitures, Secondary Placements. Because its personnel and Colleagues are located in almost all of the principal energy centers around the world, COSCO is well positioned to match industry clients with acquisition, divestiture, or merger candidates. Also, because COSCO has close working relationships with a vast majority

of the professional energy investors in the U.S. and Canada, it is particularly adept in arranging secondary placements of public and private energy securities, as well as entire energy portfolios.

Principal Investing. COSCO currently participates in up to ten percent of each private placement equity financing it leads. It now has a portfolio of 19 such investments, having to date monetized seven, on which in aggregate it has realized greater than a 5:1 ROI and 30% IRR.

Education. From the outset, COSCO has worked diligently to educate the energy industry about 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 seventy-five Private Capital Sources™ and another sixty Private Capital Beneficiaries™ have now made presentations at these Forums, some many times. In early 2005, COSCO also began publishing the *COSCO Private Capital Energy Index Report*™, which twice each year tracks the investing activities of the COSCO Private Energy Index™, a representative cross-section of the Private Capital community focused on Energy.



COSCO
CAPITAL MANAGEMENT LLC
www.coscocap.com

FOR COSCO INFORMATION, PLEASE CONTACT:

Cameron O. Smith <i>Senior Managing Director</i>	New York NY	212-889-0206	cos@coscocap.com
William E. Weidner <i>Managing Director</i>	Simsbury CT	860-658-6700	wew@coscocap.com
Lane W. McKay <i>Managing Director</i>	Calgary AB	403-237-9462	lwm@coscocap.com
T. Prescott Kessey <i>Principal</i>	Houston TX	713-654-8080	tpk@coscocap.com
Warren M. Shimmerlik <i>Principal</i>	New York NY	212-247-5200	wms@coscocap.com

FOR SERC INFORMATION, PLEASE CONTACT:

Mark W. Kellstrom www.StrategicEnergyResearch.com	Summit NJ	908-918-0900	kellstrom@StrategicEnergyResearch.com
---	-----------	--------------	---------------------------------------