



# OIL STATES TRADING, LLC

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## OIL STATES TRADING

Reducing the Risk  
Of Oil & Gas  
Investing

[OILSTATESTRADING.COM](http://OILSTATESTRADING.COM)

**Industry:** OIL & GAS  
Income & Growth Fund  
Management

**Management:**  
W. Allan Meador, MBA  
Principal

Paul A. Thomas  
Certified Professional Geologist  
Principal

**Net Income:**  
2005 Actual \$383,616  
2006 Actual \$420,048  
2007 Actual \$375,414  
2008 Projected \$600K\*

**Current Debt:**  
Founders: None  
Line Of Credit: None

**Managers**  
**Investment:**  
Founders \$250K  
F&F seed \$500K  
Investors \$1.25M

**Financing Sought:**  
\$23,000,000 Equity

**Use of Proceeds:**  
Purchase of Income  
Producing Oil & Gas  
Assets & Properties,  
Marketing (limited),  
selling expenses (5%)

\*based on \$2 Million in  
equity presently available to  
be invested by the company.

### BUSINESS DESCRIPTION:

Oil States Trading, LLC (OST) buys and manages income producing interests in oil and gas properties. Every month, thousands of oil and gas interests change ownership through transactions ranging in value from \$500 to \$500,000,000. Oil States Trading, LLC needs \$23,000,000 in equity capital to continue to purchase non-operated interests in producing oil and gas properties throughout the continental United States and offshore North America.

### UNIQUE VALUE PROPOSITION:

After 30 years experience in all segments of the oil and gas business, the principals have learned well the art of value investing in the energy business. The principals of OST review 100 purchase opportunities to find a few really valuable properties that will make money.

### WHAT OIL STATES TRADING BRINGS TO THE TABLE:

- A combined 50 years of hands-on, in-depth knowledge and management experience in a team of Oil and Gas professionals who have purchased many properties in the recent past;
- research tools including historical financial databases (created and managed by Oil States);
- ongoing research activities and property screening abilities;
- a broad network of industry contacts; and
- a reputation for closing deals.

### KEY SUCCESS FACTORS:

- Diligence and experience in the drilling and operations of over 300 wells since 1979.
- Industry contacts gained through 30 years of active operations in the US.
- Niche market identification (OST works in a very select niche market in the energy business that is much less risky than the business as a whole).
- OST does not drill unless it owns an interest in the leasehold already. OST is not an exploration company and will not purchase an interest in "wells to be drilled" unless they are already producing income.

### KEY RISK FACTORS

- Our partners are adverse to risk, so commodity price uncertainty is controlled by the use of simple put options on our production. OST is hedged until 12/2009 at \$70/oil & \$7.50/gas.
- Governmental Risk such as implementation of a windfall profits tax or a "no-fugitive emissions policy. Our hedge against this is a very diverse portfolio.
- Overhead Risk: Our operation currently carries an overhead burden of 17% of revenue. We project an overhead burden of 5-7% once we achieve a size of \$15,000,000 in capital.

### STATUS:

- OST currently owns interests in 200 producing wells in 7 states.
- The company was launched with \$1.1 million in capital (10% of which came from the principals). This initial capital was invested in April 2005 with the acquisition of 160+ non-operated working interests. As of 7-1-2008, we stand at \$2.0 million in invested capital with \$300,000 in cash.

**FUNDING STRUCTURE:** OST is currently the GP of one Texas Limited Partnership which we are attempting to complete.

**EXIT STRATEGY:** OST structures its programs to be handed down through the generations, but a sale of all assets in the future is an option that investors have. Partners have the option to request a buyout after a 1 year lock-up period.

**DOCUMENTS AVAILABLE:** Private Placement Memorandum, Power Point, 3 year track record, business plan, in-depth discussion material on the future of energy prices.

**THIS PROGRAM HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR ANY STATE SECURITIES LAW. THIS SUMMARY DOES NOT REPRESENT AN OFFER TO SELL ANY SECURITY. This fact sheet includes forward looking statements and projections which may or may not be achieved. For full information, you must request and review a copy of our full private placement memorandum.**