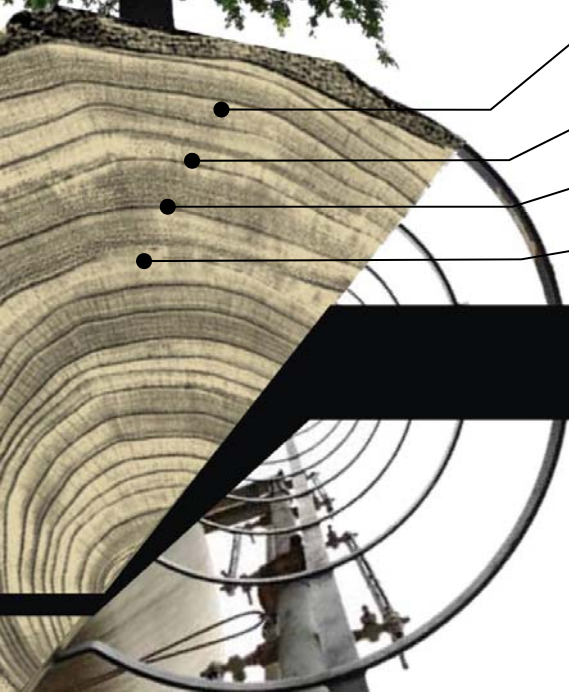


# Supplemental Q3 2011 Financial and Operational Results



NASDAQ:LINE



DISTRIBUTION GROWTH

ACQUISITIONS

ASSETS

PEOPLE



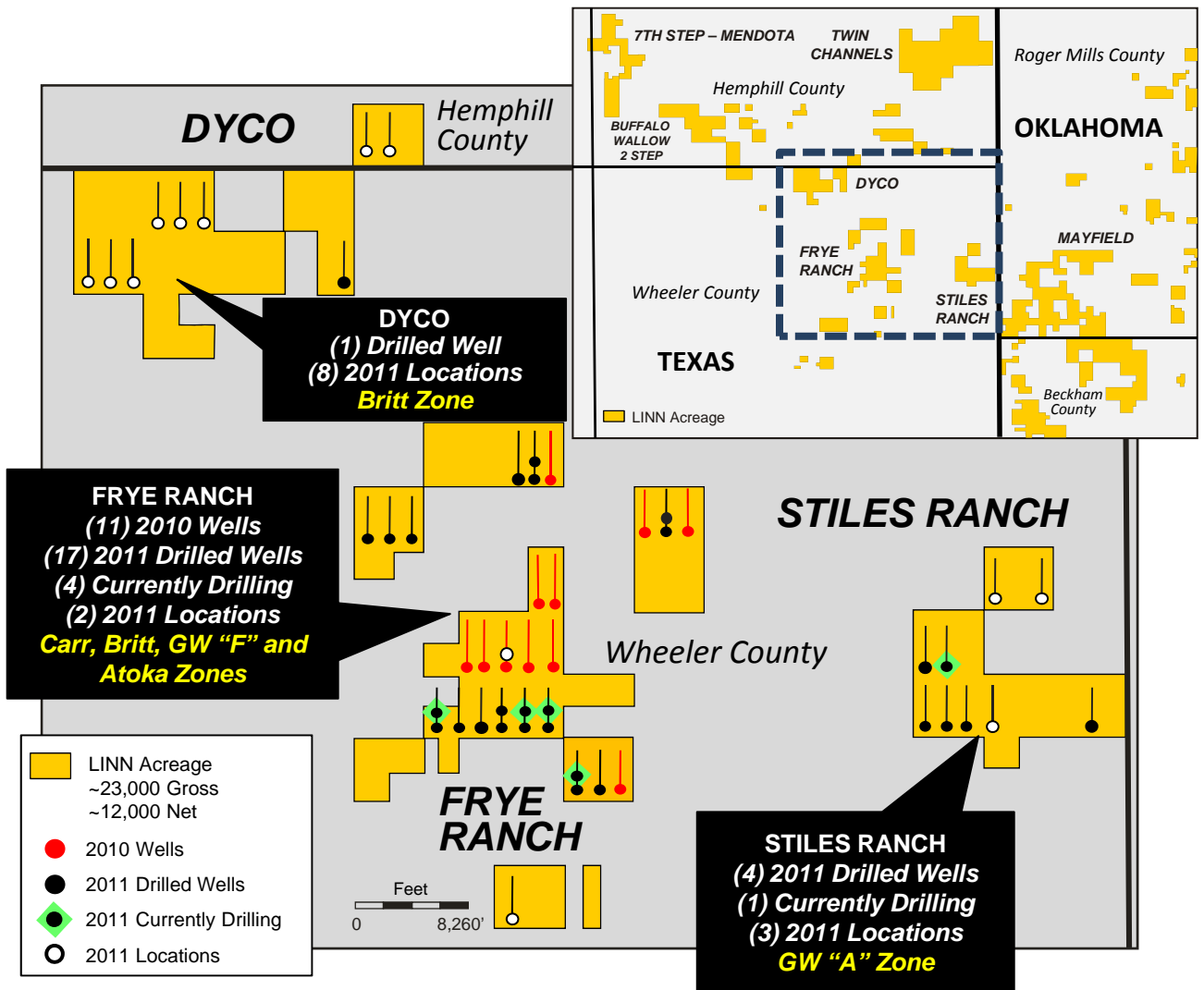
*The power of* **STABILITY** and  
**GROWTH**

## 3<sup>rd</sup> Quarter 2011 Highlights

- The Company reports the following significant third quarter results:
  - Average daily production of 379 MMcfe/d, an increase of more than 30 percent over third quarter 2010;
  - Adjusted EBITDA of \$243 million, an increase of more than 30 percent over third quarter 2010;
  - Distribution coverage ratio of 1.10x; and
  - Adjusted net income per unit of \$0.44.
  
- The Company also reports the following significant highlights:
  - Repurchased a total of approximately 530,000 units under the Company's unit repurchase program for an average price of \$32.76 per unit, so far this year;
  - Strengthened 2012 and 2013 commodity hedge portfolio by increasing oil and natural gas swap prices and oil put prices;
  - Strong liquidity position of more than \$1.4 billion as of Sept. 30, 2011;
  - Signed purchase agreements for two bolt-on acquisitions in the Permian Basin Wolfberry play for a combined contract price of \$105 million; and
  - Revised 2011 guidance implies average coverage of approximately 1.18x for the full year of 2011.

The financial summary follows; all amounts within are unaudited.

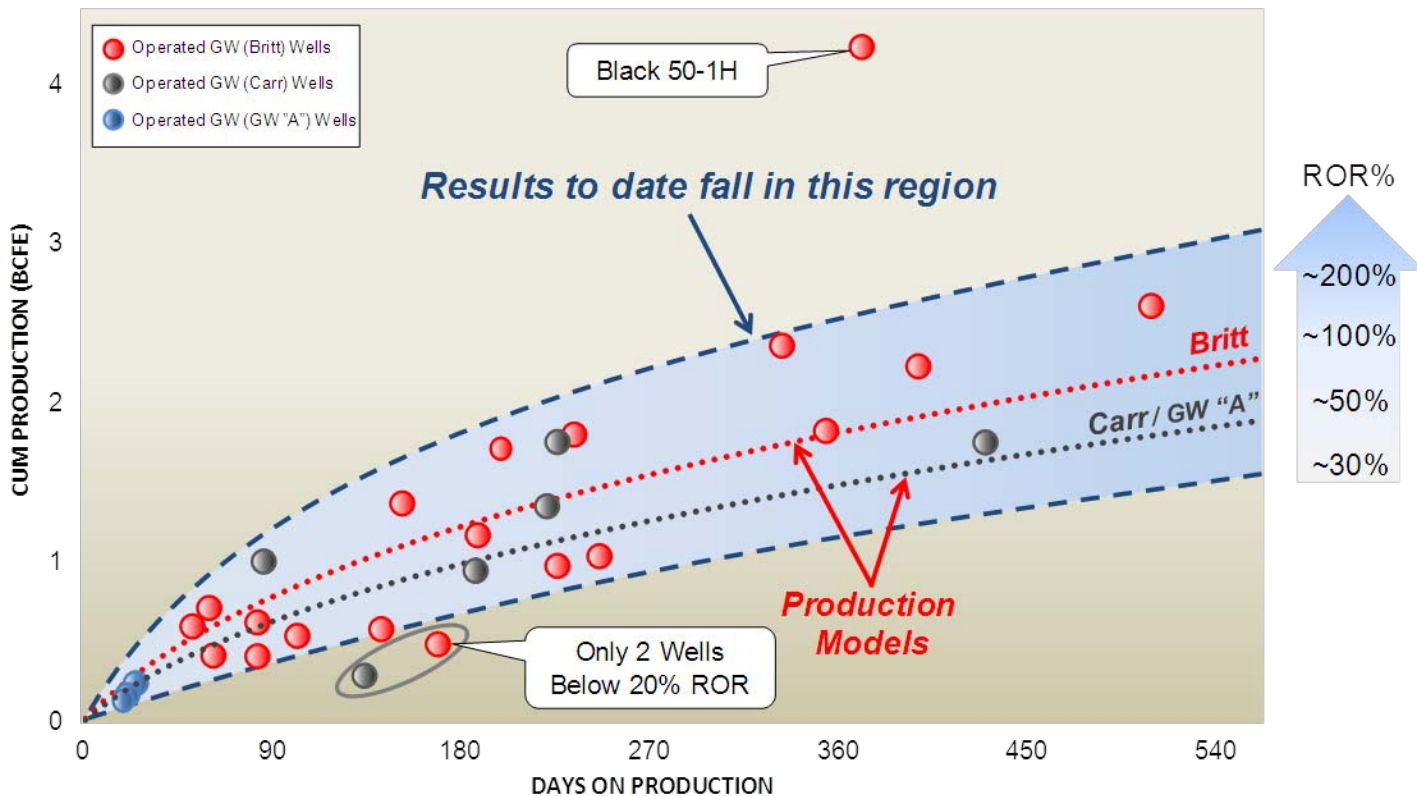
# Texas Granite Wash – Operated Horizontal Activity (Greater Stiles Ranch)



Well Status	Operated	Non-Operated
Producing	29	25
Drilling	5	0
Waiting on Completion	3	2
Completing	1	1
<b>Total</b>	<b>38</b>	<b>28</b>

Note: Well data as of 10/18/2011.

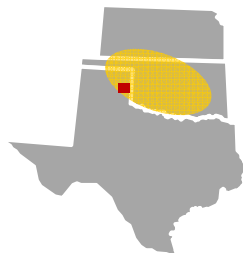
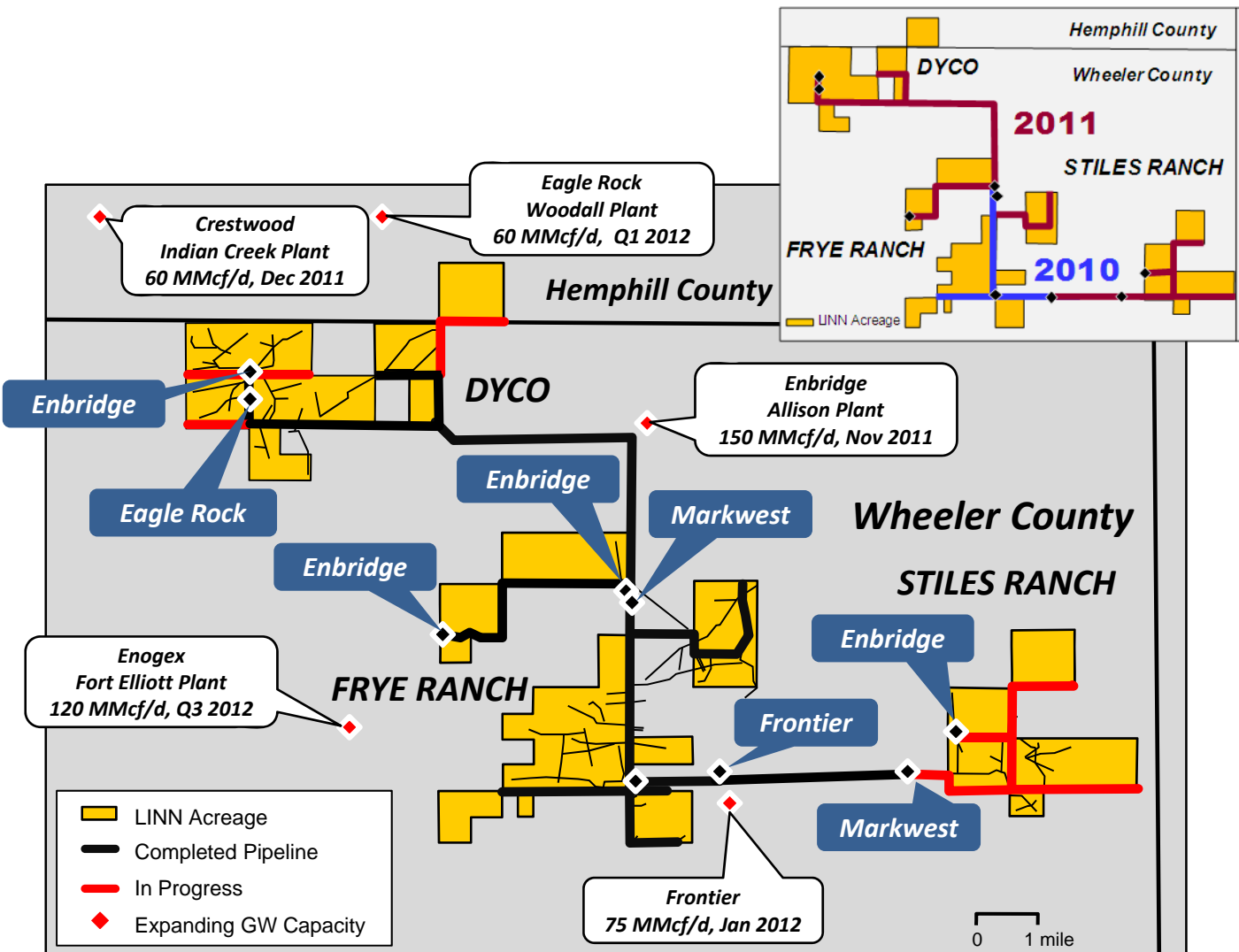
# Texas Granite Wash Horizontal Program Cumulative Production by Well as of October 2011



- Aggregate program rate of return over 100% based on 25 wells with over 45 days of production
- Graph represents cumulative production performance of LINN-operated Granite Wash wells over time compared to production model
- Relatively narrow band of results indicates repeatability of program
- On average, well results have exceeded production model

# Granite Wash Gathering System Update

- Constructing 63-mile gathering system in 2011
- Provides multiple off-load points
- Helps manage shut-ins and system dispositions
- Significant processing plant construction underway



# Adjusted EBITDA

Adjusted EBITDA is a measure used by Company management to indicate (prior to the establishment of any reserves by its Board of Directors) the cash distributions the Company expects to make to its unitholders. Adjusted EBITDA is also a quantitative measure used throughout the investment community with respect to publicly-traded partnerships and limited liability companies.

The following presents a reconciliation of net income to adjusted EBITDA:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
	(in thousands)			
Net income	\$ 837,627	\$ 4,143	\$ 628,054	\$ 129,239
Plus:				
Net operating cash flow from acquisitions and divestitures, effective date through closing date	1,521	4,200	37,880	22,717
Interest expense, cash	39,609	16,125	164,790	55,818
Interest expense, noncash	26,239	37,372	26,883	71,301
Depreciation, depletion and amortization	88,328	62,482	234,039	169,614
Write-off of deferred financing fees and other	—	—	1,189	2,076
(Gains) losses on sale of assets and other, net	167	1,276	(749)	1,946
Provision for legal matters	36	5,000	776	5,000
Loss on extinguishment of debt	—	—	94,372	—
Unrealized (gains) losses on commodity derivatives	(732,452)	39,405	(470,601)	(34,726)
Unrealized gains on interest rate derivatives	—	(38,089)	—	(63,978)
Realized losses on interest rate derivatives	—	—	—	8,021
Realized (gains) losses on canceled derivatives	(26,752)	49,590	(26,752)	123,865
Unit-based compensation expenses	5,578	3,146	16,759	10,546
Exploration costs	503	281	1,498	4,297
Income tax expense	2,862	33	8,730	5,710
Adjusted EBITDA	\$ 243,266	\$ 184,964	\$ 716,868	\$ 511,446

The following presents a reconciliation of net cash provided by operating activities to adjusted EBITDA:

Net cash provided by operating activities for the three months ended September 30, 2011, was approximately \$183 million and includes cash interest payments of approximately \$39 million, realized gains on canceled derivatives of approximately \$(27) million, premiums paid for commodity derivatives of approximately \$60 million and other items totaling approximately \$(12) million that are not included in adjusted EBITDA. Net cash provided by operating activities for the three months ended September 30, 2010, was approximately \$108 million and includes cash interest payments of approximately \$16 million, realized losses on canceled derivatives of approximately \$50 million and other items totaling approximately \$11 million that are not included in adjusted EBITDA. Net cash provided by operating activities for the nine months ended September 30, 2011, was approximately \$486 million and includes cash interest payments of approximately \$163 million, realized gains on canceled derivatives of approximately \$(27) million, premiums paid for commodity derivatives of approximately \$60 million and other items totaling approximately \$35 million that are not included in adjusted EBITDA. Net cash provided by operating activities for the nine months ended September 30, 2010, was approximately \$183 million and includes cash interest payments of approximately \$55 million, cash settlements on interest rate derivatives of approximately \$11 million, realized losses on canceled derivatives of approximately \$124 million, premiums paid for commodity derivatives of approximately \$91 million and other items totaling approximately \$47 million that are not included in adjusted EBITDA.

# Adjusted Net Income

Adjusted net income is a performance measure used by Company management to evaluate its operational performance from oil and natural gas properties, prior to unrealized (gains) losses on derivatives, realized (gains) losses on canceled derivatives, impairment of goodwill and long-lived assets, loss on extinguishment of debt and (gains) losses on sale of assets, net.

The following presents a reconciliation of net income to adjusted EBITDA:

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	(in thousands, except per unit amounts)			
Net income	\$ 837,627	\$ 4,143	\$ 628,054	\$ 129,239
Plus:				
Unrealized (gains) losses on commodity derivatives	(732,452)	39,405	(470,601)	(34,726)
Unrealized gains on interest rate derivatives	—	(38,089)	—	(63,978)
Realized (gains) losses on canceled derivatives	(26,752)	49,590	(26,752)	123,865
Loss on extinguishment of debt	—	—	94,372	—
(Gains) losses on sale of assets, net	131	1,252	(855)	1,899
Adjusted net income	<u>\$ 78,554</u>	<u>\$ 56,301</u>	<u>\$ 224,218</u>	<u>\$ 156,299</u>
Net income per unit – basic	\$ 4.74	\$ 0.03	\$ 3.63	\$ 0.91
Plus, per unit:				
Unrealized (gains) losses on commodity derivatives	(4.15)	0.26	(2.73)	(0.24)
Unrealized gains on interest rate derivatives	—	(0.26)	—	(0.45)
Realized (gains) losses on canceled derivatives	(0.15)	0.34	(0.15)	0.87
Loss on extinguishment of debt	—	—	0.55	—
(Gains) losses on sale of assets, net	—	0.01	—	0.01
Adjusted net income per unit – basic	<u>\$ 0.44</u>	<u>\$ 0.38</u>	<u>\$ 1.30</u>	<u>\$ 1.10</u>

# Coverage Ratio Calculation

	<b>Three Months Ended</b>	
	<b>September 30, 2011</b>	<b>June 30, 2011</b>
	(in thousands, except unit and ratio amounts)	
Adjusted EBITDA <sup>(1)</sup>	\$ 243,266	\$ 263,606
Less: interest expense <sup>(2)</sup>	(61,266)	(57,798)
Less: maintenance capital expenditures	(47,901)	(40,229)
Distributable cash flow	<u>\$ 134,099</u>	<u>\$ 165,579</u>
Distributable cash flow per unit	\$ 0.76	\$ 0.94
Distribution per unit <sup>(3)</sup>	\$ 0.69	\$ 0.69
Units outstanding (millions)	176.8	176.9
Distribution coverage ratio	1.10x	1.36x

- <sup>(1)</sup> Includes effects of the Company's hedge positions, cash flow adjustments from acquisition and divestiture activities, and other expenses.
- <sup>(2)</sup> Includes cash payments for interest expense and accrued interest on the Company's outstanding senior notes and credit facility.
- <sup>(3)</sup> Based on quarterly distribution of \$0.69 per unit, or \$2.76 per unit on an annualized basis.

# Statements of Operations

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
	(in thousands, except per unit amounts)			
<b>Revenues and other:</b>				
Oil, natural gas and natural gas liquids sales	\$ 292,482	\$ 177,306	\$ 835,579	\$ 479,887
Gains on oil and natural gas derivatives	824,240	43,505	660,279	263,299
Marketing revenues	1,477	635	4,159	3,252
Other revenues	1,284	915	3,564	1,363
	<u>1,119,483</u>	<u>222,361</u>	<u>1,503,581</u>	<u>747,801</u>
<b>Expenses:</b>				
Lease operating expenses	62,907	41,901	165,171	111,490
Transportation expenses	7,821	5,154	20,152	15,030
Marketing expenses	850	468	2,703	2,209
General and administrative expenses	29,891	23,751	91,994	71,545
Exploration costs	503	281	1,498	4,297
Bad debt expenses	79	(70)	74	(89)
Depreciation, depletion and amortization	88,328	62,482	234,039	169,614
Taxes, other than income taxes	20,875	12,011	56,920	32,602
Losses on sale of assets and other, net	279	6,073	1,870	5,699
	<u>211,533</u>	<u>152,051</u>	<u>574,421</u>	<u>412,397</u>
<b>Other income and (expenses):</b>				
Loss on extinguishment of debt	—	—	(94,372)	—
Interest expense, net of amounts capitalized	(65,848)	(53,497)	(191,673)	(127,119)
Losses on interest rate swaps	—	(11,501)	—	(67,908)
Other, net	(1,613)	(1,136)	(6,331)	(5,428)
	<u>(67,461)</u>	<u>(66,134)</u>	<u>(292,376)</u>	<u>(200,455)</u>
Income before income taxes	840,489	4,176	636,784	134,949
Income tax expense	(2,862)	(33)	(8,730)	(5,710)
<b>Net income</b>	<u>\$ 837,627</u>	<u>\$ 4,143</u>	<u>\$ 628,054</u>	<u>\$ 129,239</u>
<b>Net income per unit:</b>				
Basic	\$ 4.74	\$ 0.03	\$ 3.63	\$ 0.91
Diluted	\$ 4.72	\$ 0.03	\$ 3.62	\$ 0.91
<b>Weighted average units outstanding:</b>				
Basic	174,956	145,956	171,076	140,598
Diluted	175,644	146,458	171,825	141,006
<b>Distributions declared per unit</b>	<u>\$ 0.69</u>	<u>\$ 0.63</u>	<u>\$ 2.01</u>	<u>\$ 1.89</u>

# Operating Statistics

	<b>Three Months Ended September 30,</b>		<b>Variance</b>
	<b>2011</b>	<b>2010</b>	
<b>Average daily production:</b>			
Natural gas (MMcf/d)	170	143	19%
Oil (MBbls/d)	22.6	14.6	55%
NGL (MBbls/d)	12.2	8.9	37%
Total (MMcfe/d)	379	283	34%
<b>Weighted average prices (hedged): <sup>(1)</sup></b>			
Natural gas (Mcf)	\$ 8.05	\$ 8.32	(3)%
Oil (Bbl)	\$ 88.62	\$ 91.80	(3)%
NGL (Bbl)	\$ 42.01	\$ 34.21	23%
<b>Weighted average prices (unhedged): <sup>(2)</sup></b>			
Natural gas (Mcf)	\$ 4.26	\$ 4.09	4%
Oil (Bbl)	\$ 85.89	\$ 71.42	20%
NGL (Bbl)	\$ 42.01	\$ 34.21	23%
<b>Average NYMEX prices:</b>			
Natural gas (MMBtu)	\$ 4.19	\$ 4.38	(4)%
Oil (Bbl)	\$ 89.76	\$ 76.20	18%
<b>Costs per Mcfe of production:</b>			
Lease operating expenses	\$ 1.80	\$ 1.61	12%
Transportation expenses	\$ 0.22	\$ 0.20	10%
General and administrative expenses <sup>(3)</sup>	\$ 0.86	\$ 0.91	(5)%
Depreciation, depletion and amortization	\$ 2.53	\$ 2.40	5%
Taxes, other than income taxes	\$ 0.60	\$ 0.46	30%

<sup>(1)</sup> Includes the effect of realized gains on derivatives of approximately \$65 million (excluding \$27 million realized gains on canceled contracts) and \$83 million for the three months ended September 30, 2011, and September 30, 2010, respectively.

<sup>(2)</sup> Does not include the effect of realized gains (losses) on derivatives.

<sup>(3)</sup> General and administrative expenses for the three months ended September 30, 2011, and September 30, 2010, include approximately \$5 million and \$3 million, respectively, of noncash unit-based compensation expenses. Excluding these amounts, general and administrative expenses for the three months ended September 30, 2011, and September 30, 2010, were \$0.70 per Mcfe and \$0.79 per Mcfe, respectively. This is a non-GAAP measure used by management to analyze the Company's performance.

## Selected Balance Sheet Data

	<b>September 30, 2011</b>	<b>December 31, 2010</b>
	(in thousands)	
<b>Assets:</b>		
Total current assets	\$ 636,130	\$ 710,909
Oil and natural gas properties, net	6,001,514	4,945,468
Other property and equipment, net	133,749	104,752
Other noncurrent assets, net	562,836	172,019
Total assets	<u>\$ 7,334,229</u>	<u>\$ 5,933,148</u>
<b>Liabilities and unitholders' capital:</b>		
Total current liabilities	\$ 439,731	\$ 315,108
Credit facility	65,000	—
Senior notes, net	3,053,924	2,742,902
Other noncurrent liabilities	64,896	86,922
Total liabilities	3,623,551	3,144,932
Unitholders' capital	3,710,678	2,788,216
Total liabilities and unitholders' capital	<u>\$ 7,334,229</u>	<u>\$ 5,933,148</u>

## Selected Cash Flow Data

	<b>Nine Months Ended September 30,</b>	
	<b>2011</b>	<b>2010</b>
	(in thousands)	
Net cash provided by operating activities <sup>(1)</sup>	\$ 486,429	\$ 183,419
Net cash used in investing activities	(1,257,274)	(1,013,549)
Net cash provided by financing activities	544,919	1,225,959
Net increase (decrease) in cash and cash equivalents	(225,926)	395,829
Cash and cash equivalents:		
Beginning	236,001	22,231
Ending	<u>\$ 10,075</u>	<u>\$ 418,060</u>

- (1) The nine months ended September 30, 2011, and September 30, 2010, include premiums paid for derivatives of approximately \$60 million and \$91 million, respectively.

# Guidance Table

	Q4 2011E		FY 2011E	
<b>Net production and other revenues:</b>				
Natural gas (MMcf/d)	190	- 200	172	- 174
Oil (Bbls/d)	23,937	- 25,134	21,287	- 21,640
NGL (Bbls/d)	10,989	- 11,539	10,456	- 10,629
Total (MMcfe/d)	400	- 420	362	- 368
Other revenues, net (in thousands) <sup>(1)</sup>	\$ 1,400	- \$ 1,600	\$ 6,400	- \$ 6,600
<b>Costs (in thousands):</b>				
Lease operating expenses	\$ 62,000	- \$ 65,000	\$ 226,500	- \$ 229,500
Transportation expenses	7,500	- 9,500	27,500	- 29,500
Taxes, other than income taxes	21,500	- 23,500	78,500	- 80,500
Total	\$ 91,000	- \$ 98,000	\$ 332,500	- \$ 339,500
General and administrative expenses – non-GAAP <sup>(2)</sup>	\$ 26,000	- \$ 28,000	\$ 102,000	- \$ 104,000
Depreciation, depletion and amortization	\$ 96,000	- \$ 102,000	\$ 330,000	- \$ 336,000
<b>Costs per Mcfe (mid-point):</b>				
Lease operating expenses	\$ 1.68		\$ 1.71	
Transportation expenses	0.23		0.21	
Taxes, other than income taxes	0.60		0.60	
Total	\$ 2.51		\$ 2.52	
General and administrative expenses – non-GAAP <sup>(2)</sup>	\$ 0.72		\$ 0.77	
Depreciation, depletion and amortization	\$ 2.62		\$ 2.50	
<b>Targets (mid-point) (in thousands):</b>				
Adjusted EBITDA <sup>(3)</sup>	\$ 252,000		\$ 969,000	
Interest expense <sup>(4)</sup>	(62,000)		(240,000)	
Maintenance capital expenditures	(53,000)		(167,000)	
Distributable cash flow	\$ 137,000		\$ 562,000	
Distributable cash flow per unit <sup>(5)</sup>	\$ 0.78		\$ 3.23	
Distribution per unit <sup>(5)(6)</sup>	\$ 0.69		\$ 2.73	
Distribution coverage ratio <sup>(5)(6)</sup>	1.12x		1.18x	
Adjusted net income per unit <sup>(5)(7)(8)</sup>	\$ 0.44		\$ 1.73	
<b>Weighted average NYMEX differentials:</b>				
Natural gas (MMBtu)	\$ (0.15)	- \$ 0.05	\$ 0.10	- \$ 0.30
Oil (Bbl)	\$ (6.00)	- \$ (4.00)	\$ (5.75)	- \$ (3.75)
NGL realization on crude oil price (%)	47%	- 51%	44%	- 48%
<b>Unhedged commodity price assumptions:</b>				
	<b>October</b>	<b>November</b>	<b>December</b>	<b>FY 2011E</b>
Natural gas (MMBtu)	\$ 3.76	\$ 3.55	\$ 3.78	\$ 4.08
Oil (Bbl)	\$ 86.89	\$ 88.58	\$ 88.71	\$ 93.62

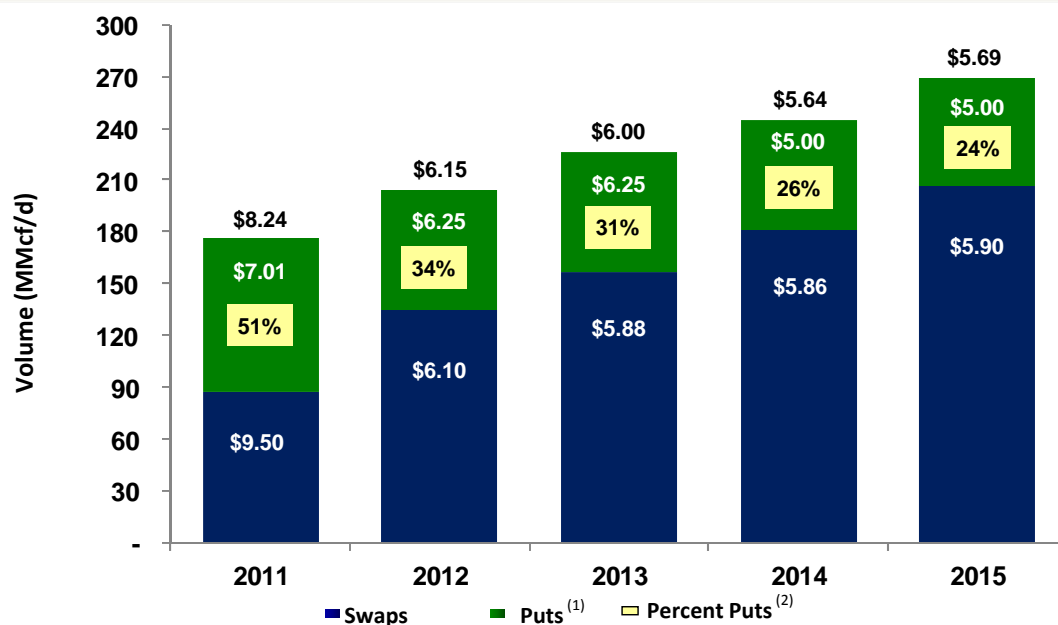
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## Guidance Table – *Continued*

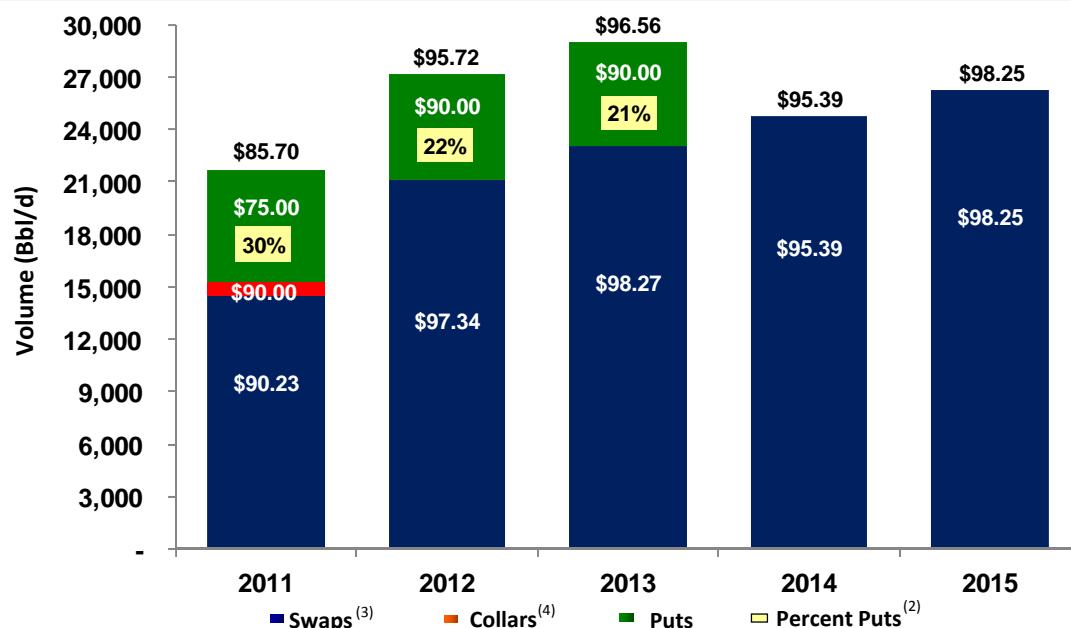
- (1) Includes other revenues and margin on natural gas marketing activities.
- (2) Excludes unit-based compensation, which represents a noncash charge based on equity-related compensation.
- (3) Includes effects of the Company's hedge positions, cash flow adjustments from acquisition and divestiture activities, and other expenses.
- (4) Includes cash payments for interest and accrued interest on the Company's senior notes and credit facility. Excludes the noncash amortization of deferred financing fees of approximately \$5 million in Q4 2011 and \$17 million for full year 2011. Amortization of deferred financing fees is included in interest expense on the statements of operations.
- (5) Assumes 176.7 million and 173.8 million units outstanding for Q4 2011 and full year 2011, respectively.
- (6) Based on quarterly distribution of \$0.66 per unit for Q1 2011, and quarterly distribution of \$0.69 per unit for the remainder of 2011.
- (7) Excludes unrealized (gains) losses on derivatives, realized (gains) losses on canceled derivatives, loss on extinguishment of debt, and (gains) losses on sale of assets and includes unit-based compensation and exploration costs.
- (8) Includes the noncash amortization of deferred financing fees of approximately \$5 million in Q4 2011 and \$17 million for full year 2011.

# Commodity Hedge Positions

## Natural Gas Positions



## Oil Positions



**Note:** Includes full-year 2011-2015 hedging positions.

- (1) Gas positions include puts which settle on the Panhandle Eastern Pipeline Index (PEPL) to hedge basis differential associated with natural gas production in the Mid-Continent.
- (2) Calculated as percentage of hedged volumes in the form of puts.
- (3) As presented in the table above, the Company has certain outstanding fixed price oil swaps on 14,750 Bbls of daily production which may be extended annually at a price of \$100.00 per Bbl for each of 2016, 2017 and 2018 if the counterparties determine that the strike prices are in-the-money on a designated date in each respective preceding year. The extension for each year is exercisable without respect to the other years.
- (4) Includes collars with floor / ceiling prices of \$90.00 / \$112.25 on 276 MBbls of oil for FY 2011.

# Guidance Table – Commodity Hedge Summary

<b>Natural Gas Positions</b>	<b>Q4 2011E</b>	<b>FY 2011E</b>
Fixed Price Swaps:		
Hedged Volume (MMMBtu)	7,975	31,901
Average Price (\$/MMBtu)	\$9.50	\$9.50
Puts:		
Hedged Volume (MMMBtu)	4,850	19,297
Average Price (\$/MMBtu)	\$5.97	\$5.98
PEPL Puts: <sup>(1)</sup>		
Hedged Volume (MMMBtu)	3,315	13,259
Average Price (\$/MMBtu)	\$8.50	\$8.50
Total:		
Hedged Volume (MMMBtu)	16,140	64,457
Average Price (\$/MMBtu)	\$8.24	\$8.24
<b>Oil Positions</b>		
Fixed Price Swaps:		
Hedged Volume (MBbbls)	1,466	5,289
Average Price (\$/Bbl)	\$91.82	\$90.23
Puts:		
Hedged Volume (MBbbls)	588	2,352
Average Price (\$/Bbl)	\$75.00	\$75.00
Collars:		
Hedged Volume (MBbbls)	69	276
Average Floor Price (\$/Bbl)	\$90.00	\$90.00
Average Ceiling Price (\$/Bbl)	\$112.25	\$112.25
Total:		
Hedged Volume (MBbbls)	2,123	7,917
Average Price (\$/Bbl)	\$87.10	\$85.70
<b>Natural Gas Basis Differential Positions</b>		
PEPL Basis Swaps: <sup>(1)</sup>		
Hedged Volume (MMMBtu)	8,885	35,541
Average Price (\$/MMBtu)	\$(0.96)	\$(0.96)
<b>Oil Timing Differential Positions</b>		
Trade Month Roll Swaps: <sup>(2)</sup>		
Hedged Volume (MBbbls)	1,380	1,380
Hedged Differential (\$/Bbl)	\$0.22	\$0.22

Includes positions covering production for all months within periods specified.

- (1) Settle on the Panhandle Eastern Pipeline ("PEPL") spot price of natural gas to hedge basis differential associated with natural gas production in the Mid-Continent region.
- (2) The Company hedges the timing risk associated with the sales price of oil in the Mid-Continent Deep, Mid-Continent Shallow and Permian Basin regions. In these regions, the Company generally sells oil for the delivery month at a sales price based on the average NYMEX price of light oil during that month, plus an adjustment calculated as a spread between the weighted average prices of the delivery month, the next month and the following month during the period when the delivery month is prompt (the "trade month roll"). Swaps for 2011 hedge production volumes for October through December.

# Commodity Hedge Portfolio

The following table summarizes open positions as of September 30, 2011, and represents, as of such date, derivatives in place through December 31, 2015, on annual production volumes:

	<b>October 1 – December 31, 2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>Natural gas positions:</b>					
Fixed price swaps:					
Hedged volume (MMMBtu)	7,975	49,410	57,067	66,156	75,190
Average price (\$/MMBtu)	\$ 9.50	\$ 6.10	\$ 5.88	\$ 5.86	\$ 5.90
Puts:					
Hedged volume (MMMBtu)	4,850	25,364	25,295	23,178	23,178
Average price (\$/MMBtu)	\$ 5.97	\$ 6.25	\$ 6.25	\$ 5.00	\$ 5.00
PEPL puts: <sup>(1)</sup>					
Hedged volume (MMMBtu)	3,315	—	—	—	—
Average price (\$/MMBtu)	\$ 8.50	\$ —	\$ —	\$ —	\$ —
Total:					
Hedged volume (MMMBtu)	16,140	74,774	82,362	89,334	98,368
Average price (\$/MMBtu)	\$ 8.24	\$ 6.15	\$ 6.00	\$ 5.64	\$ 5.69
<b>Oil positions:</b>					
Fixed price swaps: <sup>(2)</sup>					
Hedged volume (MBbls)	1,466	7,741	8,413	9,034	9,581
Average price (\$/Bbl)	\$ 91.82	\$ 97.34	\$ 98.27	\$ 95.39	\$ 98.25
Puts:					
Hedged volume (MBbls)	588	2,196	2,190	—	—
Average price (\$/Bbl)	\$ 75.00	\$ 90.00	\$ 90.00	\$ —	\$ —
Collars:					
Hedged volume (MBbls)	69	—	—	—	—
Average floor price (\$/Bbl)	\$ 90.00	\$ —	\$ —	\$ —	\$ —
Average ceiling price (\$/Bbl)	\$ 112.25	\$ —	\$ —	\$ —	\$ —
Total:					
Hedged volume (MBbls)	2,123	9,937	10,603	9,034	9,581
Average price (\$/Bbl)	\$ 87.10	\$ 95.72	\$ 96.56	\$ 95.39	\$ 98.25
<b>Natural gas basis differential positions:</b>					
PEPL basis swaps: <sup>(1)</sup>					
Hedged volume (MMMBtu)	8,885	37,735	38,854	42,194	42,194
Hedged differential (\$/MMBtu)	\$ (0.96)	\$ (0.89)	\$ (0.89)	\$ (0.39)	\$ (0.39)
<b>Oil timing differential positions:</b>					
Trade month roll swaps: <sup>(3)</sup>					
Hedged volume (MBbls)	1,380	5,490	5,475	5,475	—
Hedged differential (\$/Bbl)	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.22	\$ —

## Commodity Hedge Portfolio - Continued

- (1) Settle on the Panhandle Eastern Pipeline (“PEPL”) spot price of natural gas to hedge basis differential associated with natural gas production in the Mid-Continent Deep and Mid-Continent Shallow regions.
- (2) As presented in the table above, the Company has certain outstanding fixed price oil swaps on 14,750 Bbls of daily production which may be extended annually at a price of \$100.00 per Bbl for each of the years ending December 31, 2016, December 31, 2017, and December 31, 2018, if the counterparties determine that the strike prices are in-the-money on a designated date in each respective preceding year. The extension for each year is exercisable without respect to the other years.
- (3) The Company hedges the timing risk associated with the sales price of oil in the Mid-Continent Deep, Mid-Continent Shallow and Permian Basin regions. In these regions, the Company generally sells oil for the delivery month at a sales price based on the average NYMEX price of light oil during that month, plus an adjustment calculated as a spread between the weighted average prices of the delivery month, the next month and the following month during the period when the delivery month is prompt (the “trade month roll”).

# Combined Revenues

Combined revenues (a non-GAAP financial measure), as defined by the Company, may not be comparable to similarly titled measures used by other companies. Therefore, combined revenues should be considered in conjunction with total revenues and other performance measures prepared in accordance with GAAP. Combined revenues should not be considered in isolation or as a substitute for GAAP measures of liquidity or financial performance. Company management believes that the presentation of combined revenues provides useful information to investors because it is commonly used by investors and securities analysts in evaluating oil and natural gas companies.

The following presents a reconciliation of revenues and other to combined revenues:

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	(in thousands)		(in thousands)	
Revenues and other	\$ 1,119,483	\$ 222,361	\$ 1,503,581	\$ 747,801
Less:				
Unrealized (gains) losses on commodity derivatives	(732,452)	39,405	(470,601)	(34,726)
Marketing revenues	(1,477)	(635)	(4,159)	(3,252)
Other revenues	(1,284)	(915)	(3,564)	(1,363)
Combined revenues	<u>\$ 384,270</u>	<u>\$ 260,216</u>	<u>\$ 1,025,257</u>	<u>\$ 708,460</u>
Gains on commodity derivatives	\$ 824,240	\$ 43,505	\$ 660,279	\$ 263,299
Less:				
Unrealized (gains) losses on commodity derivatives	(732,452)	39,405	(470,601)	(34,726)
Realized gains on canceled commodity derivatives	(26,752)	—	(26,752)	—
Hedge revenues	<u>\$ 65,036</u>	<u>\$ 82,910</u>	<u>\$ 162,926</u>	<u>\$ 228,573</u>

# Proved Reserves

As used herein, “Pro Forma Proved Reserves” represents the sum of (i) the Company’s estimated proved reserves as of December 31, 2010, (ii) the estimated proved reserves acquired in the acquisitions the Company has completed during 2011, (the “2011 Completed acquisitions”), and (iii) the estimated proved reserves to be acquired in the Company’s currently pending acquisitions (the “2011 Pending Acquisitions”).

The following table sets forth certain information with respect to the Company’s estimated Pro Forma Proved Reserves.

Region	Pro Forma Proved Reserves (Bcfe) <sup>(1)</sup>	% Natural Gas	% Proved Developed
Mid-Continent Deep.....	1,113	66%	57%
Mid-Continent Shallow.....	649	24%	68%
California.....	189	6%	94%
Permian Basin <sup>(2)</sup> .....	535	24%	46%
Michigan.....	259	99%	87%
Williston Basin.....	84	10%	33%
Total.....	2,829	46%	62%

(1) Proved reserves were calculated using the commodity prices set forth below, which represent the unweighted average of the first-day-of-the-month prices for each of the 12-months immediately preceding the reserve report date set forth below. The reserve report date for each of the 2011 Completed Acquisitions is the first day of the month closest to the closing date of such acquisition. The reserve report date for each of the 2011 Pending Acquisitions is the anticipated closing date of such acquisition.

(2) Includes estimated proved reserves associated with the two pending Permian Basin acquisitions.

Properties	Reserve Report As of Date	Commodity Prices	
		Natural Gas (\$/MMbtu)	Oil (\$/Bbl)
Legacy Oil and Natural Gas Assets .....	12/31/2010	4.38	79.29
<b><u>2011 Acquisitions:</u></b>			
Permian 1 Acquisition (closed).....	04/01/2011	4.10	83.17
Concho Acquisition (closed).....	04/01/2011	4.10	83.17
Permian 2 Acquisition (closed).....	04/01/2011	4.10	83.17
Williston 2 Acquisition (closed) .....	05/01/2011	4.14	85.18
Williston 3 Acquisition (closed) .....	05/01/2011	4.14	85.18
Texas Panhandle Acquisition (closed).....	06/01/2011	4.18	87.44
Permian 3 Acquisition (pending) .....	11/01/2011	4.14	93.94
Permian 4 Acquisition (pending) .....	11/01/2011	4.14	93.94