

“Optionality”



Sustainable Profits in Today's Market



**WELLHEAD
ENERGY
SYSTEMS LLC**

Constraints

Sulphur

Interstate Fees

Right of Way

"Behind the Pipe"

EPA

Nitrogen

Maintenance

Compression Fees

Hot Gas

Line Expansion Fees

PROFITS

Low BTU

Dehydration

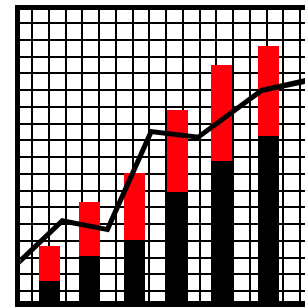
Environmental



WELLHEAD
ENERGY
SYSTEMS LLC

Energy Trends

- **“Electrons” are getting Expensive**
 - Growing by double digits
- **Old Plants**
 - Going away
- **Renewable Energy Myth**
- **EPA**
- **Nuclear**
 - Decades away
- **Efficiency is the KEY**



**WELLHEAD
ENERGY
SYSTEMS LLC**

Gas for Energy?

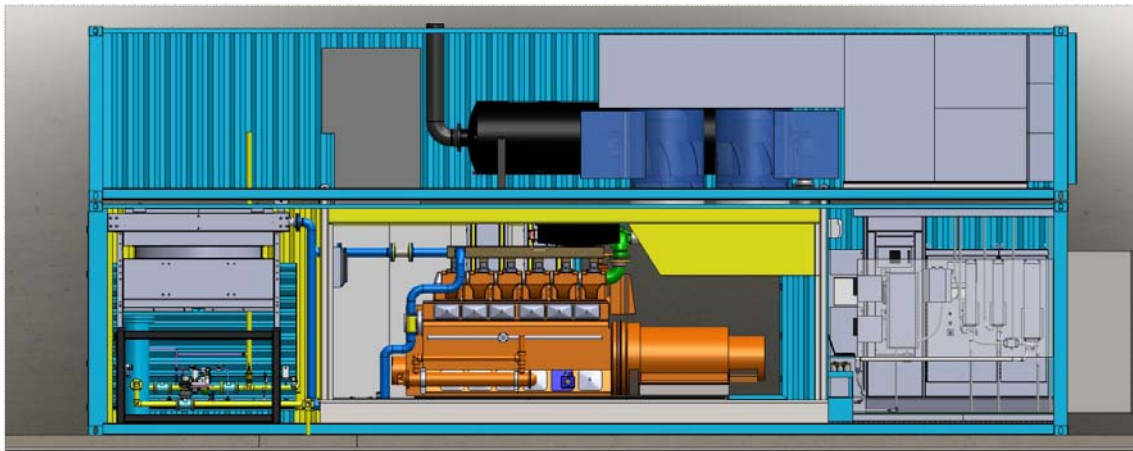
- **Large Finds**
 - Drilling techniques
 - Technology in Geology
- **Stable Pricing**
 - Gas / Oil disconnect
- **PR for Coal is not good**
- **Baseline Needs = New Baseline Fuel**



**WELLHEAD
ENERGY
SYSTEMS LLC**

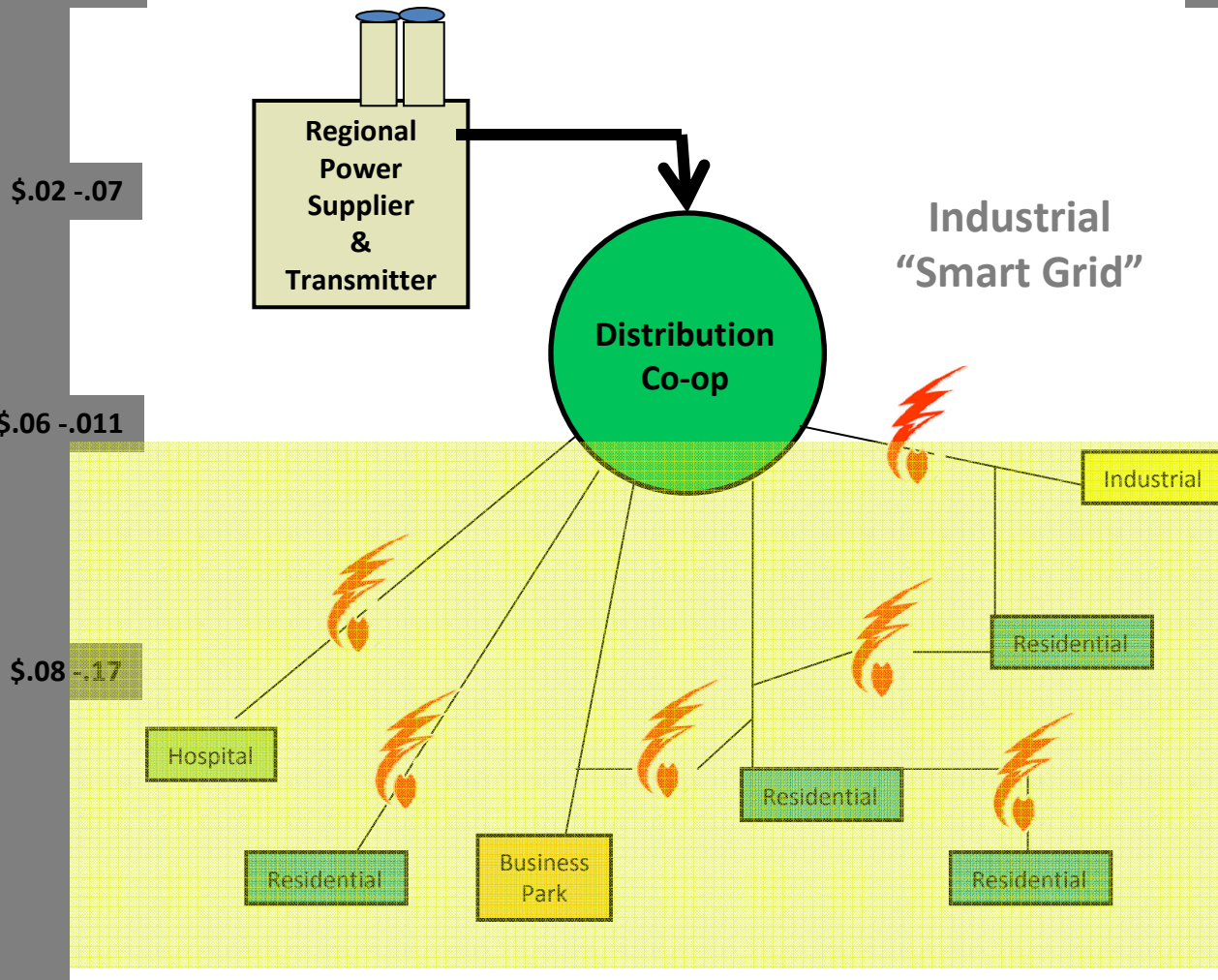
There are Options

- “Power to the Producer”
- Distributed Energy is not New
- Self Contained / 1000kw base unit
 - *1100+ homes*



**WELLHEAD
ENERGY
SYSTEMS LLC**

Distributed Energy



**WELLHEAD
ENERGY
SYSTEMS LLC**

Power Development "Downstream"

Wellhead Gas Play

- **Using Gas Assets for Baseline Profits**
- **Remote Location = Good Locations**
- **New Look at Prospecting**
- **Power Distribution is dense**



**WELLHEAD
ENERGY
SYSTEMS LLC**

Deal Specifics

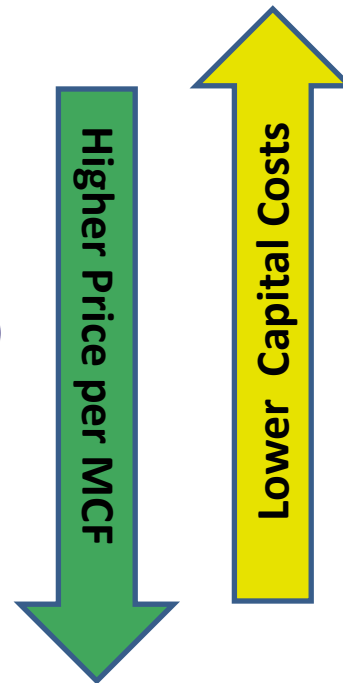
- **Baseline Requirements 280 MCF per day**
- **5 year Contract Minimum**
- **Price per MCF = To Be Determined**
 - Based on price per kwh negotiated
- **Contaminants “stripped out” in System**
 - Sulphur, nitrogen, excess water
- **No Pipeline Compression**
- **No Transport**



**WELLHEAD
ENERGY
SYSTEMS LLC**

Options for Acquisition

- **Gas Purchase**
 - Long Term Fixed Price
 - No Capital Investment
 - Provide land for System
- **System Joint Venture (50% / 50%)**
 - Benefits
 - Lower cost of Participation
 - Accelerated Depreciation Options
- **System Purchase**
 - Benefits
 - Payback < 5 Years on Equipment
 - Options for Accelerated Depreciation



**WELLHEAD
ENERGY
SYSTEMS LLC**

Producer Advantages

- **Baseline Profits for...**
 - Remote
 - Stranded
 - Sub-Standard Gas Assets
- **Get Gas Online prior to Pipeline Access**
- **Less Capital Outlay vs. Pipeline**
- **No Fees on Transport**



**WELLHEAD
ENERGY
SYSTEMS LLC**

Today's Opportunities

- **Utilities**
 - **EKPC**
 - **Contracts in Place with Cooperatives**
 - **TVA**
 - **Negotiations in Process**
 - **Seven States Initiative**
 - **Independent and Municipality Owned**
 - **Coop's need for reliable power**
- **Inside the Fence Opportunities**
 - **Local Businesses / Warehousing**
 - **Industrial Parks**



**WELLHEAD
ENERGY
SYSTEMS LLC**

Thank You !!



**WELLHEAD
ENERGY
SYSTEMS LLC**

“Summary”

- **“Optionality”**
 - **New Paradigm**
 - **Baseline Profits instead of Speculation**
 - **New Opportunities for Exploration**
 - **Profit Development Prior to Expansion**
-

Open House June 8, 9, 10, 2011

Jackson Energy Cooperative, McKee, Kentucky



**WELLHEAD
ENERGY
SYSTEMS LLC**