



We hope you enjoy our very first newsletter, designed to give you information you would like to know about Allied and the O&G Industry. We plan to issue one a quarter. Please let us know how well it satisfies you!

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Allied Summary

2018 shall always be memorable for me because of two milestones: exchanging wedding vows in September and launching Allied Resource Partners in June. I am certain you'll agree that each is sui generis – incomparable in singular ways – and as 2019 begins, I look forward to Allied's continued success for my business partners at a level that comes as close as possible to that of my marriage partner and myself! I and my core management team are working to make it.

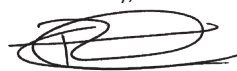
Allied launch occupied center stage for business activities. We acquired, exclusively for Allied, our Galveston County, TX lease on which we completed the #1 Sun Fee, now in production. We acquired working interest in a Sumner County, Kansas horizontal well that will be our platform for additional infill drilling, comparable to our 3-well completion anchoring our 15-well project in the same county. We expect oil production and cash flow to commence by March.

On the administrative side, all our core people have settled into our new offices located in the historic Elephant Corral Building situated in downtown Denver and have

contributed to building our 2019 Business Plan. Included are projects to drill out our active leases as well as to extend our presence in and around our current acreage. We would like you to participate in our upcoming projects at whatever level matches your investment objectives. And to support all of the above, our "Investor Friendly" Allied Website went live. Please visit AlliedResourcePartners.com to learn more about who we are and what we are doing. Your feedback on "how it works for you" is always welcome.

We plan to issue Quarterly Newsletters similar to this, our first, as well as updates whenever needed. Please let us know if you like them, because they illustrate two of the ways we are "leading the way" towards what today's accredited investors want. So, here's to a very good year for all of us!

Sincerely,



Rich Tabaka
President | Allied Resource Partners

Project Summary

Our currently active project, the #2 Sun Fee – an offset to the successful #1 Sun Fee – is also a single well limited partnership project located in Galveston County, TX near the Gulf of Mexico, and is nearly 45 percent funded. It is targeting proven undeveloped reserves at a depth of only 4,500 feet, so the risk is low. If you'd like more information please contact us.



Industry Summary

(We don't write oil and gas articles, but we do scan many Oil Patch newspapers and magazines. In each Newsletter we will provide a selection of articles that we think our partners will want to know about.)

U.S. shatters oil production record

Early in 2018, the Energy Information Administration (EIA) announced that the previous monthly record for U.S. crude oil production- 10.044 million BPD set in November 1970-- had been broken. U.S. oil production would continue to rise steadily throughout 2018, reaching 11.475 million BPD by September 2018 (the last month for which monthly numbers are available).

Venezuela's oil production collapse continues

As its economy sunk deeper into crisis, Venezuela's oil production continued to plummet. By November it had fallen to 1.137 million bpd-- a decline of nearly 50% since 2016. Continued declines will threaten Venezuela's status as a crude oil exporter, putting further pressure on the country's economy. To make matters worse, ConocoPhillips won a \$2 billion arbitration against Venezuela's state oil company over the 2007 expropriation of two oil projects in Venezuela. Reuters reported that ConocoPhillips seized some of Venezuela's Caribbean assets as payment for this debt.

OPEC raises then cuts production

Following OPEC's 174th (Ordinary) Meeting in June, the cartel announced, in agreement with Russia, that it would increase production for the first time since implementing production cuts in November 2016. This news was a response to oil prices that had recovered back to the \$70/bbl range. But a trade war between the U.S. and China began to raise concerns about demand growth. Then in December, following the oil price collapse in the fall-- which was aided by Saudi Arabia accommodating President Trump's request that they increase production-- OPEC and its allies agreed to cut oil production by 1.2 BPD.

Overcoming Fear and Apprehension Guidelines for New O&G Limited Partnership Investors

Introduction

If you are an accredited investor, you are indeed fortunate by having reached a level of wealth that to a large extent insulates you from financial hardship. But let's face it; even the most experienced accredited investors with ice-water for blood will rightfully be cautious when dealing with a new type of investment opportunity.

They have accumulated wealth through hard work, talent and a bit of luck, and do not want to squander it. Some might even think the best protection is to hide it in the bank.

Introduction (cont'd)

Consider, however Matthew 25:29 “For to everyone who has, more shall be given, and he will have an abundance; but from the one who does not have, even what he does have shall be taken away.” Good advice. We are meant to engage life; not hide from it. Your challenge is to overcome fear and apprehension of the unknown so you can determine how best to include O&G limited partnerships in your investment portfolio.

Allied Resource Partners has talked with many new O&G investors regarding their concerns and how best to deal with them. We would like to summarize our findings because you will find them helpful in your decision-making process. Only you can decide what is best, so please consider the following guidelines for handling the emotional aspects of investing.

The Starting Point

Your starting point is to get enough background information about O&G limited partnerships so you understand what are their relative advantages and disadvantages. Do this by searching the Internet before talking with an investment representative from an independent O&G company. When ready – or when contacted – you will be able to carry on a worthwhile conversation. Be aware that you are a prime target, so evaluate the sales repre-

sentative’s approach. If they are too pushy telling you to buy right now without learning something about you- walk away. They are not looking out for your best interests. But also realize that the ethical O&G independents want you to buy because it is a win for you and a win for them. They will be honest with you and expect the same in return because they don’t want to waste your time or theirs.

Fears to Overcome

The number one New Investors’ fear is “making the decision to buy in.” Other than buying a house, they have never made such a large purchase for a non-liquid asset. Here are guidelines for dealing with this:



Realize that you have enough money so you can have a portion of your assets in non-liquid investments



You will most likely get monthly cash income you can “put in the bank”.



You will significantly reduce your tax bill, which means you write a smaller check payable to the government come tax time.

The Second Fear

The second fear is that of losing all your investment. There are no guarantees, but here are guidelines for dealing with this:

If you did lose all your money in this investment, would it really affect your lifestyle? No. You have more than enough via diversification in other assets, and the tax write-off would cushion the worst case scenario.

Look at this investment as an opportunity to share in the excitement of the oil patch. It is a fascinating industry.

The Third Fear

The third fear is not knowing if now is the best time to buy in. No one can forecast the future price of oil, but try to remember:

Oil prices follow a cycle, just like the overall economy.

Smart O&G independents acquire leases at bargain prices when oil price is low. They also negotiate favorable drilling costs, which means you get deals at favorable prices.

When oil price is low, the deals still make money at this level and even more when oil prices rise.

O&G limited partnerships are designed to pay out for many years, so you get income in all phases of the business cycle.

Finally, recall Warren Buffet's quote "Be greedy when others are fearful, and fearful when others are greedy".

The Fourth Fear

The fourth fear is not knowing if you are being "ripped off." In the past, disreputable brokers and promoters would deliberately mislead the unsuspecting investor. That occurs less frequently today because of increased SEC regulations, but you need to be prudent when getting to know who you're talking with. Dealing with others is ultimately a matter of trust; do you trust the other party? Some guidelines:

They must consider your wants and needs first.

They should provide a "Due Diligence" with the facts confirming they're "for real," not just a couple of people with phones.

They should be able to answer your questions. If they can't do this immediately, they should be able to research it and get back to you with the right answer.

You must realize that there has to be a mark-up on a limited partnership in order to cover overhead and administrative costs. That is part of doing business. You simply want to be reassured that you are not being ripped off here.



The Fifth Fear

The fifth fear is your dread of reading all the documentation describing limited partnerships, the most formidable being the Private Placement Memorandum. Please remember that many of these documents must be long and complex to meet SEC rules and regulations that are meant to protect you. here is a lot of information to wade through, and even experienced investors need help. (Many investors admit they don't read all the fine print.) So look for this:

They should help you walk through the documentation by pointing out what is most important.

They should provide you with a "Limited Partnership Checklist" you can use to organize the important information.

They should be able to provide you with the completed checklists and summaries so you understand how best to look at the limited partnership.



The Sixth Fear

The sixth fear is regretting whatever decision you make and blaming yourself. Cognitive psychologists have terms for all sorts of self-imposed emotional fears, like buyer's remorse or hindsight bias. Here are some guidelines:

All decision results are clear retrospectively, but at the time you made it the future and its outcomes are never known. Remember also that if you decide not to buy in to a limited partnership, in the future you may regret this "error of omission."

Minimize your feelings of regret or blame by realizing they are counterfactual emotions triggered by considering alternatives to reality. Everyone has these feelings, so be aware and move one.



The Seventh Fear

The seventh fear is the fear of worrying constantly about the investment. All investors spend too much time looking after their holdings. Legendary investor Peter Lynch said, "If you spend more than five minutes a day looking at stocks, you are spending four minutes too long." Try to remember:

What happens to oil price and its impact on your limited partnership are out of your control. It is a waste of time to worry about what you can't do anything about.

Sunk costs are sunk. Realize this, learn from it and apply what you learned moving forward.

Consider the money you spent as a purchase, not an investment. You bought into a limited partnership for the excitement of owning a tangible asset in a very exciting industry. Follow the oil patch like it's a hobby where you can make money whether oil prices are high or low.



In Conclusion

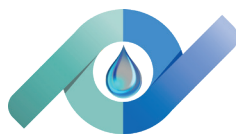
We at Allied hope you find our results helpful. We are providing them because we embrace the new sales and marketing paradigm:

Business is a garden where we grow and nurture investor relationships.

All other O&G companies who might contact you are stuck in the old paradigm:

Business is a war where we kill the competition and capture their customers.

Allied leads the way for O&G investing today: new, distinctive, better, investor-centered. When you are ready, please contact us for investment opportunities. Our partner-focused approach makes you top priority. We have what you want for investing in today's O&G opportunities. We are here for you.



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