



QR Energy to Acquire \$230 Million of Oil Properties

March 19, 2012

Disclosures

Forward-Looking Statements and Reserves Disclosures



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The SEC permits oil and gas companies, in their filings with the SEC, to disclose only “reserves” as defined by SEC rules. Estimates of reserves in this presentation are based on assumptions with regard to commodity prices that differ from the prices required by the SEC (historical 12 month average) to be used in calculating reserves estimates prepared in accordance with SEC definitions and guidelines. In addition, the estimates of reserves in this presentation were prepared by our internal reserve engineers and are based on various assumptions, including assumptions related to oil and natural gas prices as discussed above, drilling and operating expenses, capital expenditures, taxes and availability of funds. Our internal estimates of proved reserves may not be indicative of or may differ materially from the estimates of our proved reserves prepared by Miller & Lents, Ltd. as a result of the SEC pricing and other assumptions employed by an independent reserve engineering firm.

Acquisition Summary



Transaction Summary

- ▶ Acquisition of assets from private seller for total consideration of \$230 million¹
 - Low decline, liquids rich assets in our Ark-La-Tex core area
 - Long reserve life
 - Financed with cash on hand and borrowings under bank credit facility²

Asset Overview

- ▶ 13.0 MMBoe of proved reserves – 95% located in Ark-La-Tex, existing core area
 - Proved reserves are 98% proved developed (88% proved developed producing) and 95% liquids
- ▶ 1,178 Boed current production is 93% liquids
- ▶ Proved reserve life (R/P) of 30.3 years; less than 5% annual decline rate

Financial Impact

- ▶ Transaction expected to be immediately accretive to Distributable Cash Flow per unit

Timing

- ▶ Expected to close in late April³

¹ Subject to customary purchase price adjustments.

² Additional borrowings subject to lender approval.

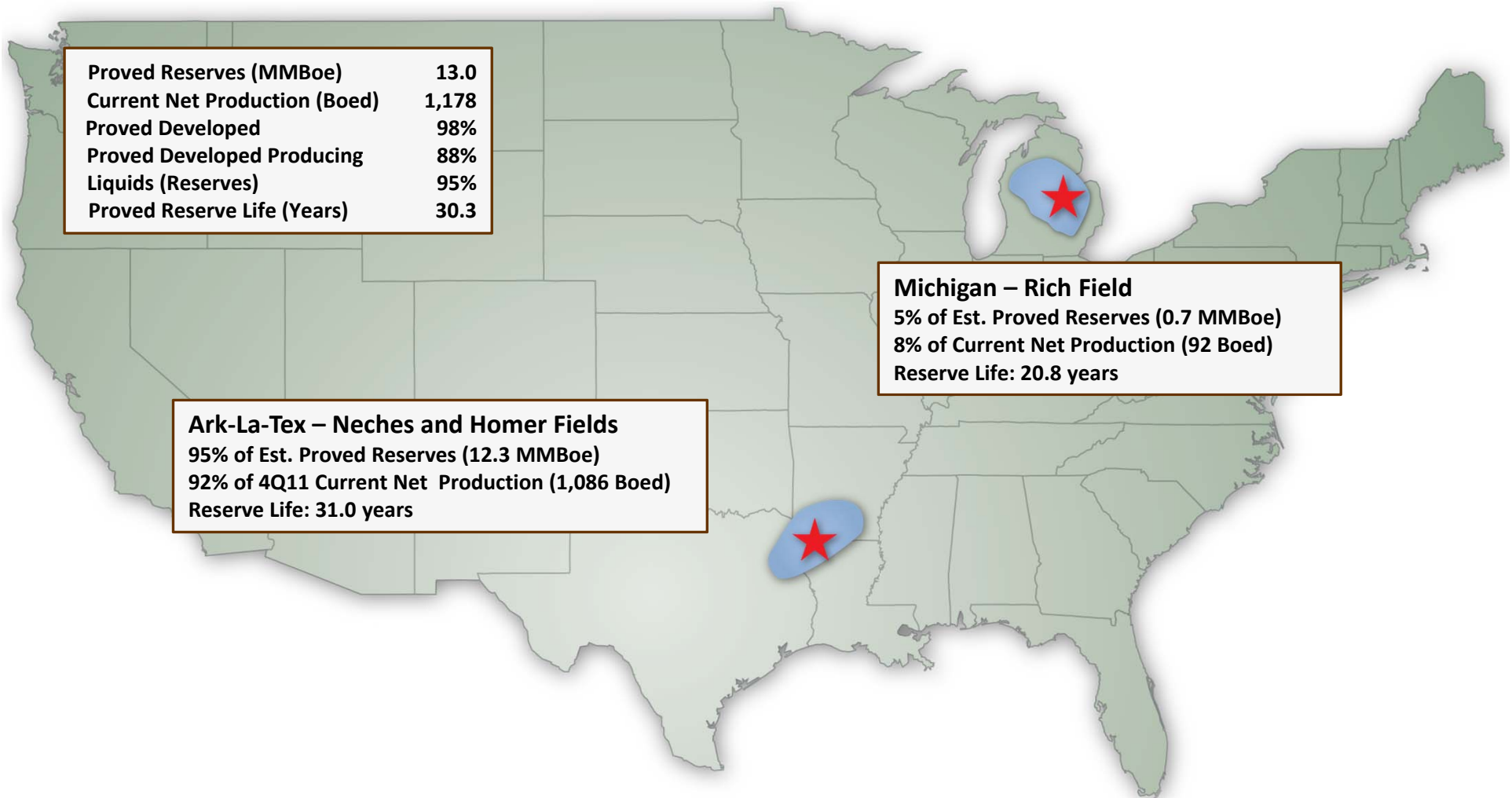
³ Subject to customary closing conditions.



Rationale

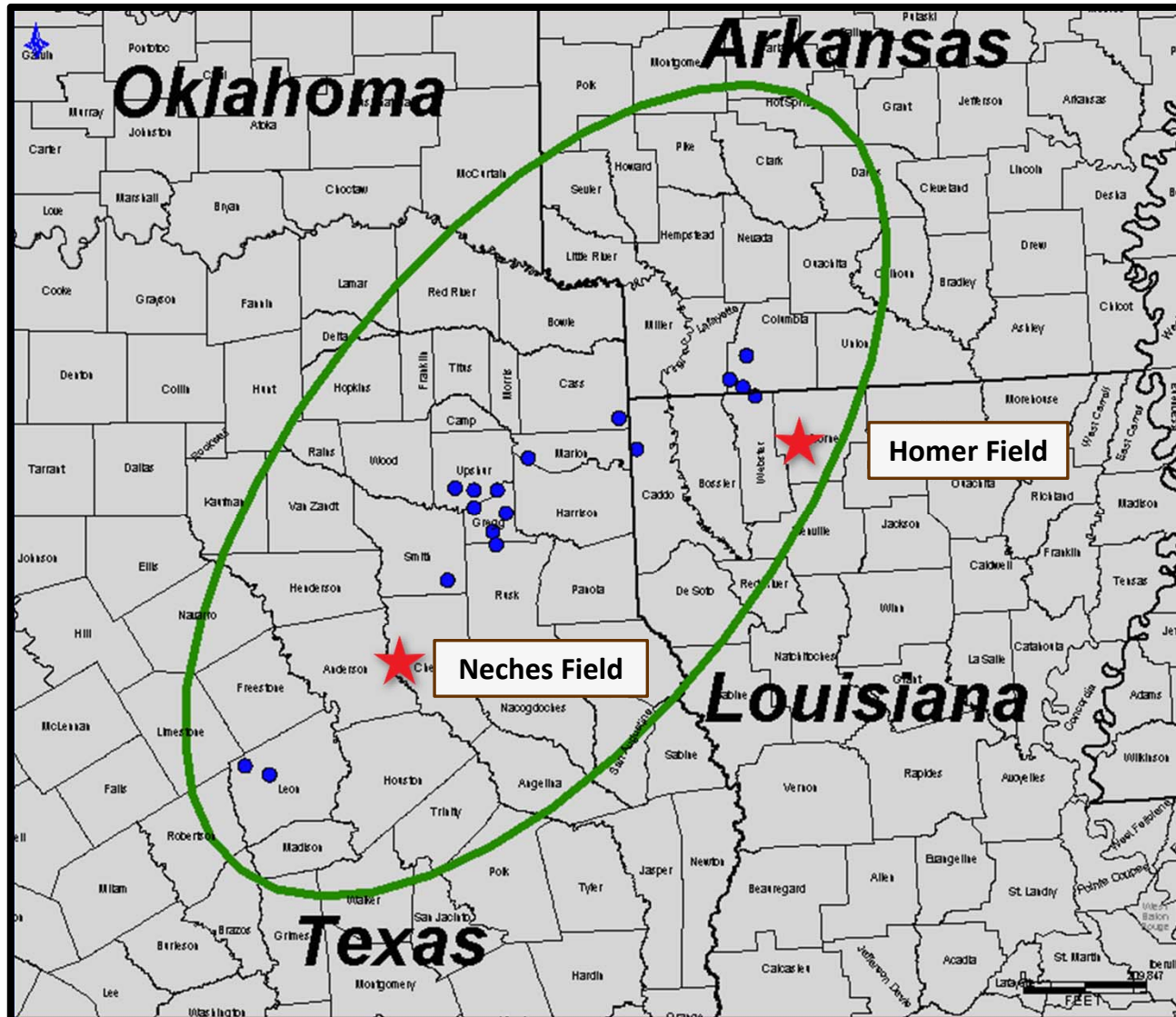
- ▶ **Ideal assets for an MLP – shallow decline and long reserve life**
- ▶ **High liquids content results in high margins**
- ▶ **“One on one” negotiated transaction**
- ▶ **Bolt-on to existing Ark-La-Tex assets**
- ▶ **Immediately accretive to Distributable Cash Flow**
- ▶ **Transaction fits strategy of growth through accretive acquisitions of mature, conventional properties**

Acquisition Summary



Note: Reserves as of 1/1/2012, per internal estimates.

Ark-La-Tex Concentration



New Oil Hedges



Period	Swaps (Bod)	Price
May – Dec. 2012	850	\$109.17
2013	900	\$106.40
2014	850	\$100.44
2015	800	\$96.20
2016	800	\$93.82
2017	780	\$92.15

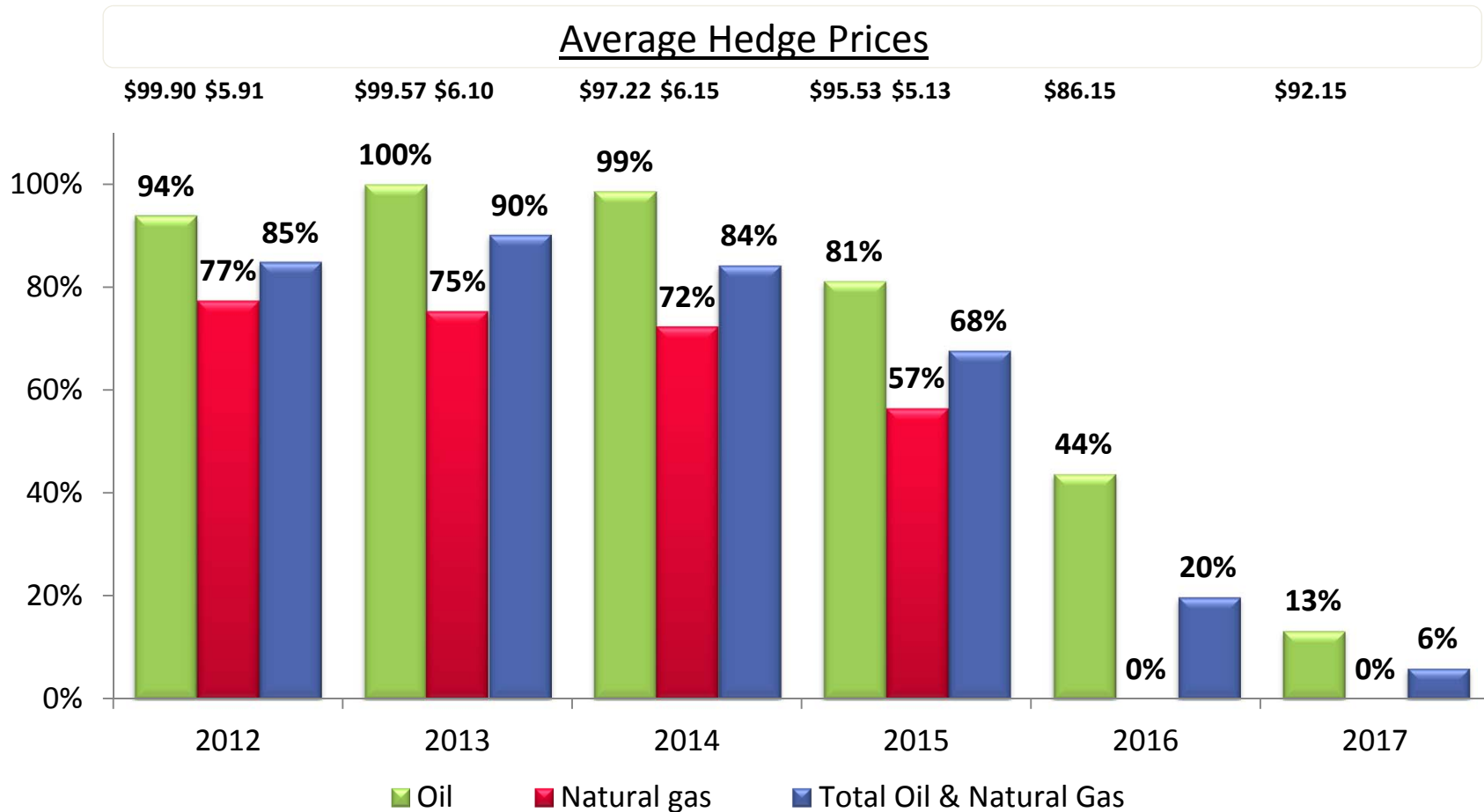
At PSA signing, hedged high percentage of expected acquisition production over next six years

Note: Executed on March 19, 2012.



Pro Forma Hedge Portfolio

- Assuming the sum of 2012 production guidance midpoint (13,300 Boed) and current production for acquired properties (1,178 Boed) held flat through 2017, QR Energy has the following percentages of oil and natural gas volumes hedged:



Note: NGL production not hedged; excluded from total. Natural gas production volume multiplied by Btu factor of 1.026x, as natural gas hedge contracts are in MMBtus. Average hedge prices take into account floor prices of oil and natural gas collars.



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