



Deutsche Bank
2011 Energy Conference
September 21, 2011





Cautionary Language

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Reasons to Invest

- **Oil-weighted producer: 75% by revenue**
 - **32% CAGR 5-year oil production growth rate**
- **High Potential Oil Assets in #3 U.S. Field**
 - **10 mmbo proved; 30-40 mmbo reserve potential**
 - **200+ identified producing well locations**
 - **Daily production of 3,100 bopd (gross)**
 - **99% working interest**
- **Gas Assets with 20 Year Drilling Inventory**
 - **68 Bcf proved; 500-600 Bcf potential**
 - **500+ CBM producer locations identified**
 - **Daily production of 18 mmcfd (W.I. share)**
 - **42% working interest**
 - **69,000 acres held by production**
- **Niobrara exploratory oil shale play**
 - **Regional geologic study to be completed in October 2011**
 - **80,000 net exploratory acres**



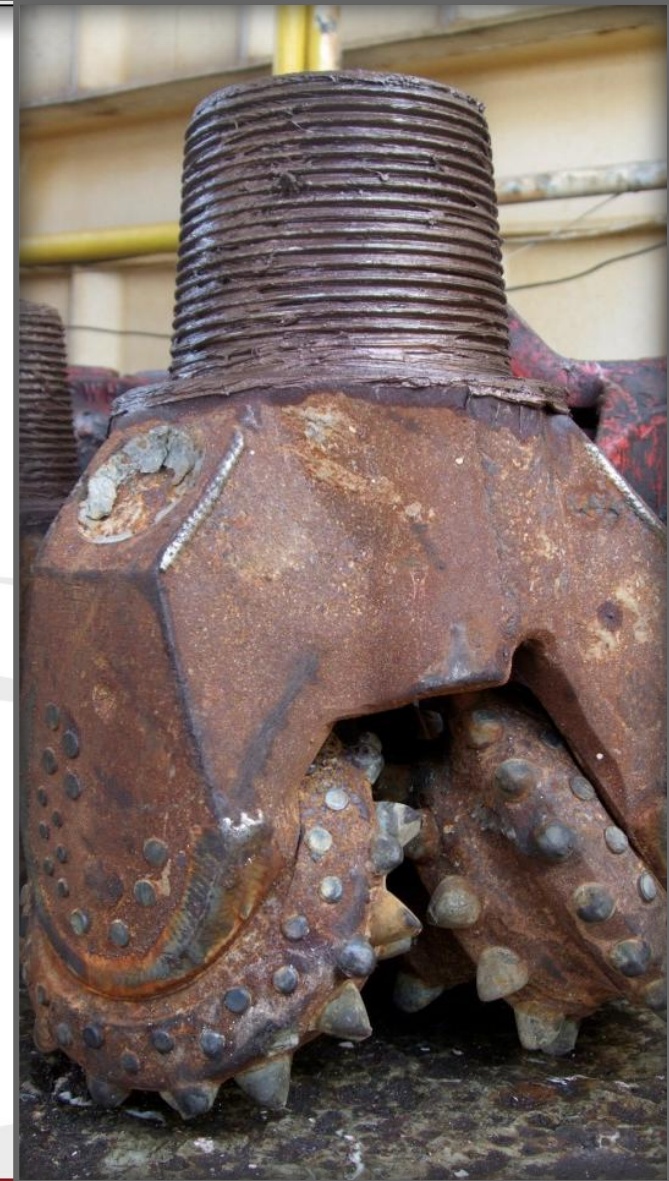
Business Strategy

- **Drill-Bit Production & Reserves Growth**
 - **8+ year oil drilling inventory**
 - **Develop 30-40 mmbo reserve potential in California**
 - **20+ year gas drilling inventory in Wyoming**

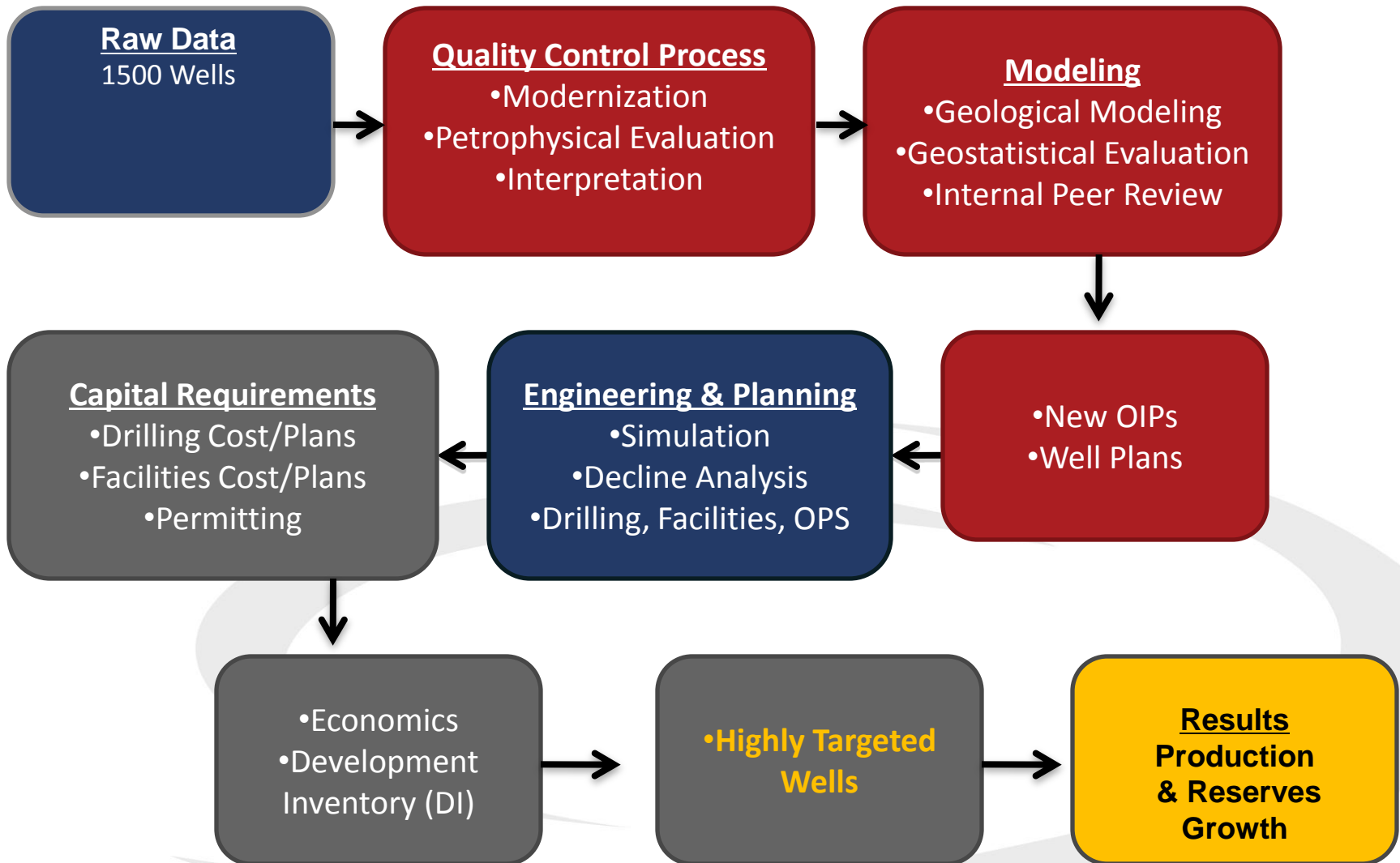
- **Fund 2012+ capex primarily within operating cash flow**

- **Drive production and unit cost performance**
 - **Lease operating expenses declined 26% from 2005-2010**

- **Hedging strategy: up to 50% of annual oil production; Current Positions:**
 - **2011: 60% hedged at \$66 NYMEX**
 - **2012: 39% hedged at \$70 NYMEX**



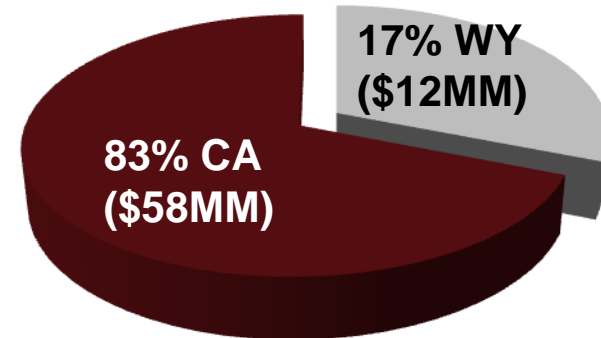
Project Development Process



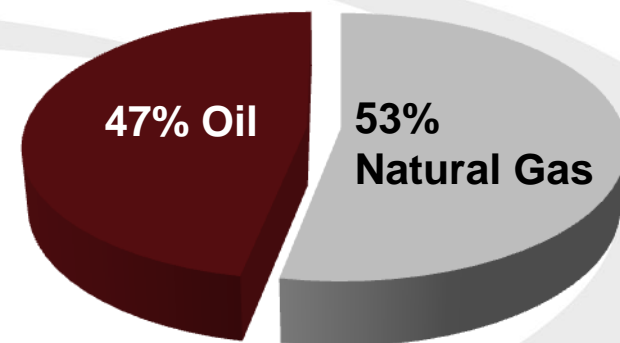
2011 Year to Date Review

- **California Midway Sunset Oil**
 - Trades at 4% premium to WTI
- **1st Half 2011 production**
 - 836,000 boe
 - Full year guidance is 1720–1840 Mboe
- **Strong current realized prices: \$97/bbl**
 - \$26.9 million of oil and gas revenue for Q2 2011
- **Drilling Inventory**
 - 200+ identified oil wells
 - 500+ identified gas wells
- **Financial strength at 6/30/2011**
 - \$50.5 million of available liquidity
 - \$120 million Credit Facility
 - \$9 million in cash on hand
 - 30% debt-to-market capitalization

2011 Capital Budget: \$70 million



2010 Reserves

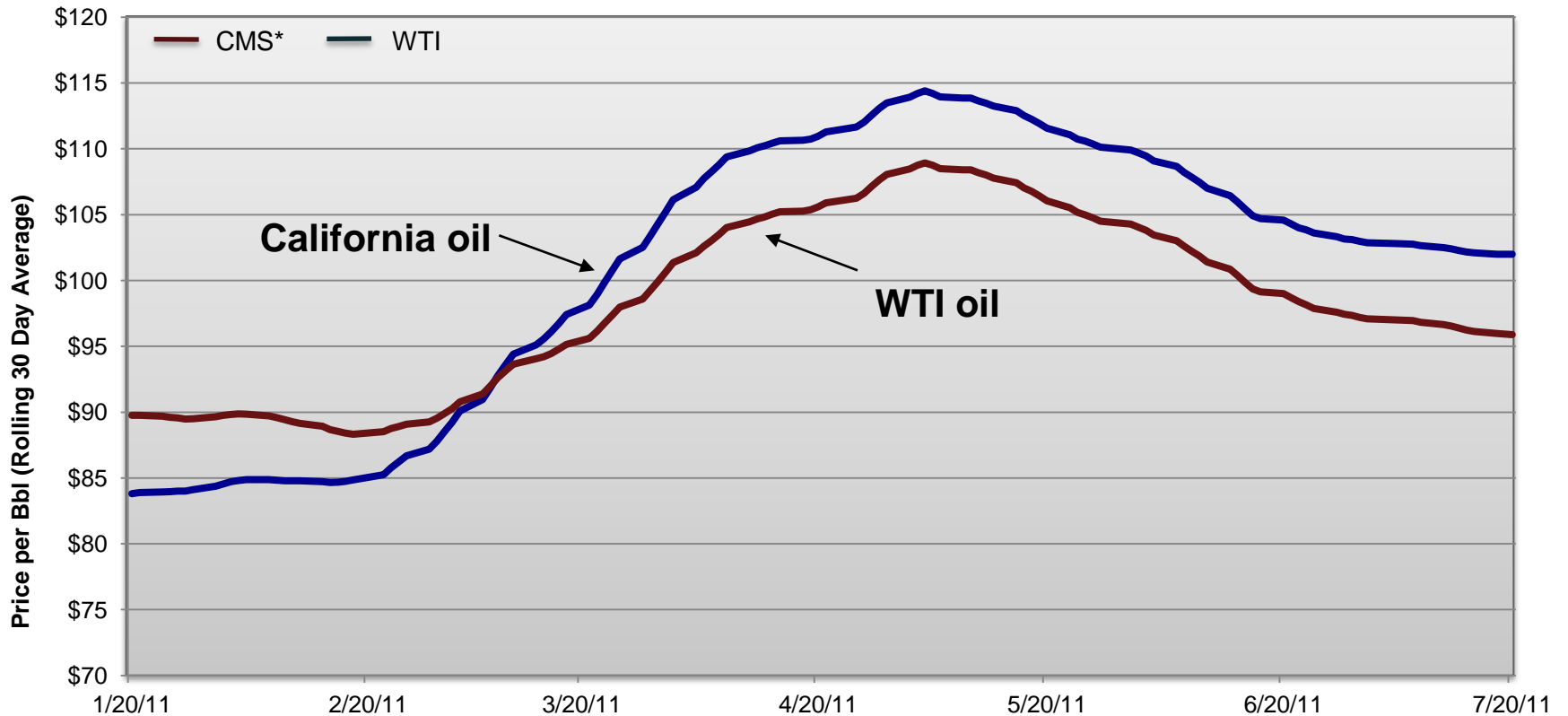


➤ 73% Proven developed producing



WTI-CMS Historical Prices

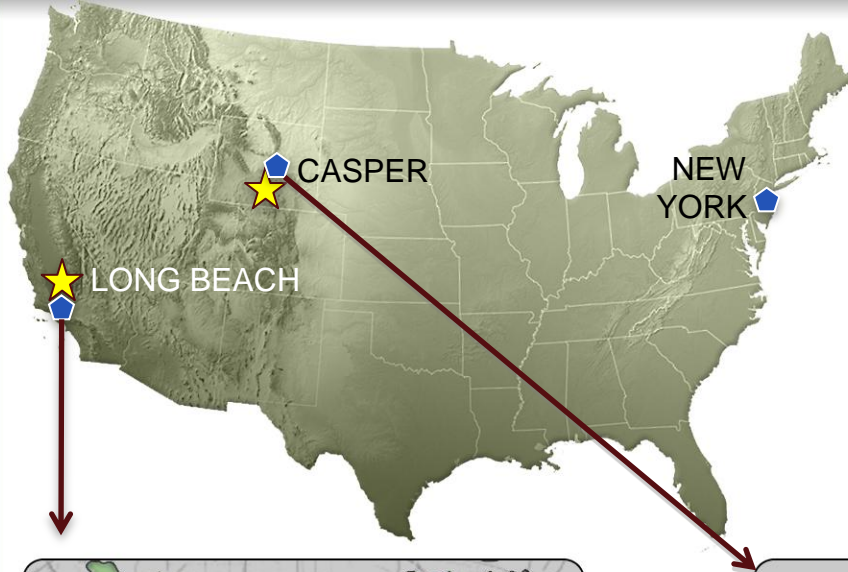
WTI-CMS Historical Prices



*CMS (California Midway Sunset) price was found by averaging the price Chevron-Texaco and Exxon-Mobil pay for CMS



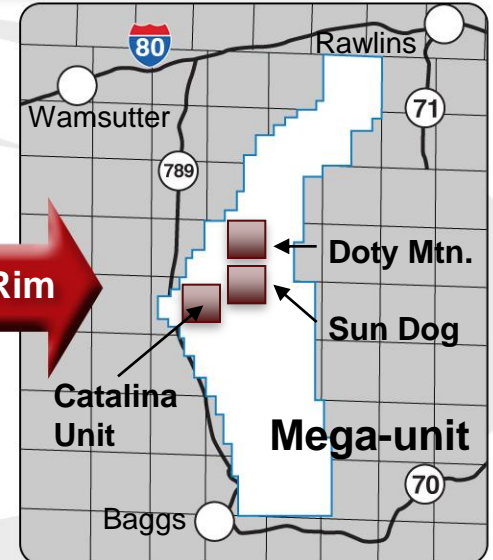
Areas of Operations



Warren Resources, Inc.

- Proved Reserves as of 12/31/10: 21.6 BOE
- Current Average Net Production: 4,700 BOEPD

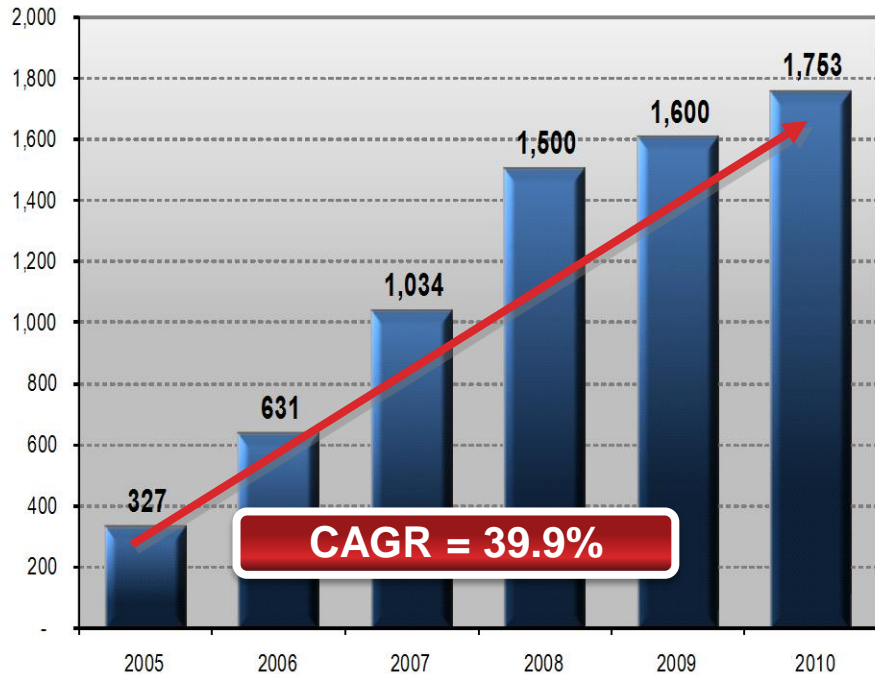
★ Reserves
◆ Offices
■ Areas of Exploration and Development Activities



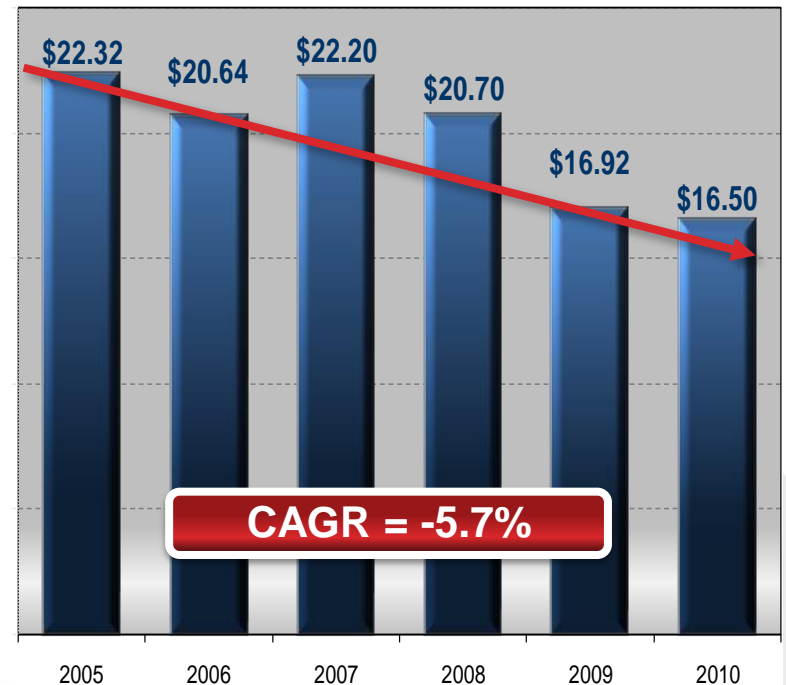


Operations Performance: 2005-2011

Historical Production (MBOE)



Historical Lease Operating Expenses (\$/BOE)



A track record of production growth while lowering costs



Asset Overview

**California Assets are Operated
Wyoming Assets are JV-operated by Anadarko**

As of December 31, 2010

Area	Total Net Proved Reserves (Mmboe)	Net Producing Wells	Total Drilling Locations
Atlantic Rim, WY	10.3	80	500+
WTU, CA	8.0	100	175+
NWU, CA	2.2	30	25+
Other	1.1	5	5
Total	21.6	215	700+



August 2011 Corporate Presentation

California: Wilmington Townlot Unit





August 2011 Corporate Presentation

California Oil: Environmentally Friendly



WTU CENTRALIZED DRILLING AND PRODUCTION CELLARS

WTU Cellar 1

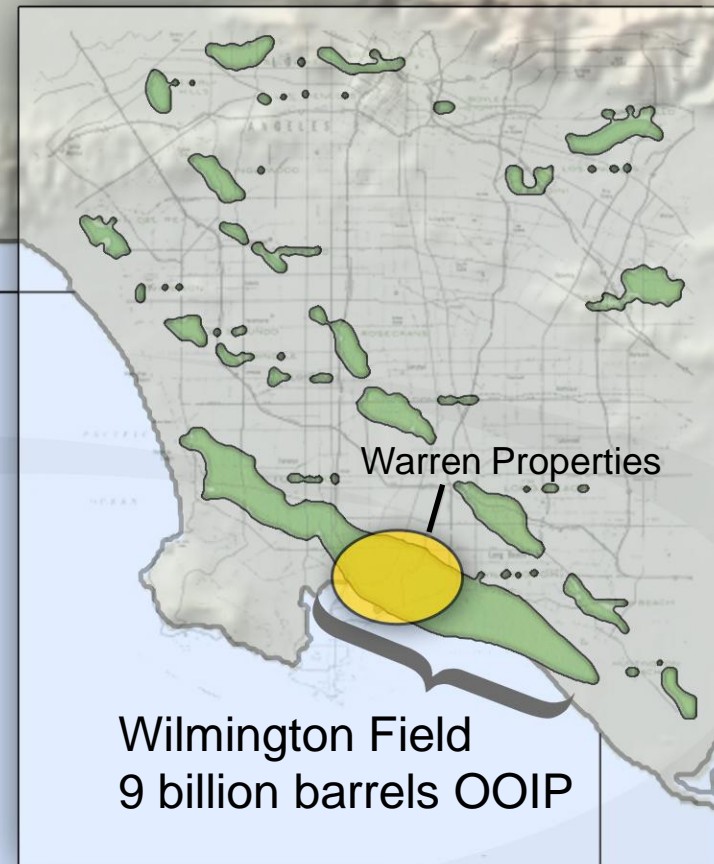
California: Wilmington Oil Field

Overview

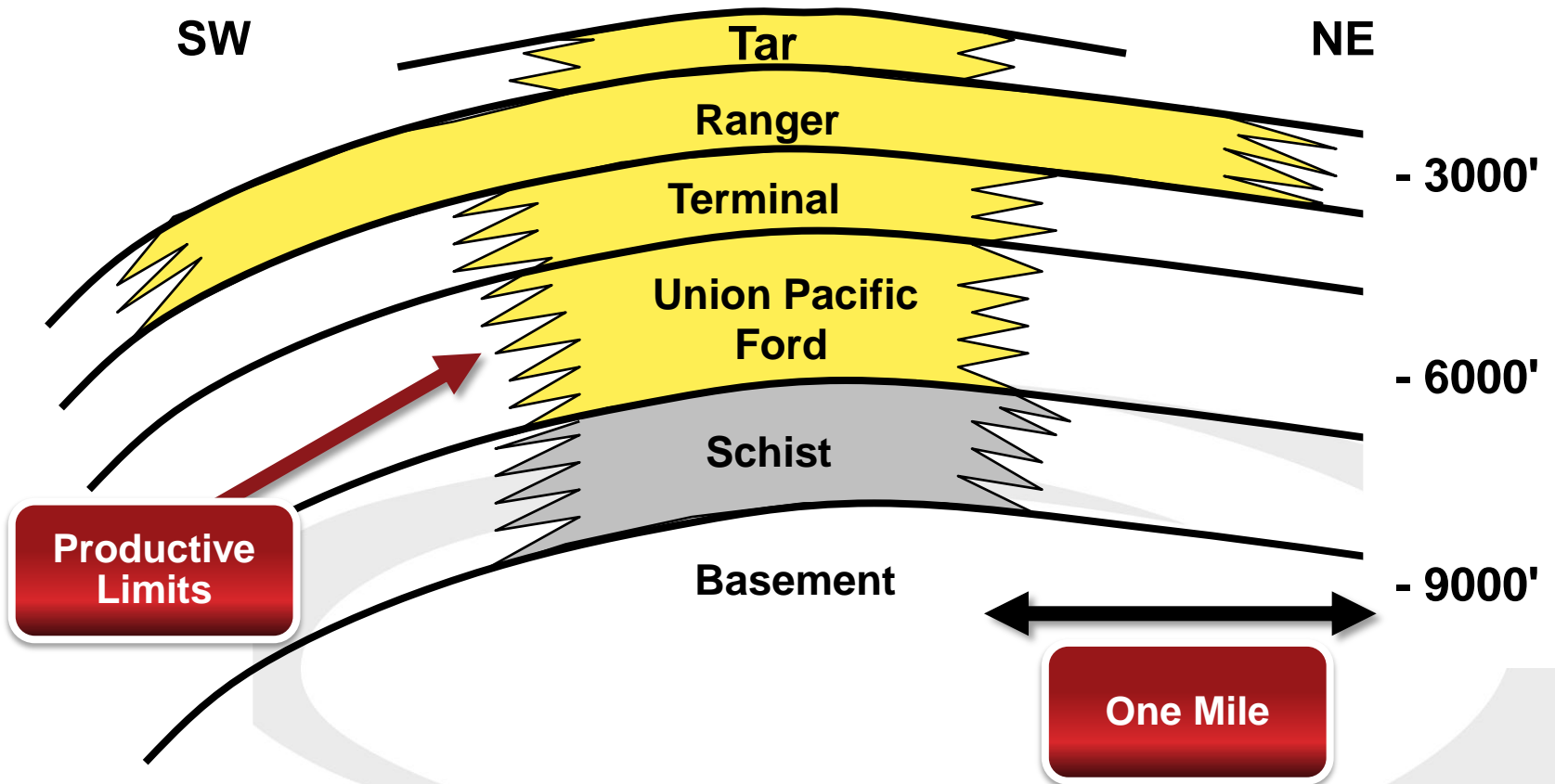
Warren Property Highlights

- **Within the 3rd largest U.S. oilfield**
- **Shallow waterfloods in the Tar, Ranger and Upper Terminal formations**
- **Deeper Ford-237-Schist with light oil potential to be drilled in 2012**
 - **30°- 35° gravity oil**
- **Stacked pay from 2600' to 8000'**
- **Target Rate of Return 50-80% at \$80 WTI oil**

Los Angeles



California Oil: Wilmington Field Producing Zones



California: Oil Operating Strategy

- **Oil Production Growth**
 - **30-50% CAGR growth delivered historically**
- **Target Rates of Return per well of 50-80%**
 - **\$80 WTI oil price deck use for planning**
- **Use modern technology to target next 5% recovery (30-40 MMBO potential)**
 - **25% of 750 mmbo OOIP produced since 1930s**
 - **Current proved reserves 10 million barrels**
- **Manage risks / demonstrate capabilities as a prudent operator and good neighbor in the LA Basin area**
- **Major Milestones Achieved: All required AQMD permits issued in July 2011; 1st DOGGR water injection well approved in June 2011**





California: Oil Operations Summary

Wilmington Townlot Unit ("WTU")

- 99% WI, 81% NRI
- Unitized for water flood in 1972 by Exxon
- 1,440 acres unitized to all depths
- Warren became operator in January 2005
- 100 producing wells, 35 injectors
- Current gross production 2,700 BOPD

North Wilmington Unit ("NWU")

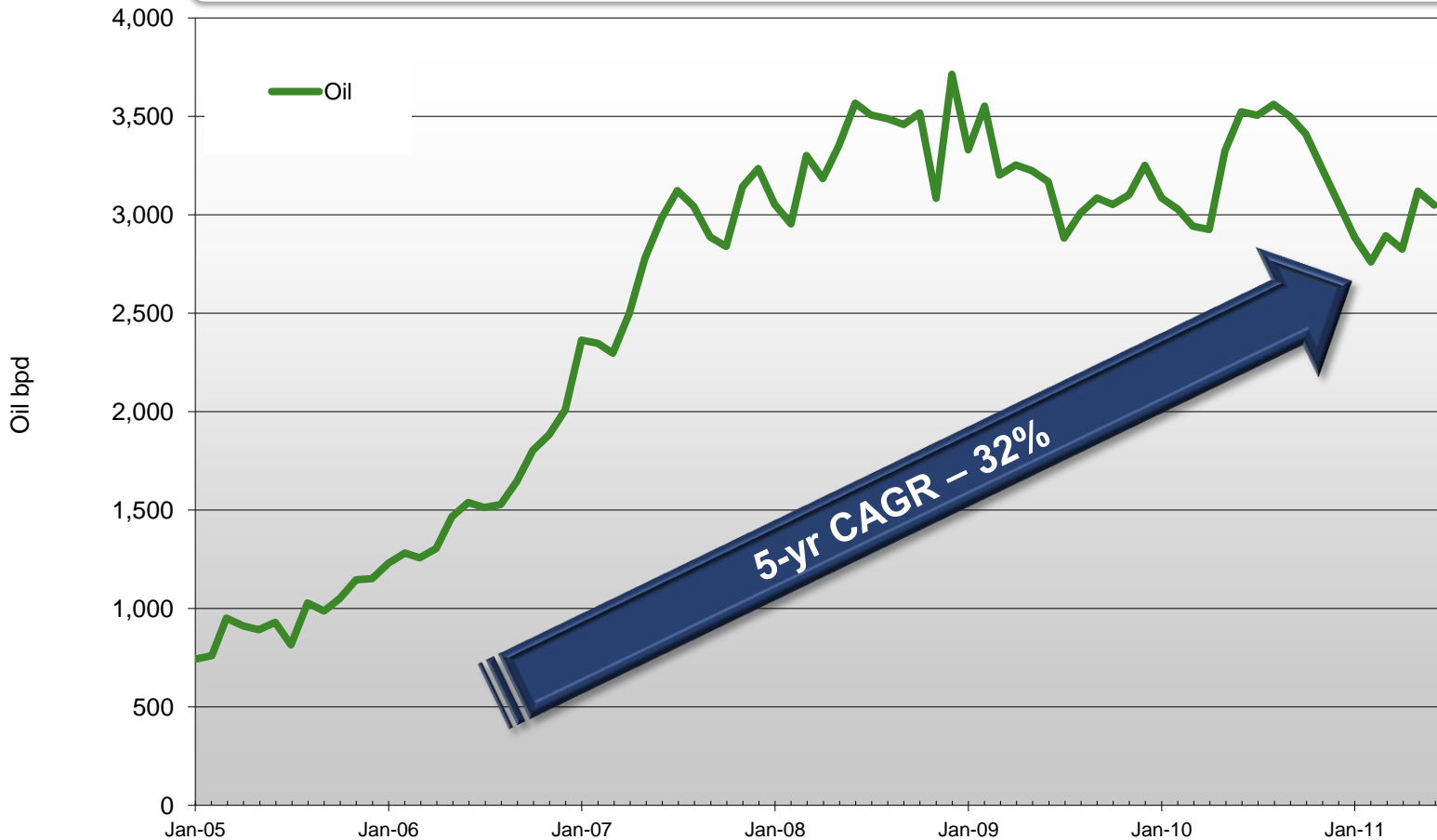
- 100% WI, 85% NRI
- Unitized for water flood in 1977 by Sunoco
- 1,036 acres unitized as to all depths
- Warren became operator in January 2006
- 30 producing wells, 23 injectors
- Current gross production 425 BOPD

Unit	OOIP	Prod	Remaining	%OOIP
WTU	600	147	453	76%
NWU	150	38	112	75%
Total	750	185	656	75%



California: Recent Oil Production

Warren California Oil Production



California: Development Strategy

- **Continue horizontal / sinusoidal redevelopment plans**
 - **Follows 3 vertical developments since the 1930's**
- **Drill “Highly Targeted Horizontal Wells” in 14 layers of stacked pay (2600'-8000')**
- **Drill inventory of 200+ producing wells with 120-300 mbo EURs**
 - **30-40 MMBO reserve potential**
- **Continue to apply the latest technology to improve well placement**
- **Acquire 3D Seismic to reduce risks and allow targeted development of deeper horizons**





California Oil Development

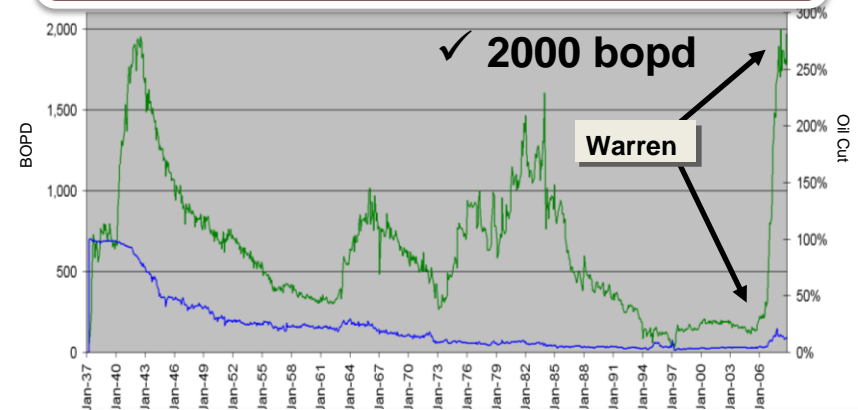
WTU Redevelopments since 1937

Description

- Warren succeeded in redeveloping the Tar interval with targeted horizontal drilling, increasing production to 2,000 BOPD, equaling the primary peak
- Upper Terminal and Ranger zones are targeted for horizontal redevelopment with significant production potential

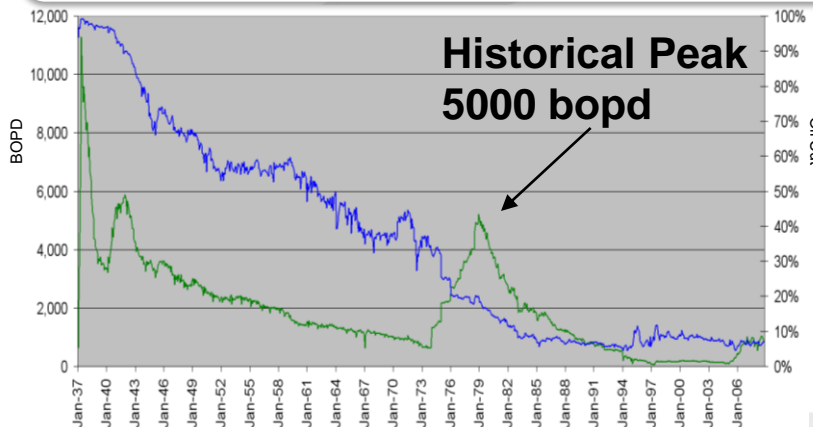
Tar Historical BOPD

37 horizontal wells drilled, 27 pending



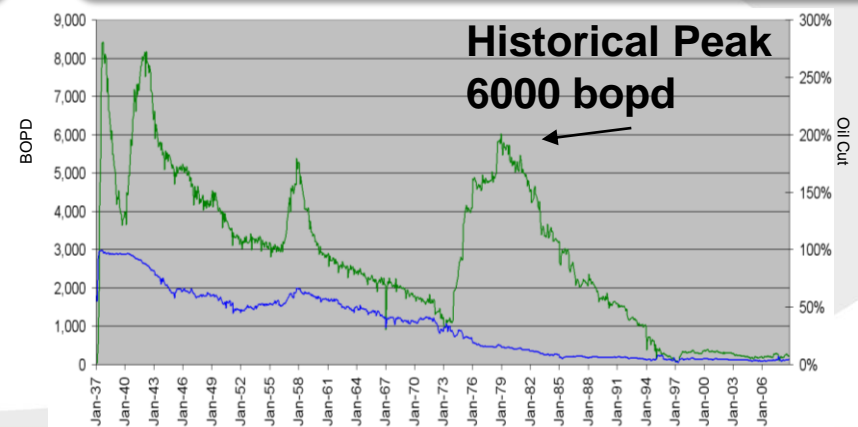
Terminal Historical BOPD

3 sinusoidal wells drilled, 80 wells pending



Ranger Historical BOPD

1 sinusoidal well drilled, 45 wells pending

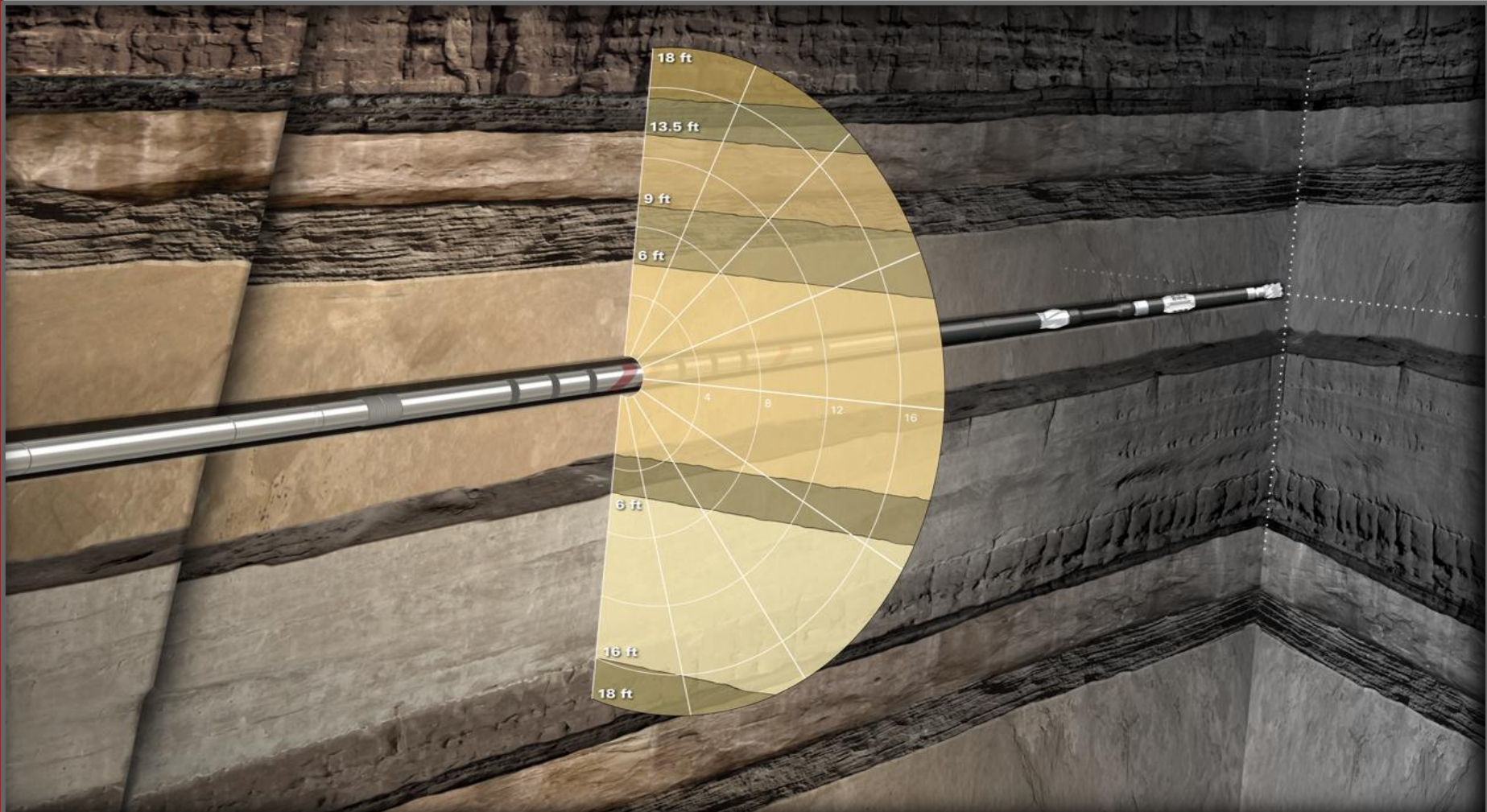




August 2011 Corporate Presentation

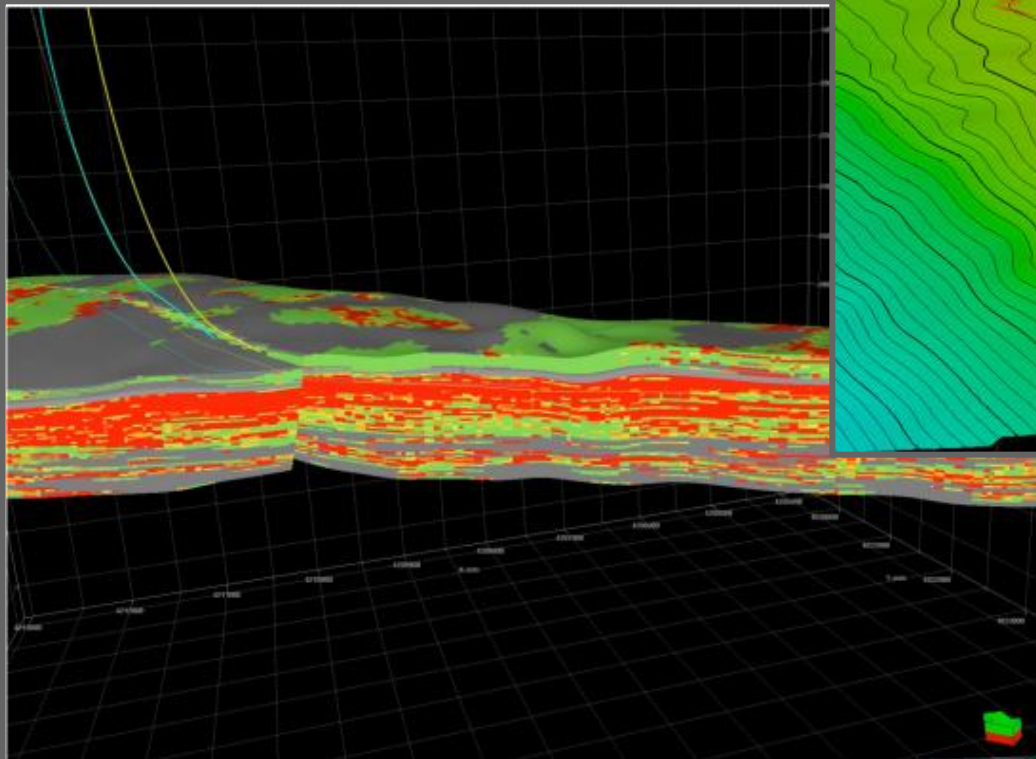
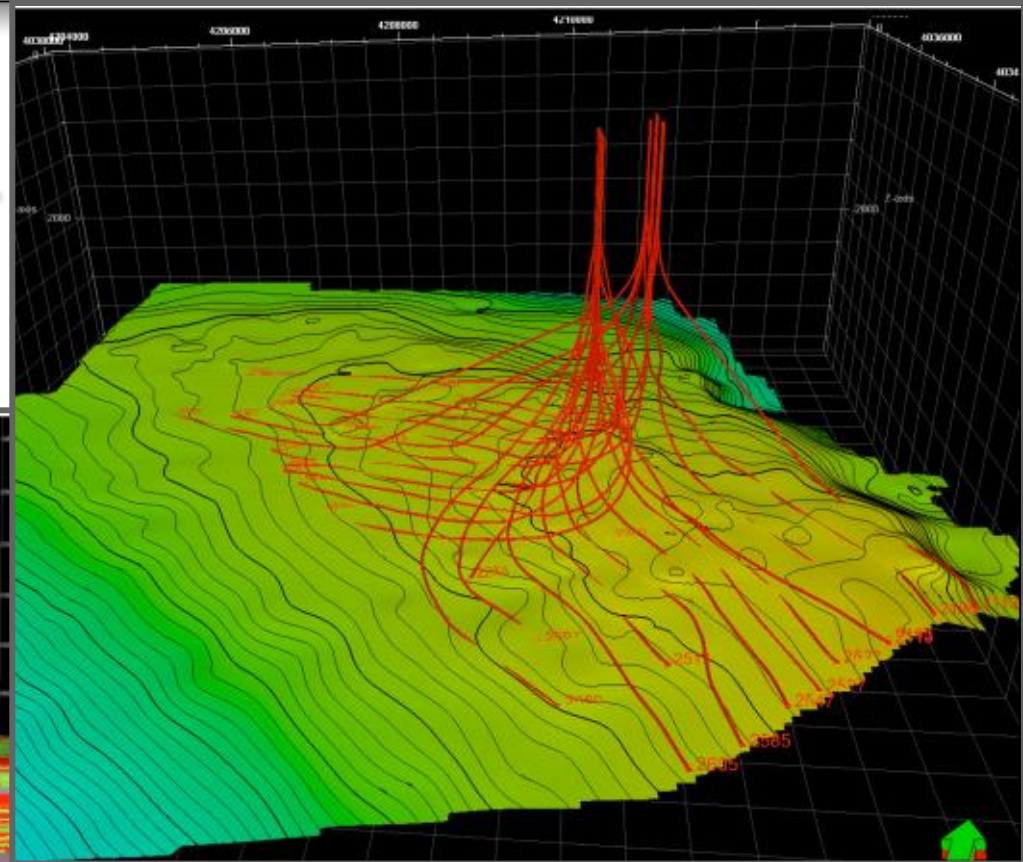
California Oil: Reservoir Modeling and Drilling Technology

Well Placement Utilizing State-of-the-Art LWD Technology



California Oil: Tar Reservoir

**Tar Reservoir
Horizontal
Development**



**Cross-section
showing saturations
in NW area of Tar**





California Oil: Tar 'Type Well'

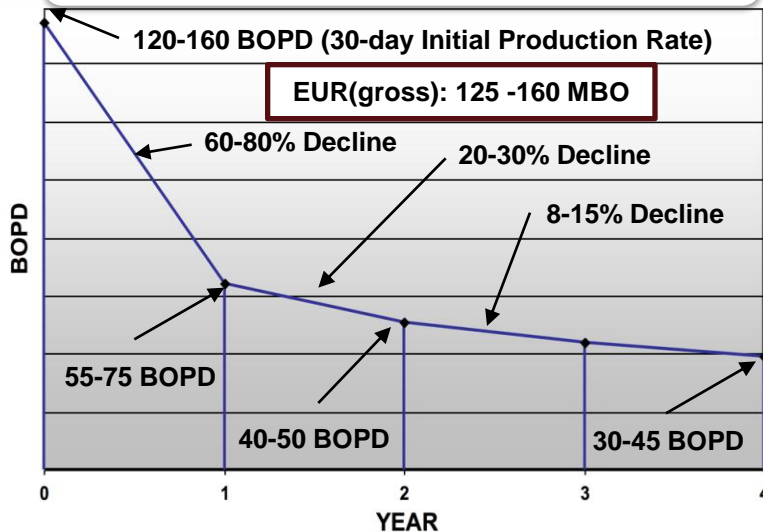
Illustrative Economics (1)

NYMEX Oil Price	\$80
Sales adjustment	<u>10%</u>
Realized Price (/Boe)	\$72
LOE, Gathering & Transportation	(\$17.50)
Cash Flow	\$54.50

IRR @ \$80 NYMEX = 100+%

NYMEX Price Required for 10% ROR \$45

WTU Tar Type Curve



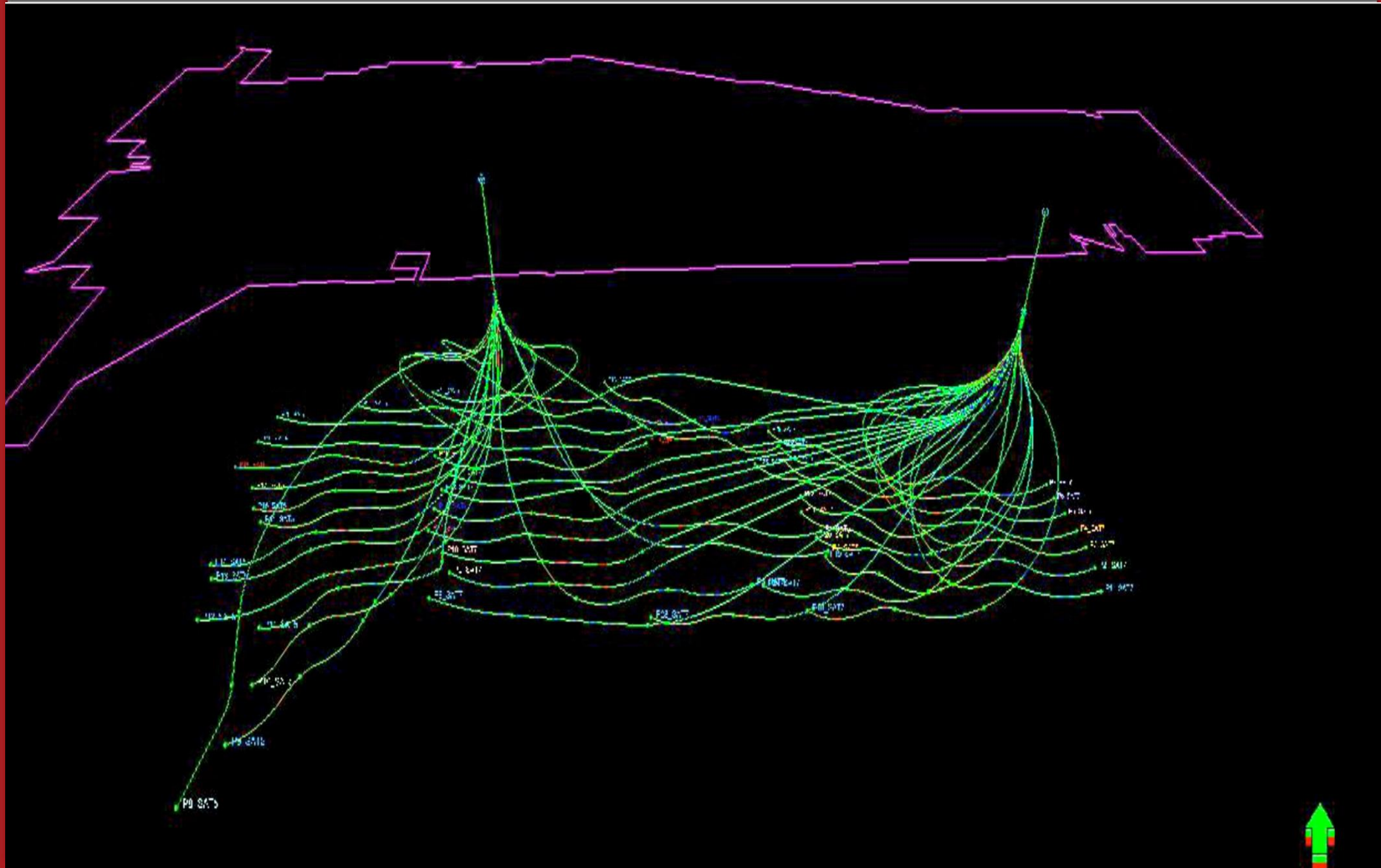
Illustrative Drilling and Completion Costs (1)

BOE	
EUR (gross in 000's)	148
NRI	81%
EUR (net in 000's)	121
Drilling (\$MM)	1.2
Completion (\$MM)	0.3
Total (\$MM)	1.5
Development costs (\$/BOE)	\$12.40



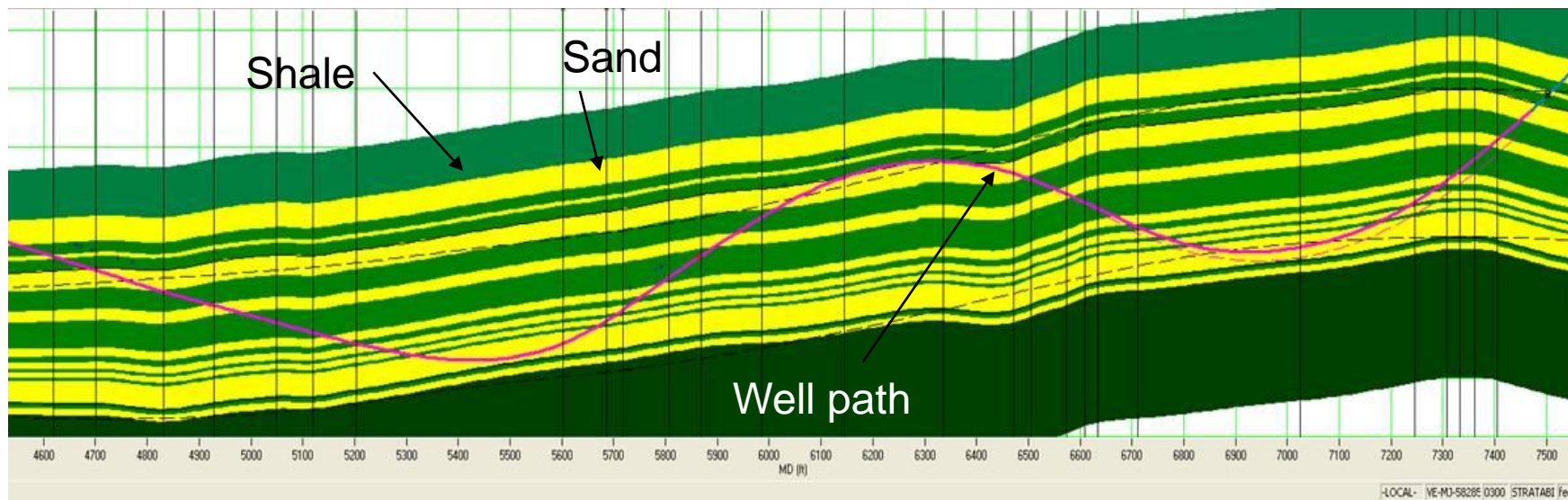
August 2011 Corporate Presentation

California Oil: NWU Ranger Reservoir



Targeted Sinusoidal Drilling

Actual NWU Ranger well path shown



- 180' amplitude Sinusoidal well shown above



August 2011 Corporate Presentation

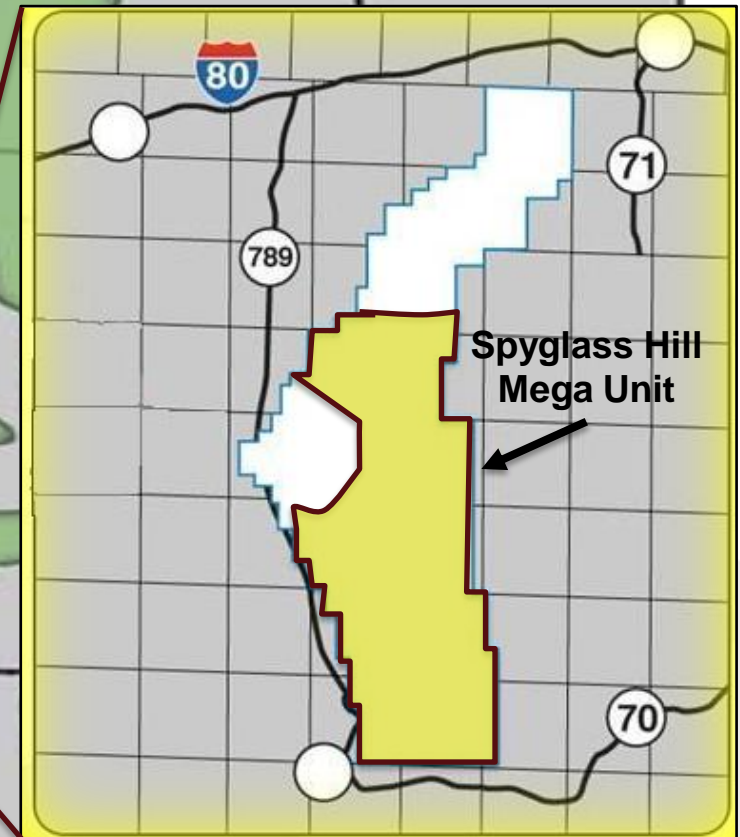
Wyoming Oil & Gas: Assets



Wyoming: Atlantic Rim CBM Gas

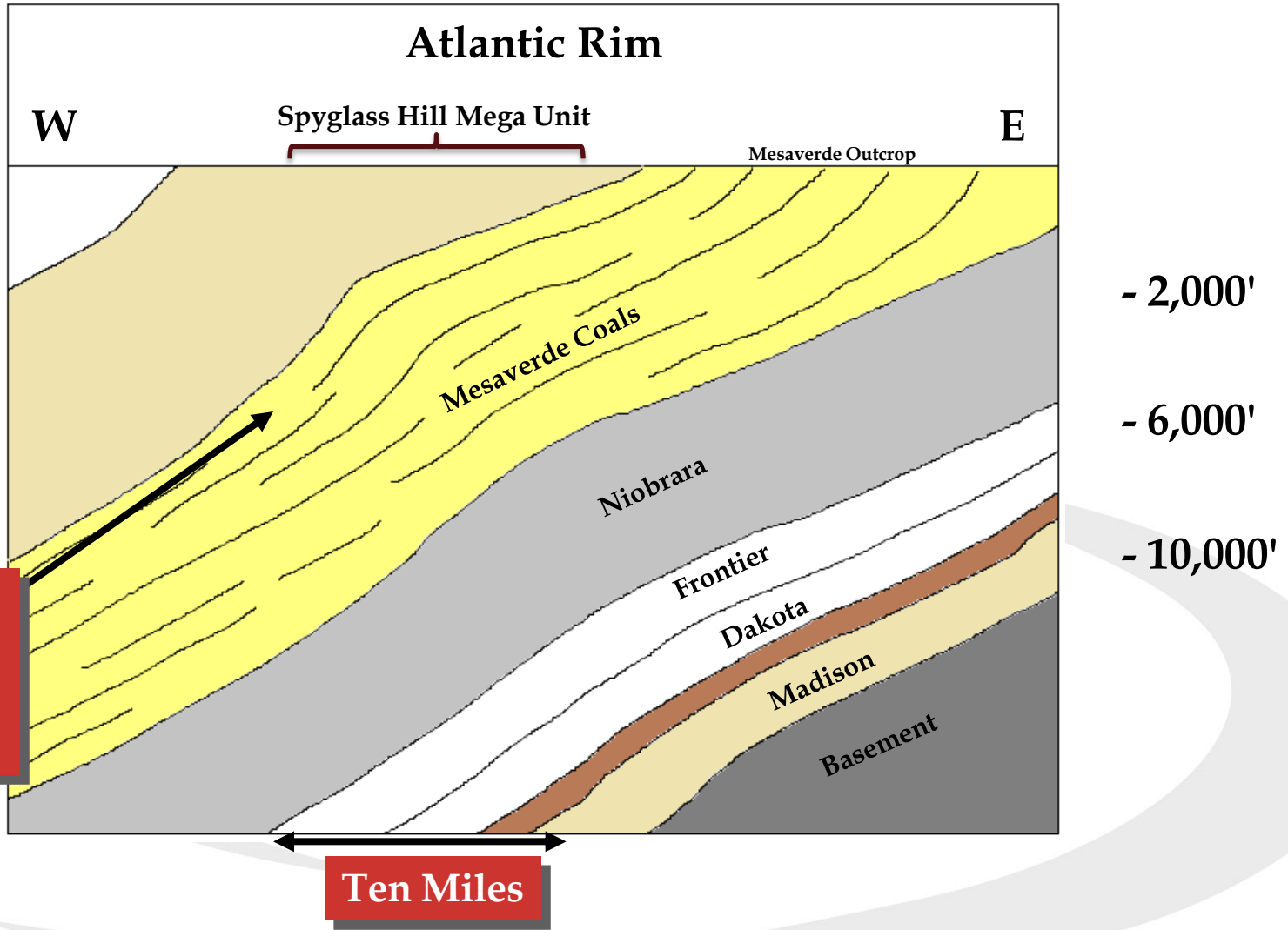
▪ Warren Property Highlights

- **Spyglass Hill Mega Unit: 113,000 gross acres held by production**
- **25-well per year Unit drilling commitment for 10 years**
- **1 Bcf estimated EUR per 80 acre well location @ \$700k per well**
- **Continued success with CBM fracture stimulation program**
- **Niobrara exploratory drilling being evaluated**



Atlantic Rim Producing Zones

Atlantic Rim





Wyoming: Atlantic CBM 'Type Well'

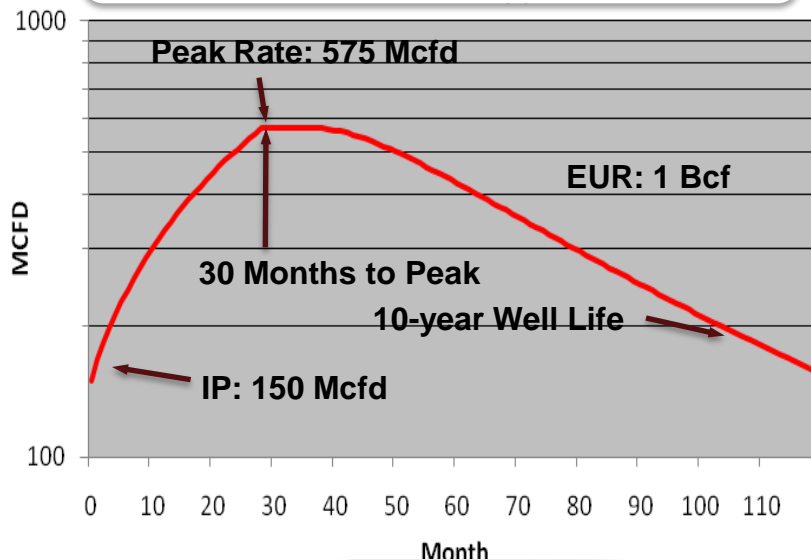
Illustrative Economics

NYMEX Gas Price	\$4.45
Sales adjustment	<u>\$0.30</u>
Realized Price (/Mcf)	\$4.15
LOE, Gathering & Transportation	(\$3.00)
Cash Flow	\$1.15

IRR @ \$4.45 NYMEX = 15%

NYMEX Price Required for 10% ROR \$4.25

Atlantic Rim CBM Type Curve



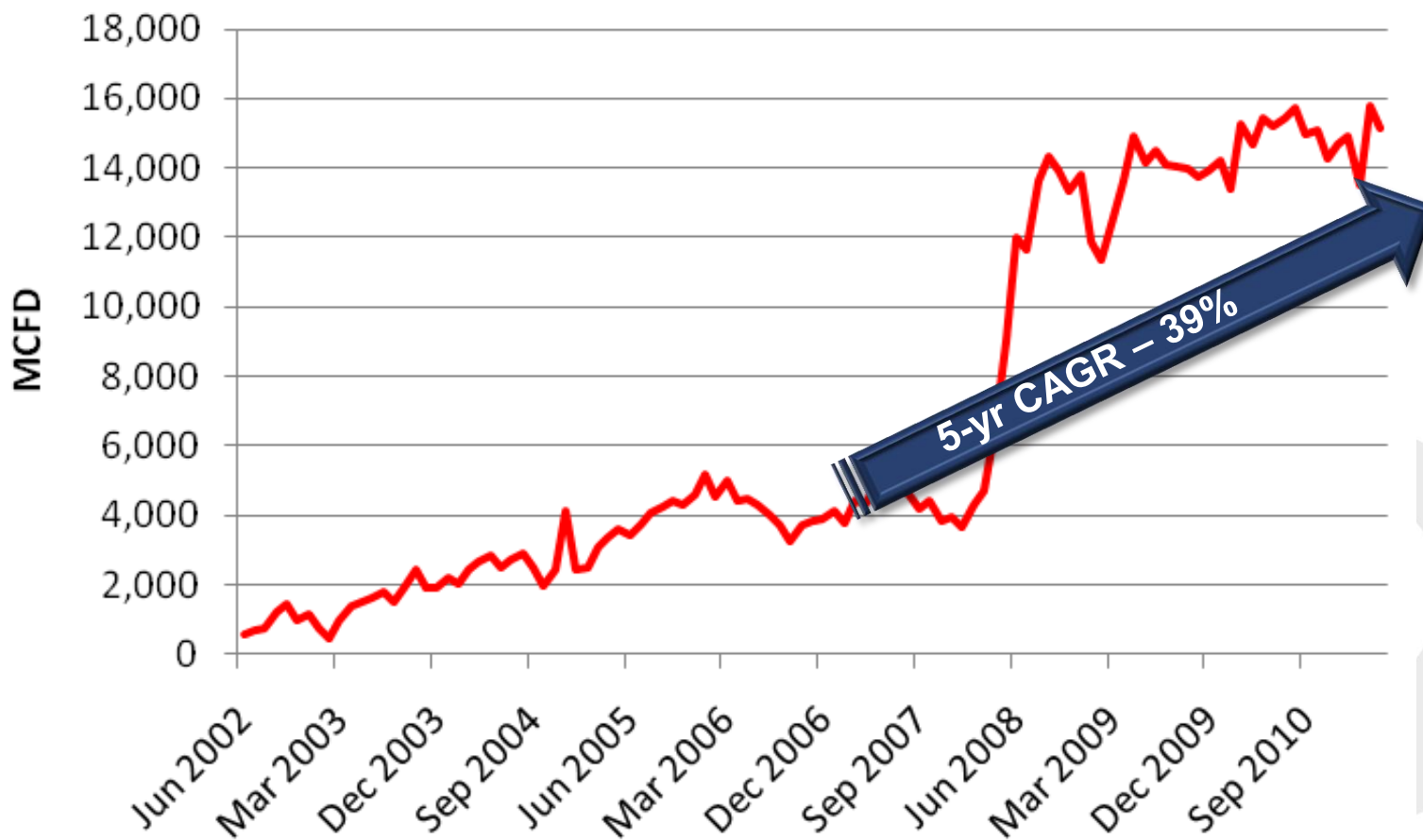
Illustrative Drilling and Completion Costs

Mcf	
EUR (gross in 000's)	1,000
NRI	<u>82%</u>
EUR (net in 000's)	820
Drilling (\$MM)	0.2
Completion (\$MM)	0.5
Total (\$MM)	0.7
Development costs (\$/Mcf)	\$0.85

At \$6/mcf ROR exceeds 50%

Wyoming: Recent Gas Production

Warren Production





Wyoming CBM Strategy

- **Gas: Optimize cash flow from Anadarko-Warren Joint Venture CBM asset at low current gas prices**
 - Drill required 25 CBM wells per year to hold Mega-unit
 - Optimize frac work to grow production
 - Continue to reduce unit operating costs
 - Continue to provide support and oversight to APC
 - Continue to develop Midstream pipeline business



Wyoming Niobrara Strategy

- **Define Niobrara oil strategy by late 2011**
 - **Complete Atlantic Rim Area regional Niobrara exploration study in 2011**
 - **Rank prospective Niobrara focus areas within 80,000 net acre position**
 - **Manage Niobrara exploration and development risk through JV partnerships or other options**



2011 Milestones: What to Watch

- ✓ **WTU AQMD permits received July 20, 2011 after 3 year process**
 - ✓ **Increases oil processing capability to 5000 bopd**

- ✓ **1st California DOGGR injection well permit received June 16, 2011**
 - ✓ **Improved reservoir pressure maintenance will shallow production decline**

- ✓ **Five successful wells drilled through early August 2011**
 - ✓ **Initial 30-day production rates ranging from 70-190 bopd**
 - ✓ **Rate of return per well ranges from 50-80%**

- **2nd WTU drilling rig to be added in September 2011**
 - **Will increase horizontal wells drilled in 2011 from 16 to 22**
 - **Secures a rig to be moved to NWU to begin sinusoidal drilling in 2012**

- **Ranger, Upper Terminal and Ford potential to be confirmed in 2011**

- **10 net Atlantic Rim CBM gas wells to be drilled in 2011**

August 2011
Corporate
Presentation
Financial Highlights





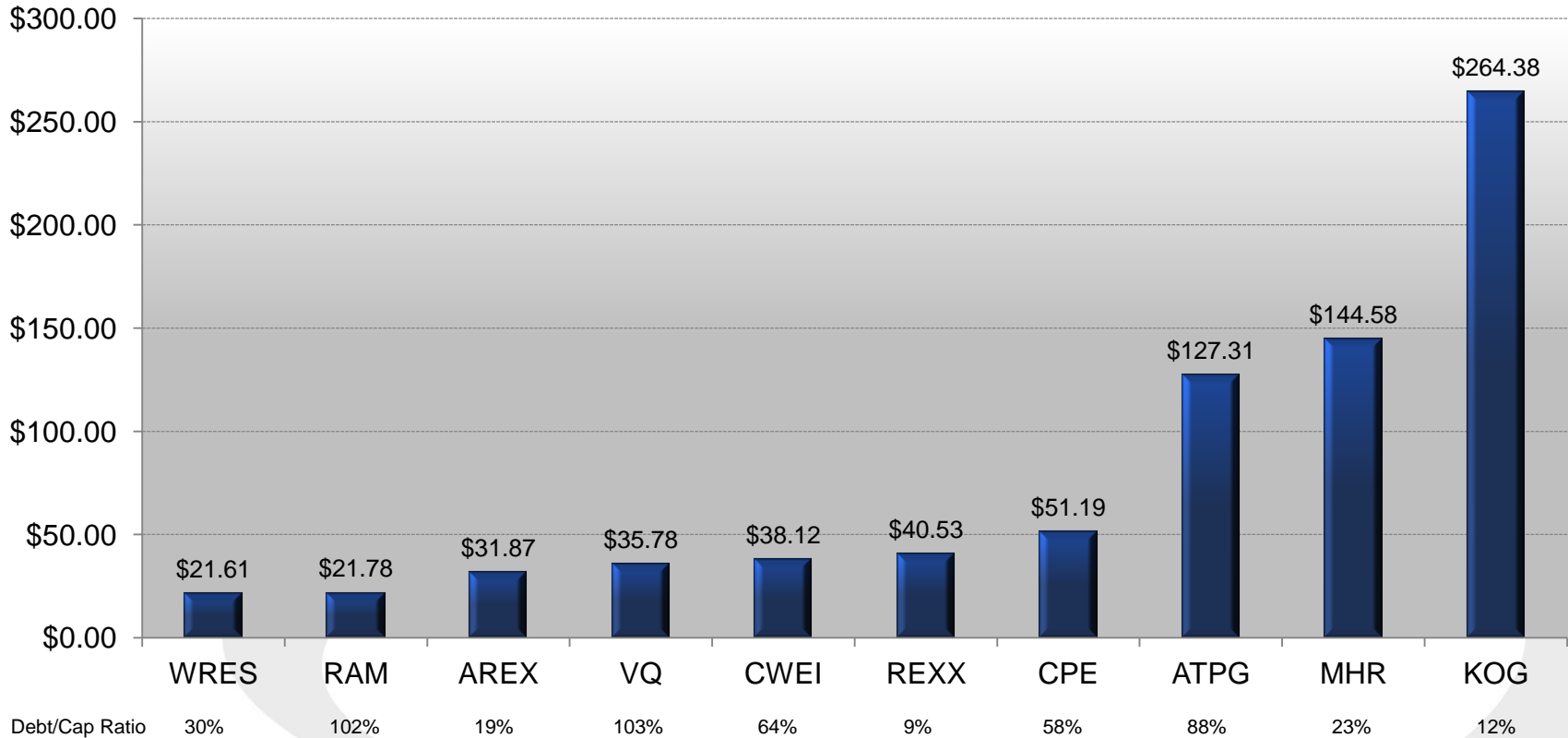
Historical Financial Performance

	6 Months Ended June 30, 2011	Year Ended Dec.31 2010	Year Ended 2009	Year Ended 2008
Total production (MBOE)	836	1,744	1,600	1,499
Adjusted EBITDAX	\$23,600	\$52,061	\$25,581	\$66,363
<u>Balance Sheet Information</u>				
Cash and Cash Equivalents	\$8,931	\$11,092	\$17,238	\$29,688
Total Long-Term Liabilities	\$84,665	\$87,280	\$103,713	\$124,993
Total Stockholders' Equity	\$159,936	\$150,673	\$128,758	\$112,025
Total Capitalization	\$244,601	\$237,953	\$232,471	\$237,018
<u>Key Credit Statistics</u>				
Current assets/Current liabilities (min 1:1)	2.8x	3.2x	3.8x	1.5x
EBITDAX / Interest expense (min 2.5:1)	17.7x	16.31x	4.6x	16.4x
Debt / Total capitalization	30.3%	29.2%	38.7%	47.4%



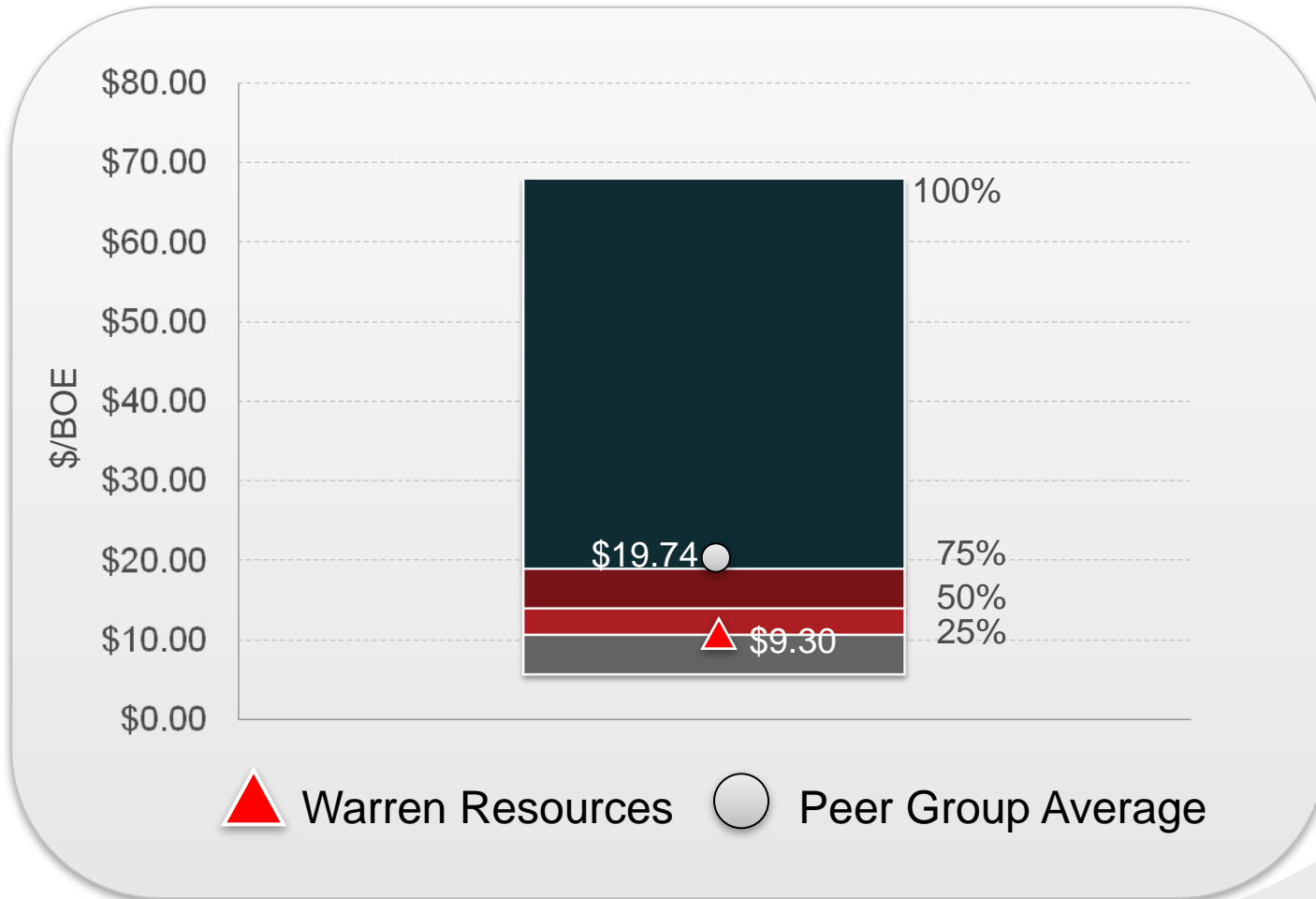
Peer Valuations

Enterprise Value per Proved Developed BOE



Based on all Companies included in KeyBanc's E&P Comparable Company Analysis (Market Cap <\$1.0 Billion) with > 50% oil as of Nov 8, 2010

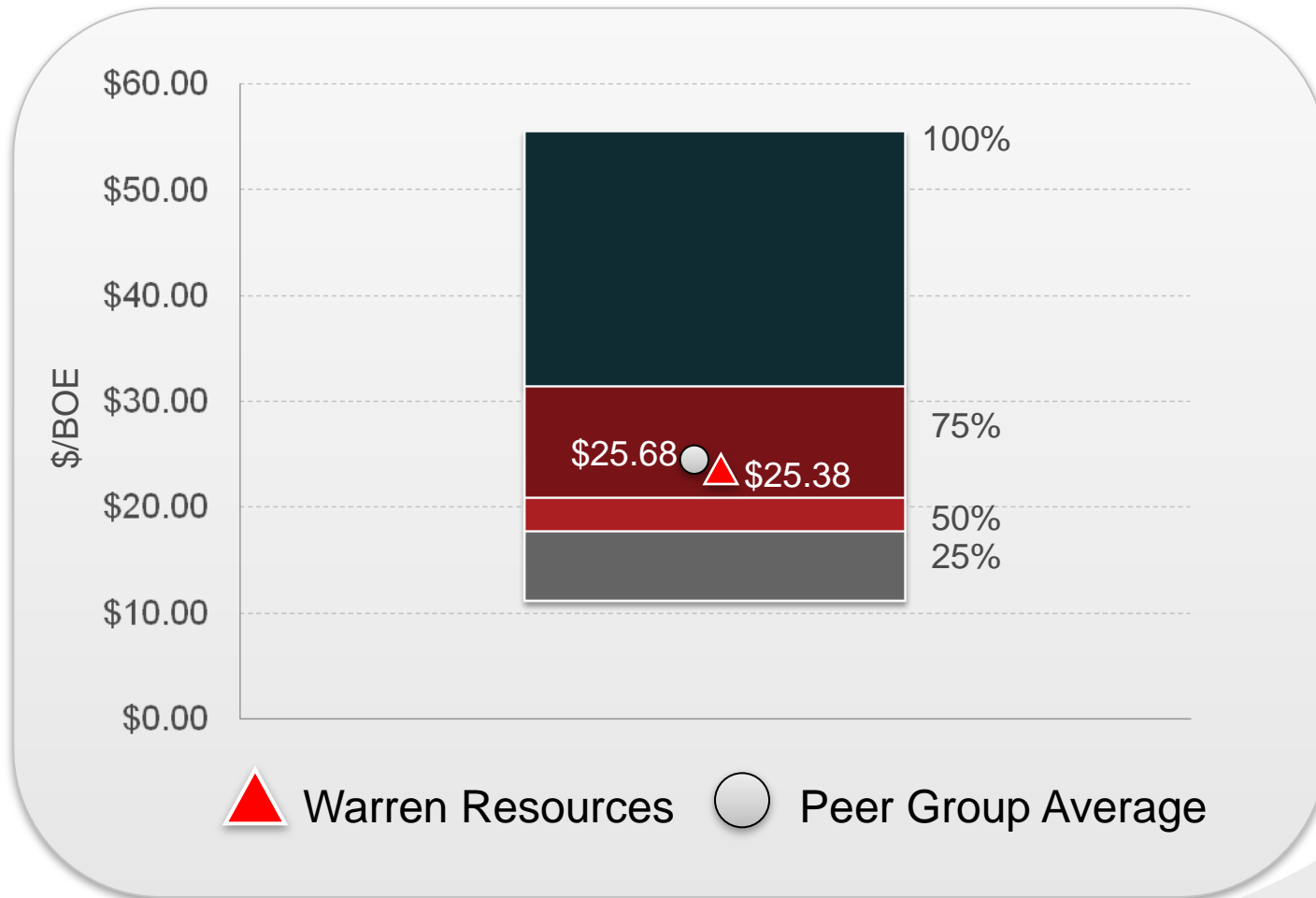
Peer Analysis: 2-Year F&D



Source: EnerCom, Inc. Five Factor Model™

* Costs incurred divided by the sum of extension, discoveries, revisions and purchases.

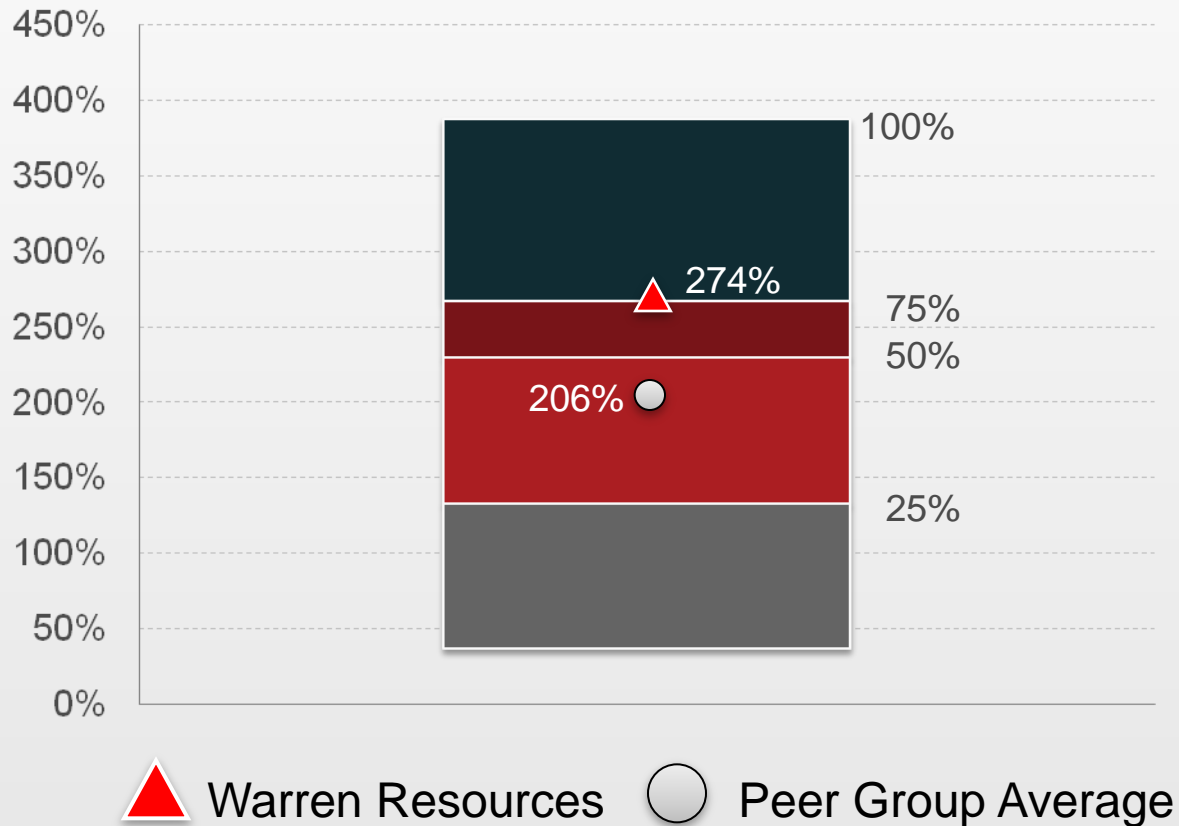
Peer Analysis: TTM OPEX/G&A



Source: EnerCom, Inc. Five Factor Model™

* (OPEX + G&A) divided by production from continuing operations.

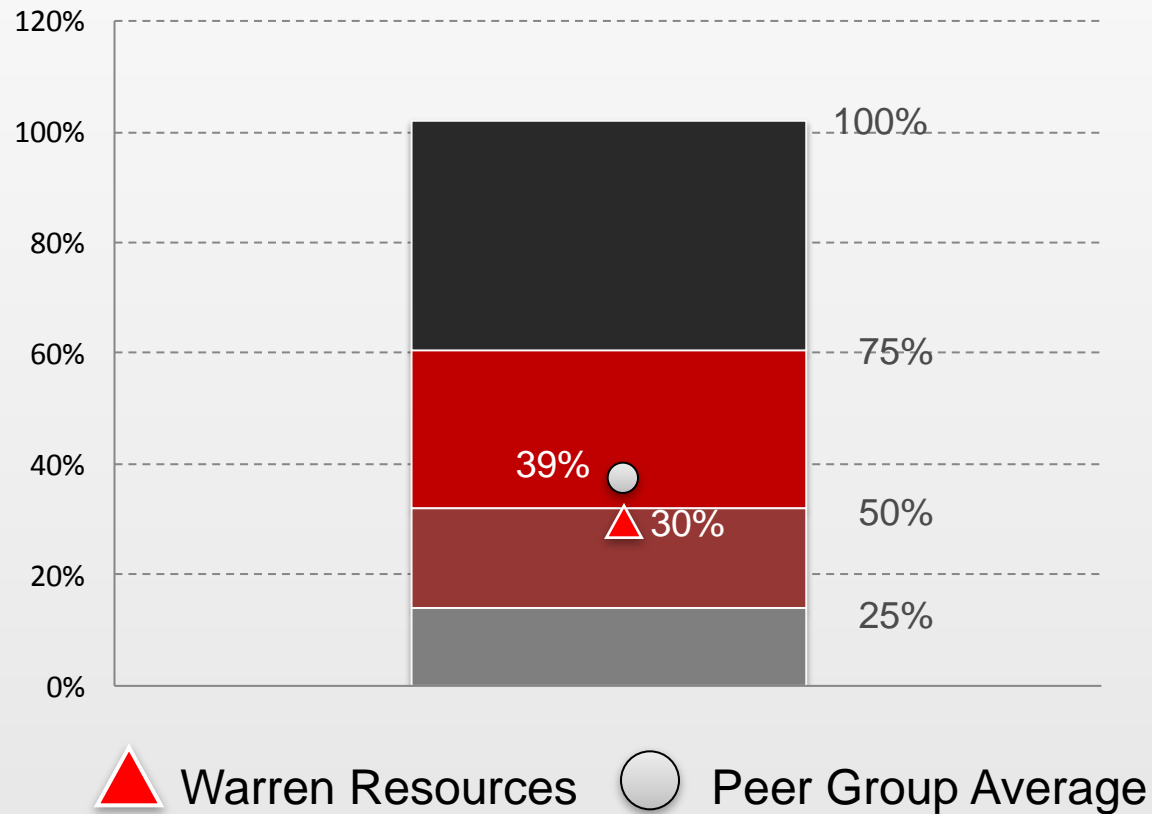
Peer Analysis: TTM Capital Efficiency



Source: EnerCom, Inc. Five Factor Model™

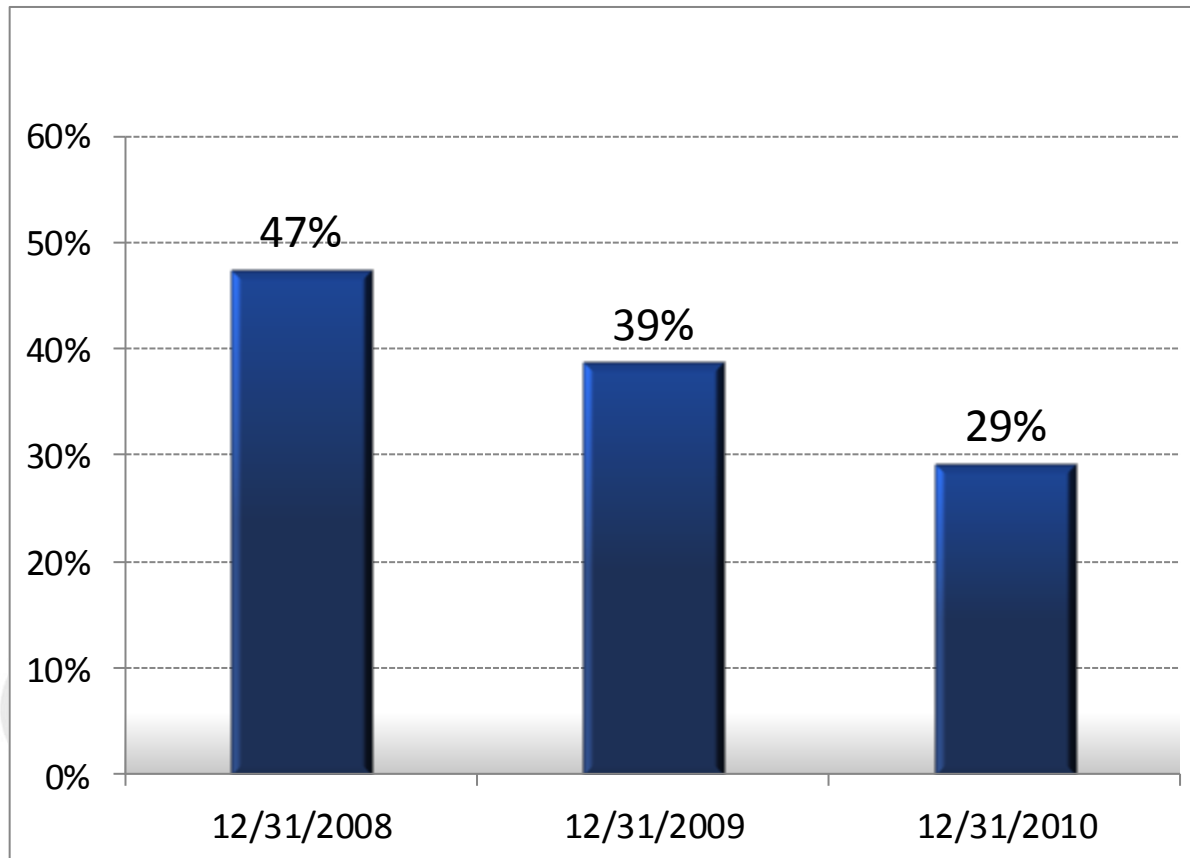
* (TTM EBITDA divided by TTM production) divided by 2-year F&D costs.

Peer Analysis: Debt / Total Cap





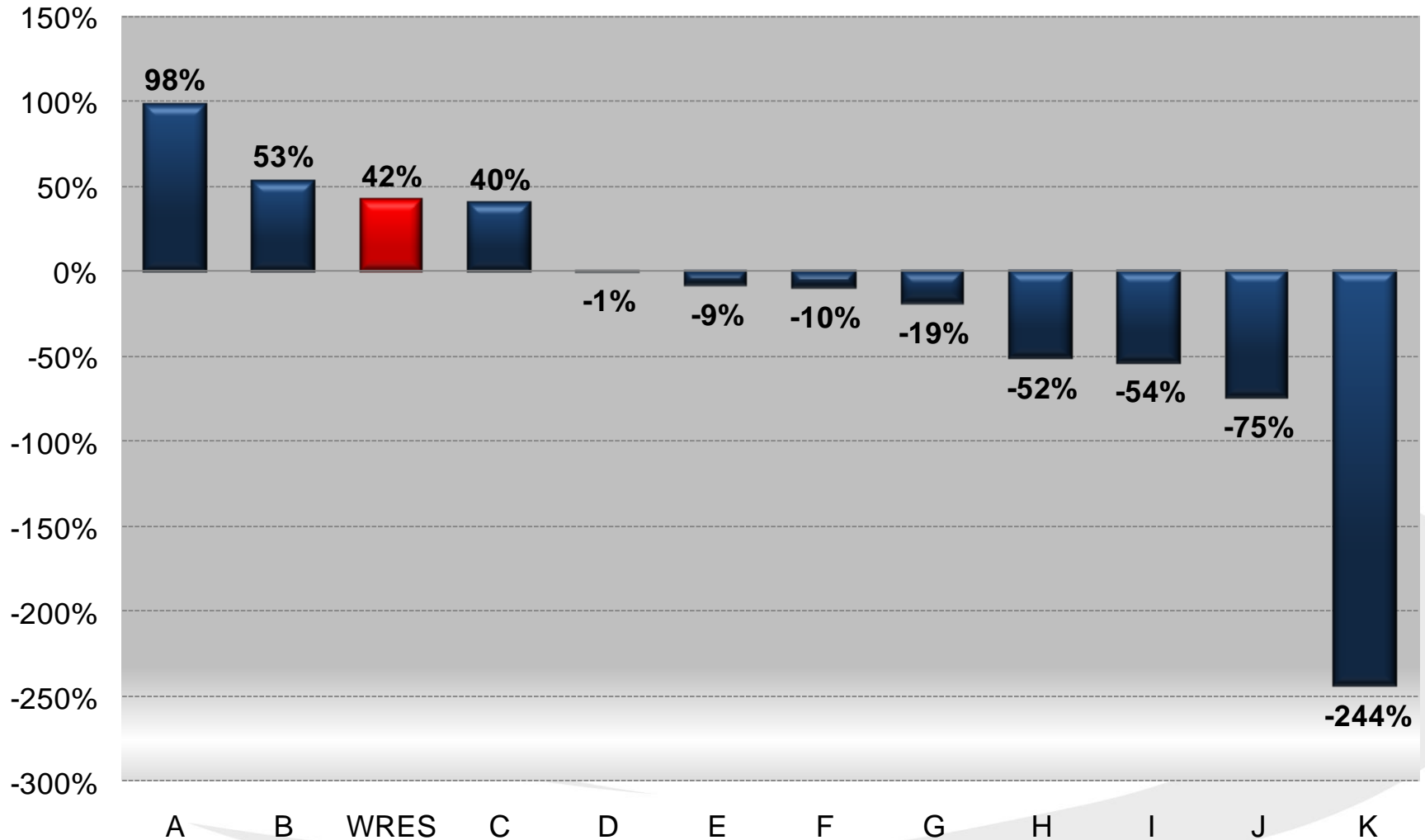
Debt / Total Cap



Source: EnerCom, Inc.



Debt-Adjusted Production Growth Per Share



Strong Assets & Significant Accomplishments

- **World Class Assets**
 - 30-40 mmbo oil potential California
 - 500-600 bcf gas potential in Wyoming
- **Strong Growth Track Record**
 - 32% CAGR 5-year oil growth rate
 - 50-80% rate of return target on oil drilling
- **Technical Accomplishments**
 - Sinusoidal horizontal drilling
 - Geologic modeling with latest technology
 - Unique well completion successes
 - Modern oil & gas facilities
 - A model for urban oil development
- **A Focus on building a Strong Team**
 - Sound decision-making
 - Economic success

