

THE OFFICIAL PRODUCERS' COMMITTEE OF SEMCRUDE L.P. ET AL

July 21, 2009

INTRODUCTION

The Official Producers' Committee (the "OPC") is the Court appointed Committee representing the interest of Producers and Operators in the Chapter 11 case of SemCrude, SemGas and Eaglwing. The OPC has reviewed the Debtors Disclosure Statement for their Second Amended Plan of Reorganization (the "Plan"). Producers generally have asserted three types of claims; secured, unsecured and 20 day claims (as described below). However, as explained in more detail below, the Plan does not effectively recognize any Producer secured claims leaving only unsecured claims upon which to vote and 20 days claims. Based upon our review of the plan, the **OPC RECOMMENDS THAT YOU VOTE AGAINST APPROVAL OF THE PLAN.**

TREATMENT OF PRODUCERS' SECURED CLAIMS

The Plan assumes that producers/operators and by extension working and non working interest holders, royalty owners and the like are not secured creditors under the Plan and not entitled to vote their Producer Secured Claim. By virtue of a decision by the Bankruptcy Court in Delaware oil and gas claimants that supplied crude oil and gas in Texas, Oklahoma and Kansas were required to have filed a UCC-1 filing statement in Delaware and/or Oklahoma prior to the Debtors' Bank lenders in order to be secured. The Producers in Texas, Oklahoma and Kansas have appealed these decisions directly to the Third Circuit. **THE PLAN PROVIDES NO RECOVERY FOR PRODUCERS' SECURED CLAIMS IN THE EVENT THAT THE APPEAL IS UNSUCCESSFUL AND PROVIDES VASTLY INSUFFICIENT RECOVERY FOR PRODUCERS' SECURED CLAIMS IN THE EVENT THEY PREVAIL ON APPEAL.** In addition, the Plan ignores the possible favorable outcomes to Producers in separate proceedings for other states such as New Mexico and Wyoming which will be heard in August. Under the Debtors' Plan because Producer Secured Claimholders will receive no distribution on their Secured Claim, they are deemed to have rejected the Plan and are not entitled to vote their Secured Claim.

TREATMENT OF PRODUCERS' SECURED CLAIMS AS UNSECURED

Because your claims are not considered by the Plan to be secured, your claims will be treated as unsecured and you will have a right to vote that claim. Unsecured Creditors will receive as a distribution new common stock and warrants to be issued by the Debtors post bankruptcy. By voting against the plan you may trigger what is known as a "death trap" provision which provides that your distribution as unsecured creditors will be reduced. An unsecured class of a given debtor that votes to accept the plan will receive only pro rata share: (1) 1.25% of new common stock in reorganized company, (2) warrants to purchase 1.25% of this common stock, and (3) 10% of litigation trust. An unsecured class of a given debtor that votes to reject the plan

will receive only pro rata share of (1) 0.06% of new common stock in the reorganized company and (2) 10% share of the litigation trust. So there is a built-in disincentive to vote against the Plan. If enough creditors in your unsecured class vote to reject the plan, then the class will receive the lesser treatment. Nevertheless, the expected recovery to unsecured creditors is estimated by the Debtors' investment bankers to be only approximately 2.09% of your allowed claim amount and consists of a few shares of a company that will have significant amounts of debt senior to shareholders. So this change in treatment may not make much of a difference. **PLEASE BE AWARE HOWEVER, THAT, IF YOU VOTE IN FAVOR OF THE PLAN YOU ARE DEEMED TO BE RELEASING CLAIMS AGAINST THE THIRD PARTIES SUCH AS THE DEBTORS' LENDERS. WE RECOMMEND THAT YOU VOTE TO REJECT THE PLAN OR ABSTAIN FROM VOTING.**

TREATMENT OF PRODUCER CLAIMS FOR CRUDE OIL AND GAS RECEIVED BY THE DEBTORS WITHIN 20 DAYS OF ITS CHAPTER 11 BANKRUPTCY FILING

To the extent that your claims are for crude oil and gas received by the Debtors within 20 days of the commencement of the Debtors chapter 11 case you are entitled to receive an administrative claim which will be paid in full following confirmation of the plan. The Plan provides for payment in full in cash of these claims on the later of the Effective Date or the date they become allowed. Presently, the Banks and Official Creditors Committee are objecting to the amount of these claims and whether the claims are entitled to administrative priority and the claims are currently not allowed due to the pendency of these objections. The OPC has requested a hearing which will be held by the Bankruptcy Court on September 9, 2009 to resolve the objections

OPC