



2010: A Year of Growth

SOLID OIL FOUNDATION AND
LONG-TERM GAS RESOURCE
POTENTIAL

November 2010

 **rockenergy**

Forward-Looking Statements

All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements include forecasts for production, cash flow, capital expenditures and debt levels and are based on estimates for commodity prices, reservoir performance, drilling performance and industry conditions including availability of services and weather. These statements involve known and unknown risks, uncertainties, assumptions and other factors, some of which are beyond Rock Energy's control, that may cause actual results to differ materially from a conclusion, forecast or projection in such forward-looking statements. Rock Energy believes that the expectations reflected in those forward-looking statements are reasonable at the time made but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this presentation should not be unduly relied upon. These statements speak only as of the date of such information, as the case may be, and may be superseded by subsequent events. Rock Energy does not intend, and does not assume any obligation, to update these forward-looking statements whether as a result of information, future events or otherwise.

A Summary of Rock Energy

Rock is an oil company with two core areas:

Plains

- Heavy oil
- Build production and prospect inventory
- Prove up enhanced recovery techniques
- 150 drilling locations
- 40-50 recompletion candidates

West Central Alberta

- Deep Basin multi-zone stacked gas and light oil
- Potential for horizontal multi-stage development
- Emerging Montney resource play at Elmworth
- 100 vertical drilling locations
- 1-2 horizontal drilling locations in the next 12 months
- Over 300 potential horizontal drilling locations

Corporate Profile

Stock exchange: TSE – Symbol RE
Current stock price trading range \$4.25-4.75/share

Capital structure:

Common stock (basic)	32.7 MM
(fully diluted)	34.8 MM
Market capitalization	\$150 MM
Net debt (Sept 30/10)	\$35.9 MM
(Proforma)	\$26.6MM
Total bank lines available	\$50.0 MM

Production (boe/d, 66% oil)	(Q3/2010)	3,739
	Current	4,000

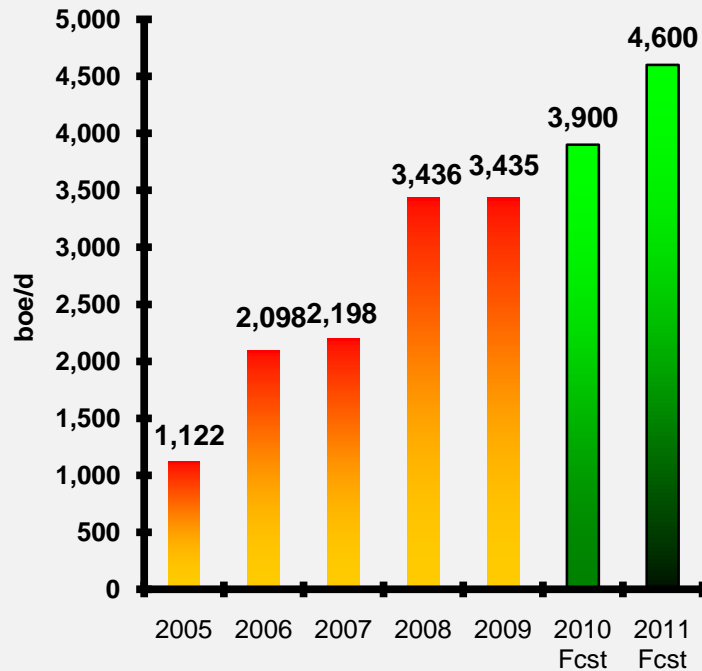
Reserves (P+P, 55% oil)	(Dec. 31/09)	10.7 MMBOE
--------------------------------	---------------------	-------------------

Land @ Sept 30/10	(gross undeveloped acres)	141,000
	(net undeveloped acres)	92,000

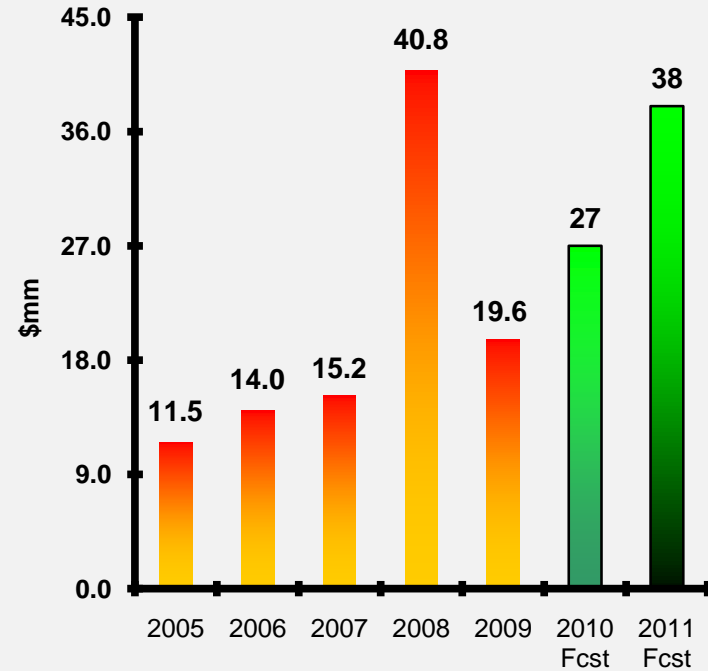
Tax pools	(Sept 30/10)	\$127MM
------------------	---------------------	----------------

Historical Performance

Production
(boe/d)



Funds from Operations
(\$mm)





Two Key Points

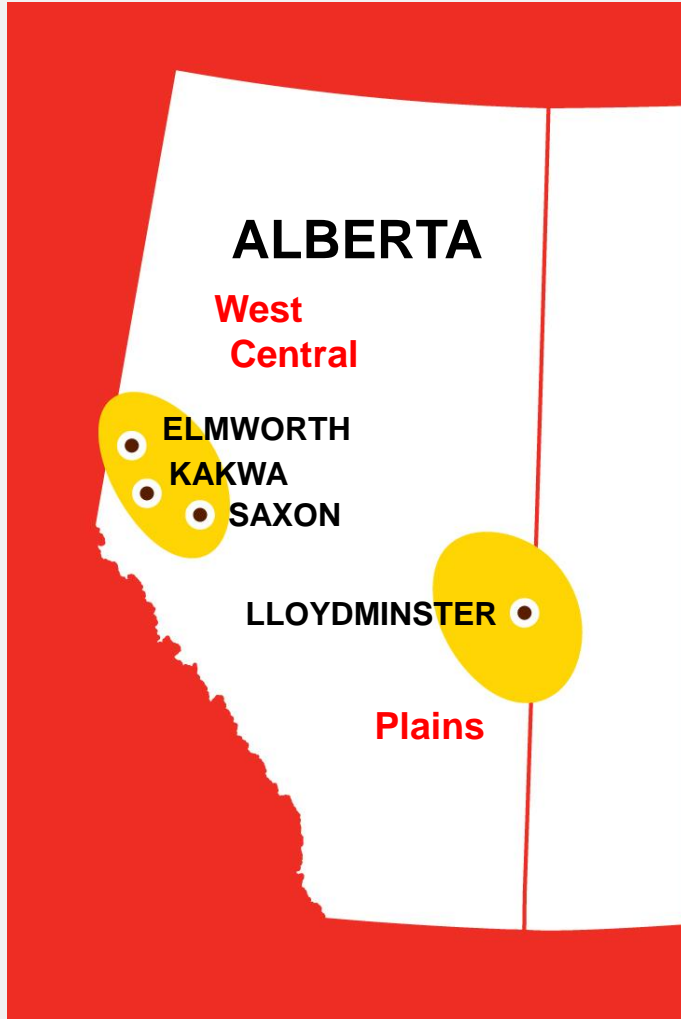
Heavy Oil

- Current prices are generating a field netback of over \$28.00/boe and re-cycle ratios of 3
- Rock continues to make progress in improving recovery factors with new drilling and completion techniques that could significantly increase reserves
- Rock has 150 drilling locations and 40-50 recompletion candidates
- Rock expects to grow heavy oil production to over 3,500 bpd by the end of 2011

Emerging Elmworth Resource Play

- Rock has developed a significant land position at Elmworth with over 45 net sections of Montney rights and 58 net sections of Nikanassin rights
- Industry players are drilling horizontal test wells adjacent to Rock's lands
- Rock's first vertical test well has exceeded expectations and confirms the existence of Montney natural gas on Company lands
- Rock will drill up to 6 more vertical test wells and 1-2 horizontal test wells by the end of 2011 to further prove up the play
- Rock management estimates that if the play is successful on 10% of the company's lands, these plays have the potential to triple Rock's reserve base

Areas of Operations



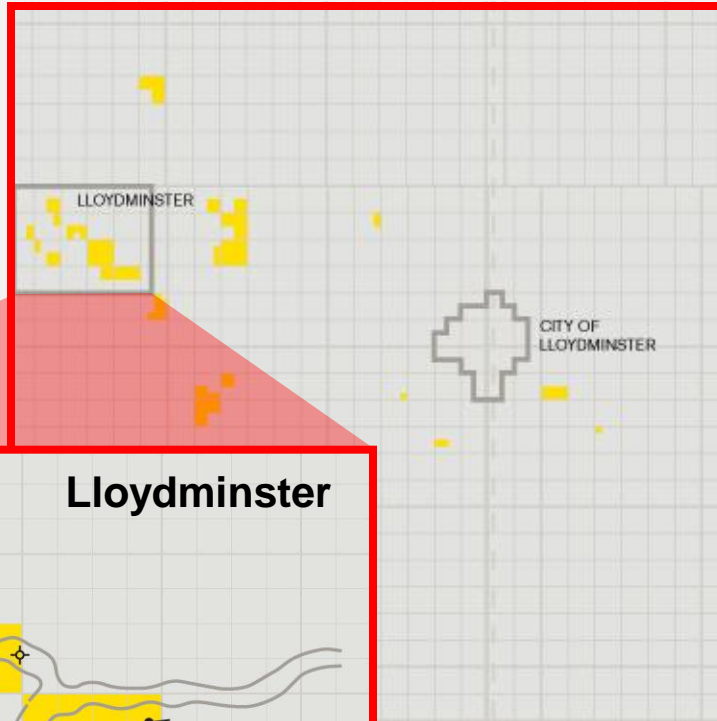
Plains

- Heavy oil
- Mannville Group
- 500-1,000 meters deep
- 150 drilling locations
- 40-50 recompletion candidates

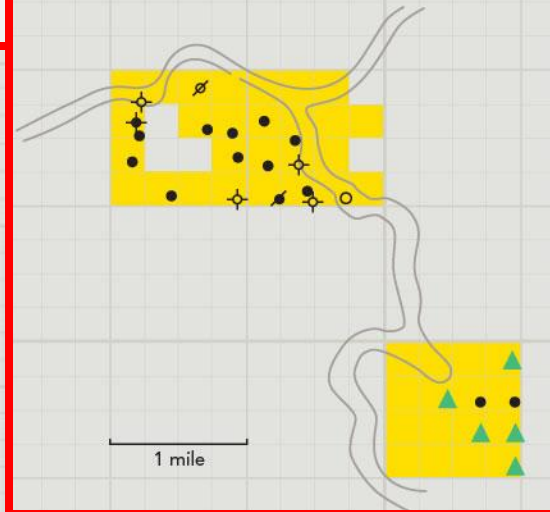
Heavy Oil Drilling Opportunities

Primary Zones

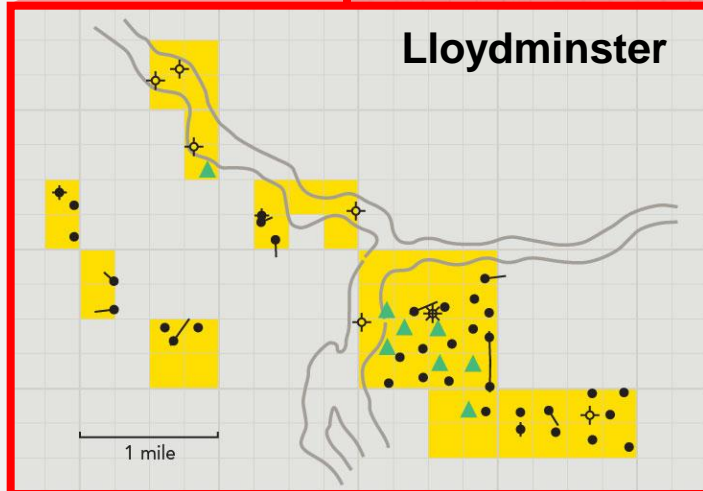
Colony
McLaren
Waseca
Sparky
GP



Neilburg



Lloydminster



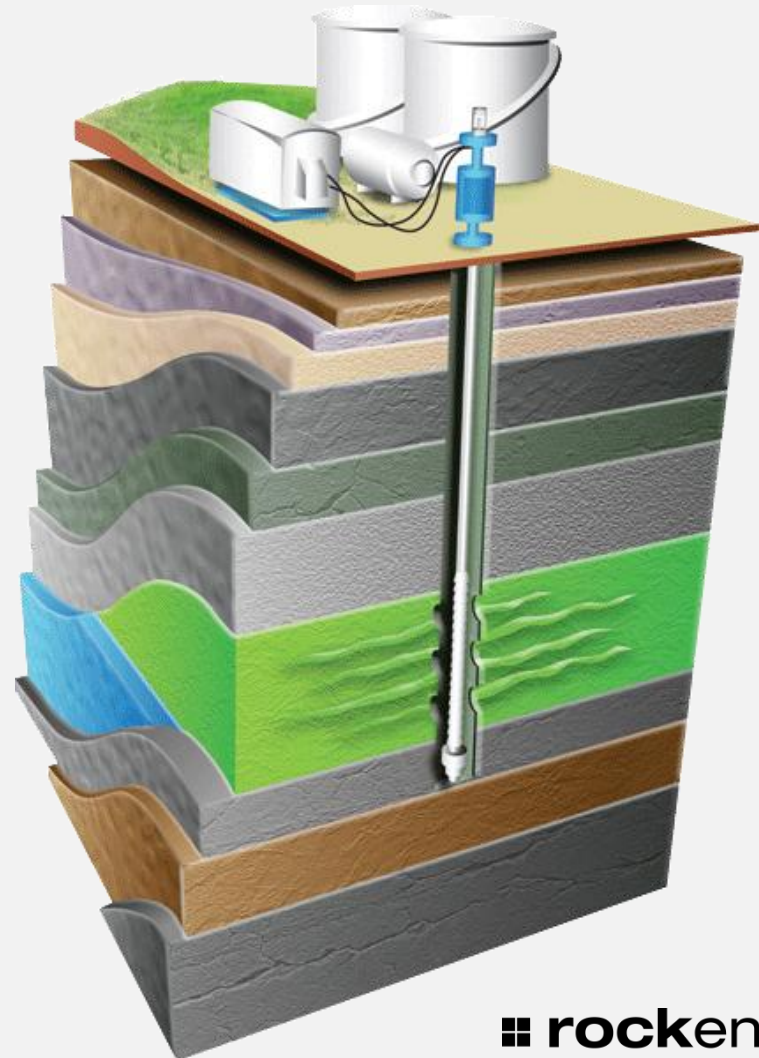
- Rock Lands
- ▲ Proposed Drilling Location
- Vertical Producing Well
- ⤵ Directional Producing Well
- ⊗ Disposal Well

150 drilling locations
40-50 recompletion candidates

Heavy Oil Completion Techniques

Cold Flow Production

- Progressive cavity pumps
- Worm holes
- High initial sand production
- Increased recovery factor



Increasing Oil Recovery – Reduces F&D

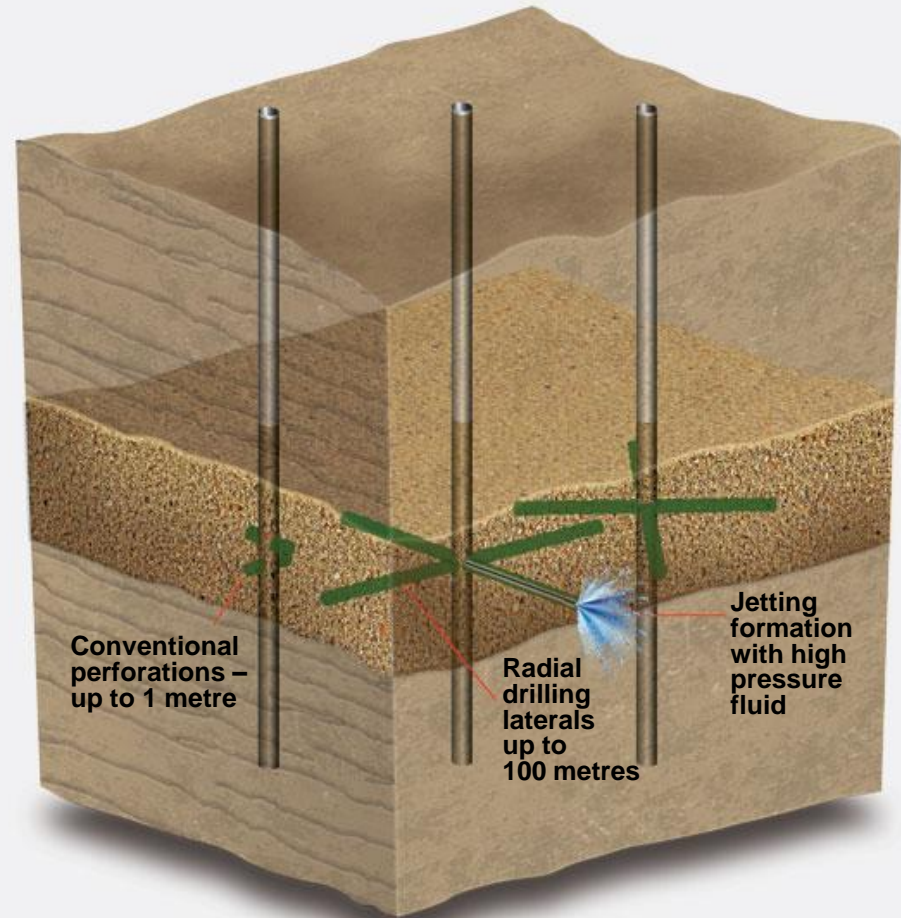
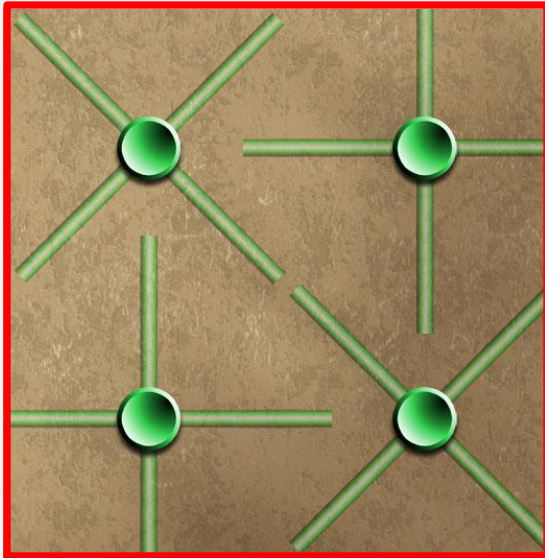
- Heavy oil wells on 40-acre spacing have 1.0 million boe of TPIIP
- Current recovery factor is 6-8%
- Last step-change in technology was the progressive cavity pump (vs. rod pumps) allowing the production of sand and the creation of worm holes
- Rock is exploring the next step-change in technology to increase the production efficiency for these wells to more effectively recover the oil-in-place
 - Completion techniques
 - Drilling techniques
 - Secondary floods

Total Petroleum Initially in Place (TPIIP) is defined as the quantity of hydrocarbons that are estimated to be in place within a known accumulation, plus those estimated quantities in accumulations yet to be discovered. There is no certainty that it will be economically viable or technically feasible to produce any portion of this TPIIP except for those identified as proved or probable reserves.

Heavy Oil Completion Techniques

Radial Drilling

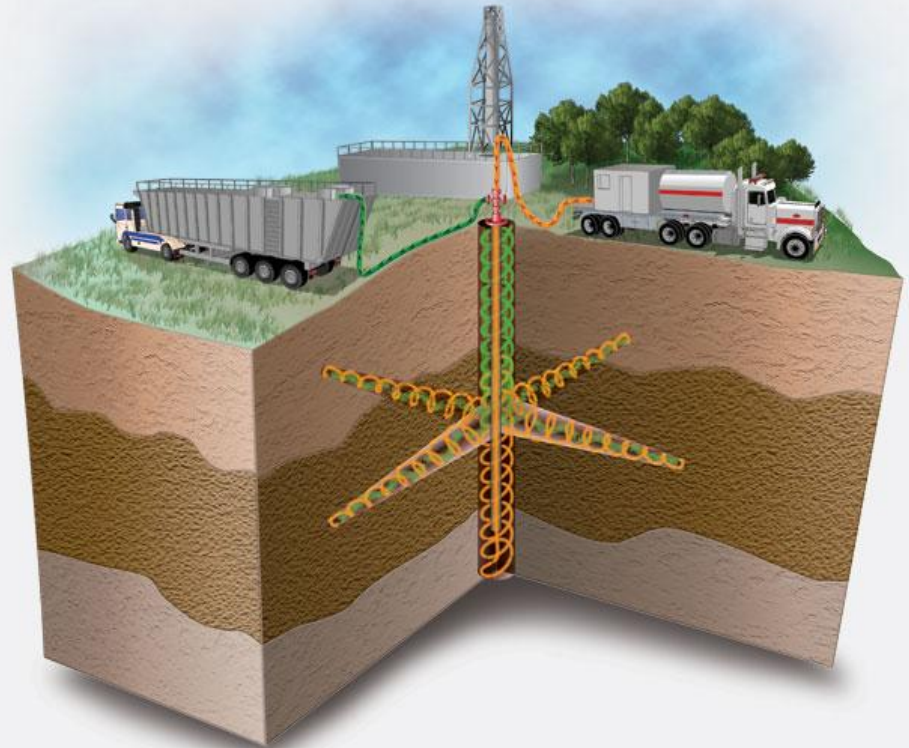
- Hydraulically jets a 2.5-cm-diameter horizontal leg up to 100 meters from wellbore in four or more directions
- Acts as controlled worm hole
- Cost: \$100,000-130,000 per well
- Preliminary results show an average of 15-20 bpd of incremental production and potentially 15,000 to 20,000 boe of reserves



Heavy Oil Completion Techniques

Foam Stimulation

- Restores and improves production levels
- Surfactant foam injected into reservoir through worm holes; surfactant can reduce relative viscosity of heavy oil near the wellbore and assists in recovering and lifting sand and other debris from wellbore
- Cost: \$25,000-\$50,000 per well



Heavy Oil Netbacks

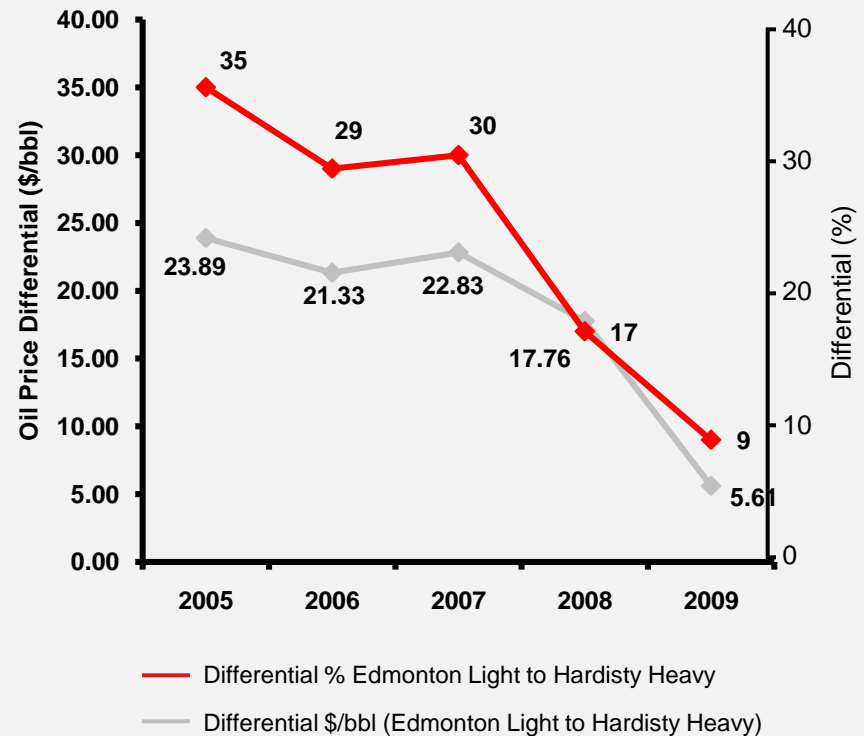
	<u>2009</u>	<u>YTD/2010</u>
Edmonton Par	\$65.90	\$76.56
Western Canada Select	\$58.66	\$67.02
Heavy oil wellhead price	\$53.31	\$58.92
Less		
Royalties	\$9.60	\$10.67
<u>Operating costs</u>	<u>\$16.07</u>	<u>\$19.95</u>
Netback field price	\$27.64	\$28.30
Historic F&D	\$12.55	\$12.55
Recycle ratio	2.2	2.3
F&D (Go Forward)	\$8.00-\$10.00	\$8.00-\$10.00
Recycle ratio	2.7-3.4	2.8-3.5

Heavy Oil Economics

We believe narrow differentials are here to stay:

- **Current pipeline disruptions are temporary**
- **Increased upgrading capacity in the refining complex**
- **Increased pipeline capacity accessing markets in USGC**
- **Declining production from Mexico and Venezuela**

Historical Crude Oil Differentials



Plains Core Area

Current production 2,400+ boepd

DCET cost \$550 thousand

Initial rate 30-50 boepd

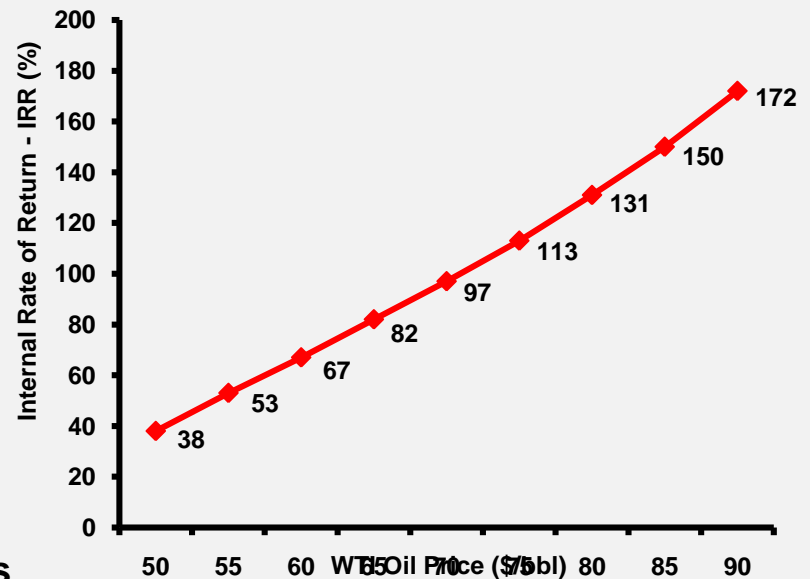
P+P reserves/well 50-70,000 boe

Payout 1 yr

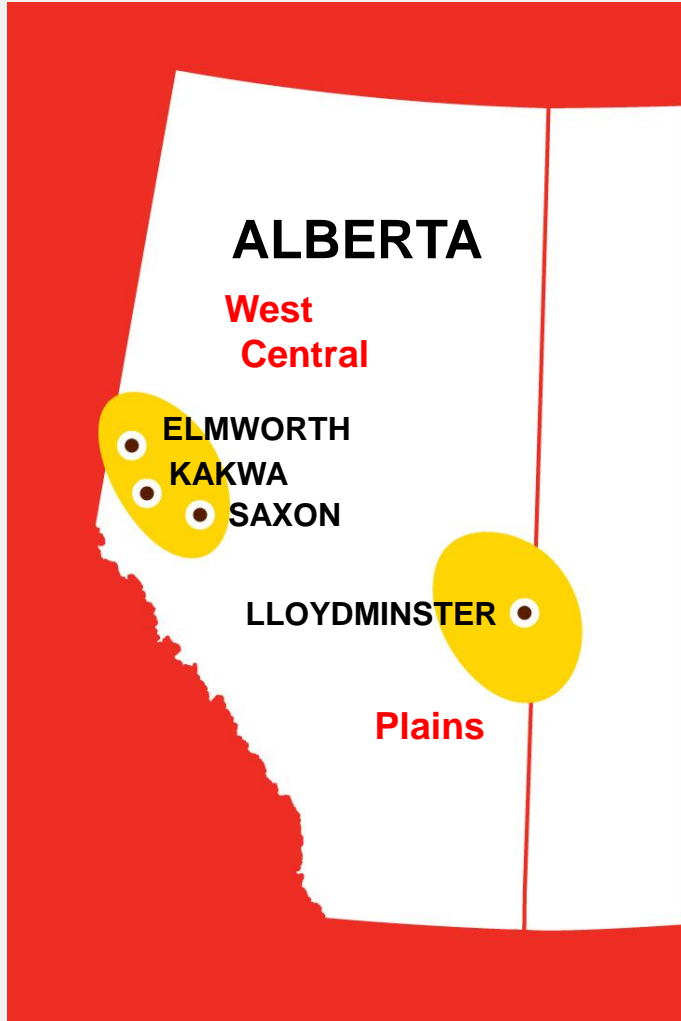
NPV (10%) per well \$1.1 million

2011 Plans

- Drill 40 wells
- Recomplete 15-20 wells
- Continue to build drilling inventory
- Explore enhanced recovery techniques



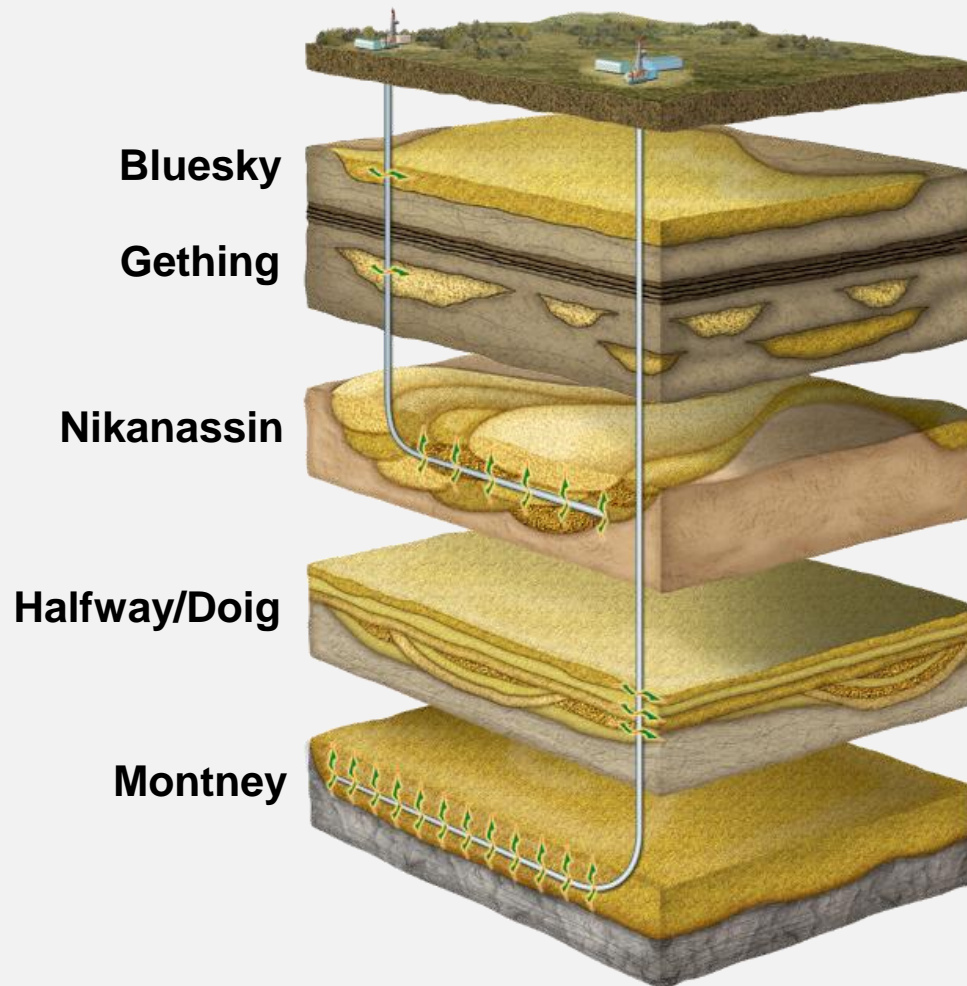
Areas of Operations



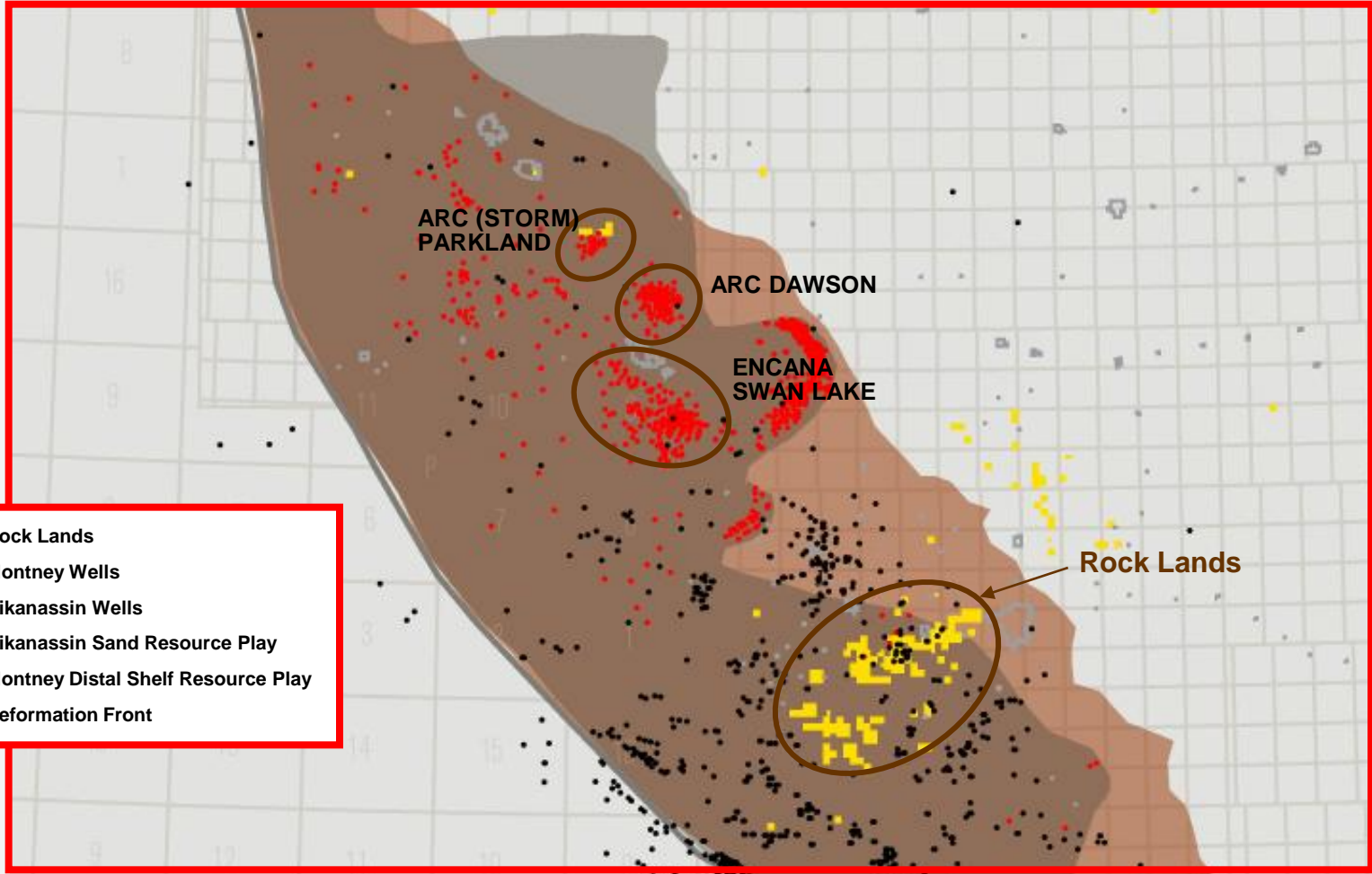
West Central

- Multi-zone stacked gas and light oil in the Deep Basin
- 100 vertical drilling locations
- Main focus in 2011 is to de-risk the Elmworth Resource play:
 - Drill 1-2 horizontal wells and up to 6 vertical wells in the next 12 months
 - Over 300 potential horizontal drilling locations

Elmworth Geology

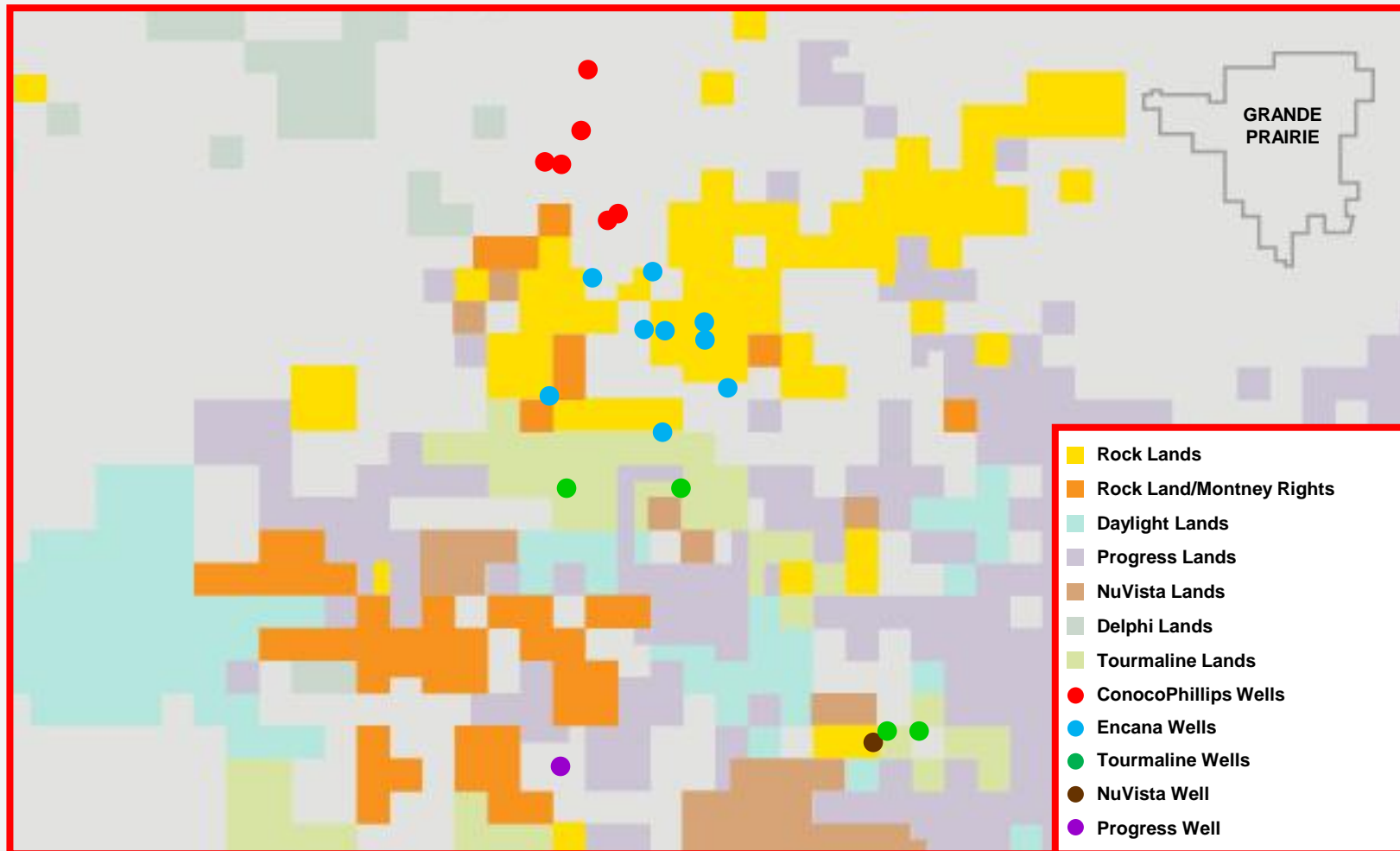


Elmworth Resource Play Fairway

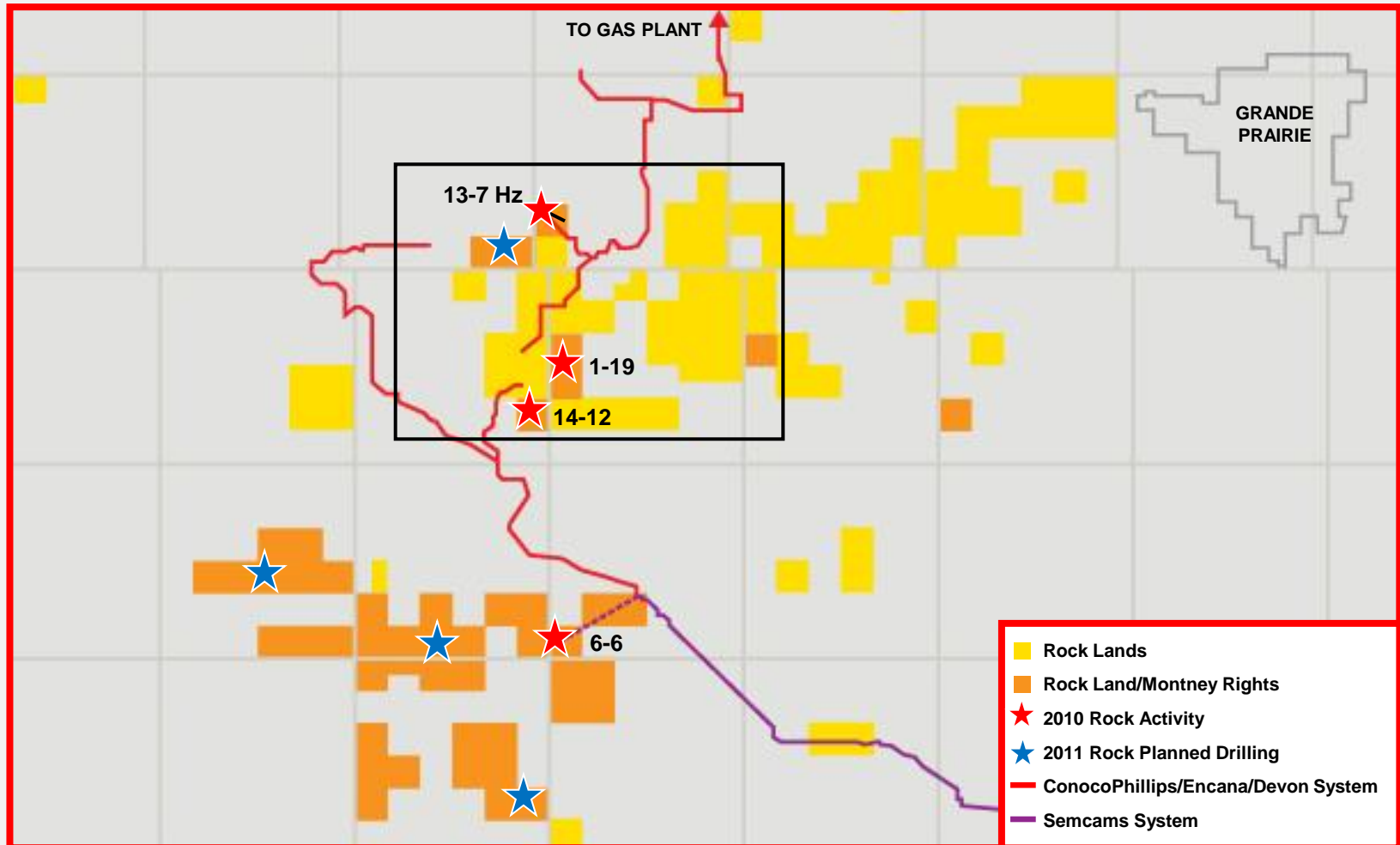


- Rock Lands
- Montney Wells
- Nikanassin Wells
- Nikanassin Sand Resource Play
- Montney Distal Shelf Resource Play
- Deformation Front

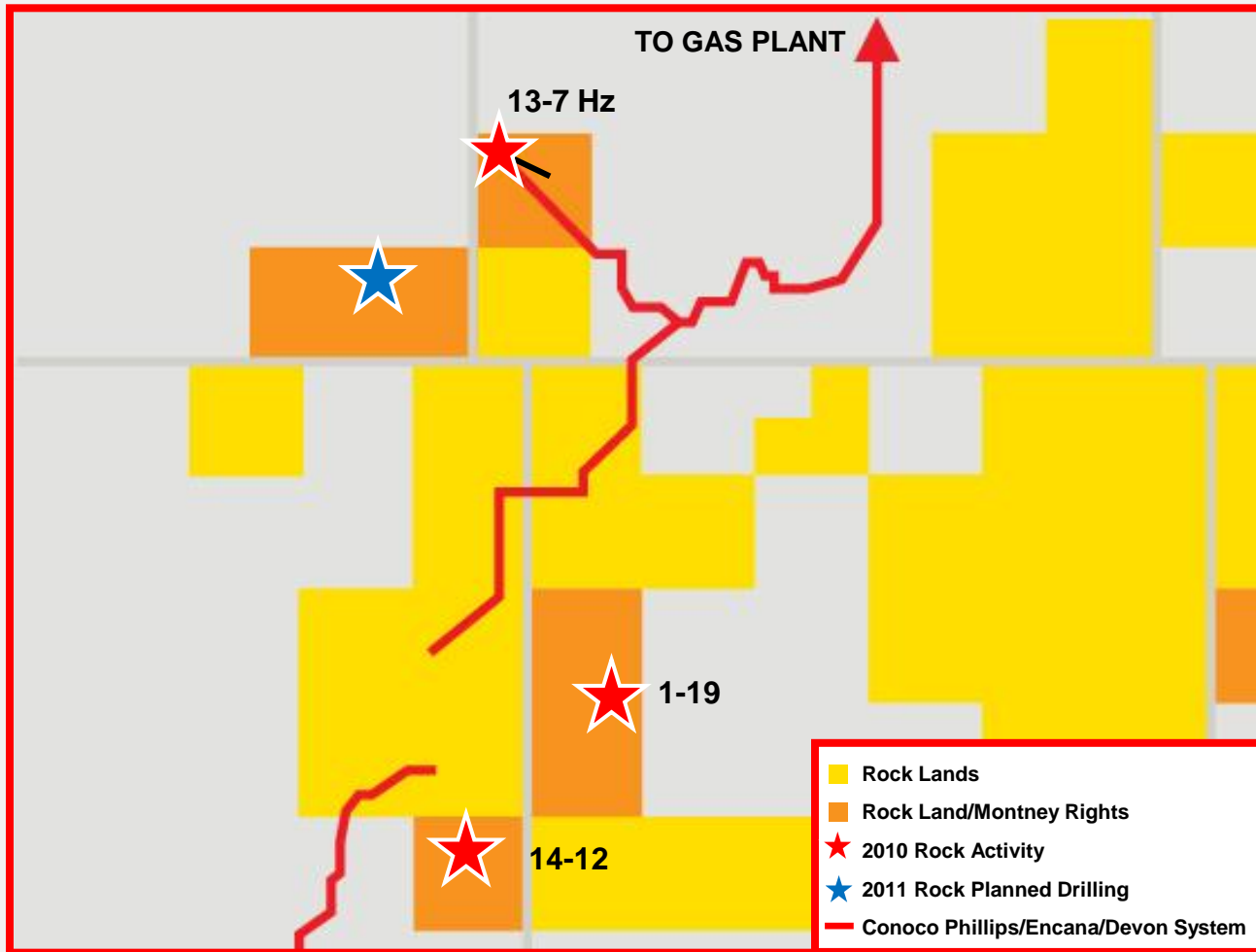
Elmworth: A Beehive of Competitor Activity



Laying the Groundwork of Rock's Montney Play



Defining the Size of Rock's Montney Prize



Elmworth Summary

	<u>Nikanassin</u>	<u>Montney</u>
Land Position		
Gross sections	96.5	47.0
Net sections	58.0	45.5
Average WI%	60	97

Expected Horizontal Well Results

Initial Production Rate	2.5-5.0 mmscfd
Liquid Yield	30-50 bbls/mmscf
Reserves	3-5 bcf
Costs	\$6-8 MM
Wells/Section	3-4

2010 Plans

- Drilled and tested 1-19 vertical well in Q1
- Drill and test 14-12 vertical well in Q4
- Drill and test 6-6 vertical well in Q4
- Drill 13-7 Horizontal well in Q4

2011 Plans

- Complete and test 13-7 Horizontal well in Q1
- Drill and test 1 vertical exploration test wells in Q1
- Drill and test 2-3 vertical exploration test wells in Q3-Q4
- Potentially drill and test 1 Horizontal well in Q4

Results and Guidance

	2009 (12 months)	2010 (Forecast)	2011 (Forecast)
Production avg. (boepd)	3,435	3,800-4,000	4,500-4,700
Funds from operations (\$ MM)	19.6	27	38
Funds/share	0.73	0.86	1.16
Capital spending (\$ MM)	20.5	42	54
Debt (\$ MM)	25.3	32	48
WTI (US\$/bbl)	61.81	80.00*	82.00
AECO (CDN\$/mcf)	3.96	3.50*	4.00
F/X	0.88	0.97*	0.97

* October – December 2010

2011 Sensitivities: \$1.00 US/bbl Change in WTI = \$1.0 million change in annual cash flow

(Note: royalties not changed) \$0.25 CDN/mcf change in AECO = \$0.3 million change in annual cash flow

Analyst Coverage

Company

FirstEnergy Capital Corp.

Wellington West Capital

National Bank Financial

Dundee Securities

Acumen Capital

Mackie Research Capital Corporation

Cormark Securities

Stifel Nicolaus

Scotia Capital

Salman Partners

Rating

Market Perform

Strong Buy

Outperform

Buy

Buy

Buy

Buy

Hold

Outperform

Buy



Rock's Growth Strategy/Conclusion

Near Term - Build Oil Production and Gas Reserves

Build Heavy Oil production base

- Rock has 150 low-risk drilling locations and 40-50 recompletion candidates
- Drill 40 wells in 2011
- Recomplete 15-20 wells in 2011
- Prove up enhanced recovery technology (radial drilling, foam, etc.)

De-Risk Elmworth unconventional gas play

- Monitor drilling/production results of offset wells
- Drill vertical wells to establish the extent of the play and commission a “Resource Potential” study
- Drill and test up to two Horizontal wells to confirm production characteristics and position the Company to plan for growth in 2012

Long Term

- Exploit the resource potential of the unconventional reserve base at Elmworth and in the Plains core area



2010: A Year of Growth

Supplemental Information



Strong Management Team

Management Team

Allen J. Bey

John H. Van de Pol

Jeffrey G. Campbell

Chief Executive Officer and Director

President and Chief Financial Officer

**Senior Vice President and Chief
Operating Officer**

Directors

Stuart G. Clark – Chairman of the Board

Malcolm T.D. Adams

James K. Wilson

William H. (Bill) Slavin

Ken H. F. Severs

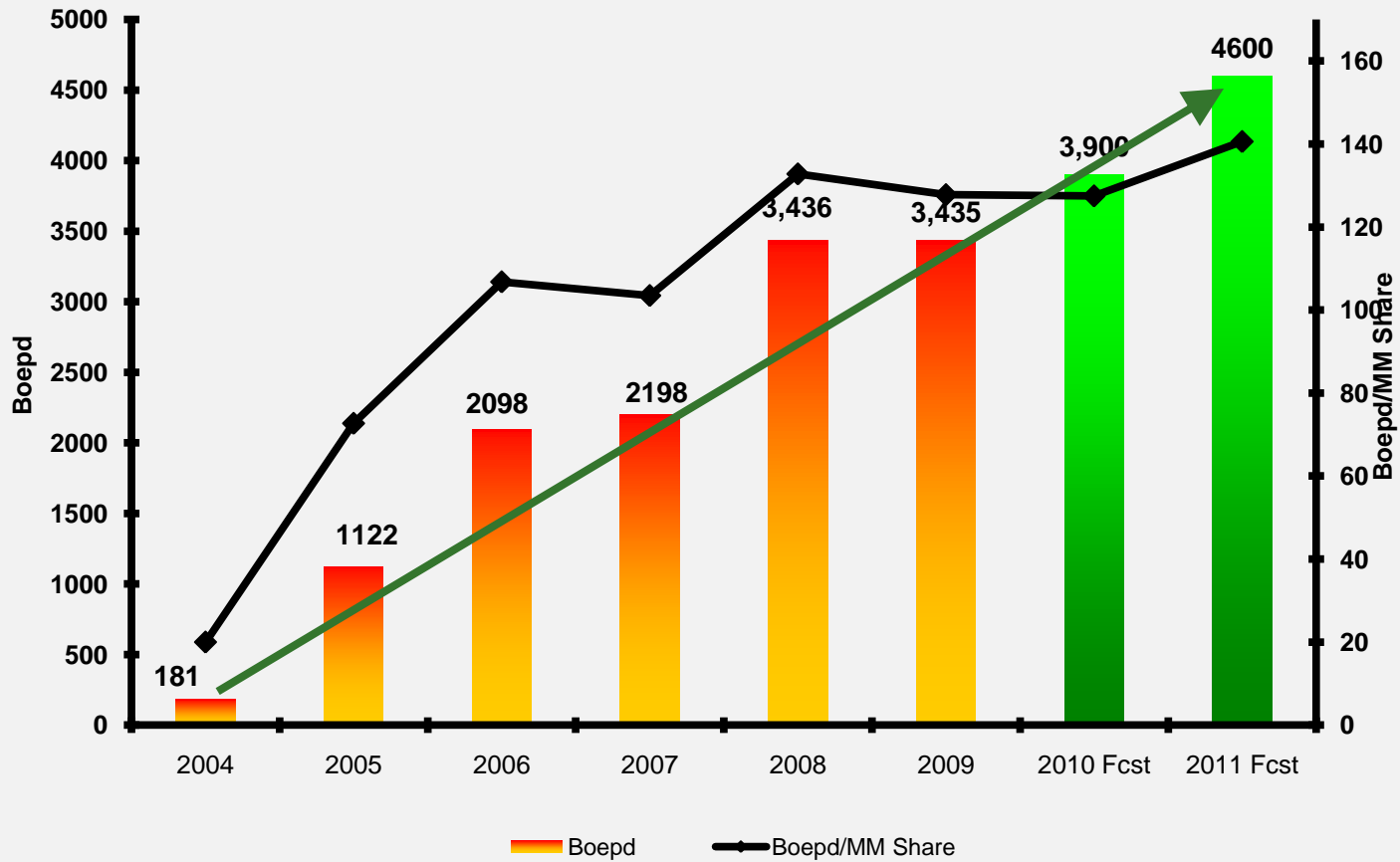
Allen J. Bey

Management, Directors and ARC own or control 30% of fully diluted shares

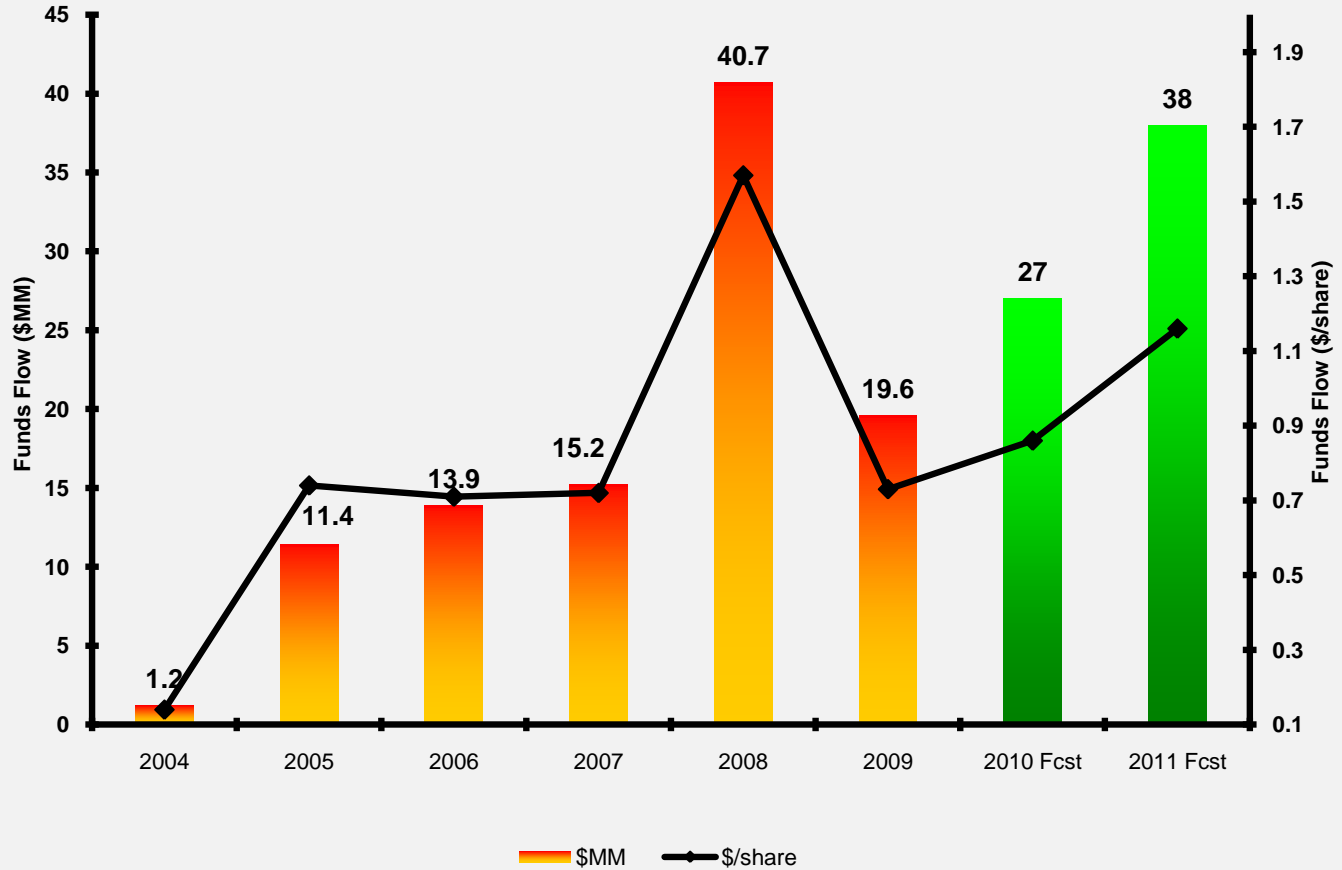
Market Profile

TSX stock symbol	RE	
Shares outstanding		
Basic	32.7 million	
Fully diluted	34.8 million	
Ownership	Basic	Fully Diluted
Management	7.6%	9.9%
ARC	21.8%	20.5%
Recent trading range	\$4.25–\$4.75	
Market capitalization	\$150 million	

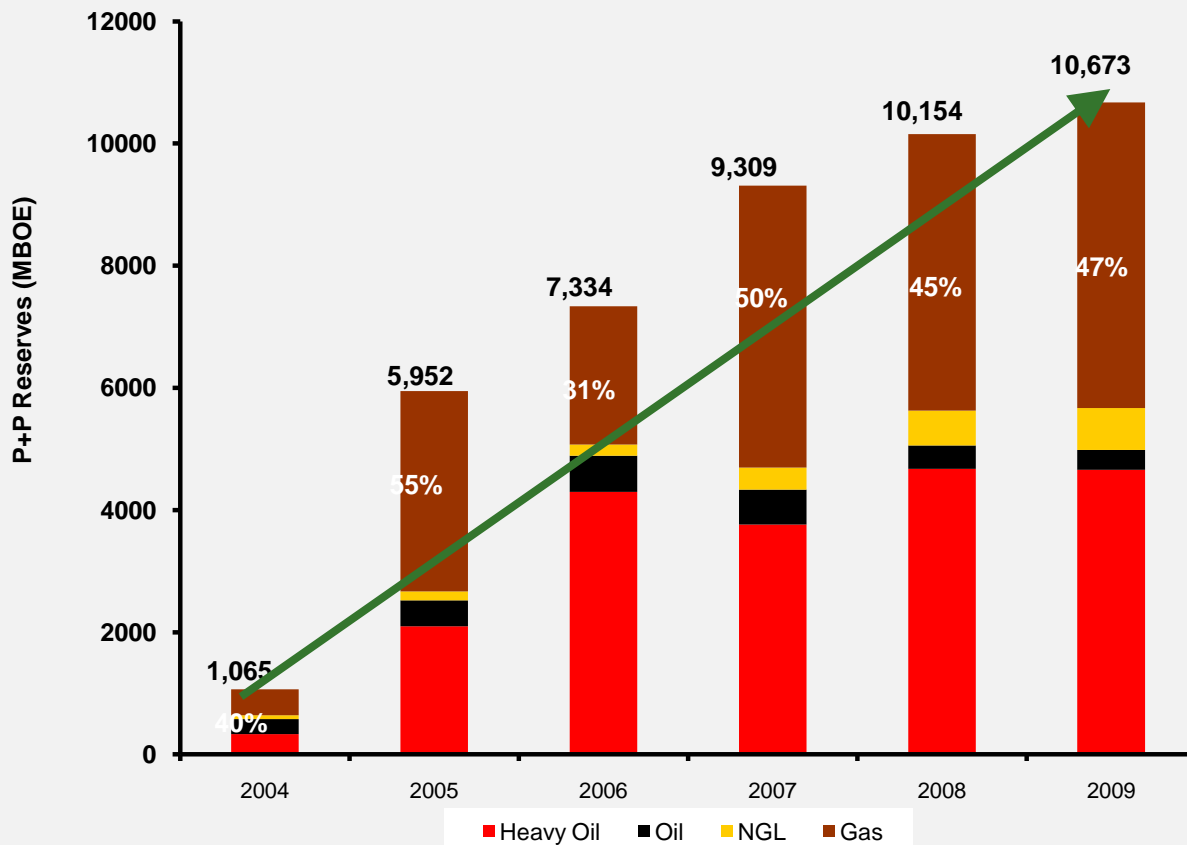
Production History



Funds from Operations



Reserves Growth



Drilling Results

	2007	2008	2009	2010 YTD
Heavy oil	8 (8.0 net)	18 (18.0 net)	20 (20.0 net)	27 (27.0 net)
Light oil	Nil	Nil	Nil	Nil
Gas	6 (3.09 net)	14 (5.3 net)	4 (2.1 net)	5 (2.3 net)
D/A	2 (1.12 net)	1 (1.0 net)	Nil	1 (1.0 net)
Total	16 (12.21 net)	33 (24.3 net)	24 (22.1 net)	33 (30.3 net)
Casing Success rate (net)	91%	96%	100%	97%