

Direct Investments In Energy

U.S. Energy Qualified Opportunity Zone III LP

UNDERWRITING BROKER DEALER: WESTMORELAND CAPITAL CORPORATION

The oil & gas assets shown in this presentation are not owned by the USEDC Opportunity Zone Fund III LP, nor are they owned by U.S. Energy or any affiliated partnerships, unless otherwise noted. All assets pictured are representative of the types of assets the USEDC Opportunity Zone Fund III LP will target for ownership, unless otherwise noted.

U.S. ENERGY[®] Development Corporation

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RISK INFORMATION

You should always review the Private Placement Memorandum before investing in any oil & gas partnership sponsored by U.S. Energy Development Corporation. For Accredited Investors Only

- Oil and natural gas partnerships are an inherently speculative activity. An investment in the partnerships involves a high degree of risk and is suitable only if you have substantial financial means and no need of liquidity in your investment. You should carefully consider the following factors and other information in the private placement memorandum before deciding to invest in the partnership.
- Attainment of the partnership's investment objectives will depend on many factors, including the ability of the managing general partner to select suitable assets which will be productive and produce enough revenue to return the investment made. The success of the partnership depends largely on future economic conditions, especially the future price of natural gas and oil which is volatile and may decrease. There can be no guarantee that the foregoing objectives will be attained.
- There is a risk that you will not recover all of your investment or, if you do recover your investment, that you will not receive a rate of return on your investment which is competitive with other types of investment. You will be able to recover your investment only through the partnership's distributions of the sales proceeds from the production of its oil and natural gas reserves from productive wells. Oil and natural gas reserves generally deplete over time until the wells are no longer economical to operate. All of these distributions to you may be considered a return of capital until you have received 100% of your investment.
- There is a risk that even if a well is drilled by the partnership and produces oil and natural gas in commercial quantities (that is, revenues from the sale of the oil and/or gas produced from a well exceed the cost of operating such well) it will not produce enough oil and natural gas to pay for the costs of acquiring the well, even if tax benefits are considered. Thus, even if all of the partnership's wells are capable of commercial production there is a risk that your investment will not be returned on a cash-on-cash basis.
- If you invest in the partnership, then you must assume the risks of an illiquid investment. The transferability of the units is limited by state and federal securities laws, tax laws and the partnership agreement. The units cannot be readily liquidated, and there is no market for the sale of the units. Also, a sale of your units could create adverse tax and economic consequences for you.
- An investor may experience a complete loss of their investment.
- Distributions may be reduced or delayed.
- Under certain circumstances as explained in the private placement memorandum, an investor may owe taxes in excess of the cash distributions received from the partnership.
- Borrowing by the managing general partner could reduce funds available for its presentment obligation.
- Substantial conflicts of interest exist between the managing general partner and investors.

This document is for preliminary review purposes only and does not contain much of the information included in the private placement memorandum pursuant to which the offering will be conducted. This presentation does not constitute an offer to any person. Offers will be made only by the private placement memorandum, which should be carefully reviewed by a prospective purchaser prior to making an investment decision.

VETERAN E&P OPERATOR



U.S. Energy's 2024 Operations

LEADER IN INVESTMENT UNDERWRITING



Ownership & Leadership:

- 44-Year History (*Established 1980*)
- Established Second-Generation Leadership



Corporate Governance:

- Majority Independent Board of Directors
- Environmental, Social and Governance (ESG) Committee

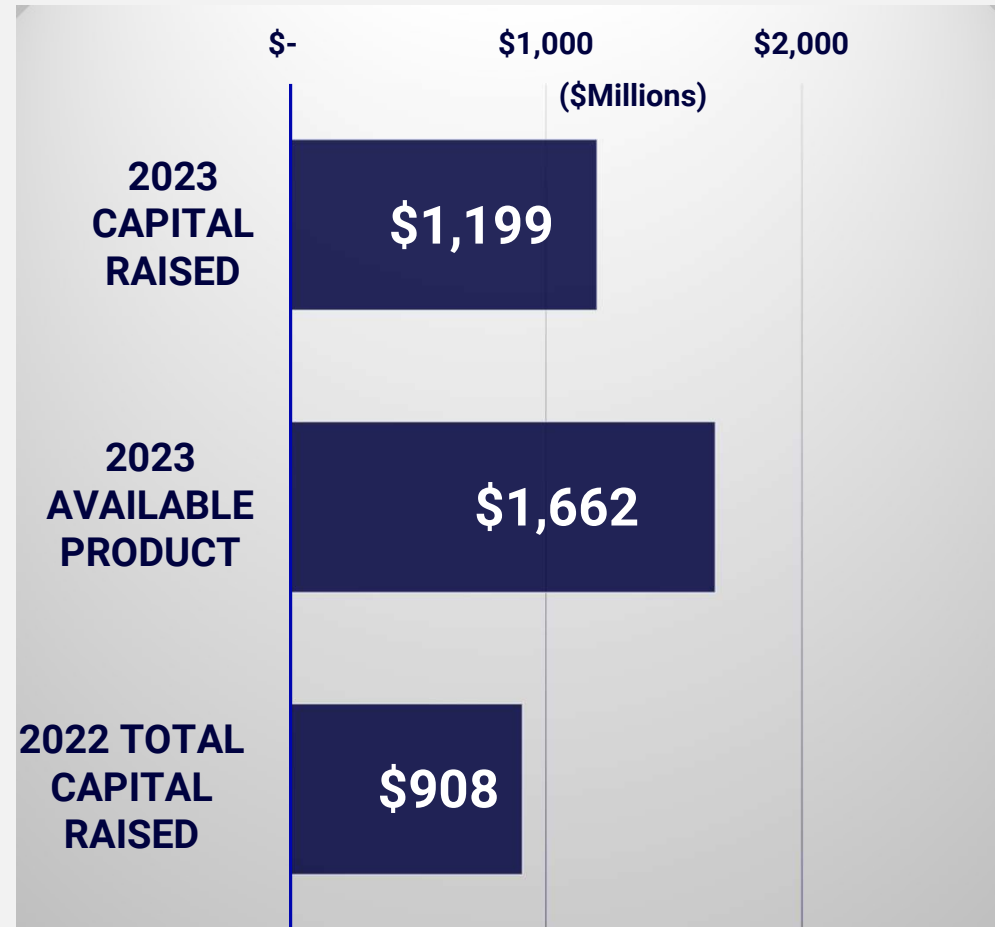
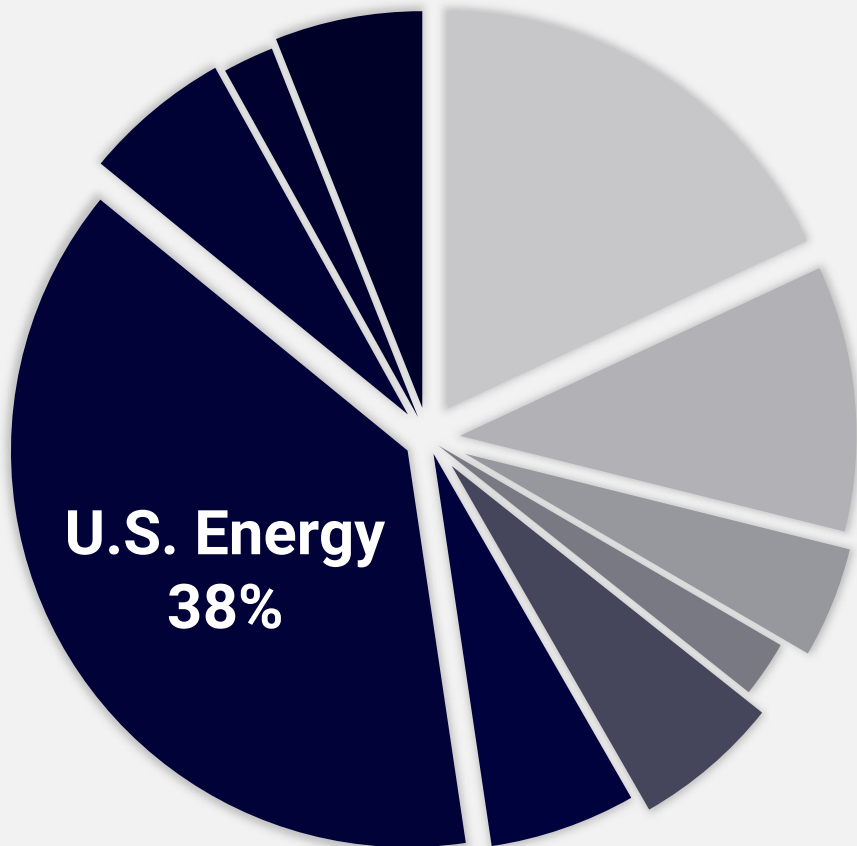


Operational Excellence:

- Over 35 Premier JV Partners Providing Access to High-Quality (Tier 1) Assets
- Proven Operations Team
- Diversified Areas of Operation: Own & Operate in 13 States & Canada

STATE OF THE INDUSTRY

2023 % SHARE OF AVAILABLE PRODUCT



U.S. ENERGY FINANCIALLY STRONG GP

Projected 2023 Revenue of \$143MM vs \$97.8MM in the prior year

Projected EBITDA of \$88.5MM vs \$31.9MM in the prior year

YTD Partnership distributions of \$150MM+

12/31/2023 NYMEX reserves of \$416MM

Production average ~10,000+ BOE/day

Co-invested \$100 million in 2022, \$130 million in 2023, and plans to increase in 2024.

ONE FIRM, MULTIPLE INVESTMENT SOLUTIONS

Company	Ticker	2022 CAPEX (\$M)	2023 CAPEX (\$M)
Northern Oil & Gas	NOG	1,360	1,845
Callon Petroleum	CPE	875	1,257
Murphy Oil Company	MUR	1,114	1,102
U.S. Energy's 2024 Estimated CAPEX \$750 Million - \$1 Billion			
Kosmos Energy	KOS	809	933
Range Resources	RRC	457	573
CNX Resources Corp	CNX	566	679

2024 PRODUCT OFFERING



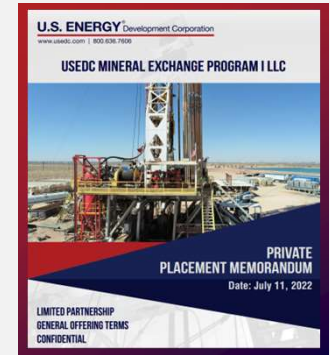
2024 Drilling Fund
(1st yr. Write off funds)



Qualified Opportunity Zone Fund
(Cap gain def + Tax free exit)



Private Capital Fund
(Growth & Income)



Mineral Exchange Fund
(1031x eligible)

USEDZ Opportunity Zone Fund III LP: Summary

<i>Offering Size</i>	\$150 Million
<i>Unit Size</i>	\$100,000
<i>Investor Units</i>	Limited Partner
<i>Opportunity Zone Tax Benefits</i>	<ol style="list-style-type: none">1. Defer capital gains realized within the last 180 days2. Tax Free Gains After Year-10
<i>Oil & Gas Tax Benefits</i>	<ol style="list-style-type: none">1. Intangible Drilling Costs2. Depletion Allowance3. Depreciation Deduction
<i>Distributions</i>	<ul style="list-style-type: none">• Up to 6% per year; starting in the 3rd quarter following investment.• Partnership will reinvest cash flow in excess of the Distribution Schedule.
<i>Fund Close Date</i>	December 31 st , 2024
<i>Annual Tax Forms</i>	Schedule K-1
<i>Investor Reports</i>	Updates released quarterly via Online Investor Portal
<i>Suitability</i>	Accredited Investors Only

You should review all aspects of the private placement memorandum prior to investing. There is no certainty or guarantee that any or all of the investment objectives will be achieved. The tax benefits of an investment are not guaranteed, tax rates may change in the future which would impact the partnership and investors may be subject to income tax liability in excess of the cash received from the partnership. Distributions are not assured or guaranteed. Information herein is provided as of February 2024 and we undertake no responsibility to provide updated information after this date. See "Risk Factors," in the Private Placement Memorandum. See Private Placement Memorandum for definition of Special Distributions.

QUALIFIED OPPORTUNITY ZONE FUNDS

Problem?

- Lack of Cash Flow
- Paying Taxes in 2026
- Requires Gentrification
- 10 Year Hold of Investment

Solution

- Up to 6% annual cash distributions
- Discounted FMV plus potential special distribution
- Majority of best oil and gas assets located in QOZ's
- Not the case

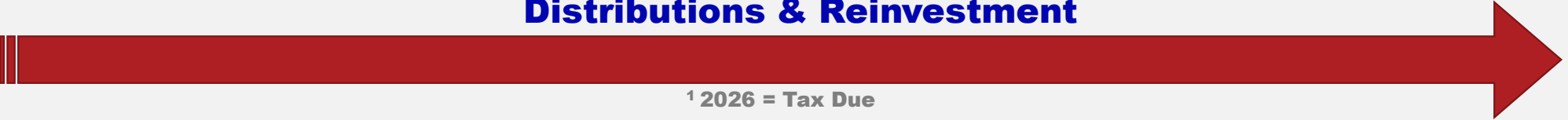
Identify / Acquire

Operate / Value Creation / Reinvestment

Liquidate




Distributions & Reinvestment



¹ 2026 = Tax Due

USED C OPPORTUNITY ZONE III LP



U.S. ENERGY QUALIFIED OPPORTUNITY ZONE III LP HIGHLIGHTS

INVESTMENT SUMMARY	
Offering Size:	\$150 Million
Unit Size:	\$100,000
Investor Units:	Limited Partner ("LP")
Suitability:	Accredited Investors Only

OBJECTIVES & TAX BENEFITS

The Partnership's principal investment objectives are to invest its subscription proceeds in energy related assets which are primarily located within Opportunity Zones to generate a deferral of short or long term capital gains, cash flow and positive returns.

Objectives include:


- Capital Gains Tax Deferral and Reduction
- Acquisitions
- Drilling
- Cash Distributions
- Depletion Allowance
- Drilling
- Passive Income Generation
- Depreciation Tax Deductions

WHAT ARE OPPORTUNITY ZONES?


A **Qualified Opportunity Zone, or QOZ**, refers to economically-distressed census tracts that are eligible to provide exclusive tax benefits for investors with capital gains. The US Department of the Treasury has designated approximately 18% of land in the United States as an Opportunity Zone.

A **Qualified Opportunity Fund, or QOF**, allows individuals or corporations to invest in an Opportunity Zone (QOZ) and receive the associated tax benefits. Investors have 180 days after their capital gain is realized to invest in a QOF. The USED C Opportunity Zone Fund II is structured to comply with rules for a Qualified Opportunity Fund (QOF) so that investors receive QOZ tax benefits.


USED C OPPORTUNITY ZONE FUND III LP - INVESTMENT TIMELINE



Investor with Realized Capital Gains has 180 days to invest in a QOF



Investment in QOF Defers Capital Gains Tax until 12/31/2026




Tax Free Gains from the QOF after Year 10

OVERVIEW

U.S. Energy is one of the largest sponsors in the thriving Opportunity Zone energy market, with a remarkable track record of raising over \$160 million through our three exceptional Qualified Opportunity Zone Funds since 2019.

AREAS OF OPERATION



- Designated Opportunity Zone
- Major Oil & Gas Formations in the USA
- Permian Basin

The USED C Opportunity Zone III LP strategically zeroes in on energy-related investments, with a focus on opportunity zones located within the Permian Basin, recognizing the region's critical role in the American energy framework. This choice is deeply rooted in the Permian Basin's extensive oil and natural gas reserves, marking it as one of the most prolific and economically crucial energy hubs in the United States. By targeting opportunity zones within this region, the fund leverages significant tax advantages and incentives designed to spur economic growth and investment in underserved areas. This focus not only aligns with the fund's investment objectives in high-potential energy sectors but also contributes to the broader economic revitalization of these zones through job creation, infrastructure development, and enhanced energy production efficiency.

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An investment in the Partnership is speculative and involves a high degree of risk. You should invest in the Partnership only if you can afford a complete loss of your investment. An investment in the Partnership is an illiquid investment, and there is no market for the units.

This brochure is qualified by its title for reference to the Private Placement Memorandum. You and your professional advisors should carefully read the Private Placement Memorandum, including the "Risk Factors," "Conflicts of Interest," and "Federal Income Tax Consequences" sections. This document must be read in conjunction with the PRIVATE PLACEMENT MEMORANDUM TO SUBSCRIBERS TO ALL OF THE PARTS C AND RISK OF THE OFFERING OF SECURITIES TO WHICH IT RELATES. THIS IS NEITHER AN OFFER TO SELL NOR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES DESCRIBED HEREIN. THE OFFERING IS MADE ONLY BY THE PRIVATE PLACEMENT MEMORANDUM. Delivery of this brochure does not constitute an offer to sell securities. QOZ is a government program. This brochure is not intended by U.S. Energy Qualified Opportunity Zone III LP, "Unauthorized Capital Corporation" (SECURITIES) (FORM 144) or an affiliate of U.S. Energy Development Corporation.

- ✓
Opportunity Zone Tax Benefits:
 - Direct Investment into oil & gas investments providing tax benefits of a QOZ (Deferral of ST or LT Capital Gains)
 - Tax Free Income due to depletion & depreciation
 - Tax Free Gains after Year-10

✓
Pre-Set Investor Distributions of up to 6%, excess capital is reinvested in new projects for Tax Free Growth

✓
Tax Free Capital Gains Over 10 Years

- **USED C Opportunity Zone II LP closed on 12/31/2023**
- **Raised ~\$94 Million!**

ENERGY OPPORTUNITY ZONES

Oil & Gas Investors Receive...

Oil & Gas
Tax Benefits

- 1. Depletion Allowance:**
Offsets 15% of partnership income, per year, for the life of Investment (all investor units).
- 2. Depreciation Deduction:**
Deduct up to 92% of investment amount for Limited Partners.

Partnership
Tax Benefits

- 3. QBI (Qualified Business Income) Deduction:**
Offsets 20% of partnership income, per year.

TAX EFFICIENCY YIELD MATTERS!...AFTER TAXES

	Federal Income Tax Brackets 2023 Tax Rates			
Distribution Rate	37%	35%	32%	24%
3%	4.76%	4.62%	4.41%	3.95%
6%	9.52%	9.23%	8.82%	7.89%
9%	14.29%	13.85%	13.24%	11.84%

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PRIOR QOZ FUND PERFORMANCE – AS OF 03/31/24

Partnership Year	Initial Fund Capitalization (\$M)	Investor Capital Expenditure (\$M)	Reinvested Capital Expenditure (\$M)	Initial Well Count	Current Well Count	Wells Contributing to Distributions	Average Number of Months Producing	Fund Return to Date	Distributions to Investor
2019	\$ 18.3	\$25.1	\$7.1	6	50	40	21	81%	35%
2020	\$93.1	\$120.6	\$36.2	73	107	77	16	39%	16%
2023	\$94.3	\$80.1	\$ -	47	47	30	6	17%	5%
Total	\$205.6	\$226.3	\$43.3	126	204				

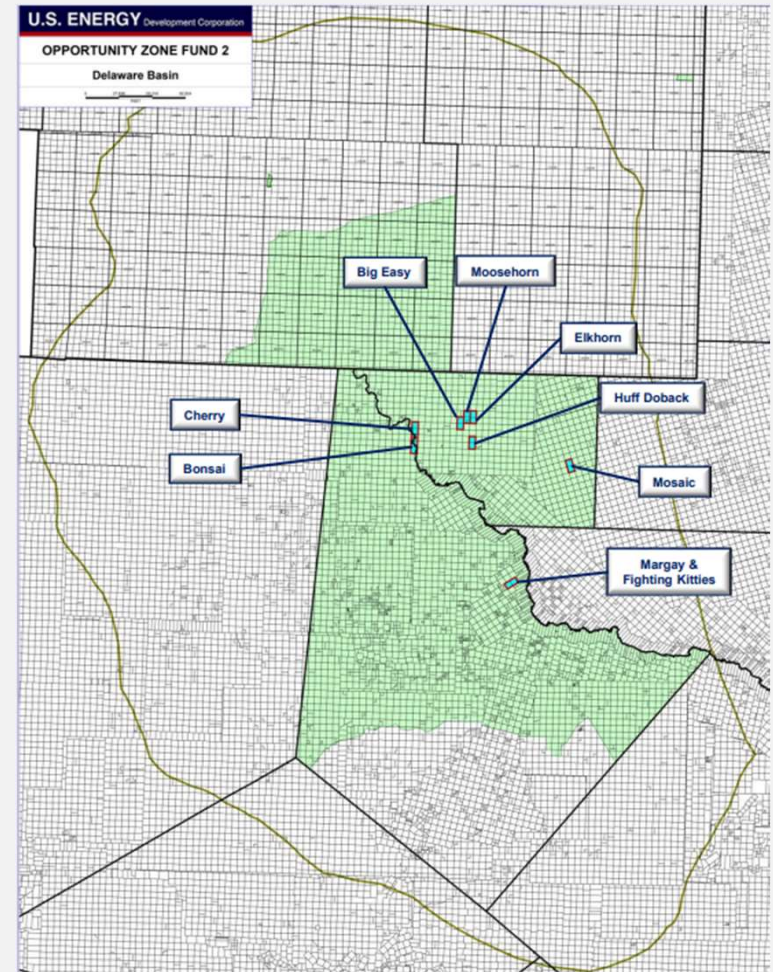
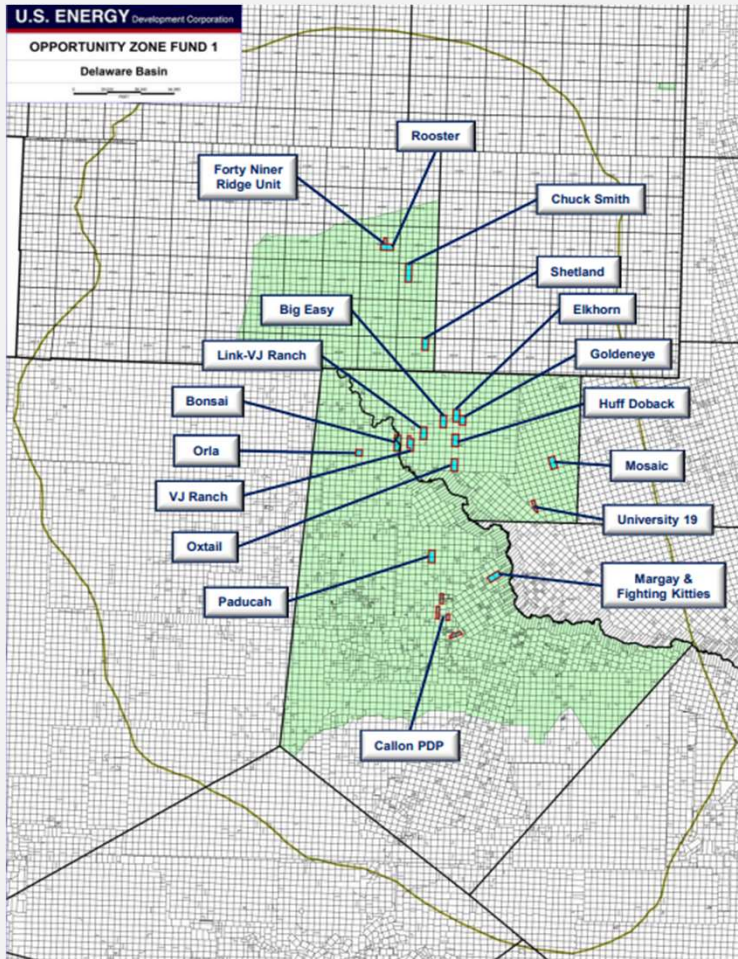
(1) Investment amount includes acquisition and sales & syndication costs in addition to any internal U.S. energy overhead reimbursements.

(2) Cash returns represented as a % of the total capital raise from the first investor in the fund (both contributing and not yet contributing to distributions).

(3) Cash returns represented as a % of contributing capital only, as opposed to the total (contributing & noncontributing) capital raised to date.

(4) The tax rate includes the maximum federal rate and the maximum New York State rate. Depreciation was applied using an estimated five year recover period (straight-line) for assets that were allocated tangible and well equipment

OPPORTUNITY ZONE 1 & 2 MAPS



RESOURCES

Oil & Gas Tax Handbook:

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OIL & GAS TAX HANDBOOK FOR OPPORTUNITY ZONES

Reprinted: U.S. Energy Eagle Ford Oil Well

The information contained in this Handbook is intended for informational purposes only and is not intended as individualized tax advice to individual readers. This Handbook is not intended as an investment program sponsored by U.S. Energy Development Corporation. U.S. Energy Development Corporation will not monitor, nor make any representation or warranty regarding the investment performance of any individual investor. You are encouraged to seek independent tax advice with respect to the tax consequences of any investment in oil and gas projects sponsored by U.S. Energy Development Corporation. The information contained in this Handbook is not intended to be used, and it cannot be used, by any individual for the purpose of evading any tax applicable to the individual. States, federal and local laws, rules, regulations, ordinances, and other laws may apply to the information contained in this Handbook. Please refer to the laws, rules, regulations, ordinances, and other laws that apply to the information contained in this Handbook.

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Wellheadland Capital Corporation (CRD 11469) - an affiliate of U.S. Energy Development Corporation
2020 Edition

Resources & Whitepapers:

THE FUTURE OF OIL AND GAS DIRECT INVESTMENTS IN A MAJORITY BLUE GOVERNMENT

Contributed by: U.S. Energy Development Corporation

Following the results from the Georgia Senate runoff, Democrats will control the balance of power in the Senate, House and White House for at least the next two years. Such wide-sweeping political changes from just a few months ago brings into question how the election results will shape the future of energy development in America, and specifically, how oil and natural gas direct investors will be impacted in the next couple of years.

Oil and gas investors have good reason to examine the long-term impact of the changing government. Under the Trump administration, America capitalized on one of its greatest strategic advantages with energy. In the last four years, U.S. oil production surged to 2.2 million barrels per day making America the world's top oil producer much to the dismay of OPEC and Russia.

But of course, shifts in political power are nothing new. We can speak from experience, as during our 40 year history we've seen first-hand how policy changes from every administration has impacted the energy sector both positively and negatively. While political inflection points are inevitable, so too will be opportunities with direct energy investments that are well-positioned to capitalize on changes in the future.

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Investor Materials:

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INVESTOR FOCUSED. RESULTS DRIVEN.

Our corporate motto, "Strike for Excellence" is more than just words. At U.S. Energy Development Corporation, it's a way of life. This is our fourth decade of dynamic growth in the oil & gas industry.

Since 1980, U.S. Energy has attained a unique growth development approach. Focusing on being successful and also creating opportunities.

On behalf of our partners, U.S. Energy has invested in, operated, and/or drilled more than 2,500 wells in 13 states and Canada. Today, the company is focusing its activities in some of the most well-regarded states and resources plays in the United States.

Come, Share our Vision

Online Educational Videos:

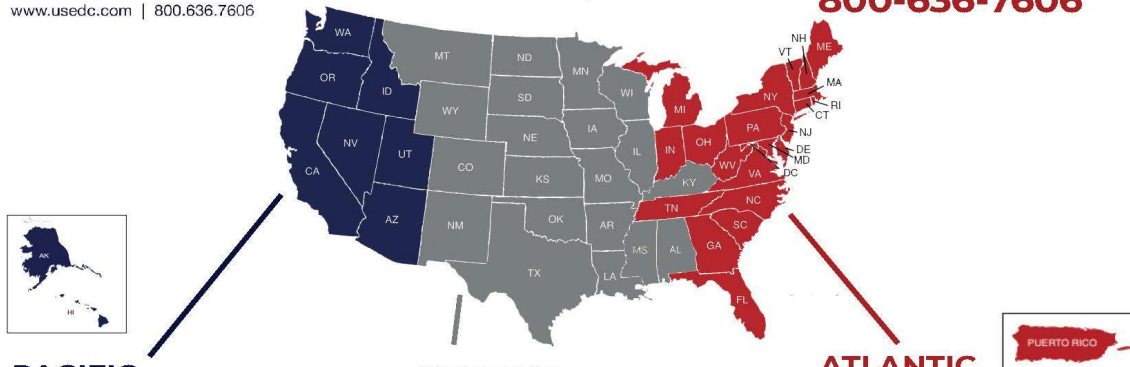


THANK YOU!

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