



U.S. Energy Qualified Opportunity Zone III LP

Direct Investments in Energy

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.

ABOUT U.S. ENERGY

Veteran E&P Operator



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

ABOUT U.S. ENERGY

U.S. Energy Financially Strong GP

\$210.9MM

YTD Revenues

↑ \$70MM more than 2023

\$128.2MM

YTD EBITDA

↑ \$42MM more than 2023

\$117.2MM

YTD Co-Investment

\$375MM

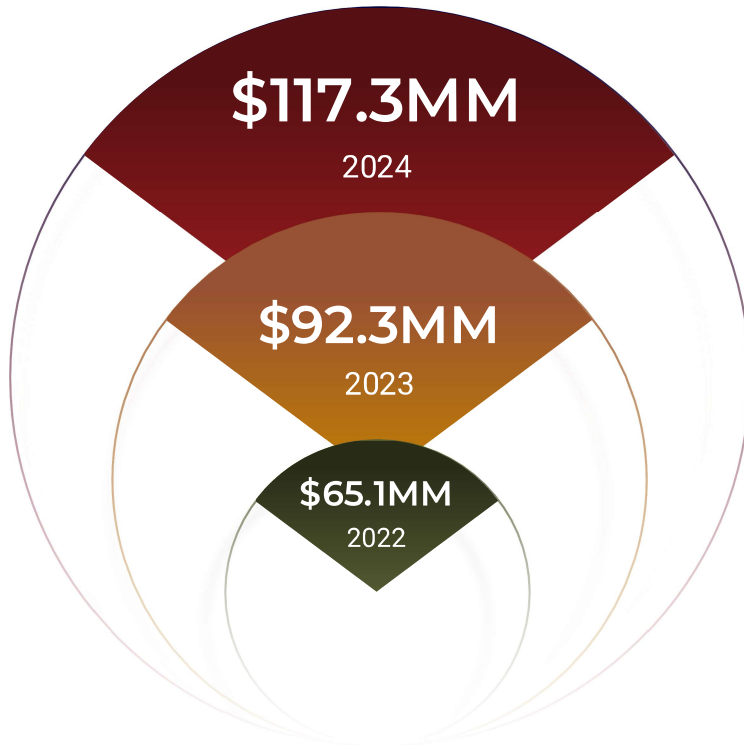
Acquisition

\$1B of Future Drilling

ABOUT U.S. ENERGY

Investing Alongside Our Partners

U.S. Energy's Co-Investment 2022-2024



\$275.1MM

Co-Invested
To Date

~15-30%

Pro-rata across
projects

Executive Management also invests alongside our partners in every single project since end of 2020.



OFFERING OVERVIEW

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 Limits:	Limited Partner ("LP")
Suitability:	Accredited Investors Only

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 \$60 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

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 88% 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

U.S. ENERGY
Development Corporation

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An investment in the Partnership is speculative and involves a high degree of risk. You could even lose your entire investment if you are not offered a complete loss of your investment. An investment in the Partnership is an illiquid investment, and there is no market for the units.



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 and Raised ~\$95 Million

OFFERING OVERVIEW

Prior QOZ Fund Performance – as of 12/31/24

Partnership Year	Initial Fund Capitalization	Investor Capital Expenditure	Reinvested Capital Expenditure	Initial Well Count	Current Well Count	Wells Contributing to Distributions	Average Number of Months Producing	Fund Return to Date	Distributions to Investor
USED C 2019 A	\$ 18.3 M	\$ 25.68 M	\$ 9.31M	6	122	60	22	81.0%	44.3%
USED C QOZ I	\$ 93.0 M	\$ 126.6 M	\$ 37.8	69	177	105	20	60.7%	20.0%
USED C QOZ II	\$ 94.2 M	\$ 115.3 M	\$ 26.5 M	58	131	61	12	37.6%	9.5%
USED C QOZ III	\$ 101.9 M	\$ 44.4 M	0	19	19	11	4	1.6%	1.0%
TOTAL	\$ 307.6 M	\$ 311.9 M	\$ 61.9 M	152	449	237			

- (1) Distributions to investor is calculated as follows: Total dollars paid to first investor divided by their investment amount as of the date of this report
- (2) The tax rate includes the maximum federal rate plus the average state income tax rate of 6.57% based on the tax rate of those states that have state income tax.
- (3) Fund Return is calculated as follows: Total dollars earned divided by the partnership capital spent as of the date of this report
- (4) Capital expenditure for all wells, even if not producing. Cash-on-Cash return calculated only using wells that are producing (capital from wells not producing excluded)

OFFERING OVERVIEW

2024 Acquisitions to Date

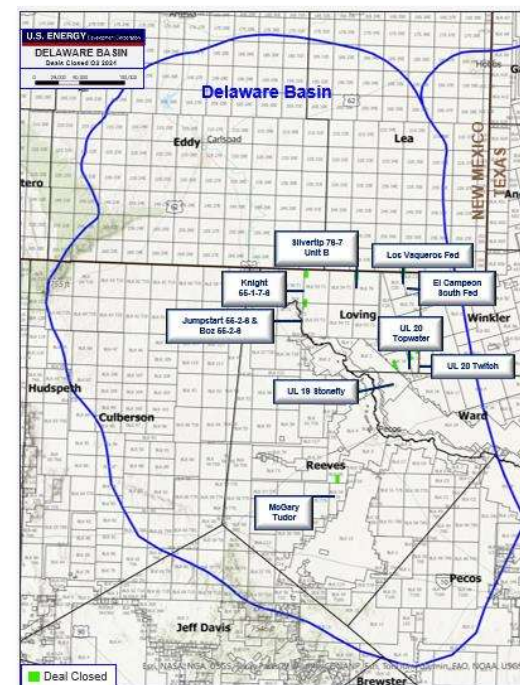
Project Name	Basin	Deal Size
Boomslang (Oxy)	Permian Basin	\$ 14,700,000
Bullhead State (Oxy)	Permian Basin	\$ 7,020,000
Gar Unit (Apache)	Permian Basin	\$ 16,290,000
Will Rogers (Upcurve)	Permian Basin	\$ 17,040,000
UL 19 Stonefly (Oxy)	Permian Basin	\$ 27,800,000
Jumpstart and Boz (Conoco)	Permian Basin	\$ 14,400,000
Silvertip 76-6 Unit B (Oxy)	Permian Basin	\$ 6,580,000
UL 20 Twitch	Permian Basin	\$ 10,800,000
El Campeon South Fed Com	Permian Basin	\$ 8,000,000
Los Vaqueros Fed	Permian Basin	\$ 16,600,000
McGary-Tudor (Upcurve)	Permian Basin	\$ 23,800,000
UL 20 Topwater	Permian Basin	\$ 5,000,000
Knight	Permian Basin	\$ 8,000,000
UL Army North (Point Energy)	Permian Basin	\$ 13,660,000
Silvertip76-16 Unit R 31H (Oxy)	Permian Basin	\$ 6,580,000
Elkhorn (Oxy)	Permian Basin	\$ 19,840,000
Big Easy (Oxy)	Permian Basin	\$ 9,800,000
Project Rushmore (Permian Resources)	Permian Basin	\$ 127,000,000
Jumpstart 55-2-6 and Boz 55-2-6 (Oxy)	Permian Basin	\$ 25,700,000

Opportunity Zone

Total Acquisitions YTD: \$ 378,610,000

\$ 364,950,000 in opportunity zones

Map of Most Recent Acquisitions



OFFERING OVERVIEW

QOZ III Projects



Silvertip

- Permian Basin
- Operated by a blue-chip, publicly traded E&P company
- Wells were completed and placed online in August,, we anticipate receiving first revenue from them this quarter (Q4 2024)
- Significant surrounding activity, acreage is surrounded by development on all sides

Project Name	# of Wells	Capital
McGary-Tudor	7	\$8,442,276
Silvertip	4	\$12,762,441
Totals	11	\$21,204,717

USED C Opportunity Zone Fund III LP

Offering Size	\$150 Million
Unit Size	\$100,000
Investor Units	Limited Partner
Opportunity Zone Tax Benefits	<ol style="list-style-type: none"> 1. Defer capital gains realized within the last 180 days 2. Tax Free Gains After Year-10
Oil & Gas Tax Benefits	<ol style="list-style-type: none"> 1. Intangible Drilling Costs 2. Depletion Allowance 3. Depreciation Deduction
Distributions	<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.
Fund Close Date	December 31st, 2024
Annual Tax Forms	Schedule K-1
Investor Reports	Updates released quarterly via Online Investor Portal
Suitability	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.

Investment Resources

Oil & Gas Tax Handbook for Opportunity Zones

The information contained in this Handbook is intended for informational purposes only and is not intended to constitute any form of investment advice. It is not intended to be used as a substitute for professional advice. The Handbook is not intended to be used as a substitute for professional advice. The Handbook is not intended to be used as a substitute for professional advice. The Handbook is not intended to be used as a substitute for professional advice.

INVESTOR FOCUSED, RESULTS DRIVEN

Over 100,000 barrels. That's the equivalent of more than 100,000 barrels of oil. U.S. Energy Development Corporation is a leading provider of oil and gas services. We're a leading provider of oil and gas services. We're a leading provider of oil and gas services.

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