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USED C 2025 Drilling Fund Initial Writeup
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Summary of the Fund

The USED C 2025 Drilling Fund 1 LP (“the Fund”) is a Delaware limited partnership formed to participate in the drilling, completion, and operation of oil and natural gas wells across premier U.S. basins, including the Permian Basin, Eagle Ford Shale, and Powder River Basin. The Fund is managed by U.S. Energy Development Corporation (U.S. Energy), an established exploration and production company with over 45 years of operating history, managing 4,000+ wells across 13 states and Canada, and deploying more than \$3.0 billion on behalf of investors and institutional partners. Investments may be made as General Partner (GP), Limited Partner (LP), or through a Limited Liability Company (LLC) structure.

Investment Objectives

The Fund’s primary objective is to generate competitive returns through oil and gas production while providing investors with significant upfront and long-term tax advantages. Key performance targets include a 12% annual preferred cash flow during the first five years, once 75% of wells reach production status. Distributions are made quarterly, contingent on revenue generation from producing wells. Additionally, the Fund provides tax efficiency through accelerated deductions on Intangible Drilling Costs (IDCs) and ongoing percentage depletion allowances that reduce taxable income over the well’s productive life.

Asset Class

The oil and gas asset class encompasses investments in the exploration, production, transportation, and refining of hydrocarbons, as well as related infrastructure and service providers. These assets derive value primarily from global energy demand and commodity price movements, making them cyclical and sensitive to macroeconomic trends, geopolitical events, and supply-demand imbalances. Investors may gain exposure through direct ownership of physical assets (such as wells or pipelines), equity in energy companies, or financial instruments like futures and royalty interests. While the sector offers attractive income potential and inflation-hedging characteristics—particularly through upstream cash flows tied to commodity prices—it also carries significant volatility and regulatory risk.

Liquidity

The investment is illiquid, and no public market exists for Fund units. An annual buyback option (“Presentment Feature”) begins on January 1, 2029, allowing investors to present their units for repurchase at 70% of present value of proven reserves.



However, redemptions are limited to 10% of total units annually and subject to available cash flow and Managing General Partner approval. Investors should be prepared to hold the investment for the duration of the fund's 25-year term, or until natural exit through well decline and capital recovery.

Exit Strategy & Timeline

The Fund's anticipated life cycle spans 7–10 years for economic realization, though the legal partnership term extends up to 25 years.

Exit opportunities include:

- Cash flow distributions from oil and gas production over time;
- Annual unit repurchase (post-2029);
- Natural decline and asset liquidation as wells mature and reserves are depleted;
- Potential secondary transactions approved by the Managing General Partner.

Investor Suitability

Participation is limited to accredited investors under Regulation D Rule 506(b).

Minimum Investment

The minimum investment is \$100,000 (1 Unit), though partial units may be accepted at the discretion of the Managing General Partner.

Expenses & Fees

Offering and Organizational Costs: Approximately 8% of capital raised, split two-thirds borne by investors and one-third by U.S. Energy.

Management Fees:

- 0.75% annually of net subscription proceeds for the first three years, reducing to 0.5% annually thereafter, subject to performance-based adjustments.

Performance Compensation:

- U.S. Energy earns its carried interest (15% working interest) only if investors achieve a 12% average annual cash return during the first five years (the "Hurdle Period"). Failure to meet this threshold results in forfeiture of the carried interest during that period.

Dealer & Marketing Fees:

- Up to 9% total: including 7% sales commissions, 2% dealer manager & diligence fees, and 0.5% marketing expense.

Leadership Experience

The Fund is managed by U.S. Energy Development Corporation, headquartered in Fort Worth, Texas, with a leadership team comprising seasoned executives in energy finance, operations, and capital markets.

Key executives include:



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- Jordan Jayson, Chief Executive Officer
- Matthew Iak, Executive Vice President
- Brandon Standifird, Chief Financial Officer
- Jake Plunk, EVP of Acquisitions & Divestitures
- Michel Haven, VP of Capital Markets

Their combined expertise spans asset development, energy finance, and institutional fund management, having collectively deployed billions in upstream energy investments over four decades.

Potential Risks

Investment in oil and gas programs involves substantial risk, including:

- Operational Risk – Drilling outcomes may yield nonproductive or low-return wells.
- Commodity Price Volatility – Oil and gas prices are unpredictable and can materially affect returns.
- Illiquidity Risk – Units are not publicly tradable; repurchase programs are limited.
- Regulatory and Environmental Risk – Evolving regulations, including those tied to hydraulic fracturing and climate change, may increase costs.
- General Partner Dependence – The Fund relies entirely on U.S. Energy's management and affiliates.
- Tax and Legislative Risk – Changes to drilling deductions or depletion allowances could impact after-tax performance.

Disclosure

Legacy Investment Solutions, LLC, doing business as (d.b.a.) Ancorato, is an entity registered with the Securities and Exchange Commission (SEC), but registration does not constitute an endorsement of the firm by securities regulators, nor does registration indicate that an advisor has gained a particular level of skill or ability.

This particular alternative investment has been screened and analyzed by Ancorato, but such screening or analyzation does not guarantee or assure any particular outcome for stakeholders. In order to participate in an alternative investment, one must meet certain suitability criteria to ascertain whether this alternative investment is suitable for a person's overall investment portfolio. Further, a person must meet certain accreditation standards to participate in this form of investment. Even if an investor does meet accreditation and suitability determinations, such determinations have no bearing on the success or failure of the venture as a whole.

Statements in this communication regarding financial projection, potential exit scenarios, business strategy and plans and objectives for future operations are forward-looking statements. Words such as "Target," "Anticipated," "Believe," or



“Estimate” and other expressions, identify forward-looking statements under the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on assumptions made by, and information currently available to the alternative investment named herein. Other phrases like, “Track record,” “has exercised,” and the like are words that denote historical data exists to support the assertion, but historical data does not guarantee future results.

This investment, like any other, is subject to risks, uncertainties and unexpected variables that could adversely affect performance. An investor’s decision to buy into this strategy should consider unexpected contingencies that could influence ultimate success.

The information contained herein is provided for educational purposes only and the information should not be construed as a provision of personalized investment advice. Under no circumstances should this information be construed as an offer to sell or a solicitation of an offer to buy a particular product or service. An offer can only be made by a private placement memorandum (PPM) in connection with any offering of securities.