

First Keystone Energy Fund - I, L.P.**Statement of Income***(Income Tax Basis)*

July 2012

	Current Month		Year to Date	
Revenue	\$	% Revenue	\$	% Revenue
Oil and Gas Production	\$58,002		\$434,230	
Proceeds from Hedge	\$3,729		\$87	
Total Revenue	61,731		434,317	
Operating Expenses (Recurring)				
Lease Operating Expenses	20,324		101,452	
Intangible Drilling Costs	0		\$0	
Marketing and Transportation	44		\$274	
Severance Taxes	2,925		21,595	
State Withholding Tax	0		\$0	
Ad Valorem Taxes	0		\$0	
Total Lease Operating Expenses (Recurring)	23,293		123,321	
Net Lease Operating Income	38,438		310,996	
Operating Expenses (Non-Recurring)				
Lease Operating Expense	0		\$12,170	
Intangible Costs - Rework			\$0	
Depletion			\$0	
Amortization and Depreciation			\$0	
Total Operating Expenses (Non-Recurring)	0		12,170	
Drilling and Completion				
Lease Operating Expenses			\$0	
Intangible Drilling Costs	3,215		\$184,871	
Depletion			\$0	
Amortization and Depreciation			\$0	
Dry Hole Expense	<u>0</u>		(\$1,582)	
Total Drilling and Completion Costs	3,215		183,289	
Net Income (Operations)	<u>35,223</u>		<u>115,537</u>	
Total Administrative Expenses	4,372		\$27,913	
Other Expense				
Interest Expense	905		\$8,149	
Interest Income			\$0	
Amortization of Basis in Hedges (Settled)	\$2,458		\$9,832	
Transaction Related Expenses			\$3,779	
Gain/(loss) from Sale of Leasehold			\$19,688	
Net Income	<u>\$27,488</u>		<u>\$85,552</u>	

First Keystone Energy Fund - I, L.P.**Balance Sheet***(Income Tax Basis)*

7/31/2012

Assets		
Current Assets		
Cash		
Cash - First National Bank of Newtown ⁽¹⁾	\$66,443	
Cash - T. Rowe Price	\$0	
Cash - Western National Bank	<u>\$1,930</u>	
Total Cash		<u>\$68,373</u>
Accounts Receivable - From Operators	\$19,404	\$0
Prepaid Expenses	\$0	\$0
Prepaid Investments		
Straley		
Rasberry		
Grey Wolf -	\$2,159	
Thorpe	<u>(\$25,000)</u>	
Total Prepaid Investments		<u>(\$22,841)</u>
Total Current Assets		\$45,532
Cash Reserves Set aside for:		
Overruns	\$0	
Drilling and Rework	\$36,580	
Fund II Asset Purchase	\$0	
Fund I Tender Offer	\$0	
Margin Tax	\$0	
Liquidity Event	<u>\$0</u>	
Total Cash Reserves		\$36,580
Fixed Assets		
Lease and Well Equipment		<u>\$342,854</u>
Intangible Assets		
Hedge Costs (02.19.09A, 06.18.09, 05.29.09B, 06.03.09)	\$50,768	
Seismic and Geology	\$46,409	
Producing Leasehold Costs ⁽¹⁾	\$275,560	
Non-Producing Leasehold Costs ⁽¹⁾	\$15,282	
Financing Costs	<u>\$35,445</u>	
Total Intangible Assets		<u>\$423,464</u>
Total Assets		<u>\$848,430</u>
Liabilities and Partner's Capital		
Current Liabilities		
Accounts Payable	\$0	
Accrued Liabilities	\$0	
Due to/from FKPG		
Due to/from Funds	(\$12,070)	
Senior Term Loan	<u>\$170,262</u>	
Total Current Liabilities		\$158,192
Other Liabilities		
Partner's Contributions	\$4,887,444	
Partner's Distributions	(\$12,550,127)	
Prior Year Income(Loss)	\$8,267,369	
Current Year Income (Loss)	<u>\$85,552</u>	
Total Partner's Capital		<u>\$690,238</u>
Total Liabilities and Partner's Capital		<u>\$848,430</u>

First Keystone Energy Fund - I, L.P.
Statement of Changes in Operating Cash Flows
(Income Tax Basis)
July 2012

	<i>Current Month</i>	<i>Year to Date</i>
Net Income	\$27,488	\$85,552
Adjustments for non-Cash Items		
Depletion	0	\$0
Depreciation	0	\$0
Less: Changes in Operating Assets and Liabilities		
Escrow Release	0	0
Hedge Costs (02.19.09A, 06.18.09, 05.29.09B, 06.03.09)	0	(2,480)
Prepaid Investments	(3,853)	(37,762)
Non-Producing Leasehold Investments	0	(17,381)
Producing Leasehold Investments	0	(95,230)
Seismic and Geology	0	17,760
Fixed Assets	(6,175)	44,979
Other Assets	0	10,174
Accounts Payable	0	0
Due to/from Related Parties	0	0
Accrued Liabilities	0	0
Total Changes in Operating Assets and Liabilities	<u>(10,028)</u>	<u>(79,940)</u>
Plus: Changes in Investment Activities		
Bridge Notes	0	0
Notes Payable	0	0
Senior Term Loan	(13,900)	(69,585)
Preferred LP Unit Contributions	\$0	0
Partner Contributions	0	0
Partner Distributions	(19,954)	(144,819)
Total Changes in Investment Activities	<u>(33,854)</u>	<u>(214,404)</u>
<i>Net Increase (Decrease) in Cash Balances</i>	<u>3,662</u>	<u>(48,912)</u>
Cash Balances at the Beginning of the Period	<u>101,291</u>	<u>153,865</u>
Cash Balances at the end of the Period	<u><u>\$104,953</u></u>	<u><u>\$104,953</u></u>

First Keystone Energy Fund - I, L.P.
Net Distributable Income (I.4)
(Income Tax Basis)
July 2012

	Oplin - #51001	South Spur - #60202	Roca Negra - #50703	Live Oak (Isenhower #2) - #50502	Apache SE (Nunn#1) - #50901	Grey Wolf (Herber) - #50903	Natalia (Natalia #1) - #51002	Fairgrounds - #60101	Jimmie Herring - #61101	Schwerthner - #61101	Billy R. - #61101	Live Oak West - #60801	Thorpe - #61001	Eaton - #70601	Rasberry - #70102	East Trifecta - #110703	Sub-Total Recurring Revenue	Alaska	Total
Current Month																			
Gross Revenue																			
Oil Revenue	\$0	\$8,487	\$0	\$0	\$0	\$96	\$0	\$210	\$2,061	\$2,482	\$0	\$0	\$10,260	\$26,024	\$154	\$49,774			\$49,774
Gas	\$203	\$0	\$0	\$0	\$230	\$43	\$0	\$52	\$376	\$1,149		\$912	\$360	\$4,903	\$0	\$8,228		\$0	\$8,228
Gain on Sale of Leasehold Assets																\$0		\$0	\$0
Total Gross Revenue	<u>\$203</u>	<u>\$8,487</u>	<u>\$0</u>	<u>\$0</u>	<u>\$230</u>	<u>\$139</u>	<u>\$0</u>	<u>\$262</u>	<u>\$2,437</u>	<u>\$3,631</u>	<u>\$0</u>	<u>\$912</u>	<u>\$360</u>	<u>\$15,163</u>	<u>\$26,024</u>	<u>\$154</u>	<u>\$57,848</u>	<u>\$0</u>	<u>\$58,002</u>
Production Taxes	\$15	\$391	\$0	\$0	\$0	\$35	\$0	\$19	\$123	\$198	\$0	\$99	(\$3)	\$841	\$1,200	\$7	\$2,925		\$2,925
Marketing Expenses																			0
Total Production Taxes	<u>\$15</u>	<u>\$391</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$35</u>	<u>\$0</u>	<u>\$19</u>	<u>\$123</u>	<u>\$198</u>	<u>\$0</u>	<u>\$99</u>	<u>(\$3)</u>	<u>\$841</u>	<u>\$1,200</u>	<u>\$7</u>	<u>\$2,925</u>		<u>\$2,925</u>
Total Operating Expenses	<u>\$2,864</u>	<u>\$1,354</u>	<u>\$30</u>	<u>\$0</u>	<u>\$81</u>	<u>\$636</u>	<u>\$0</u>	<u>\$187</u>	<u>\$623</u>	<u>\$546</u>	<u>\$0</u>	<u>\$1,015</u>	<u>\$1,039</u>	<u>\$2,128</u>	<u>\$3,130</u>	<u>\$0</u>	<u>\$13,633</u>		<u>\$13,633</u>
Net Lease Operating Income	<u>(\$2,676)</u>	<u>\$6,742</u>	<u>(\$30)</u>	<u>\$0</u>	<u>\$149</u>	<u>(\$532)</u>	<u>\$0</u>	<u>\$56</u>	<u>\$1,691</u>	<u>\$2,887</u>	<u>\$0</u>	<u>(\$202)</u>	<u>(\$676)</u>	<u>\$12,194</u>	<u>\$21,694</u>	<u>\$147</u>	<u>\$41,297</u>		<u>\$41,444</u>
Less: Administrative Expenses																	\$0		\$10,699
Less: Debt Service																			\$14,815
Less: GP Override																			\$0
Plus: Hedge Proceeds																			\$3,729
Net Distributable Income	<u>(\$2,676)</u>	<u>\$6,742</u>	<u>(\$30)</u>	<u>\$0</u>	<u>\$149</u>	<u>(\$532)</u>	<u>\$0</u>	<u>\$56</u>	<u>\$1,691</u>	<u>\$2,887</u>	<u>\$0</u>	<u>(\$202)</u>	<u>(\$676)</u>	<u>\$12,194</u>	<u>\$21,694</u>	<u>\$147</u>	<u>\$41,444</u>		<u>\$19,659</u>
Income per L.P. Unit																			\$52
% Return on Contributed Capital - Annualized																			6.0%

Year to Date																			
Gross Revenue																			
Oil Revenue	\$3,640	\$89,444	\$25,266	\$0	\$0	\$1,616	\$0	\$629	\$23,234	\$49,674	\$0	\$8,394	\$63,684	\$138,743	\$736	\$405,060			\$405,060
Gas	\$1,360	\$0	\$3,883	\$1,255	\$2,191	\$587	\$0	\$2,354	\$3,828	\$10,924		\$6,211	\$3,891	\$12,374	\$0	\$48,858		\$0	\$48,858
Gain on Sale of Leasehold Assets																\$0		\$0	\$0
Total Gross Revenue	<u>\$5,000</u>	<u>\$89,444</u>	<u>\$29,149</u>	<u>\$1,255</u>	<u>\$2,191</u>	<u>\$2,203</u>	<u>\$0</u>	<u>\$2,983</u>	<u>\$27,062</u>	<u>\$60,598</u>	<u>\$0</u>	<u>\$14,605</u>	<u>\$3,891</u>	<u>\$76,058</u>	<u>\$138,743</u>	<u>\$736</u>	<u>\$453,918</u>	<u>\$0</u>	<u>\$453,918</u>
Production Taxes	\$575	\$4,122	\$548	\$0	\$218	\$195	\$0	\$214	\$1,358	\$3,138	\$0	\$978	\$263	\$3,863	\$6,090	\$33	\$21,595		\$21,595
Marketing Expenses																			\$0
Total Production Taxes	<u>\$575</u>	<u>\$4,122</u>	<u>\$548</u>	<u>\$0</u>	<u>\$218</u>	<u>\$195</u>	<u>\$0</u>	<u>\$214</u>	<u>\$1,358</u>	<u>\$3,138</u>	<u>\$0</u>	<u>\$978</u>	<u>\$263</u>	<u>\$3,863</u>	<u>\$6,090</u>	<u>\$33</u>	<u>\$21,562</u>	<u>\$0</u>	<u>\$21,595</u>
Total Operating Expenses	<u>\$18,798</u>	<u>\$7,206</u>	<u>\$7,059</u>	<u>\$0</u>	<u>\$627</u>	<u>\$1,038</u>	<u>\$0</u>	<u>\$1,180</u>	<u>\$5,944</u>	<u>\$6,183</u>	<u>\$67</u>	<u>\$8,598</u>	<u>\$4,218</u>	<u>\$28,083</u>	<u>\$15,595</u>	<u>\$525</u>	<u>\$105,121</u>		<u>\$105,121</u>
Net Lease Operating Income	<u>(\$14,373)</u>	<u>\$78,116</u>	<u>\$21,542</u>	<u>\$1,255</u>	<u>\$1,346</u>	<u>\$970</u>	<u>\$0</u>	<u>\$1,589</u>	<u>\$19,760</u>	<u>\$51,277</u>	<u>(\$67)</u>	<u>\$5,029</u>	<u>(\$590)</u>	<u>\$44,112</u>	<u>\$117,058</u>	<u>\$178</u>	<u>\$327,235</u>	<u>\$0</u>	<u>\$327,202</u>
Less: Administrative Expenses																			\$55,661
Less: Debt Service																			\$112,624
Less: Reserves																			\$33,827
Plus: Hedge Proceeds																			(\$3,950)
Net Distributable Income	<u>(\$14,373)</u>	<u>\$78,116</u>	<u>\$21,542</u>	<u>\$1,255</u>	<u>\$1,346</u>	<u>\$970</u>	<u>\$0</u>	<u>\$1,589</u>	<u>\$19,760</u>	<u>\$51,277</u>	<u>(\$67)</u>	<u>\$5,029</u>	<u>(\$590)</u>	<u>\$44,112</u>	<u>\$117,058</u>	<u>\$178</u>	<u>\$327,202</u>	<u>\$0</u>	<u>\$121,140</u>
Income per L.P. Unit																			\$323
Contributed Capital																			
% Return on Contributed Capital - Annualized																			5.3%

Cumulative																			
Gross Revenue																			
Oil Revenue	\$1,028,815	\$1,620,034	\$175,524	\$28,439	\$1,088	\$5,619	\$76,817	\$13,301	\$44,531	\$107,874	\$197	\$12,364	\$0	\$102,062	\$180,452	\$3,397,117	\$0	\$3,397,117	
Gas	\$211,603	\$7,661	\$203,417	\$9,263	\$50,760	\$5,743	\$9,930	\$40,603	\$6,961	\$18,732	\$0	\$15,036	\$7,220	\$14,766	\$0	\$601,695	\$0	\$601,695	
Gain on Sale of Leasehold Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0					\$0	\$0	\$0	\$0	
Total Gross Revenue	\$1,240,418	\$1,627,695	\$378,941	\$37,702	\$51,848	\$11,362	\$86,747	\$53,904	\$51,492	\$126,606	\$197	\$27,400	\$7,220	\$116,828	\$180,452	\$0	\$3,998,812	\$0	\$3,998,812
Production Taxes	\$63,463	\$73,662	\$24,139	\$2,614	\$5,365	\$818	\$4,139	\$3,958	\$2,576	\$6,446	\$9	\$1,823	\$512	\$5,817	\$8,070	\$203,411	\$9	\$203,420	
Marketing Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Production Taxes	\$63,463	\$73,662	\$24,139	\$2,614	\$5,365	\$818	\$4,139	\$3,958	\$2,576	\$6,446	\$9	\$1,823	\$512	\$5,817	\$8,070	\$0	\$203,411	\$9	\$203,420
Total Operating Expenses	\$185,786	\$150,098	\$37,309	\$25,565	\$5,907	\$7,280	\$14,072	\$19,109	\$9,327	\$12,189	\$187	\$13,350	\$5,372	\$35,721	\$22,081	\$0	\$543,353	\$187	\$543,353
Net Lease Operating Income	\$991,169	\$1,403,936	\$317,493	\$9,523	\$40,576	\$3,263	\$68,536	\$30,837	\$39,589	\$107,971	\$1	\$12,227	\$1,336	\$75,290	\$150,301	\$0	\$3,252,047	(\$196)	\$3,252,038
Less: Administrative Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,699
Less: Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,815
Less: Reserves																			\$0
Plus: Hedge Proceeds																			\$3,729
Net Distributable Income	\$991,169	\$1,403,936	\$317,493	\$9,523	\$40,576	\$3,263	\$68,536	\$30,837	\$39,589	\$107,971	\$1	\$12,227	\$1,336	\$75,290	\$150,301	\$0	\$3,252,047	(\$196)	\$3,230,253
Income per L.P. Unit																			\$8,637
Contributed Capital																			\$10,500
% Return on Contributed Capital - Annualized																			13.0%

Note: (1) Net Distributable Income on this chart includes the non-recurring revenue generated from the sale of the Alaska leaseholds, and has also been reduced by Fund Administrative Expenses

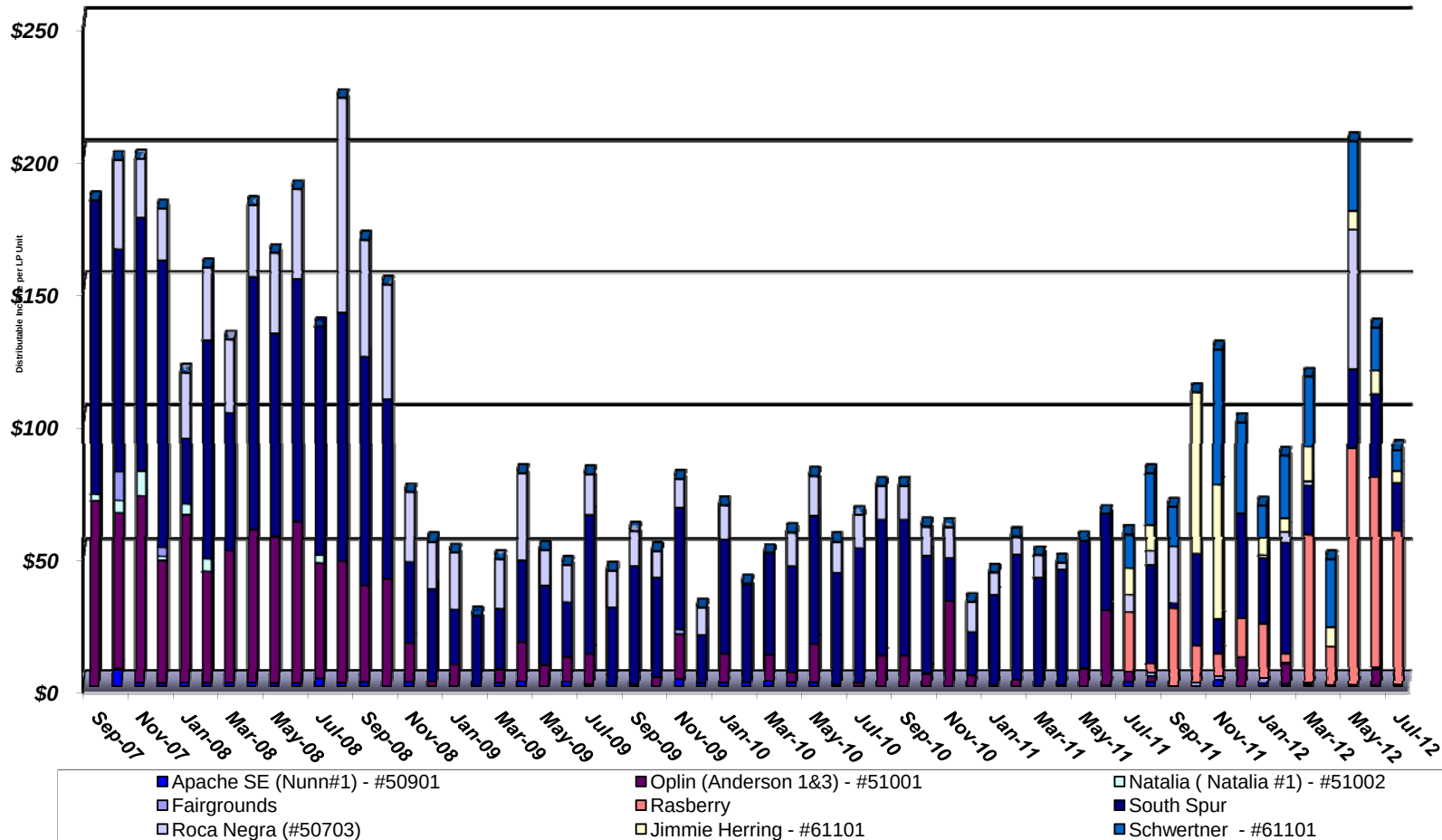
(2) Approximately \$2900 of Distributable Income on this chart was received in January 2007, but was accrued into December for tax purposes. The cash distributions to Limited Partners occurred in January.

(3) Effective February 2009 distributions to partners have been suspended and all "distributable income" is being utilized to amortize debt. The figure shown on this report represents the amount of income that would have been available to distribute IF the Fund were making distributions. These amounts are being applied toward debt.

(4) This table depicts revenues generated by prospects BEFORE debt service and administrative expenses and excludes gains and losses from settlement of hedge contracts.

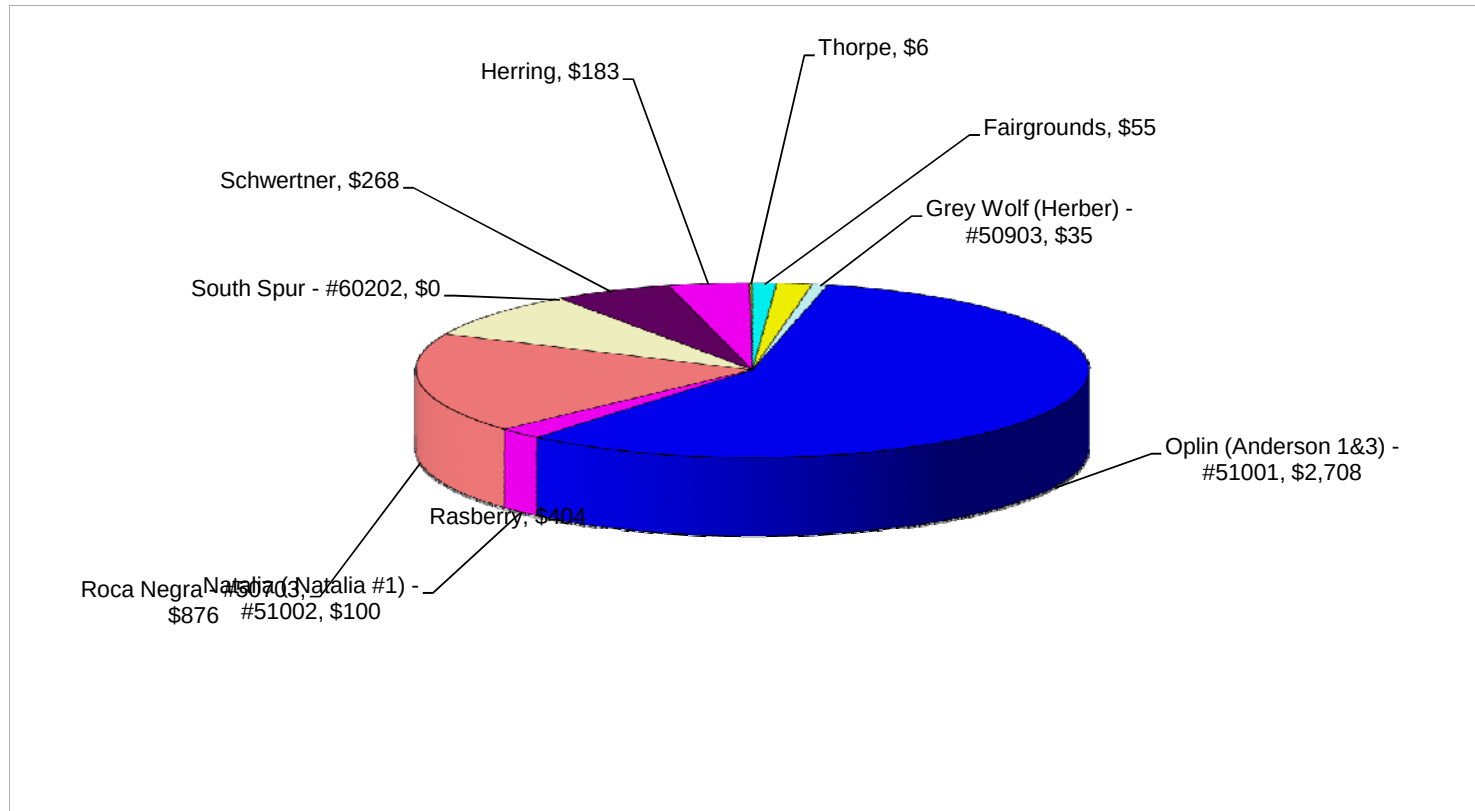
(5) This table has been updated to exclude the East Kenedy assets sold in the Liquidity Event transaction in December 2010.

First Keystone Energy Fund - I, L.P.
Net Lease Operating Income by Month (I.4)
(Income Tax Basis)
Months 9/30/07 Through 7/31/12



- Note:
- (1) The distributable cash per unit depicted on this chart includes only recurring revenue, and therefore excludes funds distributed for the sale of the Umiat, Eagle Prospect, and Northern Lights leaseholds in Alaska. We have also not deducted administrative expenses on a per well basis.
 - (2) This table depicts revenues generated by prospects BEFORE debt service and administrative expenses and *excludes* gains and losses from settlement of hedge contracts.
 - (3) The calculation of distributable cash flow is based upon the revenue checks received each month less the JIB for the same month (i.e. it is based upon the month the JIB pertains to, not the month it is paid).
 - (4) This table has been updated to exclude the East Kenedy Assets sold in the Liquidity Event Transaction in December of 2010

First Keystone Energy Fund - I, L.P.
Net Lease Operating Income by Field (I.4)
(Income Tax Basis)
(Continuing Operations Only)
Cumulative Through July 2012



Note: (1) The distributable cash per unit depicted on this chart includes only recurring revenue, and therefore excludes funds distributed for the sale of the Umiat, Eagle Prospect, and Northern Lights leaseholds in Alaska. We have also not deducted administrative expenses on a per well basis.

(2) This table has been updated to exclude the East Kenedy Assets sold in the South Texas Liquidity Event Transaction in December of 2010

First Keystone Energy Fund - I, L.P.
Analysis of Lease Operating Expenses
(Income Tax Basis)
July 2012

	Current Month	Year to Date
Recurring Expenses		
Lease Operating Expenses		
Herring - 61101	623	6,012
HOC Billy R - 61101		0
Apache SE - 50901		591
East Kenedy - 51201		0
Grey Wolf - 50903		411
Live Oak (Isenhower) - 50502	789	3,021
Natalia - 51002		0
Oplin - 51001	2,795	14,857
Rattlesnake Mound - 50703		13,916
Fairgrounds - 60101		1,014
South Spur - 60202-01	1,169	7,872
Live Oak West -		4,759
Schwertner - 61101	546	4,776
Rasberry	4,147	14,431
Eaton	9,709	25,579
Thorpe	533	3,392
East Trifecta	13	821
 Total Lease Operating Expenses	 <u>20,324</u>	 <u>101,452</u>
Intangible Drilling Costs		
Grey Wolf - 50903		0
Live Oak (Isenhower) - 50502-01		0
Oplin - 51001		0
Rattlesnake Mound - 50703		0
Fairgrounds - 60101		0
South Spur - 60202-01		0
 Total Intangible Drilling Costs	 <u>0</u>	 <u>0</u>
 Total Recurring Expenses	 <u>20,324</u>	 <u>101,452</u>
Non-recurring Expenses		
Lease Operating Expenses		
Eaton		7,634
Grey Wolf - 50903		0
Live Oak West -		575
Natalia - 51002		0
Oplin - 51001		3,961
Rattlesnake Mound - 50703		0
Schwertner - 61101		0
South Spur - 60202-01		0
 Total Lease Operating Expenses	 <u>0</u>	 <u>12,170</u>
Intangible Drilling & Completion Costs		
Eaton	4,718	117,455
Rasberry	(1,610)	66,341
Live Oak (Isenhower) - 50502-01		0
Oplin - 51001		0
Rattlesnake Mound - 50703		0
Fairgrounds - 60101		0
East Trifecta - 110703	107	107
Schwertner - 61101		968
 Total Intangible Drilling & Completion Costs	 <u>3,215</u>	 <u>184,871</u>
 Total Non-Recurring Expenses	 <u>3,215</u>	 <u>197,041</u>