

First Keystone Energy Fund - IV, L.P.

Statement of Income

(Income Tax Basis)

7/31/2012

	Current Month		Year to Date	
	\$	% Revenue	\$	% Revenue
Revenue				
Oil and Gas Production	\$63,065		\$528,933	
Proceeds from Hedge	\$4,276		\$807	
Total Revenue	67,341		529,740	
Operating Expenses (Recurring)				
Lease Operating Expenses	16,648		91,949	
Intangible Drilling Costs	0		\$0	
Marketing and Transportation	0		\$0	
Severance Taxes	4,146		36,825	
State Withholding Tax	0		\$0	
Ad Valorem Taxes	0		\$0	
Total Lease Operating Expenses (Recurring)	20,794		128,774	
Net Lease Operating Income	46,547		400,966	
Operating Expenses (Non-Recurring)				
Lease Operating Expense	0		\$0	
Intangible Costs - Rework			\$0	
Depletion			\$0	
Amortization and Depreciation			\$0	
Total Operating Expenses (Non-Recurring)	0		0	
Drilling and Completion				
Lease Operating Expenses			\$0	
Intangible Drilling Costs	127,427		677,041	
Depletion			\$0	
Amortization and Depreciation			\$0	
Dry Hole Expense	<u>47,932</u>		\$81,216	
Total Drilling and Completion Costs	175,359		758,257	
Net Income (Operations)	<u>(128,812)</u>		<u>(357,291)</u>	
Total Administrative Expenses	7,289		\$78,250	
Other Expense				
Interest Expense			\$1,200	
Interest Income			\$11,966	
Amortization of Basis in Hedges (Settled)	\$1,923		\$9,615	
Hedge Settlement			\$0	
Gain/(loss) from Sale of Assets			(\$45,963)	
Gain/(loss) from Sale of Leaseholds ⁽¹⁾	\$117,902		\$454,212	
Net Income	<u>(\$20,122)</u>		<u>(\$26,141)</u>	

Note: (1) The gain on the sale of leaseholds represents the gross proceeds from the sale of the Woodford rights (\$113M) and the gross proceeds from the Denton ami (\$5M)

First Keystone Energy Fund - IV, L.P.

Balance Sheet

(Income Tax Basis)

7/31/2012

Assets

Current Assets

Cash		
Cash - First National Bank of Newtown (checking)	\$115,494	
Cash - First National Bank of Newtown (disbursements)	<u>\$893</u>	
Total Cash		<u>\$116,387</u>

Prepaid Expenses		\$0
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Prepaid Investments

East Orr	\$125,755	
Big Sandy	\$22,839	
Centerfield	\$0	
Charter Oak (General Credit)		
Denton #1-3	\$381	
Farmer Ranch	\$18,335	
Lone Grove	\$28,908	
Mad Island	\$34,415	
SW Dibble		
N Healdton	\$62,654	
Atkinson	\$67,892	
Maverick		
Rushness		

Total Prepaid Investments		<u>\$361,179</u>
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Total Current Assets		<u>\$477,566</u>
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Cash Reserves Set aside for:

Offsets ⁽¹⁾	\$0	
Overruns - General	\$26,935	
Overruns - Richard #1	\$0	
Overruns - Brooksher #1	\$0	
Overruns - Gibbs #1	\$0	
Overruns - Mad Island	\$0	

Total Cash Reserves		\$26,935
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Fixed Assets

Lease and Well Equipment		\$385,244
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Hedge Positions ⁽²⁾		\$77,577
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Intangible Assets

Financing Costs	\$5,845	
Organization Costs	\$151,400	
Producing Leaseholds	\$143,566	
Non-Producing Leaseholds	\$302,416	
Seismic and Geology	\$297,765	

Total Intangible Assets		<u>\$900,992</u>
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Total Assets		<u>\$1,868,314</u>
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Liabilities and Partner's Capital

Current Liabilities

Bridge Loan from KPG (FL) LLC		
Due to/from Fund I		
Due to/from Fund III		
Due to Jane Price Trust	(\$4,326)	

Total Current Liabilities		(\$4,326)
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WNB Senior Term Loan	\$239,780	
Partner's Contributions	\$3,878,750	
Partner's Distributions	(\$687,929)	
Prior Year Income(Loss)	(\$1,531,820)	
Current Year Income (Loss)	(\$26,141)	
Total Partner's Capital		<u>\$1,872,640</u>

Total Liabilities and Partner's Capital		<u>\$1,868,314</u>
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Note: (1) The reserve for offset wells includes planned offsets in the Rushness, East Orr, and Alpine Meadows Prospects \$0

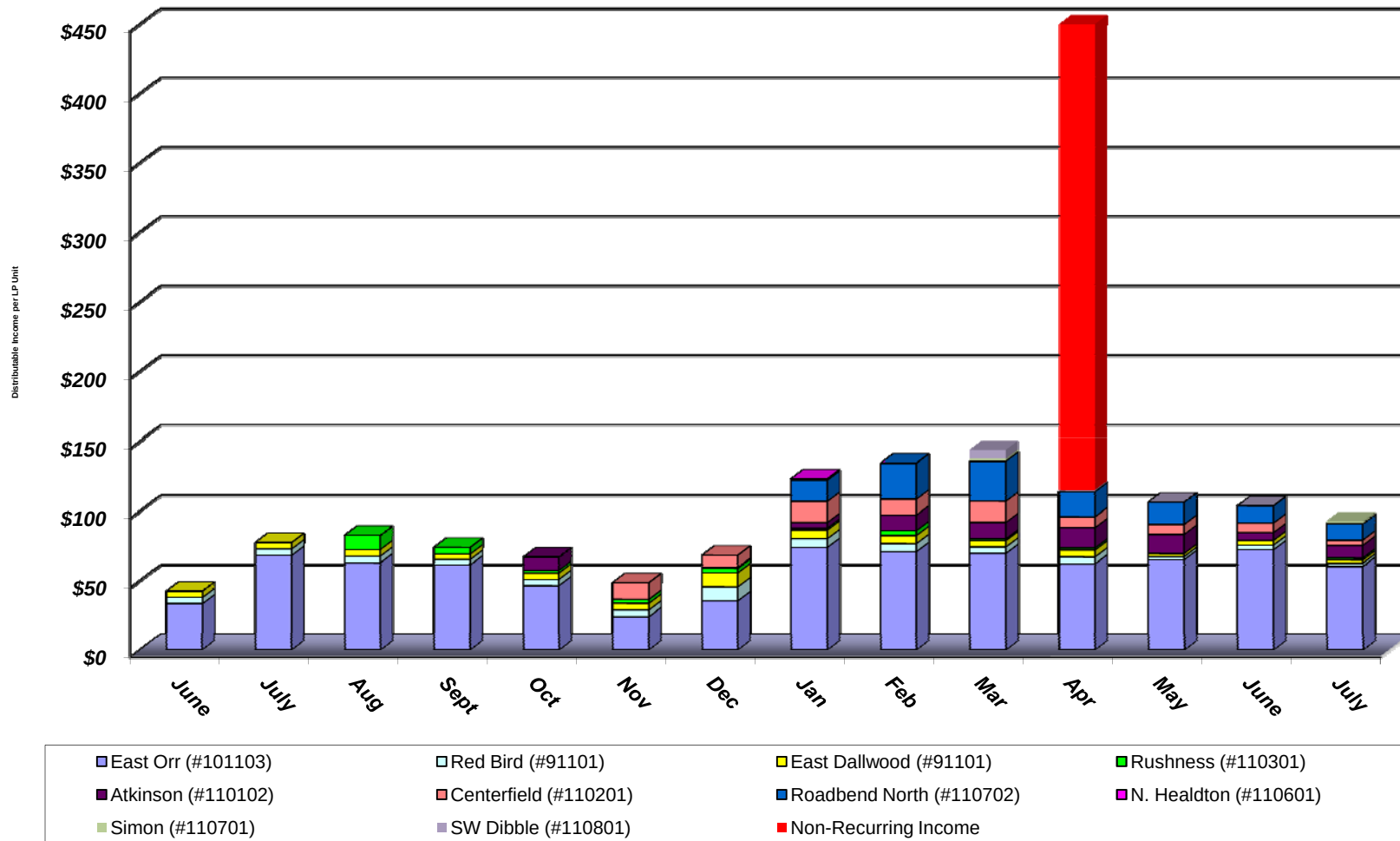
(2) Hedge positions are initially booked at their purchase price at the time the position is acquired. As a contract expires, the portion of the original position that pertains to that month is expensed into the Statement of Income as Basis. Currently the fund owns 35% of 1/2 of a PUT contract (\$85/BBL) for the 2012 and 2013 calendar year, 25% of 1/2 of a \$115 Call contract in 2012, and 35% of 1/2 of a \$115 Call contract in 2013. These figures do not include this funds participatin in a Swap contract for 2012 and 2013, as there is no basis with these arrangements.

First Keystone Energy Fund IV, L.P.
Statement of Changes in Operating Cash Flows
(Income Tax Basis)
7/31/2012

	<i>Current Month</i>	<i>Year to Date</i>
Net Income	(\$20,122)	(\$26,141)
Adjustments for non-Cash Items		
Depletion	\$ -	\$ -
Depreciation	0	0
Less: Changes in Operating Assets and Liabilities		
Accounts Receivable		(100,000)
Other Assets	1,992	255,371
Prepaid Investments	(23,314)	(145,449)
Producing Leasehold Investments	7,278	(34,693)
Non-Producing Leasehold Investments	32,733	109,542
Fixed Assets	40,589	113,828
Due to Affiliates	(49,052)	325
Accounts Payable		0
Accrued Liabilities		0
Total Changes in Operating Assets and Liabilities	<u>\$10,226</u>	<u>\$ 198,924</u>
Plus: Changes in Investment Activities		
Loan Drawdowns	\$21,464	239,780
Partner Contributions	\$0	401,250
Partner Distributions	(\$36,780)	(535,821)
Total Changes in Investment Activities	<u>(15,316)</u>	<u>105,209</u>
<i>Net Increase (Decrease) in Cash Balances</i>	<u>\$ (45,664)</u>	<u>\$ (119,856)</u>
Cash Balances at the Beginning of the Period	<u>\$188,986</u>	<u>\$ 263,178</u>
Cash Balances at the end of the Period	<u><u>\$143,322</u></u>	<u><u>\$ 143,322</u></u>

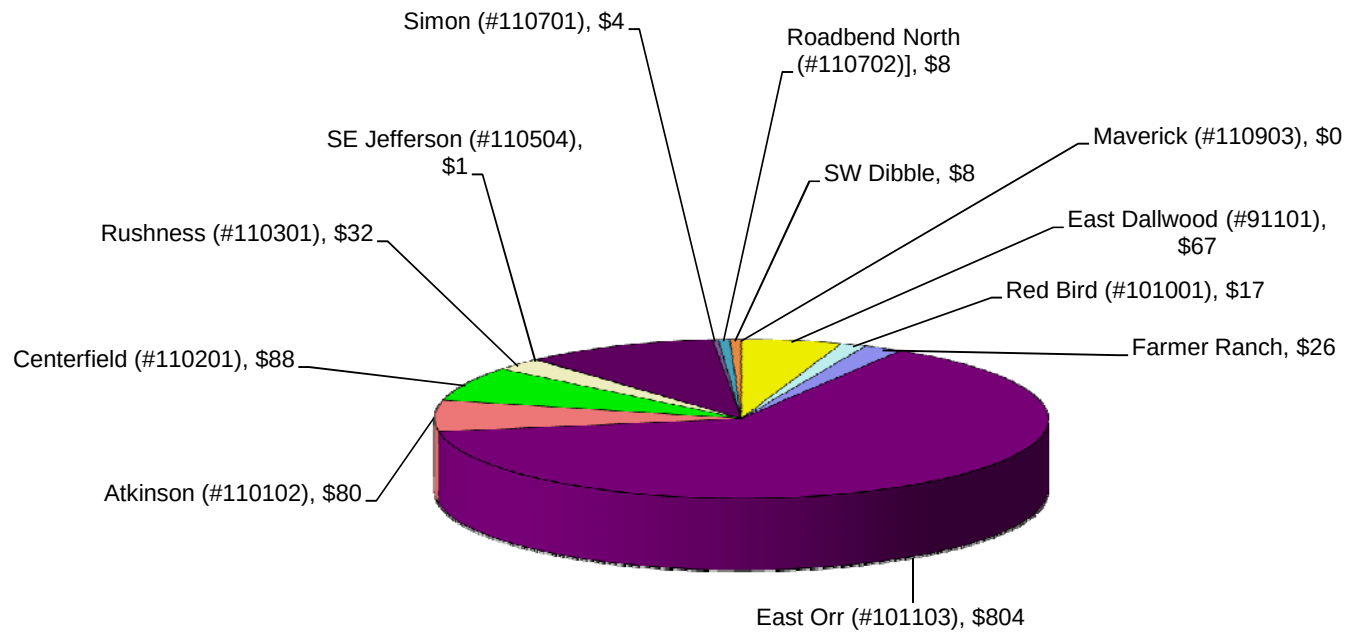
	East Dailwood (#91101)	Red Bird (#101001)	Farmer Ranch (#101102)	East Orr (#101103)	Atkinson (#10102)	Centerfield (#110201)	Rushness (#110301)	SE Jefferson (#110504)	N. Healdton (#110601)	Roadbend North (#110702)	Simon (#110701)	SW Dibble (#110803)	Maverick (#110903)	Total
Current Month														
Gross Revenue														
Oil Revenue	\$1,562	\$1,170	\$2,510	\$36,989	\$4,807	\$2,498	\$791		\$6,729	\$1,058	\$1,543	\$0		\$59,657
Gas	\$0	\$0		\$0	\$622	\$1,089	\$0		\$1,697					\$3,408
Gain on Sale of Leasehold Assets														\$0
Total Gross Revenue	<u>\$1,562</u>	<u>\$1,170</u>	<u>\$2,510</u>	<u>\$36,989</u>	<u>\$5,429</u>	<u>\$3,587</u>	<u>\$791</u>	<u>\$0</u>	<u>\$8,426</u>	<u>\$1,058</u>	<u>\$1,543</u>	<u>\$0</u>	<u>\$0</u>	<u>\$63,065</u>
Production Taxes	\$72	\$84	\$116	\$2,770	\$45	\$258	\$34		\$607	\$49	\$111	\$0		\$4,146
Marketing Expenses														\$0
Total Production Taxes	<u>\$72</u>	<u>\$84</u>	<u>\$116</u>	<u>\$2,770</u>	<u>\$45</u>	<u>\$258</u>	<u>\$34</u>	<u>\$0</u>	<u>\$607</u>	<u>\$49</u>	<u>\$111</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,146</u>
Total Operating Expenses	\$257	\$286	\$1,584	\$2,046	\$561	\$1,262	\$0	\$1,159	\$1,429	\$743	\$410	\$199	\$132	\$10,068
Net Revenue	<u>\$1,233</u>	<u>\$800</u>	<u>\$810</u>	<u>\$32,173</u>	<u>\$4,823</u>	<u>\$2,067</u>	<u>\$757</u>	<u>(\$1,159)</u>	<u>\$6,390</u>	<u>\$266</u>	<u>\$1,022</u>	<u>(\$199)</u>	<u>(\$132)</u>	<u>\$48,851</u>
Less: Administrative Expenses														\$12,011
Plus: Interest on Chisholm Trail														\$0
Plus: Proceeds from Sale of Rushness														\$0
Net Distributable Income	<u>\$1,233</u>	<u>\$800</u>	<u>\$810</u>	<u>\$32,173</u>	<u>\$4,823</u>	<u>\$2,067</u>	<u>\$757</u>	<u>(\$1,159)</u>	<u>\$6,390</u>	<u>\$266</u>	<u>\$1,022</u>	<u>(\$199)</u>	<u>(\$132)</u>	<u>\$36,840</u>
Income per L.P. Unit														\$69
% Return on Contributed Capital - Annualized														11.4%
Year to Date														
Gross Revenue														
Oil Revenue	\$20,570	\$7,484	\$16,915	\$285,659	\$49,469	\$30,899	\$6,977		\$57,173	\$16,483	\$6,497	\$4,791		\$502,917
Gas	\$0	\$0		\$0	\$2,133	\$12,706	\$0		\$11,177					\$26,016
Total Gross Revenue	<u>\$20,570</u>	<u>\$7,484</u>	<u>\$16,915</u>	<u>\$285,659</u>	<u>\$51,602</u>	<u>\$43,605</u>	<u>\$6,977</u>	<u>\$0</u>	<u>\$68,350</u>	<u>\$16,483</u>	<u>\$6,497</u>	<u>\$4,791</u>	<u>\$0</u>	<u>\$528,933</u>
Production Taxes	\$949	\$539	\$780	\$21,248	\$3,385	\$3,120	\$311		\$4,921	\$761	\$513	\$298		\$36,825
Marketing Expenses														\$0
Total Production Taxes	<u>\$949</u>	<u>\$539</u>	<u>\$780</u>	<u>\$21,248</u>	<u>\$3,385</u>	<u>\$3,120</u>	<u>\$311</u>	<u>\$0</u>	<u>\$4,921</u>	<u>\$761</u>	<u>\$513</u>	<u>\$298</u>	<u>\$0</u>	<u>\$36,825</u>
Total Operating Expenses	\$3,771	\$2,758	\$6,533	\$11,222	\$10,312	\$4,397	\$2,028	\$2,485	\$3,362	\$6,193	\$7,009	\$654	\$1,614	\$62,338
Net Revenue	<u>\$15,850</u>	<u>\$4,187</u>	<u>\$9,602</u>	<u>\$253,189</u>	<u>\$37,905</u>	<u>\$36,088</u>	<u>\$4,638</u>	<u>(\$2,485)</u>	<u>\$60,067</u>	<u>\$9,529</u>	<u>(\$1,025)</u>	<u>\$3,839</u>	<u>(\$1,614)</u>	<u>\$429,770</u>
Less: Administrative Expenses														\$95,648
Plus: Interest on Chisholm Trail														\$11,966
Proceeds from Sale of Rushness														

First Keystone Energy Fund - IV, L.P.
Sources of Distributable Cash Flow (I.4)
(Income Tax Basis)
Months Through 7/31/12



Note: 1. The distributable cash for the month of April included \$357 per Unit from the sale of the working interest in the Rushness Prospect. This represents 50% of the gross proceeds received from this sale. The remaining proceeds will be distributed in late October

First Keystone Energy Fund - IV, L.P.
Sources of Distributable Cash Flow (I.4)
(Income Tax Basis)
Cumulative Through July 2012



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

	Current Month	Year to Date
Lease Operating Expenses (Recurring)		
Lease Operating Expenses		
Atkinson (#110102)	1,477	9,067
Big Sandy (#100902)	228	302
Centerfield (#110201)	3,626	7,314
Cyclone (#110802)		0
Denton (#110801)		(380)
East Dallwood (#91101)	257	3,585
East Orr (#101103)	4,040	11,128
Farmer Ranch (#101012)	1,584	22,743
Mad Island (#110503)		0
Maverick (#110903)		0
N. Healdton (#110601)	236	2,587
Red Bird (#110101)	791	3,148
Roadbend (#110702)	495	5,730
Rose Valley (#101101)	648	6,700
Rushness (#110301)		6,423
SE Jefferson (#110502)	209	1,270
Simon (#110701)	2,732	10,012
SW Dibble (#110803)	325	2,320
Total Lease Operating Expenses	<u>16,648</u>	<u>91,949</u>
Intangible Drilling and Completion Costs		
Total Intangible Drilling Costs	<u>0</u>	<u>0</u>
Total Lease Operating Expenses (Recurring)	<u>\$16,648</u>	<u>\$91,949</u>
Total Drilling and Non-Recurring Expenses		
Lease Operating Expenses		
East Orr (#101103)		0
Total Lease Operating Expenses	<u>0</u>	<u>0</u>
Intangible Drilling and Completion Costs		
Atkinson (#110102)	13,710	18,499
Big Sandy (#100902)	1,287	5,569
Centerfield (#110201)	45,544	84,394
Denton (#110801)	0	0
East Dallwood (#91101)		189
East Orr (#101103)	22,988	139,342
Farmer Ranch (#101102)		28,154
Mad Island (#110503)	17,268	181,696
Maverick (#110903)	133	1,595
N Healdton (#110601)	18,661	53,407
Red Bird (#110101)		0
Roadbend (#110702)	248	42,693
Rushness (#110301)		7,866
SE Jefferson (#110502)		5,317
Simon (#110701)	6,764	71,119
SW Dibble (#110803)	824	37,201
Total Intangible Drilling Costs	<u>127,427</u>	<u>677,041</u>
Total Drilling and Non-recurring	<u>\$127,427</u>	<u>\$677,041</u>