

First Keystone Energy Fund - IV, L.P.

Statement of Income

(Income Tax Basis)

8/31/2012

	Current Month		Year to Date	
Revenue	\$	% Revenue	\$	% Revenue
Oil and Gas Production	\$60,397		\$589,330	
Proceeds from Hedge	\$2,037		\$2,844	
Total Revenue	62,434		592,174	
Operating Expenses (Recurring)				
Lease Operating Expenses	9,358		101,307	
Intangible Drilling Costs	0		\$0	
Marketing and Transportation	0		\$0	
Severance Taxes	4,284		41,109	
State Withholding Tax	0		\$0	
Ad Valorem Taxes	0		\$0	
Total Lease Operating Expenses (Recurring)	13,642		142,416	
Net Lease Operating Income	48,792		449,758	
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	137,510		814,551	
Depletion			\$0	
Amortization and Depreciation			\$0	
Dry Hole Expense	9		\$81,225	
Total Drilling and Completion Costs	137,519		895,776	
Net Income (Operations)	<u>(88,727)</u>		<u>(446,018)</u>	
Total Administrative Expenses	7,167		\$85,417	
Other Expense				
Interest Expense	841		\$2,041	
Interest Income			\$11,966	
Amortization of Basis in Hedges (Settled)	\$1,923		\$11,538	
Hedge Settlement			\$0	
Gain/(loss) from Sale of Assets			(\$45,963)	
Gain/(loss) from Sale of Leaseholds	(\$1,742)		\$452,470	
Net Income	<u>(\$100,400)</u>		<u>(\$126,541)</u>	

First Keystone Energy Fund - IV, L.P.

Balance Sheet

(Income Tax Basis)

8/31/2012

Assets

Current Assets

Cash

Cash - First National Bank of Newtown (checking)	\$169,928
Cash - First National Bank of Newtown (disbursements)	<u>\$893</u>

Total Cash \$170,821

Prepaid Expenses

\$0

Prepaid Investments

East Orr	\$77,158
Big Sandy	\$22,780
Centerfield	\$0
Green Grass	\$49,678
Denton #1-3	\$381
Farmer Ranch	\$4,061
Lone Grove	\$28,908
Mad Island	\$34,344
SW Dibble	\$27,987
N Healdton	\$46,315
Atkinson	
Maverick	
Rushness	

Total Prepaid Investments \$291,612

Total Current Assets \$462,433

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

Fixed Assets

Lease and Well Equipment \$408,195

Hedge Positions ⁽²⁾ \$75,654

Intangible Assets

Financing Costs	\$5,845
Organization Costs	\$151,400
Producing Leaseholds	\$157,840
Non-Producing Leaseholds	\$302,984
Seismic and Geology	\$305,655

Total Intangible Assets \$923,724

Total Assets **\$1,896,941**

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)

WNB Senior Term Loan	\$378,547
Partner's Contributions	\$3,878,750
Partner's Distributions	(\$697,669)
Prior Year Income(Loss)	(\$1,531,820)
Current Year Income (Loss)	(\$126,541)

Total Partner's Capital \$1,901,267

Total Liabilities and Partner's Capital **\$1,896,941**

Note: (1) The reserve for offset wells includes planned offsets in the Rushness, East Orr, and Alpine Meadows Prospects

\$0

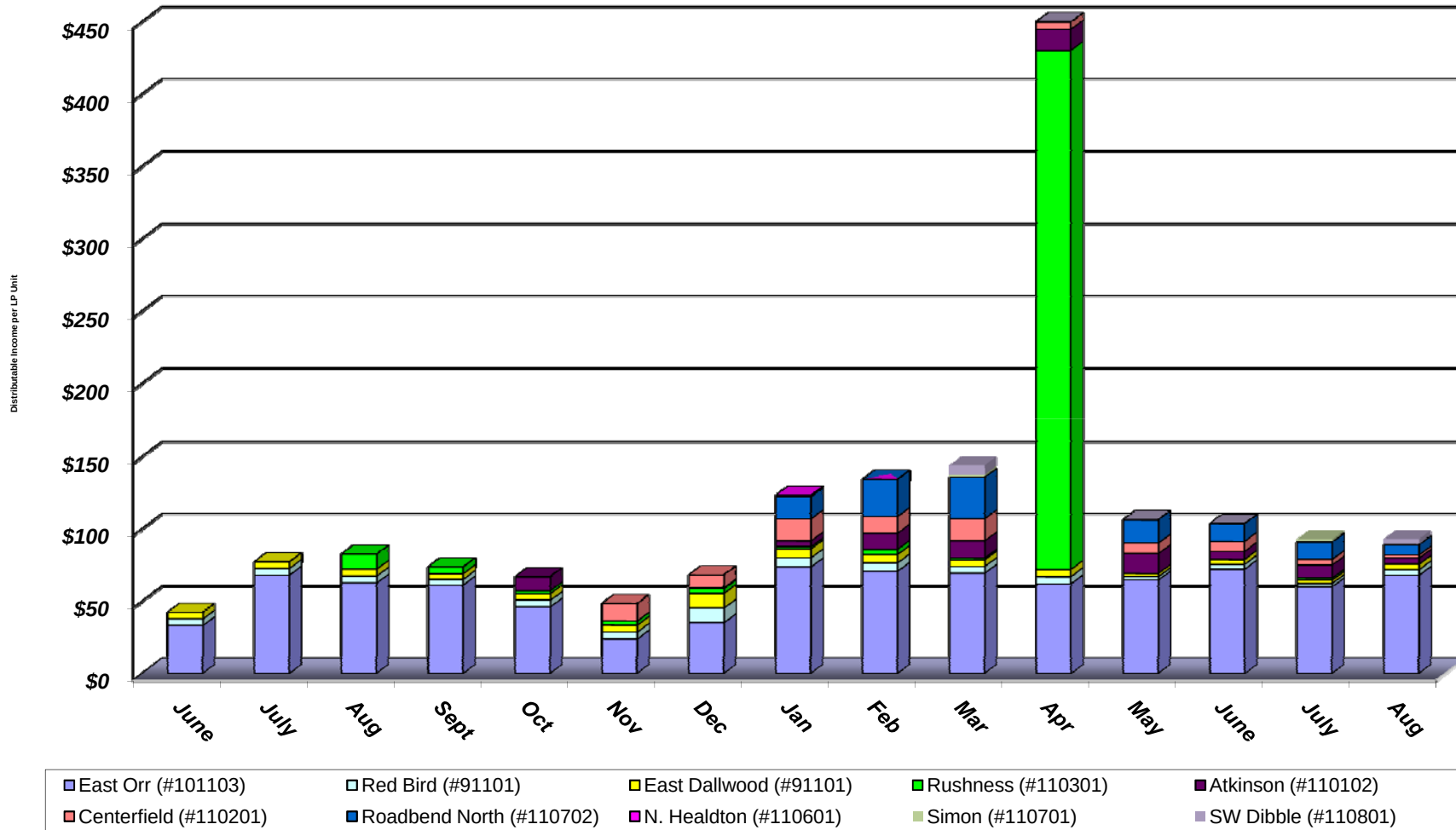
(2) Hedge positions are initially booked at their purchase price at the time the position is acquired. As a contract expires, the portion of the original position that pertains to that month is expensed into the Statement of Income as Basis. Currently the fund owns 35% of 1/2 of a PUT contract (\$85/BBL) 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)
8/31/2012

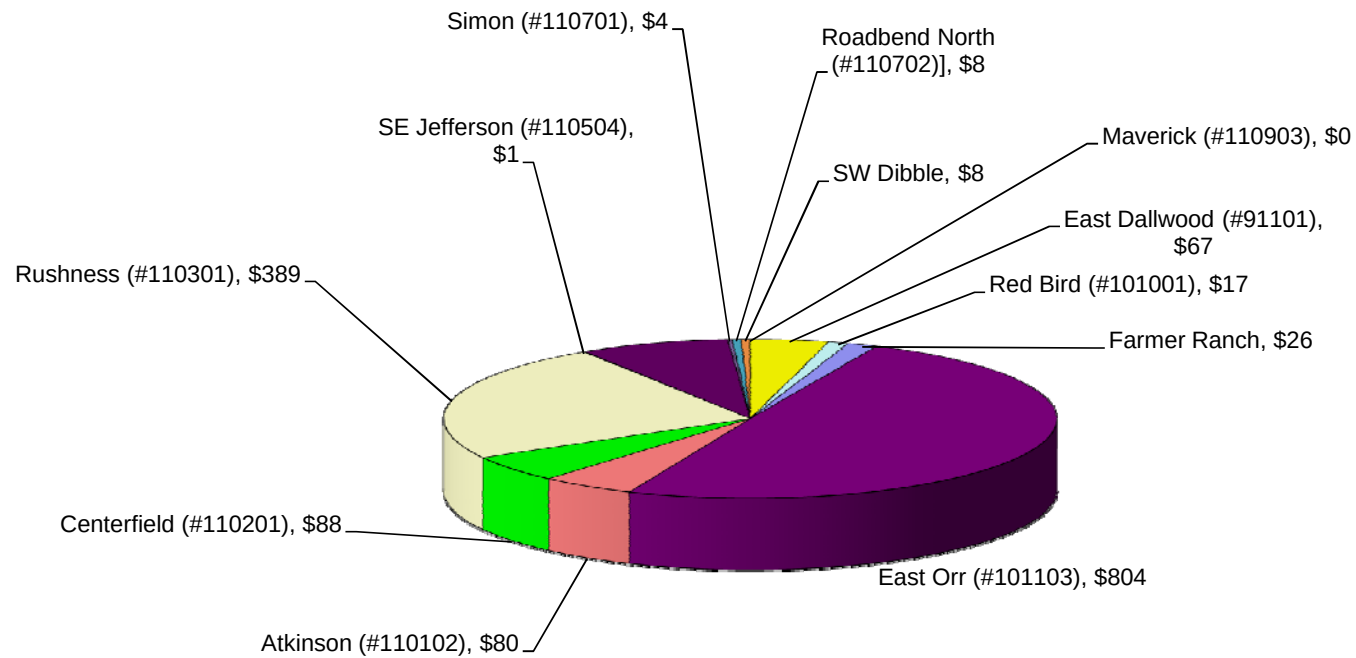
	<i>Current Month</i>	<i>Year to Date</i>
Net Income	(\$100,400)	(\$126,541)
Adjustments for non-Cash Items		
Depletion	\$ -	\$ -
Depreciation	0	0
Less: Changes in Operating Assets and Liabilities		
Accounts Receivable		(100,000)
Other Assets	5,967	261,338
Prepaid Investments	(69,567)	(215,016)
Producing Leasehold Investments	14,274	(20,419)
Non-Producing Leasehold Investments	568	110,110
Fixed Assets	22,951	136,779
Due to Affiliates	0	325
Accounts Payable		0
Accrued Liabilities		0
Total Changes in Operating Assets and Liabilities	<u>(\$25,807)</u>	<u>\$ 173,117</u>
Plus: Changes in Investment Activities		
Loan Drawdowns	\$138,767	378,547
Partner Contributions	\$0	401,250
Partner Distributions	(\$9,740)	(545,561)
Total Changes in Investment Activities	<u>129,027</u>	<u>234,236</u>
<i>Net Increase (Decrease) in Cash Balances</i>	<u>\$ 54,434</u>	<u>\$ (65,422)</u>
Cash Balances at the Beginning of the Period	<u>\$143,322</u>	<u>\$ 263,178</u>
Cash Balances at the end of the Period	<u><u>\$197,756</u></u>	<u><u>\$ 197,756</u></u>

	East Dailwood (#91101)	Red Bird (#101001)	Farmer Ranch (#101102)	East Orr (#101103)	Atkinson (#110102)	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	\$2,599	\$1,004	\$2,508	\$41,456	\$2,466	\$1,101	\$0		\$3,189	\$1,138	\$0	\$2,599		\$58,060
Gas	\$0	\$0		\$0	\$513	\$750	\$0		\$1,074					\$2,337
Gain on Sale of Leasehold Assets														\$0
Total Gross Revenue	\$2,599	\$1,004	\$2,508	\$41,456	\$2,979	\$1,851	\$0	\$0	\$4,263	\$1,138	\$0	\$2,599	\$0	\$60,397
Production Taxes	\$120	\$72	\$116	\$3,081	\$215	\$133	\$0		\$308	\$52	\$0	\$187		\$4,284
Marketing Expenses														\$0
Total Production Taxes	\$120	\$72	\$116	\$3,081	\$215	\$133	\$0	\$0	\$308	\$52	\$0	\$187	\$0	\$4,284
Total Operating Expenses	\$435	\$0	\$589	\$1,953	\$510	\$515	\$0	\$259	\$229	\$342	\$1,308	\$341	\$53	\$6,534
Net Revenue	\$2,044	\$932	\$1,803	\$36,422	\$2,254	\$1,203	\$0	(\$259)	\$3,726	\$744	(\$1,308)	\$2,071	(\$53)	\$49,579
Less: Administrative Expenses														\$13,275
Less: Debt Service														\$11,953
Less: DSCR Adjustment														\$14,611
Plus: Interest on Chisholm Trail														\$0
Plus: Proceeds from Sale of Rushness														\$0
Net Distributable Income	\$2,044	\$932	\$1,803	\$36,422	\$2,254	\$1,203	\$0	(\$259)	\$3,726	\$744	(\$1,308)	\$2,071	(\$53)	\$9,740
Income per L.P. Unit														\$18
% Return on Contributed Capital - Annualized														3.0%
Year to Date														
Gross Revenue														
Oil Revenue	\$23,169	\$8,488	\$19,423	\$327,115	\$51,935	\$32,000	\$6,977		\$60,362	\$17,621	\$6,497	\$7,390		\$560,977
Gas	\$0	\$0		\$0	\$2,646	\$13,456	\$0		\$12,251					\$29,353
Total Gross Revenue	\$23,169	\$8,488	\$19,423	\$327,115	\$54,581	\$45,456	\$6,977	\$0	\$72,613	\$17,621	\$6,497	\$7,390	\$0	\$589,330
Production Taxes	\$1,069	\$611	\$896	\$24,329	\$3,600	\$3,253	\$311		\$5,229	\$813	\$513	\$485		\$41,109
Marketing Expenses														\$0
Total Production Taxes	\$1,069	\$611	\$896	\$24,329	\$3,600	\$3,253	\$311	\$0	\$5,229	\$813	\$513	\$485	\$0	\$41,109
Total Operating Expenses	\$4,206	\$2,758	\$7,122	\$13,175	\$10,822	\$4,912	\$2,028	\$2,744	\$3,591	\$6,535	\$8,317	\$995	\$1,667	\$68,872
Net Revenue	\$17,894	\$5,119	\$11,405	\$289,611	\$40,159	\$37,291	\$4,638	(\$2,744)	\$63,793	\$10,273	(\$2,333)	\$5,910	(\$1,667)	\$479,349
Less: Administrative Expenses														\$108,923
Less: Debt Service														\$11,953
Less: DSCR Adjustment														\$14,611
Plus: Interest on Chisholm Trail														\$11,966
Proceeds from Sale of Rushness														\$190,849
Net Distributable Income	\$17,894	\$5,119	\$11,405	\$289,611	\$40,159	\$37,291	\$4,638							

First Keystone Energy Fund - IV, L.P.
Sources of Distributable Cash Flow (I.4)
 (Income Tax Basis)
 Months Through 8/31/12



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



First Keystone Energy Fund - IV, L.P.
Analysis of Lease Operating Expenses
(Income Tax Basis)
8/31/2012

	Current Month	Year to Date
Lease Operating Expenses (Recurring)		
Lease Operating Expenses		
Atkinson (#110102)	550	9,617
Big Sandy (#100902)		302
Centerfield (#110201)	1,374	8,688
Cyclone (#110802)		0
Denton (#110801)		(380)
East Dallwood (#91101)	871	4,456
East Orr (#101103)	1,561	12,689
Farmer Ranch (#101012)	589	23,332
Lone Grove (#120601)	324	324
Mad Island (#110503)		0
Maverick (#110903)	169	169
N. Healdton (#110601)	451	3,038
Red Bird (#110101)	104	3,252
Roadbend (#110702)	342	6,072
Rose Valley (#101101)	1,407	8,107
Rushness (#110301)	(36)	6,387
SE Jefferson (#110502)	259	1,529
Simon (#110701)	1,308	11,320
SW Dibble (#110803)	85	2,405
Total Lease Operating Expenses	<u>9,358</u>	<u>101,307</u>
Intangible Drilling and Completion Costs		
Total Intangible Drilling Costs	<u>0</u>	<u>0</u>
Total Lease Operating Expenses (Recurring)	<u>\$9,358</u>	<u>\$101,307</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)	56,295	74,794
Big Sandy (#100902)	59	5,628
Centerfield (#110201)	8,453	92,847
Denton (#110801)		0
East Dallwood (#91101)		189
East Orr (#101103)	45,825	185,167
Farmer Ranch (#101102)		28,154
Lone Grove (#120601)	2,756	2,756
Mad Island (#110503)	71	181,767
Maverick (#110903)		1,595
N Healdton (#110601)	14,707	68,114
Red Bird (#110101)		0
Roadbend (#110702)		42,693
Rushness (#110301)		7,866
SE Jefferson (#110502)		5,317
Simon (#110701)	9,088	80,207
SW Dibble (#110803)	256	37,457
Total Intangible Drilling Costs	<u>137,510</u>	<u>814,551</u>
Total Drilling and Non-recurring	<u>\$137,510</u>	<u>\$814,551</u>