

Greetings,

FUND – I
NOVEMBER'S SUMMARY & HIGHLIGHTS

- o **Crawford** (#80502) = **Bella**
= **Hyde**
= **Cooley**
= **John Baker** } **Mostly Solid Performances/
Record Total Production**
- o **Raspberry** (#70201) = **Pickens #3** = **PRODUCING** = Poor performance
= **Johnson #1** = **DRY HOLE**
- o **Straley #1**(North **East Oplin** - #61001) = **DRY HOLE**
- o **Waterfloods** = N/A
- o **Portfolio of Producers** = Increased by **3** to **68** wells
- o **Alaska** = Umiat = Action!
- o **Prices** = Oil = Trading in a narrow band
= NG = Weakening significantly
- o **Hedges** = Very solid for Cal13; but not “installed” in Cal14
- o **Cash payout** = **\$10/Unit**
= **\$480/Unit YTD**
= Cumulative = Class A Units = \$22,380/Unit = **2.1x**
= Class B Units = **53%** Return on Contributed Capital
- o **Debt Amortization** = **\$43M (\$47/Unit)** (this month)
= YTD = **\$248M**
= **\$445/Class A Unit**
= **\$116/Class B Unit** (excludes \$975/Unit amortized by Fund - III prior to merger)
- o **Fund - VI** = **IRAs** can invest

FIRST KEYSTONE ENERGY FUND – VI, L.P.

You should have received the **Offering Memorandum** by now. **Closing** will be in late **January** (tentative). We are conducting **webinars** to enable Partners to hear updates and to learn about the new Fund. *Let us know if you would like to participate.*

We are pleased to report that we have re-reviewed the subject of whether an IRA can invest in First Keystone. The answer is “**yes**”. Our **Supplemental Memorandum** will provide the details including having a “non-traditional” **custodian** lined up, if you need one.

In addition, we have now lined up 5 new projects for this Fund. They range across a wide swath of risk/reward and geography. The **Supplemental Memorandum**, which will be issued in early January, will spell out the details.

Preferred Units & Merger of Fund – III into Fund - I

The fully executed Subscription Agreements to former Fund – III Partners (that signify ownership in the Fund – I Class B Units) and the Subscription Agreements signifying ownership in Preferred Units have been mailed out to you.

New Deal Making & Alaska

The situation up in **Northern Alaska** at **Umiat** (#60501) is solidifying. **Linc Energy** is moving along with its winter drilling season program aimed to validate reserves. (This phase will take several years, and likely burn through \$100MM.) This Fund has two holdings in Umiat. First, we have ORRIs (overriding royalty rights) which could become very valuable. Second, we have a much smaller indirect *working interest* via Rutter & Wilbanks. Our inclination is to unload the working interest since it is a **cost-bearing** interest and we can realize approximately \$24,000 by selling it; more importantly, we would rid ourselves of open-ended capital calls which really does not make sense for this Fund at this time in its existence.

Summary of Upcoming Drilling Activities

No further action is planned at **Rasberry Prospect** (#70201) for several months pending completion of the seismic analysis.

Over at **Crawford** (#80502), the scene is currently quiet; but **7 wells** are planned for 1H13. Several are simple re-entries.

Current & Past Month's Drilling and Operational Activities

After a month of production, the initial volumes at the **Pickens #3 (Rasberry Prospect - #70201-06)** are way below the potential that Chisholm envisioned. *This well is not likely to live up to plan.* Drilling of the **Johnson #1** wrapped up over the weekend, and the outcome was a surprising

DRY HOLE. What a disappointment since Cactus Schroeder worked so diligently (for two years!) to obtain the rights to drill it. All for naught!

Over at **North East Oplin** (#61001), Chisholm made one last attempt to make the **Straley #1** work; it failed. It is a **DRY HOLE**.

At **Crawford** (#80502), finally, **Cooley** and **John Baker** are now producing at desired levels. **Bella**, however, is still plagued by mechanical issues. The other new ones are all *in stride* – looking good.

The problems at **Mad Island (Matagorda Bay Prospect - #80601)** are nearly 100% resolved. (The completion process ought to be reactivated in January.)

Production Activities

Fund – I's "**Portfolio of Producers**" increased by **3** to **68** wells as of November 30th, due to the additions of the **Bella**, **Cooley**, and **Pickens #3**.

PORTFOLIO OF PRODUCERS

Well	Code #	Prospect/Field	Location	Operator	NWI
Nunn #1	50901	Apache Southeast Prospect	Caddo County, OK	GLB	3.45%
Orf #1 ⁴	80201-01	Apache Southeast Prospect	Caddo County, OK	GLB	5.9%
Leon #1 ⁴	80201-02	Apache Southeast Prospect	Caddo County, OK	GLB	5.33%
Anderson #1	51001-01	Oplin Prospect	Callahan County, TX	Chisholm	32%
Anderson #5	51001-06	Oplin Prospect	Callahan County, TX	Chisholm	32%
Anderson #6	51001-07	Oplin Prospect	Callahan County, TX	Chisholm	32%
Arnold #1	60202-01	Roadbend Prospect	Dickens County, TX	Chisholm	4.88%
Arnold #1A	60202-08	Roadbend Prospect	Dickens County, TX	Chisholm	4.88%
Arnold #2	60202-02	Roadbend Prospect	Dickens County, TX	Chisholm	4.88%
Arnold #2A	60202-07	Roadbend Prospect	Dickens County, TX	Chisholm	4.88%
Arnold #3	60202-05	Roadbend Prospect	Dickens County, TX	Chisholm	4.88%
Arnold #4	60202-06	Roadbend Prospect	Dickens County, TX	Chisholm	4.88%
Wyatt #2	60202-03	Roadbend Prospect	Dickens County, TX	Chisholm	4.88%
Belt #1	60202-04	Roadbend Prospect	Dickens County, TX	Chisholm	4.88%
Belt #2	60202-09	Roadbend Prospect	Dickens County, TX	Chisholm	4.88%
Belt-Arnold #1	60202-11	Roadbend Prospect	Dickens County, TX	Chisholm	4.88%
Williams-Belt #1	60202-13	Roadbend Prospect	Dickens County, TX	Chisholm	4.88%

Williams-Belt #2	60202-16	Roadbend Prospect	Dickens County, TX	Chisholm	4.88%
Fry #1	60202-20	Roadbend Prospect	Dickens County, TX	Chisholm	3.31%
Atlas Paving #1-35	60101-01	Fairgrounds Prospect	Oklahoma City, OK	Charter Oak	3%
Fairgrounds #1-36²	60101-02	Fairgrounds Prospect	Oklahoma City, OK	Charter Oak	3%
Tim #1-8H	50903-03	Grey Wolf Prospect	Ellis County, OK	Charter Oak	3.2%
Jimmie Herring #1¹	61101-01	Jimmie Herring Prospect	Runnels County, TX	Enrich	20%
Jimmie Herring #2¹	61101-02	Jimmie Herring Prospect	Runnels County, TX	Enrich	20%
Jimmie Herring #5¹	61101-05	Jimmie Herring Prospect	Runnels County, TX	Enrich	20%
Jimmie Herring #6^{1,2}	61101-08	Jimmie Herring Prospect	Runnels County, TX	Enrich	20%
Schwertner #1¹	61101-06	Jimmie Herring Prospect	Runnels County, TX	Enrich	21.81%
SK Unit #1²	110601-01	Jimmie Herring Prospect	Runnels County, TX	Enrich	21.82%
J. Fry #1^{1,2}	60801-02	Live Oak West Prospect	Callahan County, TX	Chisholm	24.8%
J. Fry #2^{1,2,3}	60801-06	Live Oak West Prospect	Callahan County, TX	Chisholm	24.8%
Eaton #2¹	61001-02	North East Oplin Prospect	Callahan County, TX	Chisholm	26.07%
Bowen #1^{1,4}	70102-01	Rasberry Prospect	Foard County, TX	Chisholm	22.2%
Anderson #1^{1,4}	70102-02	Rasberry Prospect	Foard County, TX	Chisholm	22.2%
Anderson #2^{1,4}	70102-03	Rasberry Prospect	Foard County, TX	Chisholm	22.2%
Pickens #1⁴	70102-04	Rasberry Prospect	Foard County, TX	Chisholm	14.8%
Pickens #2⁴	70102-05	Rasberry Prospect	Foard County, TX	Chisholm	14.8%
Pickens #3	70102-06	Rasberry Prospect	Foard County, TX	Chisholm	14.8%
Thorpe #1^{1,2,4}	70601-01	Southwest Oplin	Runnels County, TX	Chisholm	26.5%
Dale Cave #3⁴	80203-01	Dale Cave Prospect	Fisher County, TX	Sojourner	6.5%
Dale Cave #4⁴	80203-02	Dale Cave Prospect	Fisher County, TX	Sojourner	6.5%
Womack⁴	80203-03	Dale Cave Prospect	Fisher County, TX	Sojourner	6.5%
JP and Travis Martin #1⁴	80203-04	Dale Cave/Womack Prospect	Fisher County, TX	Sojourner	2%
Smedley Estate #1-7⁴	80502-01	Crawford Prospect	McClain County, OK	Charter Oak	2%
Sunburst Farms #1-18⁴	80502-02	Crawford Prospect	McClain County, OK	Charter Oak	0.98%
Thompson Ranch #1⁴	80502-03	Crawford Prospect	McClain County, OK	Charter Oak	2%
Kay Barry #1-12⁴	80502-04	Crawford Prospect	McClain County, OK	Charter Oak	1.91%

Henson Haven #1-6 ⁴	80502-05	Crawford Prospect	McClain County, OK	Charter Oak	1.94%
Rex #1-18 ⁴	80502-06	Crawford Prospect	McClain County, OK	Charter Oak	0.25%
Cheyenne #1-18R ⁴	80502-07	Crawford Prospect	McClain County, OK	Charter Oak	0.33%
Reigning Horse #1-8 ⁴	80502-08	Crawford Prospect	McClain County, OK	Charter Oak	1.8%
JM Holdings #1-35 ⁴	80502-12	Crawford Prospect	McClain County, OK	Charter Oak	2%
Zuck #1-1 ⁴	80502-09	Crawford Prospect	McClain County, OK	Charter Oak	2%
Mainord #1-12 ⁴	80502-11	Crawford Prospect	McClain County, OK	Charter Oak	1.85%
Little Rex #1-18 ⁴	80502-13	Crawford Prospect	McClain County, OK	Charter Oak	0.46%
Steele Brandt #1-8 ⁴	80502-15	Crawford Prospect	McClain County, OK	Charter Oak	1.96%
Drain #1-36 ⁴	80502-10	Crawford Prospect	McClain County, OK	Charter Oak	2%
Misty #1-36 ⁴	80502-14	Crawford Prospect	McClain County, OK	Charter Oak	2%
Stapp #1-6 ⁴	80502-17	Crawford Prospect	McClain County, OK	Charter Oak	2%
Hyde #1-36	80502-18	Crawford Prospect	McClain County, OK	Charter Oak	2.87%
John Baker #1-35	80502-20	Crawford Prospect	McClain County, OK	Charter Oak	2%
Bella #1-35	80502-16	Crawford Prospect	McClain County, OK	Charter Oak	2%
Cooley	80502-19	Crawford Prospect	McClain County, OK	Charter Oak	2%
Richard #1 ⁴	110101-01	Atkinson Prospect	McClain County, OK	GLB	7.41%
Lester #1 ⁴	110101-02	Atkinson Prospect	McClain County, OK	GLB	7.41%
Keith #1 ⁴	80901-01	Keith Prospect	McClain County, OK	GLB	1%
Aetna #1 ⁴	80901-02	Keith Prospect	McClain County, OK	GLB	1%
Cook #1 ⁴	80901-03	Keith Prospect	McClain County, OK	GLB	1%

¹ Acquired from Fund – II

² Not economic (i.e., will not payout)

³ Barely producing

⁴ Acquired from Fund – III

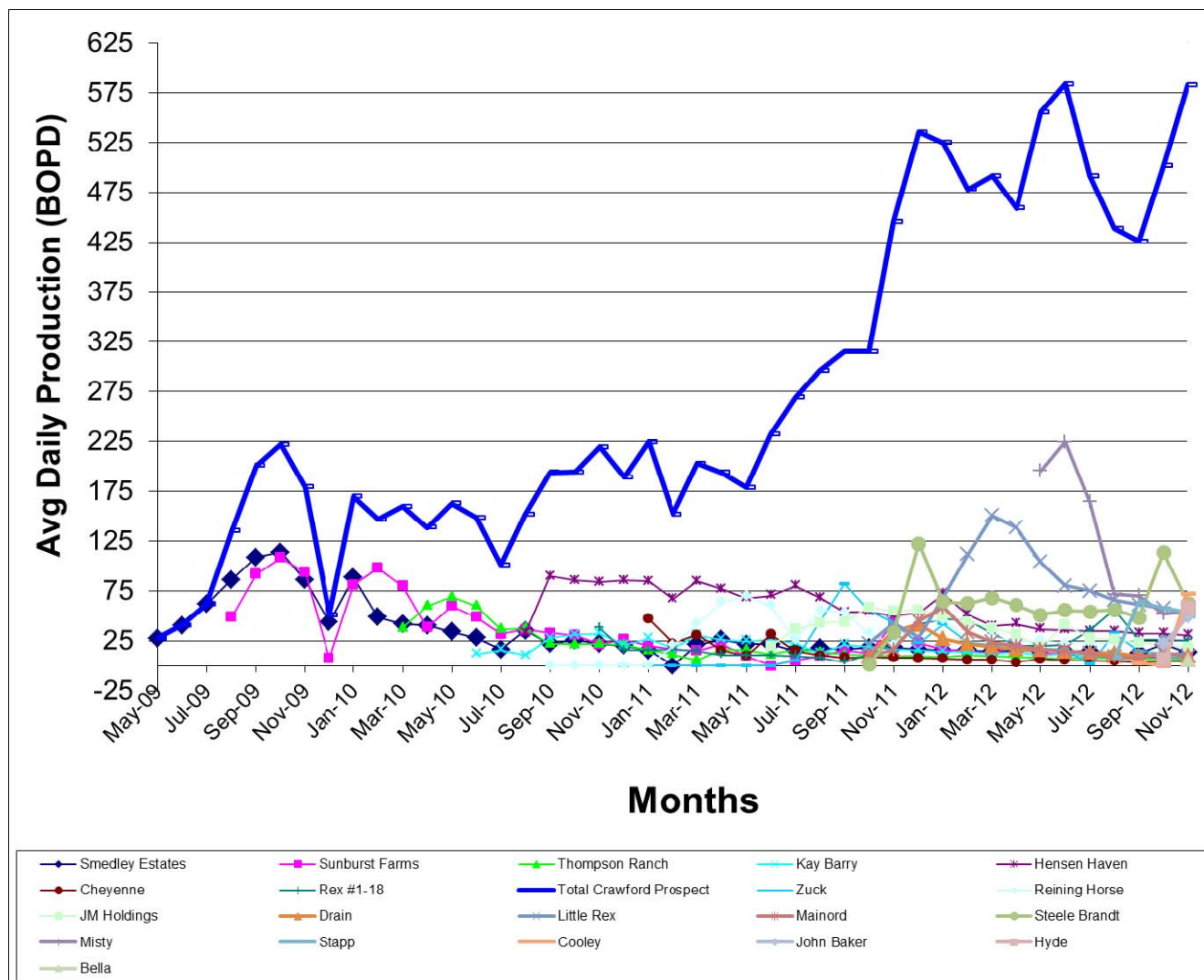
Texas: Herring/Schwertner (#61101-06) = Normal. **Thorpe #1 (Southwest Oplin Prospect - #80102-03-01)** = N/A. **Pickens #1 and #2** = N/A. The original **Raspberry (#70201)** wells = N/A. **Eaton #2 (Northeast Oplin Prospect - #61101)** = N/A. **Oplin (#51001)** = N/A. **Dale Cave/Womack (#80203)** = down modestly. **Roadbend (#60202)** = N/A.

Oklahoma: Charter Oak's **Fairgrounds (#60101)** = same (nil), and **Atlas Paving** = same (nil). GLB's **Nunn #1 (Apache Southeast Prospect - #50901-01)** = N/A. **Keith (#80901-01)** et. al. and **Orf #1 (Apache Southeast Prospect - #80201-01)** = had some difficulties. **Leon #1 (Apache Southeast Prospect - #80201-02)** = N/A. Over at **Atkinson (#110101)**, the **Richard #1** had

bounced back, and then ran into more problems which were rectified at month-end. Similarly, **Lester** went down in November, but it also was “rebooted”.

Propelled by the five latest wells, **Crawford** (#80502) was up by another 80 BOPD to 583 BOPD, a **new record**!

First Keystone Energy Fund - I, L.P.
Avg Daily Production - Crawford Prospect
Production Through 11/30/12



Financial Matters

Distributions – **\$10/Unit** (a decrease of \$34/Unit). The monthly distribution was significantly less than forecasted for several reasons: (1) Payment of 25% of the annual ad valorem taxes (\$7/Unit), (2) Decline in oil prices by \$5/bbl (\$7/Unit), (3) Decline in the Eaton oil revenue (\$6/Unit) due to not all production being sold. But the most critical factor is our very aggressive rate of pay-down in our loan balance equal to **\$47/Unit** in November.

Product Pricing – Oil prices are quiet and stable; while NG has reversed direction (i.e., declining).

Revenue & Hedging Matters – The November settlement of our hedge doubled versus October (**\$8.68/bbl or \$6.50/Unit**). Our mark-to-market (“MtM”) positions are very solid as oil prices remain comparatively low.

This table indicates the current components of the Fund’s hedge portfolio:

First Keystone Energy Fund-I, L.P.
Overview of Hedge Positions (Report J.4)
Sub-schedule J.4A - Summary of Current Positions
As of 11/30/12

<u>Commodity Hedged</u>	<u>Hedge #</u>	<u>Type of Position</u>	<u>L/S</u>	<u>Price</u>	<u>Index</u>	<u>Time Period Covered</u>	<u># of Contracts</u>	<u>This Fund's % Participation</u>
Oil	01.12.12A	PUT	L	\$95	WTI	Dec 12 – Dec 13	0.5	60%
Oil	11.17.11A	SWAP	S	\$95.75	WTI	Dec 12 – Dec 13	0.5	75%
Oil	11.17.11B	CALL	L	\$115	WTI	Dec 12 – Dec 12	0.5	75%
Oil	11.17.11C	SWAP	S	\$95.75	WTI	Jan 13 – Dec 13	0.5	60%
Oil	06.11.12A	CALL	L	\$100	WTI	Jan 13 – Dec 13	0.5	60%
Oil	06.11.12B	CALL	L	\$105	WTI	Jan 14 – Dec 14	1.0	80%

Note: (1) Each natural gas contract represents 10,000 MMBtu's of monthly production and each oil contract represents 1,000 Bbls of monthly oil production.

We seek to lock in our Cal14 swap, but these “soft” price levels are not enticing.

Monthly Reporting and Budget Analysis – The September preliminary post-Merger financial statement has been posted to the website. These statements will change when the final tax return is issued by Johnson Miller.

Financing/Bank Debt – N/A

LOAN SUMMARY – In November, **\$52/Unit** was deployed toward debt service. As of November 30th, the Fund’s outstanding **loan balance** with WNB was **\$861M (\$954/Unit)**; and cumulative amortization of principal out of normal cash flows has reached **\$445/Unit** (which does not include \$975/Unit amortized by Fund – III prior to merger).

Write-Downs: Regarding wells that are matched to debt, we recently completed our reviews of well performances. We have written down half the remaining balances on loans associated with **Richard** and **Lester** which have fallen below our minimum *required* volumes. (These changes will shift \$60M from reserves to loan reduction in December.) Similarly, the **Mainord** was struggling, and we simply “wrote off” all of its inconsequential loan balance.

Also, the setbacks incurred at **Rasberry** – although unwelcomed – do not come as a shock. We already had reserves set aside for such a possibility. We have pulled \$80M (\$89/Unit) to cover those disappointments.

All of these adjustments result in a revised reserve account of \$161M, down from \$309M as of September. In total, all these adjustments came to **\$164/Unit**.

First Keystone Energy Fund-I, L.P. Summary of Debt Outstanding 11/30/2012		
	Total Company	Per Unit
Debt Outstanding at the Beginning of the month	\$903,879	\$1,001
Drawdowns Taken during the Month	\$0	\$0
Required Amortization	\$6,872	\$8
Elective Amortization	\$42,730	\$47
Excess	\$35,858	\$40
Ratio Actual Amortization vs. Plan	6.22	
Loan Balance at 11/30/12	\$861,149	\$954
Interest Expense Paid	\$4,730	\$5
Borrowing Base Remaining	\$239,468	\$265

Burn Rate & CapEx & Reserves – Fund - I's cash deployed or “*Burn Rate*” for the month of November was \$67M and was deployed for the following purposes:

Pickens #3 Completion Cash Call	\$41M
Straley Recompletion Cash Call	\$10M
2011 Texas Franchise Tax	\$10M
GP Admin Fees & Internal Accounting	\$ 6M

The burn rate for the month of November is consistent with plan, and is primarily correlated with Rasberry. The burn rate will now slow since the pace of drilling in the Rasberry Prospect has been *elongated* into the Spring. We do not anticipate any additional changes to the CapEx plan at this time. CapEx = \$585M of which \$210M has been deployed to date and \$375M remains.

Financial Statements – The September Financial Statements have been posted to the website; the October Statements will be posted this week; and the December Statements will be posted by the end of December.

Macroeconomics and Politics

N/A

Reporting & Website & Administrative Matters

Account Statements have been posted through September. For those partners that have purchased Preferred Units, you will have 2 October statements – one of which will show your investment in the Preferred Units. We anticipate having one combined statement as of January 2013.

Conclusion & A Look Ahead

The volumes from all (but one) of those five new **Crawford** wells look solid, albeit frustratingly late! On the other hand, recent volumes from the one-month-old **Pickens #3** are very disappointing. Sadly, the latest well in **Raspberry** (i.e., **Johnston #1**) turned out to be a **DRY HOLE**.

As for drilling, this Fund will now go into a period of quietude until **Charter Oak** recommences activities over in **Crawford**.

As you can see, we have also done a number of maneuvers to continue with our policy of a strong balance sheet. That means that all of the debt that was associated with the substandard wells will be retired before year-end.

Have a great Holiday Season!

Cordially,

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