

First Keystone Energy Fund - I, L.P.

Statement of Income

(Income Tax Basis)

November 2012

	Current Month		Year to Date	
	\$	% Revenue	\$	% Revenue
Revenue				
Oil and Gas Production	\$101,004		\$823,341	
Proceeds from Hedge	\$3,946		\$7,497	
Total Revenue	104,950		830,838	
Operating Expenses (Recurring)				
Lease Operating Expenses	35,505		184,939	
Intangible Drilling Costs	0		\$0	
Marketing and Transportation	1,527		\$5,668	
Severance Taxes	5,932		41,436	
State Withholding Tax	0		\$0	
Ad Valorem Taxes	0		\$0	
Total Lease Operating Expenses (Recurring)	42,964		232,043	
Net Lease Operating Income	61,986		598,795	
Operating Expenses (Non-Recurring)				
Lease Operating Expense	15,225		\$37,111	
Intangible Costs - Rework			\$0	
Depletion			\$0	
Amortization and Depreciation			\$0	
Total Operating Expenses (Non-Recurring)	15,225		37,111	
Drilling and Completion				
Lease Operating Expenses			\$0	
Intangible Drilling Costs	82,683		\$351,255	
Depletion			\$0	
Amortization and Depreciation			\$0	
Dry Hole Expense	0		(\$1,582)	
Total Drilling and Completion Costs	82,683		349,673	
Net Income (Operations)	<u>(35,922)</u>		<u>212,011</u>	
Total Administrative Expenses	5,643		\$53,341	
Other Expense				
Interest Expense	4,730		\$20,611	
Interest Income			\$0	
State and Federal Tax	\$10,026		\$10,026	
Amortization of Basis in Hedges (Settled)	\$5,016		\$19,844	
Transaction Related Expenses	\$2,603		\$35,673	
Gain/(loss) from Sale of Leasehold	\$5,939		\$26,127	
Net Income	<u>(\$58,001)</u>		<u>\$98,643</u>	

Note:

(1) This statement includes all income and expense activity since the 8/31/12 merger of FKEF-I, L.P. and FKEF-III.L.P. The year to date activities do not include Fund III revenue or expenses prior to the merger.

First Keystone Energy Fund - I, L.P.

Balance Sheet

(Income Tax Basis)

11/30/2012

Assets

Current Assets

Cash

Cash - First National Bank of Newtown ⁽¹⁾	(\$209,925)	
Cash - T. Rowe Price	\$0	
Cash - Western National Bank	\$2,792	

Total Cash (\$207,133)

Accounts Receivable - From Operators (\$1,036) (\$1,036)

Prepaid Expenses \$0 \$0

Prepaid Investments

Crawford	\$9,762	
Straley	\$10,223	
Raspberry	\$68,552	
Grey Wolf -	\$2,979	
Thorpe	(\$25,000)	

Total Prepaid Investments \$66,516

Total Current Assets (\$141,653)

Cash Reserves Set aside for:

Overruns	\$36,580	
Drilling and Rework	\$252,220	
Fund II Asset Purchase	\$0	
Fund I Tender Offer	\$0	
Margin Tax	\$0	
Liquidity Event	\$0	

Total Cash Reserves \$288,800

Fixed Assets

Lease and Well Equipment \$710,264

Intangible Assets

Hedge Costs (02.19.09A, 06.18.09, 05.29.09B, 06.03.09)	\$98,395	
Seismic and Geology	\$80,247	
Producing Leasehold Costs ⁽¹⁾	\$359,119	
Non-Producing Leasehold Costs ⁽¹⁾	\$119,779	
Financing Costs	\$56,880	

Total Intangible Assets \$714,420

Total Assets

\$1,571,831

Liabilities and Partner's Capital

Current Liabilities

Accounts Payable	\$0	
Accrued Liabilities	\$0	
Due to/from FKPG		
Due to/from Funds ⁽¹⁾	\$0	
Senior Term Loan ⁽¹⁾	\$861,147	

Total Current Liabilities \$861,147

Other Liabilities

Partner's Contributions ⁽⁴⁾	\$7,356,294	
Partner's Distributions ⁽⁴⁾	(\$13,822,608)	
Prior Year Income(Loss)	\$6,964,962	
Current Year Income (Loss)	\$207,638	

Total Partner's Capital \$706,286

Total Liabilities and Partner's Capital

\$1,567,433

Note:

(1) This balance sheet reflects the 8/31/12 merger of FKEF-III, L.P. The balance sheets of the two entities have been consolidated on a historical cost basis.

(2) This balance sheet reflect the additional debt balances related to the merger of the two funds. \$209M was borrowed to fund the \$1000 per Unit distribution paid to the Fund III partners under the terms of the Merger Agreement.

(3) The Fund III figures used in this balance sheet are based up the 8/31/12 internal financial statements. These figures will change based upon the final tax return of FKEF-III, L.P.

(4) The Fund III Partner Capital Accounts have been consolidated into Fund-I on a historical cost basis based upon partner capital accounts as of 8/31/12. These balances will change based upon the final tax allocations in the 2012 tax return.

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

	<i>Current Month</i>	<i>Year to Date</i>
Net Income	(\$58,001)	\$98,643
Adjustments for non-Cash Items		
Depletion	0	\$0
Depreciation	0	\$0
Less: Changes in Operating Assets and Liabilities		
Prepaid Expenses	0	0
Accounts Receivable	0	(1,036)
Hedge Costs (02.19.09A, 06.18.09, 05.29.09B, 06.03.09)	0	(2,480)
Prepaid Investments	22,413	(13,643)
Non-Producing Leasehold Investments	47,215	21,679
Producing Leasehold Investments	(52,322)	(100,278)
Seismic and Geology	0	17,760
Fixed Assets	0	35,800
Other Assets	(22,151)	10,174
Accounts Payable	0	0
Due to/from Related Parties	0	(10,221)
Accrued Liabilities	0	0
Total Changes in Operating Assets and Liabilities	(4,845)	(42,245)
Plus: Changes in Investment Activities		
Bridge Notes	0	0
Notes Payable	0	0
Senior Term Loan	(81,348)	(170,472)
Preferred LP Unit Contributions	\$266,400	266,400
Partner Contributions	0	0
Partner Distributions	(61,197)	(278,315)
Total Changes in Investment Activities	123,855	(182,387)
Net Increase (Decrease) in Cash Balances	70,699	(41,499)
Cash Balances at the Beginning of the Period	(12,426)	153,865
Cash Balances at the end of the Period	<u>\$81,667</u>	<u>\$81,667</u>

Note: (1) This cash flow statement reflects the all balance sheet activity after the 8/31 merger of FKEF-I, L.P. and FKEF-III, L.P.

First Keystone Energy Fund - I, L.P.

Net Distributable Income (I.4)

(Income Tax Basis)

November 2012

	Apache SE (Nunn#1) - #50901	Atkinson	Billy R. - #61101	Cook #1	Crawford	Dale Cave	East Trifecta - #110703	Eaton - #70601	Fairgrounds - #60101	Grey Wolf (Herber) - #50903	Jimmie Herring - #61101	Keith	Live Oak (Isenhower #2) - #50502	Live Oak West - #60801	Natalia (Natalia #1) - #51002	Oplin - #51001	Raspberry - #70102	Roca Negra - #50703	Schwertner - #61101	South Spur - #60202	Thorpe - #61001	Sub-Total Recurring Revenue	Alaska	Total
Current Month																								
Gross Revenue																								
Oil Revenue	\$666	\$5,356	\$0	\$130	\$13,973	\$2,970	\$0	\$3,490	\$0	\$86	\$2,529	\$117	\$0	\$0	\$0	\$0	\$45,272	\$0	\$8,111	\$10,870		\$93,570		\$93,570
Gas	\$530	\$711			\$1,173			\$1,500	\$0	\$23	\$243	\$23	\$0	\$1,808	\$0	\$27	\$0	\$0	\$904	\$0	\$492	\$7,434	\$0	\$7,434
Gain on Sale of Leasehold Assets																						\$0	\$0	\$0
Total Gross Revenue	\$1,196	\$6,067	\$0	\$130	\$15,146	\$2,970	\$0	\$4,990	\$0	\$109	\$2,772	\$140	\$0	\$1,808	\$0	\$27	\$45,272	\$0	\$9,015	\$10,870	\$492	\$65,676	\$0	\$101,004
Production Taxes	\$104	\$969	\$0	\$12	\$1,086	\$137	\$0	\$273	\$0	\$7	\$135	\$10	\$0	\$133	\$0	\$2	\$2,087	\$0	\$439	\$501	\$37	\$5,932		\$5,932
Marketing Expenses																								0
Total Production Taxes	\$104	\$969	\$0	\$12	\$1,086	\$137	\$0	\$273	\$0	\$7	\$135	\$10	\$0	\$133	\$0	\$2	\$2,087	\$0	\$439	\$501	\$37	\$3,066		\$5,932
Total Operating Expenses	\$167	\$1,567	\$0	\$205	\$4,737	\$1,601	\$0	\$2,144	\$19	\$8	\$1,745	\$100	\$0	\$2,980	\$0	\$1,725	\$5,654	\$0	\$3,345	\$2,561	\$956	\$29,514		\$29,514
Net Lease Operating Income	\$925	\$3,531	\$0	(\$87)	\$9,323	\$1,232	\$0	\$2,573	(\$19)	\$94	\$892	\$30	\$0	(\$1,305)	\$0	(\$1,700)	\$37,531	\$0	\$5,231	\$7,808	(\$501)	\$33,096		\$65,558
Less: Administrative Expenses																						\$0		\$12,940
Less: Debt Service																								\$43,460
Less: GP Override																								\$0
Plus: Hedge Proceeds																								\$3,945
Net Distributable Income	\$925	\$3,531	\$0	(\$87)	\$9,323	\$1,232	\$0	\$2,573	(\$19)	\$94	\$892	\$30	\$0	(\$1,305)	\$0	(\$1,700)	\$37,531	\$0	\$5,231	\$7,808	(\$501)	\$48,369		\$13,103
Income per L.P. Unit																								\$17
% Return on Contributed Capital - Annualized																								4.0%

Year to Date																								
Gross Revenue																								
Oil Revenue	\$3,212	\$10,321	\$0	\$386	\$43,225	\$11,090	\$3,385	\$92,405	\$629	\$1,970	\$31,091	\$669	\$0	\$11,910	\$0	\$8,608	\$303,179	\$25,266	\$69,254	\$133,080		\$749,680		\$749,680
Gas	\$4,704	\$1,203			\$3,242			\$20,996	\$2,889	\$789	\$4,853	\$65	\$3,316	\$11,128	\$0	\$1,556	\$0	\$63	\$4,787	\$13,578	\$492	\$73,661	\$0	\$73,661
Gain on Sale of Leasehold Assets																						\$0	\$0	\$0
Total Gross Revenue	\$7,916	\$11,524	\$0	\$386	\$46,467	\$11,090	\$3,385	\$113,401	\$3,518	\$2,759	\$35,944	\$734	\$3,316	\$23,038	\$0	\$10,164	\$303,179	\$25,329	\$74,041	\$146,658	\$492	\$559,863	\$0	\$823,341
Production Taxes	\$104	\$1,582	\$392	\$12	\$1,104	\$2,392	\$374	\$306	\$5,560	\$260	\$481	\$1,684	\$26	\$133	\$1,525	\$2	\$2,898	\$11,587	\$987	\$4,358	\$5,669	\$41,436		\$41,436
Marketing Expenses																								\$0
Total Production Taxes	\$104	\$1,582	\$392	\$12	\$1,104	\$2,392	\$374	\$306	\$5,560	\$260	\$481	\$1,684	\$26	\$133	\$1,525	\$2	\$2,898	\$11,587	\$987	\$4,358	\$5,669	\$25,501	\$0	\$41,436
Total Operating Expenses	\$167	\$3,321	\$2,253	\$272	\$3,040	\$6,681	\$2,319	\$2,676	\$44,890	\$1,410	\$2,957	\$100	\$9,711	\$2,980	\$26,794	\$14,146	\$5,654	\$22,257	\$10,439	\$9,803	\$11,191	\$183,061		\$183,061
Net Lease Operating Income	\$7,645	\$6,621	(\$2,645)	\$102	\$42,323	\$2,017	\$692	\$110,419	(\$46,932)	\$1,089	\$32,506	(\$1,050)	(\$6,421)	\$19,925	(\$28,319)	(\$3,984)	\$294,627	(\$8,515)	\$62,615	\$132,497	(\$16,368)	\$351,301	\$0	\$598,844
Less: Administrative Expenses																								\$14,384
Less: Debt Service																								\$86,045
Less: Reserves																								\$83,709
Plus: Hedge Proceeds																								\$3,945
Net Distributable Income	\$7,645	\$6,621	(\$2,645)	\$102	\$42,323	\$2,017	\$692	\$110,419	(\$46,932)	\$1,089	\$32,506	(\$1,050)	(\$6,421)	\$19,925	(\$28,319)	(\$3,984)	\$294,627	(\$8,515)	\$62,615	\$132,497	(\$16,368)	\$460,872	\$0	\$418,651
Income per L.P. Unit																								\$528
Contributed Capital																								
% Return on Contributed Capital - Annualized																								11.6%

Cumulative																								
Gross Revenue																								
Oil Revenue	\$4,300	\$10,321	\$197	\$386	\$43,225	\$11,090	\$0	\$130,783	\$13,301	\$5,973	\$52,388	\$669	\$28,439	\$15,880	\$76,817	\$1,033,783	\$344,888	\$175,524	\$127,454	\$1,663,670	\$0	\$3,739,088	\$0	\$3,739,088
Gas	\$53,273	\$1,203	\$0	\$0	\$3,242	\$0	\$0	\$23,388	\$41,138	\$5,945	\$7,986	\$65	\$11,324	\$19,953	\$9,930	\$211,799	\$0	\$203,417	\$22,290	\$7,661	\$9,664	\$632,278	\$0	\$632,278
Gain on Sale of Leasehold Assets	\$0	\$0			\$0	\$0			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Gross Revenue	\$57,573	\$11,524	\$197	\$386	\$46,467	\$11,090	\$0	\$154,171	\$54,439	\$11,918	\$60,374	\$734	\$39,763	\$35,833	\$86,747	\$1,245,582	\$344,888	\$378,941	\$149,744	\$1,671,331	\$9,664	\$3,800,150	\$0	\$4,371,366
Production Taxes	\$5,864	\$1,361	\$9	\$30	\$3,341	\$511	\$0	\$7,787	\$3,997	\$976	\$3,027	\$36	\$2,614	\$2,503	\$4,139	\$63,701	\$15,654	\$24,139	\$7,604	\$75,673	\$696	\$223,662	\$2,892	\$226,554
Marketing Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Production Taxes	\$5,864	\$1,361	\$9	\$30	\$3,341	\$511	\$0	\$7,787	\$3,997	\$976	\$3,027	\$36	\$2,614	\$2,503	\$4,139	\$63,701	\$15,654	\$24,139	\$7,604	\$75,673	\$696	\$187,467	\$2,892	\$226,554
Total Operating Expenses	\$7,201	\$3,820	\$187	(\$1,492)	\$9,817	\$3,920	\$0	\$54,653	\$19,350	\$7,462	\$14,839	\$100	\$25,565	\$20,153	\$14,072	\$195,507	\$34,397	\$37,344	\$16,593	\$155,688	\$9,839	\$629,015	\$13,094	\$629,015
Net Lease Operating Income	\$44,508	\$6,343	\$1	\$1,848	\$33,309	\$6,659	\$0	\$91,731	\$31,092	\$3,479	\$42,508	\$598	\$11,584	\$13,177	\$68,536	\$986,374	\$294,837	\$317,458	\$125,547	\$1,439,971	(\$871)	\$3,163,315	(\$15,986)	\$3,515,796
Less: Administrative Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,940
Less: Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$43,460
Less: Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Plus: Hedge Proceeds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,945
Net Distributable Income	\$44,508	\$6,343	\$1	\$1,848	\$33,309	\$6,659	\$0	\$91,731	\$31,092	\$3,479	\$42,508	\$598	\$11,584	\$13,177	\$68,536	\$986,374	\$294,837	\$317,458	\$125,547	\$1,439,971	(\$871)	\$3,163,315	(\$15,986)	\$3,463,341
Income per L.P. Unit																								\$9,260
Contributed Capital																								\$10,500
% Return on Contributed Capital - Annualized																								13.2%

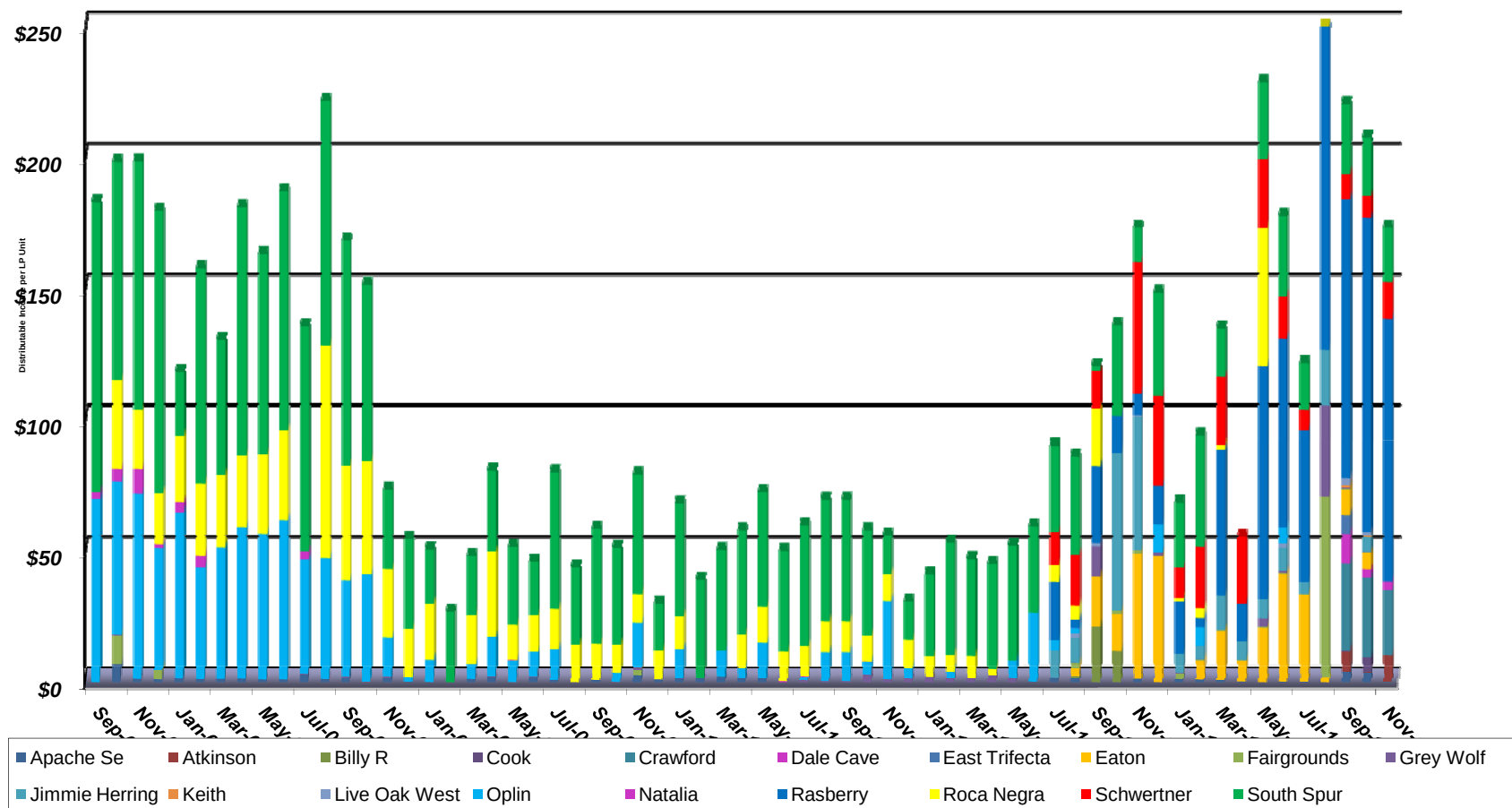
Note: (1) Net Distributable Income on this chart includes the non-recurring revenue generated from the sale of the Alaska leaseholds, and has also been reduced by Fund Administrative Expenses

(2) Current month figures in this chart depict distributable cash after the 8/31/12 merger of Funds III and I. The YTD and cumulative figures do not include Fund III distributions that occurred prior to the 8/31/12 merger of the two entities.

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

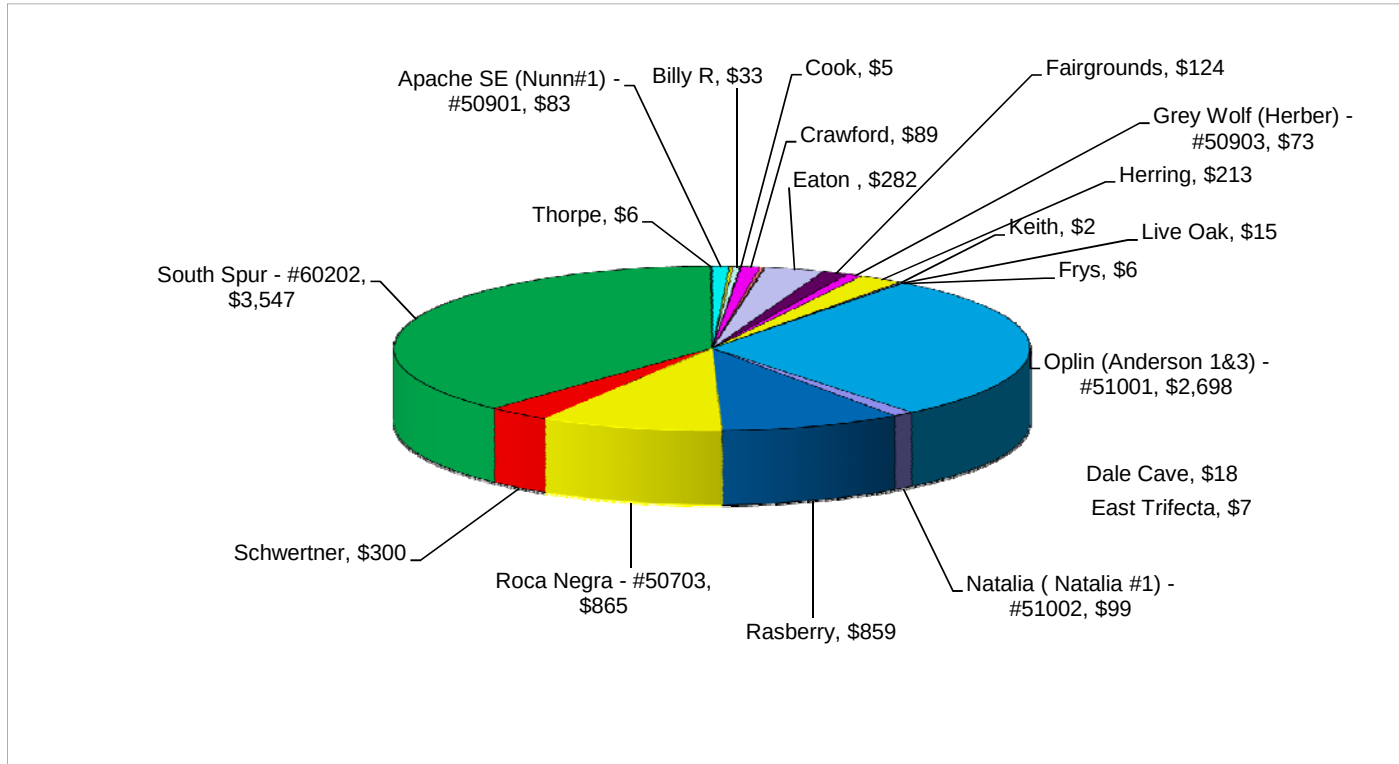
(4) This table has been updated to exclude the East Kenedy assets sold in the Liquidity Event transaction in December 2010.

First Keystone Energy Fund - I, L.P.
Net Lease Operating Income by Month (I.4)
(Income Tax Basis)
Months 9/30/07 Through 11/30/12



- 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.
 - (5) Current month figures in this chart depict distributable cash after the 8/31/12 merger of Funds III and I. The YTD and cumulative figures do not include Fund III distributions that occurred prior to the 8/31/12 merger of the two entities.

First Keystone Energy Fund - I, L.P.
Net Lease Operating Income by Field (I.4)
(Income Tax Basis)
(Continuing Operations Only)
Cumulative Through November 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
- (3) Current month figures in this chart depict distributable cash after the 8/31/12 merger of Funds III and I. The YTD and cumulative figures do not include Fund III distributions that occurred prior to the 8/31/12 merger of the two entities.

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

	Current Month	Year to Date
Recurring Expenses		
Lease Operating Expenses		
Apache SE	343	2,142
Atkinson	1,533	3,586
Cook	20	(1,721)
Crawford	1,840	6,896
Dale Cave	1,601	3,920
East Trifecta		821
Eaton	(3,772)	31,229
Fairgrounds	19	1,442
Grey Wolf	8	1,229
Herring	1,745	9,904
HOC Billy R		0
Keith	108	185
Live Oak (Isenhower)		4,238
Live Oak West	2,471	9,843
Natalia		0
Oplin	1,782	18,842
Raspberry	17,501	42,322
Rattlesnake Mound		13,946
Schwertner	3,345	10,800
South Spur	5,723	17,174
Thorpe	1,238	8,141
 Total Lease Operating Expenses	 <u>35,505</u>	 <u>184,939</u>
Intangible Drilling Costs		
Grey Wolf		0
Live Oak (Isenhower)		0
Oplin		0
Rattlesnake Mound		0
Fairgrounds		0
South Spur		0
 Total Intangible Drilling Costs	 <u>0</u>	 <u>0</u>
 Total Recurring Expenses	 <u>35,505</u>	 <u>184,939</u>
Non-recurring Expenses		
Lease Operating Expenses		
Crawford	699	699
Eaton	340	10,914
Grey Wolf		0
Live Oak West	918	1,493
Natalia		0
Oplin	9,173	15,752
Raspberry	396	
Rattlesnake Mound		0
Schwertner	4,398	8,796
South Spur		156
 Total Lease Operating Expenses	 <u>15,225</u>	 <u>37,111</u>
Intangible Drilling & Completion Costs		
Atkinson	33	9,979
Crawford	8,573	69,837
Dale Cave		359
Eaton	6,342	129,423
East Trifecta		114
Fairgrounds		0
Live Oak (Isenhower)		0
Oplin		0
Raspberry	67,735	140,575
Rattlesnake Mound		0
Schwertner		968
 Total Intangible Drilling & Completion Costs	 <u>82,683</u>	 <u>351,255</u>
 Total Non-Recurring Expenses	 <u>97,908</u>	 <u>388,366</u>

(1) This statement reflects all expense activity which occurred after the 8/31/12

merger of FKEF-I, L.P. and FKEF-III, L.P. YTD figures exclude activity that occurred

Note: on the books of FKEF-III, L.P. prior to the merger.