



**U.S. Citizenship
and Immigration
Services**

Date: **JAN 31 2012**

Southern Star Regional Investment Center, LLC
c/o: Ron Kramer, Director
25511 Budde Road, Suite 1802
The Woodlands, TX 77380

Application: Request for Designation as a Regional Center
Applicant(s): Ron Kramer

Re: Southern Star Regional Investment Center, LLC
RCW1033650013/ID 1033650013/Formerly W09003050

Pursuant to Section 610 of the Appropriations Act of 1993, as amended, on November 16, 2010, Southern Star Regional Investment Center, LLC submitted a proposal seeking approval and designation by U.S. Citizenship and Immigration Services (USCIS) of the Southern Star Regional Investment Center.

USCIS hereby designates Southern Star Regional Investment Center, LLC as a Regional Center within the Immigrant Investor Pilot Program and approves the request as described below:

GEOGRAPHIC AREA:

Southern Star Regional Investment Center, LLC shall have a geographic scope which includes the following thirty two (32) contiguous counties in the State of Oklahoma: Alfalfa, Major, Blaine, Caddo, Grady, McLain, Cleveland, Pottawatomie, Seminole, Hughes, McIntosh, Muskogee, Wagoner, Rogers, Nowata, Washington, Osage, Kay, Grant, Garfield, Kingfisher, Canadian, Oklahoma, Lincoln, Okfuskee, Okmulgee, Tulsa, Pawnee, Noble, Logan, Payne, and Creek.

FOCUS OF INVESTMENT ACTIVITY:

This Regional Center request is based on a "hypothetical" business plan. As depicted in the hypothetical economic model, the general proposal, business plan and associated economic analysis, the Regional Center will engage in the following economic activities: capitalizing enterprises to acquire, drill, and develop oil and gas leases within the geographic area.

The Regional Center shall focus on offering EB-5 compliant capital investment opportunities into new commercial enterprises in the following target industry economic categories:

1. NAICS 211111 Crude Petroleum and Natural Gas Extraction
2. NAICS 213111 Drilling Oil and Gas Well

Note: If any investment opportunities arise that are beyond the scope of the approved industry categories, then an amendment would be required to add that category.

Aliens seeking immigrant visas through the Immigrant Investor Pilot Program may file individual petitions with USCIS for capital investments in new commercial enterprises located within and affiliated with the approved Regional Center area.

For any alien requesting the reduced threshold of \$500,000 based upon an investment in a Targeted Employment Area (TEA), the alien must establish at the time of filing of the I-526 petition that either the investment will be made in a TEA designated area or was made in a TEA designated area at the time of the alien's initial investment into the enterprise.

EMPLOYMENT CREATION

Immigrant investors who file petitions for capital investments in new commercial enterprises located within and affiliated with the Regional Center area must fulfill all of the requirements set forth in section 203(b)(5) of the Immigration and National Act, Title 8 Code of Federal Regulations (8 CFR) 204.6, and 8 CFR 216.6, except that the petition need not show that the new commercial enterprises created ten new jobs directly as a result of the immigrant investor's investment. The determination whether the alien investor has met the job creation requirements will be established by a review of the required initial evidence at 8 CFR 204.6(j) and 8 CFR 216.6(a)(4) for the Form I-526 and Form I-829 petitions, respectively. The capital investment and job creation activities outlined in the individual petitions must fall within the bounds of the final economic analysis that is contained as part of the approved Regional Center proposal and its indirect job creation model and multipliers contained within the final approved Regional Center application package. The immigrant investor must show at the time of removal of conditions that they performed the activities described in Form I-526 petition, and the activities must be based on the approved regional center methodology for demonstrating job creation.

The regional center is approved based on a "hypothetical" business plan which utilizes IMPLAN input/output model to establish indirect job creation. A review of the IMPLAN model shows that this economic analysis is reasonable based on the hypothetical business plan.

At the time of filing the immigrant investor's individual I-526 petition, the actual indirect job creation methodology must be submitted with each I-526 petition, and must indicate the number of jobs that will be created as a result of the capital investment.

In addition, since the Regional Center is approved based on a "hypothetical" business plan, the immigrant investor's individual I-526 petition affiliated with your Regional Center, should include as supporting evidence:

- A comprehensive detailed business plan with supporting financial, marketing and related data and analysis providing a reasonable basis for projecting creation of indirect and/or induced jobs to be achieved/realized within two years pursuant to 8 CFR 204.6(j)(4)(B) and reasonable methodologies pursuant to 8 CFR 204.6(m)(7)(ii).

If the business plan submitted with the individual I-526 petitions is sufficiently detailed and the inputs derived from the business plan are determined to be reasonable, USCIS will give deference to the IMPLAN model that derived the job creation estimates. It should be noted that if the economic model is changed at the time of filing I-526 petitions, USCIS will review the new economic model to determine if it qualifies, as this would be a change to what is being approved within this regional center application.

Furthermore, an alien investor's I-829 petition to remove the conditions should be based on the I-526 petition approval which provided a detailed business plan which was supported by an economic analysis based on reasonable methodologies.

If changes are made to the economic model at the time that USCIS reviews the alien investor's I-829 petition, USCIS will review the I-829 petition to determine if it was supported by evidence showing that the analysis used was based on reasonable methodologies. Such evidence may include multiplier tables, feasibility studies, and other economically or statistically valid forecasting devices which indicate the likelihood that the alien's investment has resulted in increased employment.

Additional Guidelines for Individual Immigrant Investors Visa Petition (I-526)

Each individual petition, in order to demonstrate that it is associated with the Regional Center, in conjunction with addressing all the requirements for an individual immigrant investor petition, shall also contain as supporting evidence relating to this Regional Center designation, the following:

1. A copy of this letter, the Regional Center approval and designation.
2. A copy of the Regional Center narrative proposal and relevant business plan.
3. A copy of the job creation methodology required in 8 CFR 204.6(j)(4)(iii), as contained in the final Regional Center economic analysis which has been approved by USCIS, which reflects that investment by an individual immigrant investor will create not fewer than ten (10) full-time employment positions, either directly or indirectly, per immigrant investor. If the approval of the plan for capital investments in a given industry economic category is based upon an exemplar capital investment project, then the immigrant investor petition must also be supported by an analysis and evidence that shows that the actual capital investment in the Form I-526 petition comports to the exemplar capital investment project approved in the regional center designation and that it is otherwise EB-5 compliant.
4. A legally executed copy of the USCIS approved documents:
 - a. Subscription Agreement (Sample submitted November 16, 2010)
 - b. Escrow Agreement (Sample submitted November 16, 2010)

DESIGNEE'S RESPONSIBILITIES INHERENT IN CONDUCT OF THE REGIONAL CENTER:

The law, as reflected in the regulations at 8 CFR 204.6(m)(6), requires that an approved Regional Center in order to maintain the validity of its approval and designation must continue to meet the statutory requirements of the Immigrant Investor Pilot Program by serving the purpose of promoting economic growth, including increased export sales (where applicable), improved regional productivity, job creation, and increased domestic capital investment. Therefore, in order for USCIS to determine whether your Regional Center is in compliance with the above cited regulation, and in order to continue to operate as a USCIS approved and designated Regional Center, your administration, oversight, and management of your Regional Center shall be such as to monitor all investment activities under the sponsorship of your Regional Center and to maintain records, data and information in order to provide the information required on the Form I-924A supplement. Form I-924A, Supplement to Form I-924 is available in the "Forms" section on the USCIS website at www.uscis.gov.

Effective November 23, 2010, the failure to timely file a Form I-924A Supplement for each fiscal years in which the regional center has been designated for participation in the Immigrant Investor Pilot Program will result in the issuance of an intent to terminate the participation of the regional center in the Pilot Program, which may ultimately result in the termination of the approval and designation of the regional center.

Note: USCIS requires the filing of a Form I-924A Supplement by each regional center that remains designated for participation in the pilot program as of September 30th of a calendar year. The Form I-924A Supplement with the required supporting documentation must be filed on or before December 29th of the same calendar year.

If you have any questions concerning the Regional Center approval and designation under the Immigrant Investor Pilot Program, please contact the USCIS by Email at USCIS.ImmigrantInvestorProgram@dhs.gov.

Sincerely,



Rosemary Langley Melville
Director
California Service Center

cc: Darin H. Mangum, Esq.

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December 12, 2011

VIA FEDERAL EXPRESS

U.S. Citizenship and Immigration Services
California Service Center
Attn: EB-5 Processing Unit
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

RE: *Southern Star Regional Investment Center LLC (the "Applicant")*
RCW1033650013
Economic Impact Study Correction

Ladies and Gentlemen:

It has come to our attention that a copy of the enclosed economic impact study may not have been included as an exhibit in the above-referenced Applicant's RFE response dated November 14, 2011, or that an earlier version of the study may have been inadvertently included. In any case, please refer to the enclosed study in connection with Applicant's responses to your August 24, 2011, RFE.

If you have any questions, please contact me at (801) 787-9072 or via my new e-mail address at darin@mangumlaw.net. Paper correspondence, of course, may still be sent to our Utah office address.

Thank you.

Very Truly Yours,

DARIN H. MANGUM, PLLC
A Professional Limited Liability Company

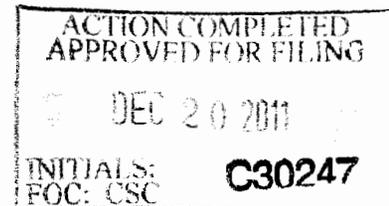


Darin H. Mangum
Attorney at Law

DHM/ld

Enclosures

cc: Southern Star Regional Investment Center LLC



REC'D CSC 11/02/11 8:49

C30247

Southern Star Regional Investment Center

Economic Impact Study

Prepared for:

Southern Star Regional Investment Center LLC.

November 2011

Institute for
Economic
Development



Center for **Community** and
Business Research
The University of Texas at San Antonio

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Executive Summary

In order to demonstrate the economic impact that the proposed Southern Star Regional Investment Center (SSRIC) will have on the regional and national economy, Southern Star contracted with the Institute for Economic Development's Center for Community and Business Research at the University of Texas at San Antonio.

The economic impact uses production activities to estimate the effects of the proposed Pawnee project on the regional economy and on the Nation. Revenues from oil and gas production will determine the demands from suppliers and the wages and salaries paid for the workers in the project. According to the United States Department of Agriculture (USDA), the Pawnee county area, based on the census tract division by the Census Bureau, **is a rural area.**¹

For the Regional Center, using a period from April 2012 through December 2013, the impact study calculates the effects of oil and gas extraction, and of drilling activities in a 32-county region and in the United States as a whole.

Based on the letter from USCIS director Alejandro N. Mayorkas to Senator Patrick J. Leahy, on December 3, 2010, where the director explains that: "USCIS interprets the law to require that a regional center focus its EB-5 capital investment activities on a single, contiguous area within the defined geographic jurisdiction requested by the regional center. Nevertheless, we agree that the law does not further mandate that all indirect job creation attributable to a regional center take place within that jurisdiction;" the study used two different geographic definitions to obtain the indirect and induced impacts from the project: National and regional levels. To capture the full impacts of the project, the national level impacts are highlighted in the present study.

Economic impacts at the national level, in terms of full-time job equivalents, are shown in Table S.1. Based on this analysis, at the national level, the project would support **503 full-time jobs**.

The area of analysis for the regional center includes 32 counties (*8 CFR 204.6 (m)(3)(iv)*).

¹ <http://www.ers.usda.gov/briefing/rurality/ruralurbancommutingareas/>

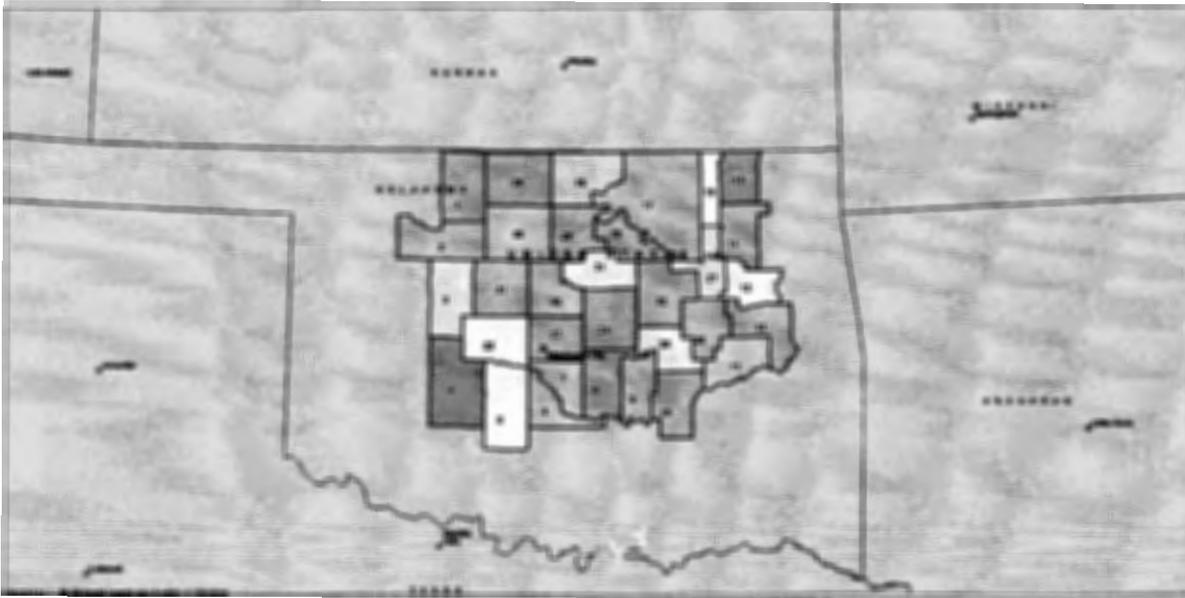
Regional Scope 2009			
	Area Name	Per Capita Personal Income	Population
1	Alfalfa county	\$25,074	5,481
2	Blaine county	\$22,134	12,609
3	Caddo county	\$24,455	30,393
4	Canadian county	\$36,325	109,668
5	Cleveland county	\$35,381	244,589
6	Creek county	\$30,451	70,244
7	Garfield county	\$36,772	58,928
8	Grady county	\$28,505	51,649
9	Grant county	\$36,273	4,317
10	Hughes county	\$24,318	13,819
11	Kay county	\$35,915	46,110
12	Kingfisher county	\$35,924	14,384
13	Lincoln county	\$29,093	32,199
14	Logan county	\$35,052	39,301
15	McClain county	\$38,203	33,168
16	McIntosh county	\$28,141	19,801
17	Major county	\$31,295	7,189
18	Muskogee county	\$29,575	71,412
19	Noble county	\$29,956	10,950
20	Nowata county	\$26,161	10,528
21	Okfuskee county	\$25,703	10,924
22	Oklahoma county	\$41,657	716,704
23	Okmulgee county	\$28,900	39,292
24	Osage county	\$33,985	45,051
25	Pawnee county	\$30,012	16,419
26	Payne county	\$29,030	79,727
27	Pottawatomie county	\$30,292	70,274
28	Rogers county	\$34,726	85,654
29	Seminole county	\$28,955	24,296
30	Tulsa county	\$44,912	601,961
31	Wagoner county	\$31,626	70,394
32	Washington county	\$39,940	50,706
			2,698,141

Introduction

(b) (4)

Overview of the Southern Star Regional Center's Local Economy

The state of Oklahoma had a population of 3,687,050 in 2009, according to the Bureau of Economic Analysis (BEA), with a per capita personal income of \$35,837. The area of analysis for the regional center includes 32 counties. The following table shows their populations and per capita personal incomes.



Regional Scope 2009			
	Area Name	Per Capita Personal Income	Population
1	Alfalfa county	\$25,074	5,481
2	Blaine county	\$22,134	12,609
3	Caddo county	\$24,455	30,393
4	Canadian county	\$36,325	109,668
5	Cleveland county	\$35,381	244,589
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30	Tulsa county	\$44,912	601,961
31	Wagoner county	\$31,626	70,394
32	Washington county	\$39,940	50,706
			2,698,141

In 2009, in Pawnee County, in the oil and gas extraction industries (NAICS 211111), there were 7,833 workers.¹⁰ According to the United States Department of Agriculture (USDA), the

¹⁰ According to the BEA regional accounts at <http://www.bea.gov/regional/>

Pawnee county area, based on the census tract division by the Census Bureau, is a rural area. The census tract number for Pawnee County is 40117957400:¹¹

State-County-Tract Code	RUCA Primary Code 2000	RUCA Secondary Code 2000	Tract Population 2000	State Code	County Code	Census Tract Code
40117957400	10	10	2669	40	117	957400

“The rural-urban commuting area (RUCA) codes classify U.S. census tracts using measures of population density, urbanization, and daily commuting (...) The classification contains two levels. Whole numbers (1-10) delineate metropolitan, micropolitan, small town, and rural commuting areas based on the size and direction of the primary (largest) commuting flows. These 10 codes are further subdivided to permit stricter or looser delimitation of commuting areas, based on secondary (second largest) commuting flows. The approach errs in the direction of more codes, providing flexibility in combining levels to meet varying definitional needs and preferences.”¹²

Because Pawnee county has a RUCA of 10, it qualifies as a rural area.



¹¹ <http://www.ers.usda.gov/briefing/rurality/ruralurbancommutingareas/>

¹² Taken from the United States Department of Agriculture web site at on November 15, 2011 <http://www.ers.usda.gov/Data/RuralUrbanCommutingAreaCodes/>

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REC'D CSC 11NOV16 22:14

November 14, 2011

**ACTION COMPLETED
APPROVED FOR FILING
NOV 17 2011
INITIALS
FOC: CSC C30238**

VIA FEDERAL EXPRESS OVERNIGHT COURIER

U.S. Citizenship & Immigration Services
California Service Center
Attn: EB-5 Regional Center Proposal
24000 Avila Road, 2nd Floor
Laguna Niguel, California 92607-0526

15-20-4-2

**RE: RCW-1033650013 – Response to Request for Evidence
REGIONAL CENTER PROPOSAL – INITIAL DESIGNATION
Petitioner: Southern Star Regional Investment Center LLC
Project: Southern Star Regional Investment Center Pawnee Project**

Dear Immigration Officer:

This letter and the attached exhibits constitute the response of Southern Star Regional Investment Center LLC, a Texas limited liability company (the “Petitioner” or “Petitioner”), to the Request for Additional Evidence issued to the Petitioner by U.S. Citizenship and Immigration Services (“USCIS”) on August 24, 2011 (the “RFE”).

Timely Filed

The RFE required the Petitioner to submit its response to USCIS on or before November 16, 2011. Accordingly, this response is timely filed.

Petitioner’s Response to RFE

Petitioner hereby responds to the following points raised by USCIS in the RFE as follows:

Background

USCIS accurately describes the Petitioner its intention to offer EB-5 capital investment opportunities in affiliated new commercial enterprises, organized as LLCs, to acquire, drill and develop oil and gas leases within its intended geographic area, as amended. You will please note that the Petitioner has elected to amend the scope of its originally proposed geographic area to now include no counties within the State of Texas and only the following counties within the State of Oklahoma: Alfalfa, Major, Blaine, Caddo, Grady, McLain, Cleveland, Pottawatamie,

Seminole, Hughes, McIntosh, Muskogee, Wagoner, Rogers, Nowata, Washington, Osage, Kay, Grant, Garfield, Kingfisher, Canadian, Oklahoma, Lincoln, Okfuskee, Okmulgee, Tulsa, Pawnee, Noble, Logan, Payne, and Creek.

Evidentiary Requirements for Regional Center Proposal

It is the Petitioner's intention for this cover letter to serve as an executive summary and/or guide of the content provided to USCIS in response to the RFE. You will also please note that following this letter is an exhibit list together with tabbed sections providing the referenced material by way of exhibits.

Letter Signed by Managing Principal

We enclose a letter, attached hereto as Exhibit A, signed by Ron Kramer, a Managing Principal of the Petitioner, for purposes of requesting regional center designation. Mr. Azarmehr, who wrote the previous letter, serves as immigration counsel only for the Petitioner.

Target Industries

In response to the RFE, Petitioner is amending its proposal by stating that the only industries requested in its application for Regional Center designation are now the following:

NAICS Code	Industry
211111	Crude Petroleum and Natural Gas Extraction

This U.S. industry comprises establishments primarily engaged in (1) the exploration, development and/or the production of petroleum or natural gas from wells in which the hydrocarbons will initially flow or can be produced using normal pumping techniques, or (2) the production of crude petroleum from surface shales or tar sands or from reservoirs in which the hydrocarbons are semisolids. Establishments in this industry operate oil and gas wells on their own account or for others on a contract or fee basis.

This industry classification is used in the analysis developed in the enclosed Revised Economic Impact Study attached hereto as Exhibit E.

Promotion of Economic Growth within the selected Geographic Area [8 CFR 204.6(m)(3)(i)]

As stated, the Petitioner hereby amends its originally proposed geographic area to include no counties (total: 0) within the State of Texas and only the following counties (total: 32) within the State of Oklahoma: Alfalfa, Major, Blaine, Caddo, Grady, McLain, Cleveland, Pottawatomie, Seminole, Hughes, McIntosh, Muskogee, Wagoner, Rogers, Nowata, Washington, Osage, Kay, Grant, Garfield, Kingfisher, Canadian, Oklahoma, Lincoln, Okfuskee, Okmulgee, Tulsa, Pawnee, Noble, Logan, Payne, and Creek.

Regional or National impact of Petitioner [8 CFR 204.6(m)(3)(iv)]

We refer to the Revised Economic Impact Study, attached hereto as Exhibit E, in response to this issue raised by USCIS.

The Revised Economic Impact Study provides detailed analysis of the economic impact in the proposed geographic scope, as amended, of the Petitioner reflecting the development of the first project of Southern Star Regional Investment Center, named the Pawnee Oklahoma Project. It analyzes in detail how investment of (b) (4) into the acquisition and development of this project, over a two (2) year period, will generate significant positive impacts on job creation and capital investment in the Petitioner's geographic area, as amended.

The Revised Economic Impact Study includes the following additional information which responds to the issue raised by USCIS:

(1) A detailed description of the Pawnee Oklahoma Project and its intended objectives, which includes a description of the investment vehicle for the project, Southern Star EB-5 Energy Fund LLC (the "Fund"), which will raise (b) (4) from both foreign EB-5 investors and/or domestic U.S. investors who will each invest \$500,000 into the Fund, a pro-forma timeline for development of the project, and a pro-forma cost break-down of the development of the project;

(2) A comparative evidence of similar projects in Oklahoma to substantiate the accuracy of the estimate of a (b) (4) capital investment in the Petitioner's proposed geographic area, as amended and a pro-forma cost break-down of the development of the Pawnee Oklahoma Project which included as an attachment to the Revised Economic Impact Study. As stated in that evidence, the cost break-down utilized is similar to that used in the development of other oil and gas projects;

(3) A specific description of the IMPLAN methodology using a final-demand employment multiplier to estimate that the Pawnee Oklahoma Project will generate at least 10 jobs, either direct or indirect, per \$500,000 of invested expenditure over the course of two (2) years;

(4) Specific indication of the North American Industry Classification System (NAICS) code for the industry in which each economic impact of job creation is made (211111: Crude Petroleum and Natural Gas Extraction);

(5) Detailed description of the geographic area, as amended, and its labor market situation at present; and

(6) Evidence of the positive economic impacts of increasing capital investment and creating jobs in the Petitioner's proposed geographic area, as amended.

The Revised Economic Impact Study provides concise, detailed and responsive evidence of the issue raised by USCIS which confirms the significant positive job creation and increased capital investment that the Petitioner will facilitate through its Pawnee Oklahoma Project and future projects similar to it.

Regional Center's Operational Plan [8 CFR 204.6(m)(3)(iii) and 8 CFR 204.6(m)(6)]

Attached hereto as Exhibit B is a detailed Operations Plan for Petitioner. The Operations Plan describes how Petitioner will conduct due diligence of each investor to vet them for purposes of ensuring (1) evidence of the legitimate source of the funds they propose to invest; and (2) evidence of their status as an “accredited investor” as defined by Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended, for securities law compliance purposes.

Amount and Source of Petitioner's Operating Capital [8 CFR 204.6 (m)(3)(iii)]

(b) (4)



Regional Center's Operational Plan - Recruitment and Due Diligence [8 CFR 204.6(m)(3)(iii)]

Petitioner understands that a due diligence background search of investors and their source of funds is not only essential, but required for each EB-5 investor.

Petitioner foresaw this need and addressed it already in the previously submitted draft Subscription Agreement, which provides that the Petitioner reserves the right, in its sole and absolute discretion, to reject the subscription, in whole or in part, at any time for any or no reason.

The Petitioner is responding to the RFE by providing the following details in the enclosed Operations Plan, attached hereto as Exhibit B, on the background due diligence investigation that it will undertake for each investor:

(a) The potential EB-5 investor will first register with Petitioner either through Petitioner's future web page, or in writing. The registration of a potential investor will require them to provide their biographic information; copy of official identification with photograph (e.g., a passport or drivers license); and to complete an amended Investor Suitability Questionnaire. The amended Investor Suitability Questionnaire includes a list of detailed questions on the investor's identity, family, immigration history, and issue of the source of the funds the investor proposes to use for the EB-5 investment (e.g., request for copies of 5 years of income tax returns). The amended Investor Suitability Questionnaire also includes a list of 'source of funds' documents required from investors (e.g., 5 years of income tax returns; bank account information; evidence of employment; evidence of company ownership; evidence real estate ownership, etc.). Thus, all EB-5 immigrant investors in Petitioner's Fund will be required to disclose to Petitioner whether source of funds documents exist, and deliver source of funds documents to Petitioner, shortly after registering with Petitioner as a potential investor, and prior to the investor receiving the Subscription Documents, or signing and completing the Subscription Documents for Petitioner.

(b) Upon receipt of a completed Investor Suitability Questionnaire (a copy of which has already been provided to USCIS), Petitioner will engage in due diligence screening of the investor to avoid allowing someone to invest who does not comply with requirements for exemption from U.S. securities registration; may have criminal issues in their background; cannot reasonably prove lawful source of funds in conformity with USCIS rule; or has prior immigration violations. Further to the requirements under 8 CFR §204.6(j)(2) and (3), in order to clearly evidence the lawful source of the investor's funds, extensive documentation shall be submitted upon filing of an actual I-526 petition for the individual EB-5 alien investor into the project. In addition to the extensive documentation which will be submitted for each respective individual alien investor, certified translations for all foreign language documents will be prepared and will be accompanied by a notarized statement confirming the translator's certification of competency and accuracy. Please note that the transfer of (b) (4) in cash to the escrow account for each respective LLC "new" commercial enterprise will have occurred prior to the filing of any respective alien investor's I-526 petition with USCIS. Complete documentation of the transfer of the investor's funds will be evidenced clearly, including (1) wire transfer receipts; (2) deposit receipts; (3) bank statements showing withdrawal of funds from one account and deposit into another; (4) a letter from the bank confirming funds transfer; (5) the executed escrow agreement providing for the unconditional release of the Petitioner's funds to the investment LLC upon the approval of the I-526 Petition; and (6) the executed subscription agreement. In addition, categories of supporting documentation evidencing lawful source of funds shall typically include such items as: introductory informational documents regarding the investor; the investor's financial documents; the petitioner's investments; the petitioner's business documents; the petitioner's real estate holdings; the petitioner's employment history and relevant documents; and documents relating to other relevant sources of

the petitioner's income and/or capital such as gifts, loans, gambling winnings, inheritances, etc. One of the due diligence controls on investors used by Petitioner will be to conduct reasonable background searches of each investor by reputable private investigator or a credit data company; and conduct a name search of the investor in Department of the Treasury's OFAC Specially Designated Persons list. Additionally, Petitioner has retained the services of the undersigned's law firm, Darin H Mangum, PLLC, to review immigration-critical, funds and tax history of the potential investor, and to review of source of funds requirements of USCIS based on the responses to the Investor Suitability Questionnaire and additional documents and evidence of investor income, employment, business profits and taxes paid.

(c) After the Investor Suitability Questionnaire is reviewed and the potential investor is authorized by Petitioner, the EB-5 investor will be provided with copies of the Escrow Agreement, Subscription Agreement, Private Placement Memorandum, LLC Company Agreement (collectively, the "Subscription Documents"), and any relevant financial information of Petitioner and its project(s). The potential investor will be provided with an opportunity to review the Subscription Documents and an opportunity to ask questions about the project, the financial information of Petitioner.

(d) Should the EB-5 investor decide to proceed with his or her investment, the investor will be required to deliver to Petitioner duly executed counterparts of the Subscription Documents. In addition, the EB-5 investor must also deposit the entire amount of the Capital Contribution and the additional Administrative Fee to the escrow bank account of Petitioner in immediately available funds.

(e) At the time that the potential investor delivers the signed Subscription Documents and the Capital Contribution (\$500,000) and Administrative Fee (b) (4), Petitioner has the right and sole discretion to accept or reject the investor's subscription. This provision was intended to formally allow Petitioner to reject any investor who does not comply with being an accredited investor, or who cannot properly document their source of funds, or, indeed for any other reason related to the investor's background. Petitioner will seek to inform investors of its decision within 60 days of having received a complete set of Subscription Documents and other necessary information – though it reserves the right to take longer if the need arises. If the investor's application is accepted, the investor will be provided with the Subscription Documents countersigned by Petitioner and supporting evidence for the investor's eventual I-526 Immigrant Petition for Alien Entrepreneur. If the investor's application is rejected, then Petitioner will instruct the Inter National Bank, as escrow agent, to return to Capital Contribution and Administrative Fee to the investor.

(f) Source of funds due diligence will also be conducted at the preparation of each form I-526 from investors in Petitioner's Fund. Each form I-526 will be prepared by an immigration attorney experienced in EB-5 visa petitions. Petitioner has retained the services of immigration law firm Azarmehr & Associates, P.C. (through its partner, Mehron Azarmehr), as the preferred immigration counsel to Petitioner to ensure accurate review of source of funds documentation, and consistency and quality of each I-526 Immigrant Petition for Alien Entrepreneur filed by

investors in Petitioner's Fund. Azarmehr & Associates, P.C. will either prepare or review each I-526 immigrant visa petition filed by individual EB-5 investors in Petitioner.

Regional Center's Operational Plan-Promotional Efforts [8 CFR 204.6(m)(3)(iii)]

(b) (4)



Administrative Oversight [8 CFR 204.6(m)(6)]

Petitioner will ensure consistent management and oversight of the LLC / Fund created to acquire and develop the Pawnee Oklahoma Project. Petitioner will act solely and directly as the managing member of the limited liability company formed (Southern Star EB-5 Energy Fund LLC) that will develop a job-creating project and into which EB-5 investors will invest. The exemplar form of this structure has previously been submitted to you. Books and records of Petitioner and the intended Fund / LLC (as well as future projects / LLCs) will thus be controlled directly or indirectly by Southern Star Regional Investment Center LLC (the "Petitioner").

As described in the Operations Plan, Petitioner has implemented procedures that will provide it with sufficient information and record-keeping to maintain compliance with USCIS annual reporting duties for EB-5 Regional Centers (see Exhibit B for a brief description of Petitioner's monitoring and record keeping procedures).

The invested funds for each LLC will be accounted for separately and tracked in a transparent fashion which will permit an independent auditor to verify at any time that the funds are being expended for capital improvements and development, not for fees and expenses.

The Operations Plan describes in detail the management structure of Petitioner and the control systems that it is implementing to track and control project evaluation; project management and construction; investments and expenditures, and annual reporting.

As stated in the Operations Plan, upon designation as a regional center by USCIS, Southern Star Regional Investment Center LLC will engage a full-time Chief Financial Officer experienced in oil and gas investments and operations to establish internal control systems to be able to track all funds invested in and used by Petitioner in its projects. Additionally, Petitioner will use the accounting services of Biesinger & Kofford CPAs PLLC, as indicated in the enclosed Operations Plan.

Each potential investor will be tracked through the registration system mentioned above. Names and identification documents will be required for each investor, and these will be registered in a list of each such registrant maintained for each year. This registration and record keeping will permit Petitioner to control who has contacted it as a potential investor. Investors who decide to invest in Petitioner's regional center LLC / Fund will be tracked through two means: (1) internal list of investors and the progress of their cases, from the date it was filed to the date a decision is issued by USCIS; (2) Azarmehr & Associates, P.C. will be the immigration attorneys for Petitioner and it uses the well-known software "Immigration Tracker" software to maintain a database of all immigrant petitions filed under the auspices of Petitioner. This will permit Petitioner to request reports on the status of petitions, and the obtain USCIS receipt numbers for all cases, control deadlines for filing I-829 petitions.

Further, Petitioner is aware of the USCIS annual reporting requirements set out in Form I-924A and accompanying USCIS instructions. The procedures, records and controls set out above will permit Petitioner to comply with USCIS annual reporting obligations. Moreover, mechanisms are set out to ensure the management of projects is directed towards their success, and that funds received from projects investors are handled accurately and in compliance with all ethical and all obligations before the Securities and Exchange Commission and the USCIS.

Indirect Job Creation [8 CFR 204.6(m)(3)(ii)]

The enclosed Revised Economic Impact Study estimates that job creation will primarily derive from the development of the Pawnee Oklahoma Project over a two year period that will not be less than 24 months. The Revised Economic Impact Study is based on input of a

(b) (4)

and that individual EB-5 investors will each contribute \$500,000 to the capital of the Fund / LLC that will directly own the Pawnee Oklahoma Project. Further, the Revised Economic Impact Study estimates that (b) (4) raised from foreign EB-5 investors will be solely and exclusively used for the development of the Pawnee Oklahoma Project and not for other purposes. The enclosed Revised Economic Impact Study estimates that at least 10 jobs, either direct or indirect, will be created per \$500,000 invested by foreign EB-5 investors.

In determining the number of construction jobs, several definitions should be kept in mind. First, the definition of "direct jobs" used in this report should not be confused with the concept of direct job creation measurable by Forms I-9, payroll records, or other similar documentation as set forth in 8 C.F.R. § 204.6(j)(4)(i)(A). That section contemplates jobs created by the actual employees of the new commercial enterprise, specifically in the non-regional center context.

When economists use the term "direct" jobs in the context of an econometric methodology such as RIMS II, what is meant are jobs created directly by revenues (which in the

EB-5 Pilot Program results from an immigrant investor's investment). (b) (4)

To be clear, the Revised Economic Impact Study does set forth the number of jobs that are likely to be created by the new commercial enterprise. However, as 8 C.F.R. § 204.6(j)(4)(iii) clearly states, the proof of job creation in the context of regional centers is not Forms I-9, payroll records, or similar documentation, but rather "reasonable methodologies" such as this report.

In keeping with the EB-5 guidelines, the number of jobs is based on "hard costs" of development activity and does not include "soft costs" (b) (4)

The Revised Economic Impact Study thus includes in the job creation totals from construction of the Pawnee Oklahoma Project in Years 1 and 2, based on final-demand employment multipliers for indirect and induced jobs.

Economic Entity [8 CFR 204.6(e)]

Attached as Exhibit C is evidence of Petitioner's information on file with the Texas Secretary of State establishing its existence prior to the date of applying for regional center status.

Attorney Representation [8 CFR 103.2 (a)(3)]

Attached, as Exhibit D, is a duly executed Form G-28 signifying that Darin H. Mangum, Esq., is the attorney on record on behalf of Petitioner.

Posting of Regional Center information on the USCIS Web site

If the Petitioner is approved, its public contact information is as follows:

- Name of Petitioner: Southern Star Regional Investment Center LLC
- Public address: 25511 Budde Road, Suite 1802, The Woodlands, TX 77380
- Public Point of Contact: Ron Kramer
- Phone/Fax: Tel: (281) 940-7105 / Fax: (801) 802-9101
- E-mail/Web Page: eb5@southernstaroil.com / www.eb5southernstar.us

Summation

Petitioner has responded to the USCIS RFE on a timely basis, by highlighting evidence that was already submitted, and by providing additional new evidence where appropriate. The evidence submitted is highly detailed and concisely addresses all of the questions raised by USCIS.

We sincerely trust that USCIS will favorably adjudicate Petitioner's request for original EB-5 Regional Center designation, thereby enabling Petitioner to proceed with its plans to attract investment to the proposed geographic area, as amended.

Should you have any questions, kindly contact the undersigned.

Sincerely Yours,

DARIN H. MANGUM, PLLC
A Professional Limited Liability Company



Darin H. Mangum
Attorney at Law

DHM/lid

cc: Southern Star Regional Investment Center LLC
Attn: Ron Kramer
25511 Budde Road, Suite 1802
The Woodlands, TX 77380

Enclosures: (as stated in this text and enclosed Exhibit List)

SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC

November 14, 2011 Response to USCIS RFE

EXHIBIT LIST

- EXHIBIT A: Letter from Principal of Petitioner
- EXHIBIT B: Operational Plan
- EXHIBIT C: Evidence of Formation of Entity in Texas on August 16, 2010
- EXHIBIT D: Form G-28
- EXHIBIT E: Revised Economic Impact Study
- EXHIBIT F: Equity Term Sheet
- EXHIBIT G: Pro-forma Financial Statements



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EXHIBIT A

Letter from Principal of Petitioner



SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC

November 14, 2011

U.S. Citizenship & Immigration Services
California Service Center
Attn: EB-5 Regional Center Proposal
24000 Avila Road, 2nd Floor
Laguna Niguel, California 92607-0526

RE: RCW-1033650013 - Response to Request for Evidence

Ladies and Gentlemen:

I am a designated principal of Southern Star Regional Investment Center LLC ("we", "us", "our", or the "Applicant").

We request that you please accept the Applicant's request for designation as a regional center.

Very Truly Yours,

Ron Kramer
Director



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EXHIBIT B

Operational Plan



SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC

REGIONAL CENTER OPERATIONAL PLAN

November 14, 2011

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 - 1.1.2 Staffing
 - 1.1.3 Org Chart
 - 1.1.4 Legal Counsel
 - 1.1.5 Preferred Immigrant investor Counsel
 - 1.1.6 Economist
 - 1.1.7 Other Service Providers
 - 1.1.8 Banking
 - 1.2 Reporting
 - 1.3 Operations
 - 1.3.1 Project evaluation
 - 1.3.2 Developer Evaluation
 - 1.3.3 Project Management
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Southern Star Regional Investment Center "SSRIC"

1.0 Operational Guidelines and Administration

SSRIC LLC board has prepared and reviewed this operational plan. Including:

- 1.1 Management and administration
- 1.2 Reporting
- 1.3 Operations

This team will oversee all aspects of SSRIC. The operations for SSRIC will be conducted from its corporate offices located in Houston Texas. SSRIC has retained consultant Bernard Rojano with Xecute Business Solutions to support overall operations. Mr. Rojano in conjunction with the board of SSRIC LLC will meet on a quarterly basis to review goals and objectives, overall operations and make needed suggestions and recommendations. SSRIC is being formed as a USCIS designated regional center and viable business entity to:

- Create increased permanent employment within the state of Oklahoma in Alfalfa, Major, Blaine, Caddo, Grady, McLain, Cleveland, Pottawatomie, Seminole, Hughes, McIntosh, Muskogee, Wagoner, Rogers, Nowata, Washington, Osage, Kay, Grant, Garfield, Kingfisher, Canadian, Oklahoma, Lincoln, Okfuskee, Okmulgee, Tulsa, Pawnee, Noble, Logan, Payne, Creek Counties by promoting and sponsoring the creation of sustainable oil and gas development projects.
- Raise foreign investment capital through the USCIS EB-5 Immigrant Investor Pilot Program to support the growth and development of oil and gas projects.
- Provide business guidance as required to these new projects
- Encourage the creation of new oil and gas development opportunities consistent with the USCIS approved designation of SSRIC that permanently stimulate the economies within the geographic scope of the regional center.

1.1 Management and Administration

1.1.1 Principals. The principals of SSRIC are the board of directors

- Rick Muckleroy
- Ron Kramer
- Mike Jarman
- Darin H Mangum, Esq.

Who collectively have over 100 years of experience in the real estate development, oil and gas, banking and legal industry. They will oversee all administrative functions of SSRIC.

1.1.2 Staffing. The regional center currently employs no full time personnel. It is expected that SSRIC will hire 6 additional staff as needed to meet the needs of the regional center. All potential team members will be evaluated on experience and will be required to have the proper background an education to fill their roles. Additional languages will be a plus to deal with potential investor language barriers. SSRIC will leverage human resources by cross training and consolidating back office services.

1.1.3 Org Chart.

(b) (4)



Director and Manager: Ronnie R. Kramer –

A Native of Waco, Texas, Mr. Kramer's experience includes being the founder of Banner Holding Company ("BHC"), the first non-prime automotive finance company in Texas. Banner was acquired by Consumer Portfolio Services in 1995. Mr. Kramer also served as the President of the NYSE 10 Bank Holding Company (United Bank). After selling BHC, Mr. Kramer co-founded Consumer Auto Finance which was subsequently sold to J-Hawk Holdings. Mr. Kramer is currently involved in multiple investments including real estate, commodities, start-up technology firms and oil and gas prospects. He also is a co-founder of Southern Star Regional Investment Center LLC.

CFO: Kenneth W. Biesinger, CPA –

Mr. Biesinger received his Master's Degree in Accounting-Tax Emphasis from Brigham Young University in 1997 and became licensed as a CPA the following year. In 2000 he started his own accounting firm. He merged with another accounting firm in 2006 to form

Biesinger & Kofford, CPAs, PLLC. His firm specializes in small business tax and accounting, and the firm now has a staff of 8, including 5 CPAs. An oil and gas investor himself, Mr. Biesinger has worked with numerous oil and gas companies preparing tax returns and accounting for them for the past several years. He presently lives with his wife and two children in Orem, Utah.

Administrator: TBD

Marketing, PR MGR: TBD

Office Mgr: Lauren Del Valle

Investor Relations MGR: Rick Muckleroy

An accomplished residential and commercial real estate builder, developer, investor and entrepreneur, Mr. Muckleroy attended the University of Texas at Austin. He has developed real estate all over Texas ranging from apartment complexes to single family homes to light commercial. He was involved in one of the largest lease plays in Texas generating several millions in profits for the participants. He also sold commercial real estate and ranches for years in the Austin, Texas, area. He was a co-founder of Jetstream Flight & Management LLC, an aviation management company, and was a key player in raising capital for Sonera Resources, a successful independent oil and gas company. Having recently joined Southern Star Regional Investment Center LLC, his current focus is connecting quality oil and gas projects with financial sources.

Project Manager: TBD

1.1.4 Legal Counsel. SSRIC has retained the law firm of Darin H Mangum, PLLC to ensure timely and accurate compliance with applicable USCIS regional center reporting requirements, Mr. Mangum has over 18 years experience in business and venture finance. His experience ranges from practicing attorney to executive and boardroom responsibilities. He is the managing member of Darin H. Mangum PLLC, a boutique business law firm with offices in Texas and Utah, and its sister law firm Mangum & Associates PLLC which handles trust work and public company reporting issues. Mr. Mangum also serves on the board of directors of two privately-held energy companies: Well Enhancement Service Group LLC (Texas) and Southern Star Resources LLC (Oklahoma). His law practice includes oil and gas law, real estate, corporate finance, mergers and acquisitions, and securities law compliance. His clients include private issuers, start-up companies, FINRA broker/dealers, venture capitalists, and individual entrepreneurs. Mr. Mangum received his law degree from Brigham Young University and he is an active member of both the Texas and Utah State Bar professional associations.

1.1.5 Preferred Immigrant Investor Counsel. To ensure quality and consistency of all immigrant investor I-526 petitions submitted to the USCIS, Azarmehr & Associates, P.C. will act as preferred immigration firm for all individual SSRIC investors. Mehron P. Azarmehr, Legal Counsel will work with SSRIC to assemble and draft all necessary regional center business and investor documentation required by USCIS for I-526 petition approval. Mr. Mehron obtained a

Bachelor of Arts and a Master of Science in Economics from the University of North Texas. After his master's degree, he worked at the World Bank in Washington, D.C. Later, he attended St. Mary's University School of Law and the University of Texas Law School. During law school, he served at the Texas Supreme Court as briefing intern. Mehron has been practicing law in Texas since 1991. He first served as an Assistant Attorney General with the Texas Attorney General's office in Austin, Texas; then from 1996 to 1998, he practiced immigration law at Gardere & Wynne, L.L.P. in Dallas, Texas. In 1999, Mehron founded Azarmehr & Associates, P.C., an exclusively immigration-based practice. The law firm has offices in Austin and affiliate offices in San Antonio, Texas, and Monterrey, Mexico and London. He is admitted to practice in Texas and before the U.S. Court of Appeals, Fifth Circuit, and the U.S. District Court, Eastern, Northern, and Western Districts of Texas.

1.1.6 Economist. SSRIC will use The Institute for Economic Development at The University of Texas of San Antonio. Economist Javier Oyakawa to perform all reporting related to job creation and economic impact studies.

1.1.7 Other Service Providers. In addition, SSRIC will engage the Biesinger and Kofford CPA's PLLC to prepare annual financial documents for all SSRIC projects, review pro-formas and all financial aspects of the regional center. Consultants will be considered when necessary to fill gaps in management.

1.1.8 Banking. SSRIC will use Wells Fargo Bank for all banking services including all cash and escrow accounts. The contact and banking advisor will be Mark Itnyre.

1.2 Reporting Our legal counsel Darin H Mangum, PLLC will oversee the reporting to the USCIS with the support of SSRIC key personnel. The board will review the reports on a monthly basis to be notified of compliance with the USCIS requirements. Timelines and processes will be followed and reporting will consist of;

- Current identification of the principal official and point of contact for the management and administration of the regional center;
- Methodology used to validate the foreign investors lawful source of capital and ability to submit into escrow the requisite amount (see further detail below);
- Methodology used to evaluate, provide oversight, and track job creation that resulted from the placement into an approved EB-5 eligible business venture of each specific foreign investor's investment capital;
- List of each foreign investor's name, date of birth, country of nationality, number of dependents seeking immigrant visas through the I-526 petition, U.S. city and state of residence, and foreign registration number who filed an I-526 petition with USCIS and the most current disposition of that petition, whether approved, denied, or withdrawn by the petitioner;

- List of each foreign investor's date and amount of investment as well as the date(s), nature, and amount(s) of any payment/remuneration/profit/return on investment made to the alien investor by the commercial enterprise and/or SSRIC from when the investment was initiated to the present;
- Names and locations, by category as appropriate, of each job creating commercial enterprises that have received foreign and domestic investor capital by corresponding amount;
- Identification of any domestic capital invested jointly with any foreign investor capital in any commercial enterprise identified above, specifically documenting the total invested capital while distinguishing between the two sources;
- Total aggregate number of approved EB-5 foreign investor I-526 petitions per federal fiscal year to date made through SSRIC;
- Total aggregate number of approved EB-5 foreign investor I-829 petitions per federal fiscal year to date made through SSRIC;
- Total aggregate EB-5 foreign investment capital invested per federal fiscal year and Federal fiscal year to date since regional center approval and designation;
- Total aggregate number of new direct and/or indirect jobs created through EB-5 foreign investment capital per federal fiscal year to date since regional center approval and designation;
- Provide an explanation to USCIS as appropriate in the event that a period of a full federal fiscal year transpires in which no additional EB-5 foreign investors submit I-526 Petitions on behalf of a commercial enterprise within SSRIC, identifying the root cause of such inactivity coupled with detailed corrective actions to create renewed interest;
- Provide a hard copy of SSRIC's website a packet containing all of SSRIC's hard copy promotional materials such as brochures, flyers, press articles, advertisements, etc.; and
- Notify USCIS within thirty (30) days of any material change in administration, focus, structure, operations, or any other activities of that would differ from the basis upon which the original or subsequent reaffirmation by USCIS of the regional center designation was issued.

1.3 Operations

1.3.1 Project Evaluation. SSRIC will evaluate potential investment projects to ensure consistency with the USCIS regional center designation and the objectives of SSRIC. SSRIC

will conduct an assessment of such projects collectively with in-house professionals as well as certain 3rd parties to confirm consistency with SSRIC's regional center designation, project viability, timetable, capital investment required, pro-forma income projections, preliminary job creation potential, investor marketability, and other elements that will bear on the success of SSRIC and the projects it sponsors; We will install reporting and communication mechanism to stay in tune with the projects.

1.3.2 Developer Evaluation. All developer that presents a project or projects to SSRIC will be interviewed prior to entering into any verbal or written contract to co develop a project or enter into any partnership. The evaluation will include but will not be limited to resume review, background check, contract and fee price comparisons and reference checks. SSRIC ethics and standards will be followed. SSRIC will reserve the right to terminate a contract at any time with a developer for non performance and ethics violations.

1.3.3 Project Management. SSRIC's directors will maintain close contact with the management of entities that may be involved in projects underway within the regional center to ensure that financial and job creation targets are met. SSRIC will provide assistance, support and guidance as appropriate to eliminate any variance between actual and target objectives and milestones. Reporting will be required and evaluated to keep consistencies in place.

1.3.4 "Accredited Investor" Verification. SSRIC will follow applicable U.S. Securities and Exchange Commission rules for classifying an EB-5 investor as an "Accredited Investor" according to the definitions contained in Rule 501 of Regulation D. Two applicable definitions, either of which must be met by potential EB-5 investors, are as follows:

- A natural person who has individual net worth (exclusive of the value of their primary residence) , or joint net worth with the person's spouse, that exceeds \$1 million at the time of the investment; or
- A natural person with income exceeding \$200,000 in each of the two most recent years or joint income with a spouse exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year.

Each prospective EB-5 investor will be required to complete a questionnaire that provides adequate supporting information to verify compliance with either of these definitions.

1.3.5 Investor and prospect management system. Client Relationship Management "CRM" Tracking of prospects is done through a web-based application. Pipeline Deals was chosen because it allows users to view, add and update the status of any SSRIC prospect from any computer or even an iPhone. The interface is intuitive and allows the user to learn as they use the application; includes the most useful functionality to enable time to be spent on sales, not on learning how to use the software. We have customized the system to fit SSRIC biz model and needs. Track prospects by broker and by other categories. Source field we will acknowledge lead. Will also track contacts for potential portfolio investment and will have document sharing

capabilities In addition, a shared calendar is available to track board and other important meetings.

1.3.6 Source of Funds. SSRIC will adhere to all USCIS rules and regulations relating to confirming the legal source of funds used for investments in SSRIC projects. SSRIC's escrow bank will also comply with 31 U.S.C. 5318(i), "Due Diligence for United States Private Banking and Correspondent Bank Accounts Involving Foreign Persons".

(b) (4)



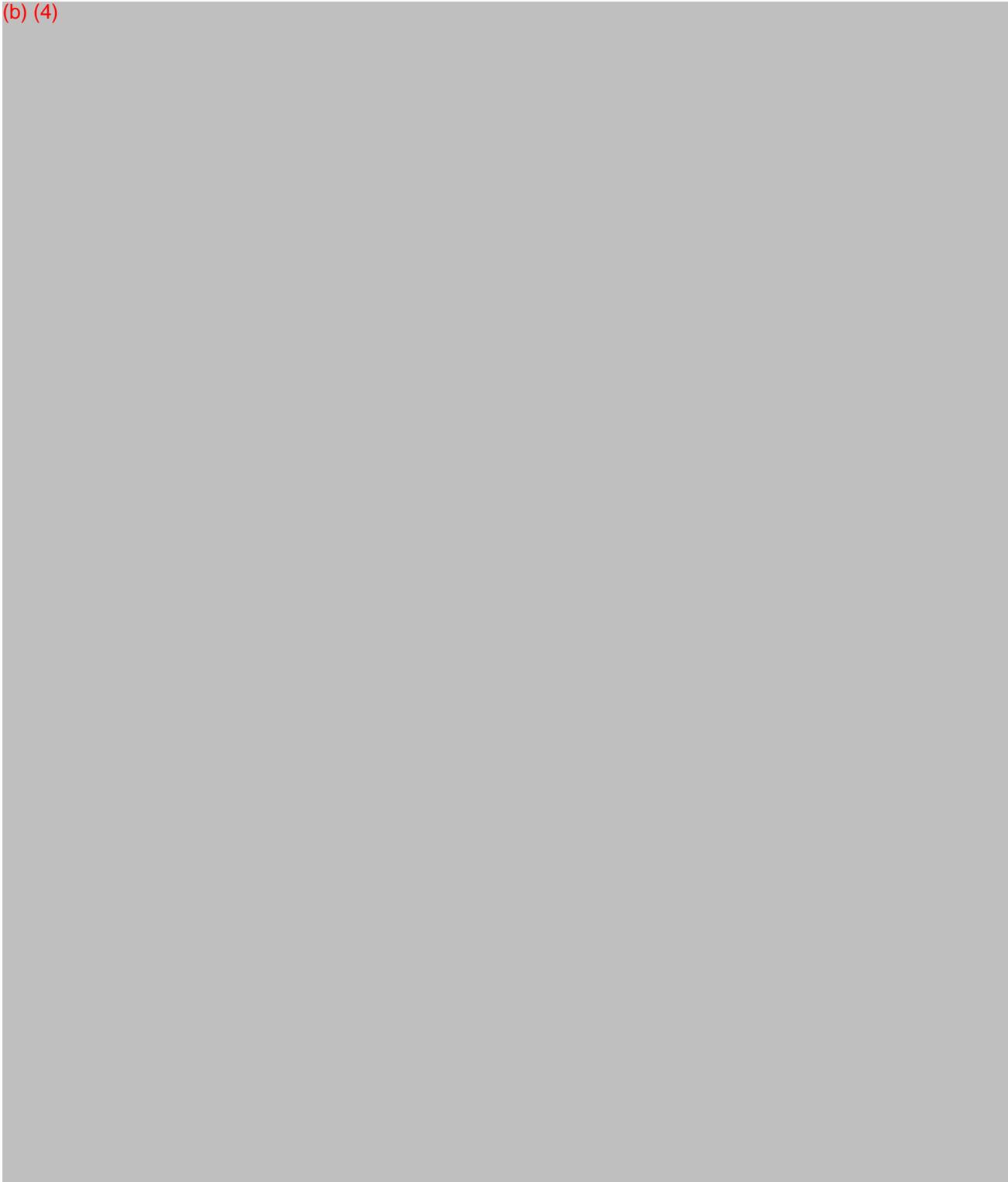
1.3.8 Investor Relations. SSRIC's directors will be in charge on building relationships with SSRIC investors to assure reporting, communication and follow up. This will help with recruitment as we know that word of mouth and referrals will be instrumental in SSRIC recruitment success.

1.3.9 Due Diligence. SSRIC will require investors to complete questionnaires and provide documentation regarding, among other things, the source of their EB-5 investment funds, financial documents (such as bank records and tax returns), investment documents, business documents, and personal identity documentation. SSRIC will also require EB-5 investors to provide to the investor's immigration attorney similar documentation necessary to file an I-526 petition. In sum, SSRIC is confident that its investor funds will be lawfully obtained based on:

- SSRIC's due diligence questionnaires and document requests;
- Escrow bank obligation to comply with 31 U.S.C. § 5318(i) "Due Diligence for United States Private Banking and Correspondent Bank Accounts Involving Foreign Persons";
- Ryerson and Associates source and path of funds analysis submitted with individual I-526 petitions;
- USCIS's own background check conducted on all I-526 petitioners including OFAC compliance.

Southern Star Regional Investment Center "SSRIC"

(b) (4)



(b) (4)



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END OF OPERATIONAL PLAN

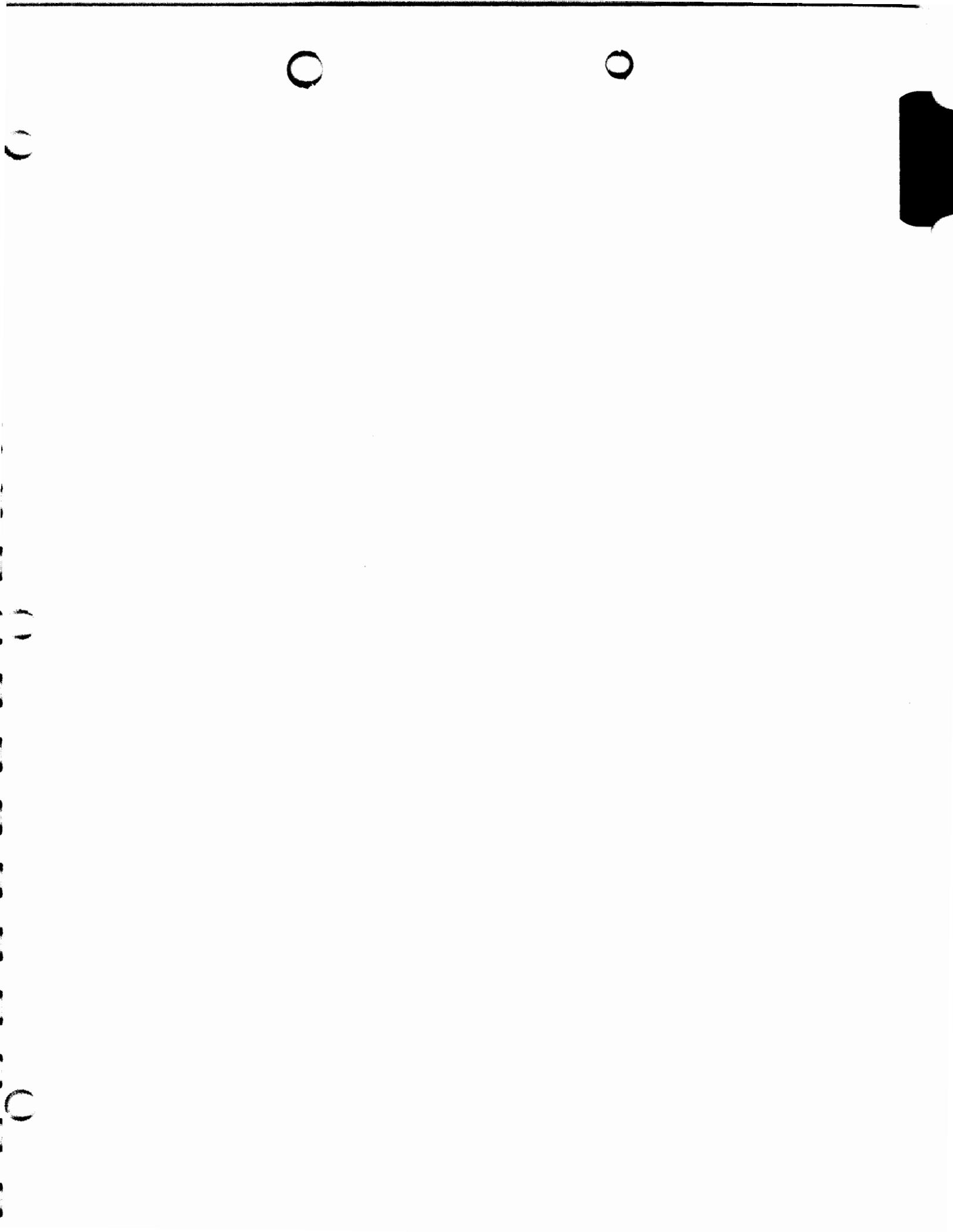
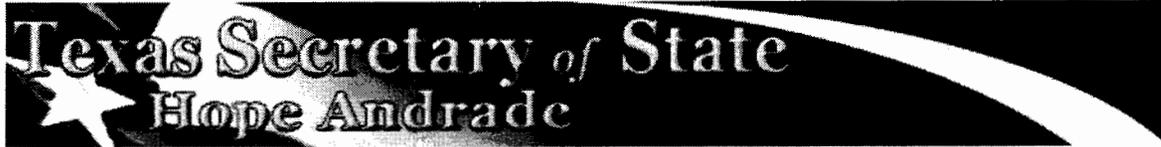


EXHIBIT C

Evidence of Formation of Entity in Texas on
August 16, 2010



[UCC](#) | [Business Organizations](#) | [Trademarks](#) | [Notary](#) | [Account](#) | [Help/Fees](#) | [Briefcase](#) | [Logout](#)

BUSINESS ORGANIZATIONS INQUIRY - VIEW ENTITY

Filing Number: 801306829 **Entity Type:** Domestic Limited Liability Company (LLC)
Original Date of Filing: August 16, 2010 **Entity Status:** In existence
Formation Date: N/A
Tax ID: **FEIN:**
Duration: Perpetual
Name: SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC
Address: [ADDRESS NOT PROVIDED]

<u>REGISTERED AGENT</u>	<u>FILING HISTORY</u>	<u>NAMES</u>	<u>MANAGEMENT</u>	<u>ASSUMED NAMES</u>	<u>ASSOCIATED ENTITIES</u>
Last Update	Name	Title	Address		
August 16, 2010	Darin H. Mangum	Manager	25511 Budde Road, Suite 101 The Woodlands, TX 77380 USA		
August 16, 2010	Richard M. Muckleroy	Manager	11601 Century Oaks Terrace Drive #4203 Austin, TX 78758 USA		
August 16, 2010	Michael V. Jarman	Manager	9409 La Puente Drive Austin, TX 78749 USA		

Instructions:

- To place an order for additional information about a filing press the 'Order' button.



EXHIBIT D

Form G-28

**G-28, Notice of Entry of Appearance
as Attorney or Accredited Representative**

Department of Homeland Security

Part 1. Notice of Appearance as Attorney or Accredited Representative

A. This appearance is in regard to immigration matters before:

- USCIS - List the form number(s): I-797E CBP - List the specific matter in which appearance is entered:
 ICE - List the specific matter in which appearance is entered: _____

B. I hereby enter my appearance as attorney or accredited representative at the request of:

List Petitioner, Applicant, or Respondent. **NOTE:** Provide the mailing address of Petitioner, Applicant, or Respondent being represented, and not the address of the attorney or accredited representative, except when filed under VAWA.

Principal Petitioner, Applicant, or Respondent				A Number or Receipt Number, if any RCW1033650013	<input checked="" type="checkbox"/> Petitioner
Name: Last	First	Middle			<input type="checkbox"/> Applicant
Southern Star R.I.C.LLC					<input type="checkbox"/> Respondent
Address: Street Number and Street Name Apt. No.		City	State	Zip Code	
25511 Budde Road, Suite 1802		The Woodlands	TX	77380	

Pursuant to the Privacy Act of 1974 and DHS policy, I hereby consent to the disclosure to the named Attorney or Accredited Representative of any record pertaining to me that appears in any system of records of USCIS, USCBP, or USICE.

Signature of Petitioner, Applicant, or Respondent: Southern Star Regional Investments Center LLC Date: 11-14-2011

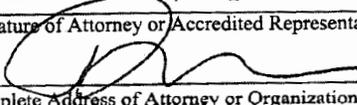
See copy of G-28 for signature.

Part 2. Information about Attorney or Accredited Representative (Check applicable items(s) below)

- A. I am an attorney and a member in good standing of the bar of the highest court(s) of the following State(s), possession(s), territory(ies), commonwealth(s), or the District of Columbia: UTAH, TEXAS
 I am not or am subject to any order of any court or administrative agency disbaring, suspending, enjoining, restraining, or otherwise restricting me in the practice of law (If you are subject to any order(s), explain fully on reverse side).
- B. I am an accredited representative of the following qualified non-profit religious, charitable, social service, or similar organization established in the United States, so recognized by the Department of Justice, Board of Immigration Appeals pursuant to 8 CFR 1292.2. Provide name of organization and expiration date of accreditation:
- C. I am associated with _____
 The attorney or accredited representative of record previously filed Form G-28 in this case, and my appearance as an attorney or accredited representative is at his or her request (If you check this item, also complete item A or B above in Part 2, whichever is appropriate).

Part 3. Name and Signature of Attorney or Accredited Representative

I have read and understand the regulations and conditions contained in 8 CFR 103.2 and 292 governing appearances and representation before the Department of Homeland Security. I declare under penalty of perjury under the laws of the United States that the information I have provided on this form is true and correct.

Name of Attorney or Accredited Representative DARIN H. MANGUM, ESQ.	Attorney Bar Number(s), if any 08591 (UT), 24071794 (TX)
Signature of Attorney or Accredited Representative 	Date 11-14-2011
Complete Address of Attorney or Organization of Accredited Representative (Street Number and Street Name, Suite No., City, State, Zip Code) 4692 NORTH 300 WEST, SUITE 210, PROVO, UT 84604	
Phone Number (Include area code) (801) 787-9072	Fax Number, if any (Include area code) (801) 802-9101
E-Mail Address, if any dhmangum@mangumlaw.net	

OMB No. 1615-0105; Expires 04/30/2012

G-28, Notice of Entry of Appearance as Attorney or Accredited Representative

Department of Homeland Security

Part 1. Notice of Appearance as Attorney or Accredited Representative

A. This appearance is in regard to immigration matters before:

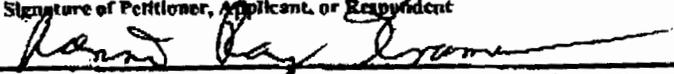
- USCIS - List the form number(s): I-797E
- CBP - List the specific matter in which appearance is entered:
- ICE - List the specific matter in which appearance is entered.

B. I hereby enter my appearance as attorney or accredited representative at the request of:

List Petitioner, Applicant, or Respondent. NOTE: Provide the mailing address of Petitioner, Applicant, or Respondent being represented, and not the address of the attorney or accredited representative, except when filed under VAWA.

Principal Petitioner, Applicant, or Respondent			A. Number or Receipt Number, if any RCW1033650013	<input checked="" type="checkbox"/> Petitioner <input type="checkbox"/> Applicant <input type="checkbox"/> Respondent	
Name: Last	First	Middle			
Kramer	Ronnie	R.			
Address: Street Number and Street Name		Apt. No.	City	State	Zip Code
25511 Budde Road, Suite 1802			The Woodlands	TX	77380

Pursuant to the Privacy Act of 1974 and DHS policy, I hereby consent to the disclosure to the named Attorney or Accredited Representative of any record pertaining to me that appears in any system of records of USCIS, USCBP, or USICE.

Signature of Petitioner, Applicant, or Respondent:  Date: **01-27-2012**

Part 2. Information about Attorney or Accredited Representative (Check applicable item(s) below)

- A. I am an attorney and a member in good standing of the bar of the highest court(s) of the following State(s), possession(s), territory(ies), commonwealth(s), or the District of Columbia: UTAH, TEXAS
I am not or am subject to any order of any court or administrative agency disbarring, suspending, enjoining, restraining, or otherwise restricting me in the practice of law (If you are subject to any order(s), explain fully on reverse side).
- B. I am an accredited representative of the following qualified non-profit religious, charitable, social service, or similar organization established in the United States, so recognized by the Department of Justice, Board of Immigration Appeals pursuant to 8 CFR 1292.2. Provide name of organization and expiration date of accreditation:
- C. I am associated with _____
The attorney or accredited representative of record previously filed Form G-28 in this case, and my appearance as an attorney or accredited representative is at his or her request (If you check this item, also complete item A or B above in Part 2, whichever is appropriate).

Part 3. Name and Signature of Attorney or Accredited Representative

I have read and understand the regulations and conditions contained in 8 CFR 103.2 and 292 governing appearances and representation before the Department of Homeland Security. I declare under penalty of perjury under the laws of the United States that the information I have provided on this form is true and correct.

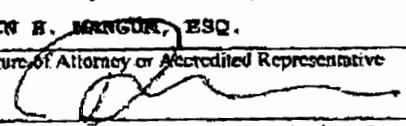
Name of Attorney or Accredited Representative DARIN B. MANGUM, ESQ.		Attorney Bar Number(s), if any 08591 (UT), 24071794 (TX)
Signature of Attorney or Accredited Representative 		Date 01-27-2012
Complete Address of Attorney or Organization of Accredited Representative (Street Number and Street Name, Suite No., City, State, Zip Code) 4692 NORTH 300 WEST, SUITE 210, PROVO, UT 84604		
Phone Number (include area code) (801) 787-9072	Fax Number, if any (include area code) (801) 802-9101	E-Mail Address, if any darin@mangumlaw.net



EXHIBIT E

Revised Economic Impact Study

Southern Star Regional Investment Center LLC

Economic Impact Study

Performed by:

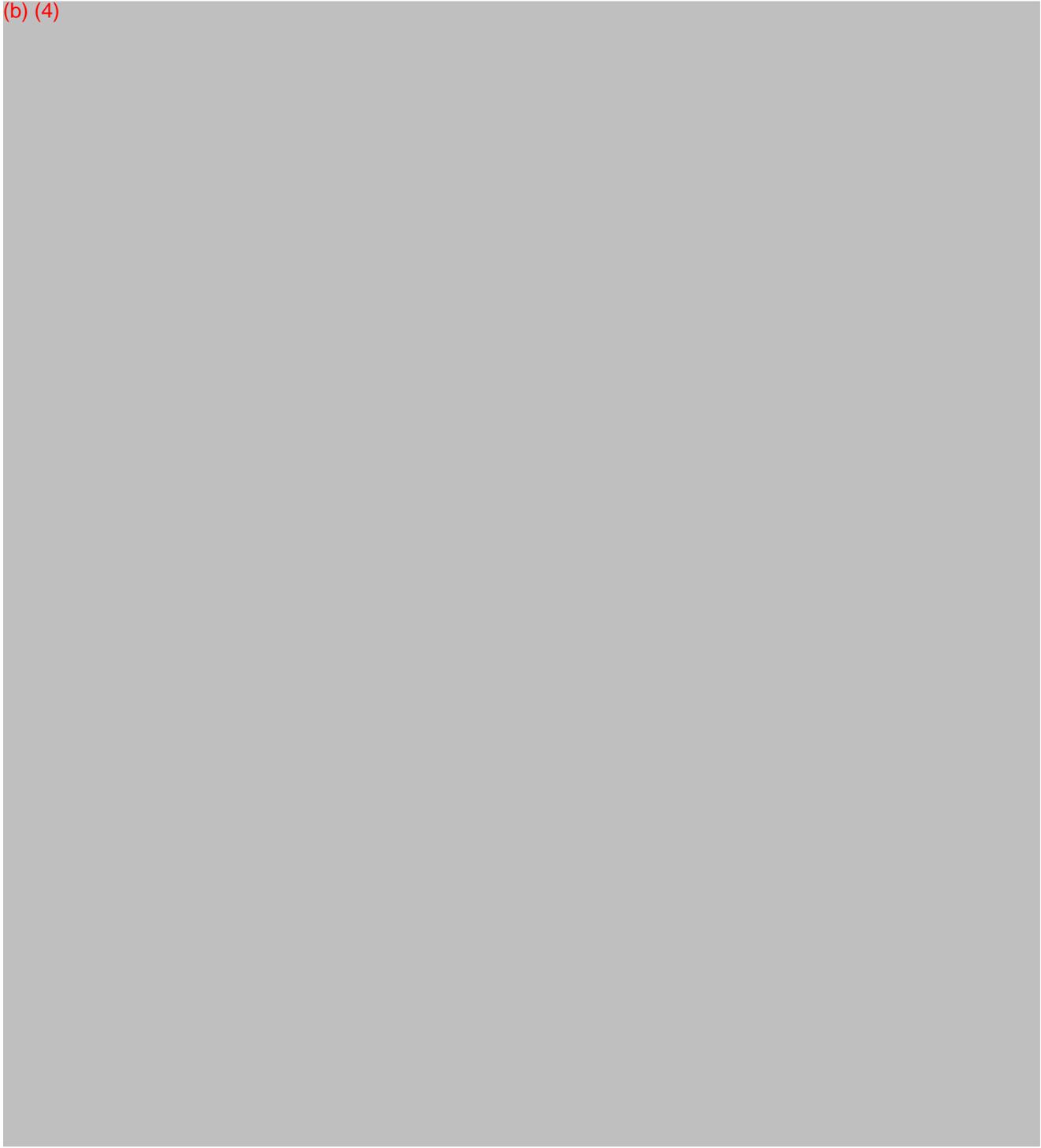
Center for Community and Business Research
Institute for Economic Development
The University of Texas at San Antonio

November 2010

Institute for  **Economic Development**
The University of Texas at San Antonio

This report presents the results and assumptions made in this economic impact analysis for Southern Star Regional Investment Center LLC. For the analysis we used the software IMPLAN version 3.¹ According to this model and based upon the information provided, we estimated the impacts of drilling, construction, and related operations of the project in several counties in the states of Texas and Oklahoma (See Appendix A).²

(b) (4)



APPENDIX A

Texas 187 counties				
Anderson	Dewitt	Howard	Menard	Starr
Andrews	Dickens	Hutchinson	Midland	Stephens
Angelina	Dimmit	Irion	Milam	Sterling
Aransas	Duval	Jack	Mitchell	Stonewall
Archer	Eastland	Jackson	Montague	Sutton
Atascosa	Ector	Jasper	Montgomery	Tarrant
Bastrop	Edwards	Jefferson	Moore	Taylor
Baylor	Erath	Jim Hogg	Nacogdoches	Terrell
Bee	Falls	Jim Wells	Navarro	Terry
Bexar	Fayette	Johnson	Newton	Throckmorton
Borden	Fisher	Jones	Nolan	Tom Green
Brazoria	Foard	Kames	Nueces	Trinity
Brazos	Fort Bend	Kenedy	Ochiltree	Tyler
Brooks	Freestone	Kent	Orange	Upshur
Brown	Frio	Kimble	Palo Pinto	Upton
Burleson	Gaines	King	Panola	Van Zandt
Caldwell	Galveston	Kleberg	Parker	Victoria
Calhoun	Garza	Knox	Pecos	Walker
Callahan	Glasscock	La Salle	Polk	Waller
Cameron	Goliad	Lavaca	Potter	Ward
Carson	Gonzales	Lee	Reagan	Washington
Chambers	Gray	Leon	Reeves	Webb
Cherokee	Grayson	Liberty	Refugio	Wharton
Clay	Gregg	Limestone	Roberts	Wheeler
Cochran	Grimes	Lipscomb	Robertson	Wichita
Coke	Guadalupe	Live Oak	Runnels	Wilbarger
Coleman	Hansford	Loving	Rusk	Willacy
Collingsworth	Hardeman	Lubbock	Sabine	Wilson
Colorado	Hardin	Lynn	San Augustine	Wise
Comanche	Harris	Madison	San Jacinto	Wood
Concho	Harrison	Marion	San Patricio	Wrinkler
Cooke	Haskell	Martin	Schleicher	Yoakum
Cottle	Hemphill	Matagorda	Scurry	Young
Crane	Hidalgo	Maverick	Shackelford	Zapata
Crockett	Hill	McCulloch	Shelby	Zavala
Crosby	Hockley	McLennan	Sherman	
Dawson	Hood	McMullen	Smith	
Denton	Houston	Medina	Somervell	

Oklahoma 58 counties	
Kay	Custer
Noble	Blaine
Payne	Kingfisher
Lincoln	Canadian
Okfuskee	Logan
Creek	Oklahoma
Pawnee	Beckham
Osage	Washita
Washington	Caddo
Tulsa	Grady
Okmulgee	McClain
Muskogee	Cleveland
Waggoner	Garvin
Rogers	Stephens
Nowata	Carter
Craig	Murray
Mayes	Jefferson
Texas	Love
Beaver	Pottawatomie
Harper	Seminole
Woods	Pontotoc
Alfalfa	Johnston
Grant	Marshall
Garfield	Hughes
Major	McIntosh
Woodward	Pittsburg
Ellis	Haskell
Roger Mills	Latimer
Dewey	Le Flore

APPENDIX B

Ranked from highest to lowest unemployment rate, the Oklahoma county employment rates for September 2010 are:

County Name	September-10			
	Employed	Labor Force	Unemployed	Rate
Latimer County, OK	3740	4180	440	10.4
Le Flore County, OK	18390	20330	1940	9.6
Okmulgee County, OK	14280	15770	1490	9.4
Hughes County, OK	5500	6050	560	9.2
Pawnee County, OK	6580	7200	620	8.6
Okfuskee County, OK	4460	4870	410	8.4
Mayes County, OK	17270	18830	1560	8.3
Nowata County, OK	4720	5140	430	8.3
Creek County, OK	28230	30740	2510	8.2
Seminole County, OK	10360	11290	930	8.2
McIntosh County, OK	8330	9070	740	8.2
Osage County, OK	18190	19770	1580	8
Blaine County, OK	4650	5050	400	7.9
Kay County, OK	21490	23240	1760	7.6
Muskogee County, OK	29120	31470	2350	7.5
Jefferson County, OK	2340	2520	190	7.5
Tulsa County, OK	267450	288360	20910	7.3
Rogers County, OK	36680	39500	2830	7.2
Wagoner County, OK	30290	32650	2370	7.2
Marshall County, OK	6110	6550	440	6.7
Haskell County, OK	5800	6210	420	6.7
Johnston County, OK	4840	5190	350	6.7
Stephens County, OK	20270	21700	1430	6.6
Oklahoma County, OK	306470	327380	20910	6.4
Pittsburg County, OK	22730	24270	1540	6.3
Grady County, OK	21630	23090	1460	6.3
Lincoln County, OK	13070	13940	860	6.2
Pottawatomie County, OK	32260	34340	2080	6.1
Caddo County, OK	12310	13100	800	6.1
Logan County, OK	16830	17890	1060	5.9
Payne County, OK	32000	33970	1970	5.8
Washington County, OK	26240	27830	1580	5.7
Craig County, OK	7350	7790	440	5.7
McClain County, OK	14180	15020	840	5.6
Noble County, OK	5490	5820	330	5.6
Canadian County, OK	49500	52370	2870	5.5
Garvin County, OK	14090	14920	830	5.5
Texas County, OK	6470	6850	380	5.5
Cleveland County, OK	113330	119750	6420	5.4
Woodward County, OK	10490	11070	590	5.3
Carter County, OK	25640	27060	1420	5.2

Alfalfa County, OK	2400	2520	130	5.1
Pontotoc County, OK	19790	20810	1020	4.9
Washita County, OK	5890	6190	300	4.8
Garfield County, OK	30940	32420	1480	4.6
Beckham County, OK	11200	11730	530	4.5
Love County, OK	5100	5350	240	4.5
Kingfisher County, OK	7400	7740	340	4.4
Custer County, OK	14810	15460	650	4.2
Major County, OK	4170	4360	190	4.2
Ellis County, OK	2240	2330	100	4.1
Dewey County, OK	2650	2760	110	3.9
Woods County, OK	4400	4580	170	3.8
Grant County, OK	2600	2710	100	3.8
Murray County, OK	9050	9400	350	3.7
Roger Mills County, OK	1830	1900	70	3.6
Harper County, OK	1990	2060	70	3.4
Beaver County, OK	3230	3330	100	3

Source: Oklahoma Employment Security Commission

http://www.ok.gov/oesc_web/Services/Find_Labor_Market_Statistics/LAUS

APPENDIX C

Ranked from highest to lowest unemployment rate, the Texas county employment rates for September 2010 are:

County Name	September-10			
	Employed	Labor Force	Unemployed	Rate
Starr County	20,859	24,867	4,008	16.1
Zavala County	3,262	3,872	610	15.8
Sabine County	3,040	3,588	548	15.3
Willacy County	7,330	8,419	1,089	12.9
Newton County	5,206	5,949	743	12.5
Maverick County	21,059	24,021	2,962	12.3
Dickens County	880	1,001	121	12.1
Hidalgo County	271,111	305,476	34,365	11.2
Jasper County	13,924	15,672	1,748	11.2
San Augustine County	3,166	3,564	398	11.2
Matagorda County	16,371	18,409	2,038	11.1
Cameron County	140,098	157,254	17,156	10.9
Duval County	4,675	5,245	570	10.9
Orange County	38,087	42,684	4,597	10.8
Jefferson County	104,945	117,377	12,432	10.6
Liberty County	29,065	32,448	3,383	10.4
Zapata County	4,725	5,276	551	10.4
Milam County	10,009	11,163	1,154	10.3
Reeves County	4,253	4,744	491	10.3
San Jacinto County	9,507	10,585	1,078	10.2
Terrell County	344	383	39	10.2
Marion County	4,548	5,045	497	9.9
Tyler County	7,809	8,670	861	9.9
Houston County	7,534	8,348	814	9.8
Loving County	37	41	4	9.8
Polk County	16,602	18,373	1,771	9.6
San Patricio County	28,438	31,467	3,029	9.6
Brooks County	3,089	3,412	323	9.5
Falls County	6,137	6,781	644	9.5
Runnels County	4,253	4,696	443	9.4
Bee County	10,977	12,104	1,127	9.3
Anderson County	19,289	21,235	1,946	9.2
Chambers County	13,480	14,847	1,367	9.2
Karnes County	4,932	5,433	501	9.2
Calhoun County	8,774	9,656	882	9.1
Dimmit County	3,951	4,344	393	9
Galveston County	134,047	146,979	12,932	8.8
Brazoria County	135,274	148,131	12,857	8.7
Cherokee County	19,011	20,815	1,804	8.7
Hardin County	24,438	26,764	2,326	8.7
La Salle County	2,552	2,796	244	8.7

Navarro County	19,958	21,848	1,890	8.7
Cochran County	1,405	1,534	129	8.4
Trinity County	5,536	6,044	508	8.4
Grimes County	11,043	12,045	1,002	8.3
Waller County	15,376	16,775	1,399	8.3
Coke County	1,215	1,323	108	8.2
Harris County	1,844,868	2,008,921	164,053	8.2
Harrison County	30,501	33,231	2,730	8.2
Mitchell County	3,211	3,498	287	8.2
Grayson County	53,325	58,005	4,680	8.1
Webb County	87,850	95,547	7,697	8.1
Wharton County	20,069	21,826	1,757	8.1
Aransas County	10,945	11,898	953	8
Concho County	1,247	1,356	109	8
DeWitt County	8,360	9,088	728	8
Schleicher County	1,332	1,448	116	8
Hill County	15,328	16,643	1,315	7.9
Shelby County	11,607	12,606	999	7.9
Tarrant County	842,467	914,860	72,393	7.9
Angelina County	36,341	39,422	3,081	7.8
Bastrop County	33,104	35,891	2,787	7.8
Caldwell County	15,059	16,328	1,269	7.8
Dawson County	5,083	5,514	431	7.8
Jim Wells County	20,694	22,448	1,754	7.8
Madison County	5,154	5,592	438	7.8
Wood County	17,499	18,974	1,475	7.8
Fort Bend County	254,096	275,372	21,276	7.7
Johnson County	70,107	75,948	5,841	7.7
Palo Pinto County	12,836	13,910	1,074	7.7
Eastland County	8,056	8,716	660	7.6
Nueces County	155,935	168,702	12,767	7.6
Upshur County	18,869	20,427	1,558	7.6
Robertson County	7,143	7,718	575	7.5
Wichita County	57,731	62,422	4,691	7.5
Atascosa County	18,302	19,771	1,469	7.4
Ector County	65,466	70,710	5,244	7.4
Hutchinson County	10,569	11,414	845	7.4
Montgomery County	203,654	219,956	16,302	7.4
Pecos County	7,715	8,329	614	7.4
Ward County	4,739	5,116	377	7.4
Wise County	26,448	28,560	2,112	7.4
Bexar County	724,982	781,980	56,998	7.3
Crosby County	2,540	2,740	200	7.3
Jones County	7,450	8,033	583	7.3
Medina County	19,018	20,525	1,507	7.3
Parker County	51,118	55,148	4,030	7.3
Rusk County	22,944	24,749	1,805	7.3
Smith County	95,124	102,663	7,539	7.3

Foard County	647	697	50	7.2
Frio County	7,095	7,646	551	7.2
Van Zandt County	25,031	26,964	1,933	7.2
Walker County	27,166	29,270	2,104	7.2
Denton County	329,675	355,034	25,359	7.1
Jim Hogg County	2,955	3,182	227	7.1
Winkler County	3,182	3,422	240	7
Colorado County	10,069	10,812	743	6.9
Crane County	1,686	1,811	125	6.9
Gregg County	61,177	65,741	4,564	6.9
Hardeman County	2,161	2,320	159	6.9
Hood County	25,423	27,320	1,897	6.9
Jackson County	6,562	7,046	484	6.9
Lavaca County	9,180	9,857	677	6.9
Victoria County	42,724	45,899	3,175	6.9
Wilson County	18,144	19,498	1,354	6.9
Brown County	18,338	19,676	1,338	6.8
Edwards County	981	1,053	72	6.8
McLennan County	110,719	118,801	8,082	6.8
Menard County	1,003	1,076	73	6.8
Panola County	12,863	13,803	940	6.8
Somervell County	4,123	4,423	300	6.8
Howard County	13,380	14,339	959	6.7
Kleberg County	16,442	17,629	1,187	6.7
Leon County	8,195	8,786	591	6.7
Limestone County	10,967	11,759	792	6.7
Live Oak County	4,686	5,022	336	6.7
Lynn County	2,742	2,939	197	6.7
McCulloch County	3,600	3,858	258	6.7
Goliad County	3,277	3,507	230	6.6
Gray County	10,588	11,334	746	6.6
Guadalupe County	56,136	60,113	3,977	6.6
Lee County	8,683	9,294	611	6.6
Refugio County	4,023	4,306	283	6.6
Stephens County	4,433	4,747	314	6.6
Terry County	5,612	6,010	398	6.6
Freestone County	9,664	10,331	667	6.5
Montague County	10,233	10,949	716	6.5
Young County	9,231	9,877	646	6.5
Fisher County	1,898	2,027	129	6.4
McMullen County	335	358	23	6.4
Nolan County	7,559	8,073	514	6.4
Coleman County	4,207	4,490	283	6.3
Nacogdoches County	30,387	32,434	2,047	6.3
Tom Green County	50,618	53,993	3,375	6.3
Wilbarger County	7,506	8,011	505	6.3
Burleson County	8,165	8,708	543	6.2
Clay County	5,762	6,141	379	6.2

Comanche County	6,616	7,054	438	6.2
Cooke County	20,789	22,165	1,376	6.2
Potter County	55,530	59,174	3,644	6.2
Scurry County	7,318	7,805	487	6.2
Taylor County	65,235	69,541	4,306	6.2
Cottle County	768	818	50	6.1
Erath County	18,089	19,269	1,180	6.1
Kimble County	1,975	2,104	129	6.1
Hockley County	11,452	12,187	735	6
Baylor County	1,843	1,958	115	5.9
Knox County	1,687	1,793	106	5.9
Washington County	16,472	17,497	1,025	5.9
Yoakum County	3,857	4,098	241	5.9
Lubbock County	136,945	145,370	8,425	5.8
Andrews County	6,470	6,863	393	5.7
Brazos County	95,482	101,257	5,775	5.7
Gaines County	6,705	7,113	408	5.7
Gonzales County	9,599	10,179	580	5.7
Martin County	2,137	2,265	128	5.7
Archer County	4,907	5,196	289	5.6
Callahan County	6,907	7,314	407	5.6
Crockett County	2,220	2,352	132	5.6
Fayette County	11,744	12,429	685	5.5
Garza County	2,309	2,444	135	5.5
Glasscock County	624	660	36	5.5
Borden County	410	433	23	5.3
Collingsworth County	1,434	1,514	80	5.3
King County	201	212	11	5.2
Reagan County	1,742	1,837	95	5.2
Sherman County	1,358	1,433	75	5.2
Throckmorton County	975	1,028	53	5.2
Jack County	5,429	5,720	291	5.1
Midland County	70,786	74,606	3,820	5.1
Kent County	460	484	24	5
Lipscomb County	1,612	1,697	85	5
Ochiltree County	5,204	5,474	270	4.9
Shackelford County	2,036	2,142	106	4.9
Stonewall County	842	885	43	4.9
Sutton County	3,214	3,380	166	4.9
Irion County	875	919	44	4.8
Carson County	3,246	3,407	161	4.7
Haskell County	3,048	3,197	149	4.7
Moore County	11,252	11,805	553	4.7
Upton County	1,766	1,854	88	4.7
Kenedy County	239	250	11	4.4
Hansford County	2,756	2,878	122	4.2
Roberts County	534	556	22	4
Wheeler County	3,210	3,345	135	4

Sterling County	827	860	33	3.8
Hemphill County	2,661	2,741	80	2.9

Source: Texas Workforce Commission, Tracer2.



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EXHIBIT F

Equity Term Sheet



SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC
BROWNSTONE-MILANO BUILDING, 25511 BUDDE ROAD, SUITE 1802, THE WOODLANDS, TEXAS 77380 USA
E-MAIL: FB5@SOUTHERNSTAROH.COM WEB: WWW.FB5SOUTHERNSTAR.US TELEPHONE: (281) 940-7105

PRINCIPAL FEATURES*

OF

SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC

(a pending USCIS "regional center" applicant)

UNITS OF PREFERRED MEMBERSHIP INTEREST

FOR ACCREDITED INVESTORS ONLY

*This term sheet is a summary of the principal terms and conditions for investment in the Preferred Units of SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC, a Texas limited liability company ("we", "our", "us", the "Company", or "SSRIC"). The terms and conditions set forth hereafter are qualified in their entirety by their more thorough treatment in the Memorandum.

Our Objectives/Approach

We are a Texas limited liability company whose intended principal business investment activity and purposes are, among other things:

- To facilitate investment into the U.S. domestic on-shore petroleum industry to foster energy independence, job creation and economic stimulus;
- To operate as a designated "Regional Center" pursuant to rules promulgated by the Department of Homeland Security's U.S. Citizenship and Immigration Service ("USCIS"); and
- To acquire, own, hold for investment, develop, drill, market, maintain, operate, improve, sell, lease, and/or otherwise administer U.S. domestic on-shore oil and gas leases and related assets with proved undeveloped and/or potential crude oil and/or natural gas reserves or production (including all forms of sub-surface commercial hydrocarbons existing a natural liquid or gaseous state) within our proposed Geographic Area, as amended.

In addition to the above, we seek to help foreign nationals realize capital appreciation and income streams from investments in the U.S. petroleum industry while obtaining lawful permanent U.S. residency through the Immigrant Investor Pilot Program. We expect such investments will typically be in oil and gas leases, in-field development drilling opportunities, royalty interests, mineral rights,

*NOTICE: This Term Sheet is qualified in its entirety by the SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC ("we", "our", "us", "SSRIC", or the "Company") confidential private placement memorandum as may be amended or supplemented from time to time (the "Memorandum") which contains more complete information including risk factors. This Term Sheet also contains forward-looking statements and hypothetical economic forecasts that may not be realized. By receiving or viewing this Term Sheet, you acknowledge and agree not to rely upon it in making an investment decision. Please read the Memorandum. By receiving or viewing this Term Sheet, you acknowledge and agree that (i) all of the information contained herein is subject to confidentiality between yourself and SSRIC and/or its affiliates; (ii) you will not copy, reproduce or distribute this Term Sheet or the Memorandum, in whole or in part to any person or party without the prior written consent of SSRIC; (iii) in the event you do not invest you will return this Term Sheet and the Memorandum as soon as practicable to SSRIC, together with any other material relating to SSRIC in your possession. This Term Sheet does not constitute or form a part of any offer to sell or solicitation to buy securities nor shall it or any part of it form the basis of any contract or commitment whatsoever. Without limiting the foregoing, this Term Sheet does not constitute an offer or solicitation in any jurisdiction in which such an offer or solicitation is not permitted under applicable law or to any person or entity who is not an "accredited investor" as defined under Rule 501(a) of the Securities Act of 1933, as amended, or who does not possess the qualifications described in the Memorandum.

FOR ACCREDITED INVESTORS ONLY

completion activities and other energy investments identified, sponsored and structured by us.

Units of Preferred
Membership Interest

UNTIL DECEMBER 15, 2011 (the "Closing Date") we are offering for sale up to (b) (4)

We may elect to close this offering at any time without notice.

AFTER DECEMBER 15, 2011, if the Company elects to keep the offering open, Units may only be purchased for (b) (4) Unit.

"Preferred Unit" means a Preferred Membership Interest in SSRIC purchased by an investor. Purchasers of Preferred Units in this offering are referred to as "Preferred Members". This interest is the right and obligation to share in a proportional part of SSRIC's distributions, revenue, income, expenses, assets and liabilities according to the following general terms:

All Class A Preferred Units are subject to the following voting powers, designations, preferences, limitations, restrictions and relative rights ("the Rights and Preferences"):

(b) (4)

(b) (4)

Risk Factors The Units have a high degree of risk. SSRIC has not yet received designation as a "regional center" from USCIS. Please read the Memorandum.

Structure / Capitalization We are a limited liability company (LLC) formed under the laws of the State of Texas, United States of America. Our company agreement provides for the issuance of Units both Common (voting) and Preferred (non-voting) Membership Interest. (b) (4)

Duration SSRIC shall continue in perpetuity.

Estimated Use of Proceeds (b) (4)

Distribution Policy

Management

Distributions

Voting / Consent Rights

Placement

FOR ACCREDITED INVESTORS ONLY

Minimum Investment

Closing Date

U.S. Federal Income Taxation

(b) (4)

SSRIC has elected to be treated as a partnership for U.S. federal income tax purposes. As such, SSRIC does not expect to be subject to U.S. federal income taxation on income and gain realized from its investments. Each SSRIC investor that is a U.S. citizen, resident, corporation, or partnership will be required to take into account, in determining its own income tax liability, its allocable share of our income, gains, losses, deductions, and credits, whether or not such items are actually received by the investor.

Transfer of Units

SSRIC investors may not transfer Units without the prior consent of the Company.

Redemption / Conversion

We may compulsorily redeem the Units of any investor to ensure compliance with U.S. securities laws or for any or no reason.

Establishment Expenses

(b) (4)

Operating Expenses

Reports

While we are not a reporting issuer, SSRIC investors may expect to receive regular reports and accounts of our activities promptly after these are available and will be notified of important developments concerning the Company.

END OF TERM SHEET



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EXHIBIT G

Pro-forma Financial Statements



ACCOUNTANT'S COMPILATION REPORT

To the Members
Southern Star Regional Investment Center, LLC

We have compiled the accompanying forecasted balance sheets of Southern Star Regional Investment Center, LLC (a Texas Limited Liability Company) as of December 31, 2011 through December 31, 2013 by quarter, and the related statements of income and statement of cash flows for October 1, 2011 through December 31, 2013 by quarter, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast, information that is the representation of management and does not include evaluation of the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We have also compiled the accompanying balance sheet of Southern Star Regional Investment Center, LLC as of September 30, 2011, and the related statement of income and statement of cash flows for August 1, 2010 through September 30, 2011. We have not audited or reviewed the accompanying historical financial statements and, accordingly, do not express an opinion or provide any assurance about whether the historical financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the historical financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the historical financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of historical financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the historical financial statements.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Southern Star Regional Investment Center, LLC.

Burton + Hubbard, CPAs, PLLC

November 10, 2011



ACCOUNTANT'S COMPILATION REPORT

To the Members
Southern Star EB-5 Energy Fund LLC

We have compiled the accompanying forecasted balance sheets of Southern Star EB-5 Energy Fund LLC (a Texas Limited Liability Company) as of June 30, 2012 through December 31, 2013 by quarter, and the related statements of income and statements of cash flows for April 1, 2012 through December 31, 2013 by quarter, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast, information that is the representation of management and does not include evaluation of the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Management is responsible for the preparation and fair presentation of the historical financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the historical financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of historical financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the historical financial statements.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Southern Star EB-5 Energy Fund LLC.

Burton + Kofford, CPAs, PLLC

November 10, 2011

LAW OFFICES OF
DARIN H. MANGUM
A PROFESSIONAL LIMITED LIABILITY COMPANY

VINTAGE II BUILDING
SUITE 210
4692 NORTH 300 WEST
PROVO, UTAH 84604 USA
TELEPHONE: 801.787.9072 FACSIMILE: 801.802.9101
SKYPE: DARIN.MANGUM
E-MAIL: DHMANGUM@MANGUMLAW.NET
INTERNET: WWW.MANGUMLAW.NET

November 14, 2011

VIA FEDERAL EXPRESS OVERNIGHT COURIER

U.S. Citizenship & Immigration Services
California Service Center
Attn: EB-5 Regional Center Proposal
24000 Avila Road, 2nd Floor
Laguna Niguel, California 92607-0526

**RE: RCW-1033650013 – Response to Request for Evidence
REGIONAL CENTER PROPOSAL – INITIAL DESIGNATION
Petitioner: Southern Star Regional Investment Center LLC
Project: Southern Star Regional Investment Center Pawnee Project**

Dear Immigration Officer:

This letter and the attached exhibits constitute the response of Southern Star Regional Investment Center LLC, a Texas limited liability company (the “Petitioner” or “Petitioner”), to the Request for Additional Evidence issued to the Petitioner by U.S. Citizenship and Immigration Services (“USCIS”) on August 24, 2011 (the “RFE”).

Timely Filed

The RFE required the Petitioner to submit its response to USCIS on or before November 16, 2011. Accordingly, this response is timely filed.

Petitioner’s Response to RFE

Petitioner hereby responds to the following points raised by USCIS in the RFE as follows:

Background

USCIS accurately describes the Petitioner its intention to offer EB-5 capital investment opportunities in affiliated new commercial enterprises, organized as LLCs, to acquire, drill and develop oil and gas leases within its intended geographic area, as amended. You will please note that the Petitioner has elected to amend the scope of its originally proposed geographic area to now include no counties within the State of Texas and only the following counties within the State of Oklahoma: Alfalfa, Major, Blaine, Caddo, Grady, McLain, Cleveland, Pottawatomie,

Seminole, Hughes, McIntosh, Muskogee, Wagoner, Rogers, Nowata, Washington, Osage, Kay, Grant, Garfield, Kingfisher, Canadian, Oklahoma, Lincoln, Okfuskee, Okmulgee, Tulsa, Pawnee, Noble, Logan, Payne, and Creek.

Evidentiary Requirements for Regional Center Proposal

It is the Petitioner's intention for this cover letter to serve as an executive summary and/or guide of the content provided to USCIS in response to the RFE. You will also please note that following this letter is an exhibit list together with tabbed sections providing the referenced material by way of exhibits.

Letter Signed by Managing Principal

We enclose a letter, attached hereto as Exhibit A, signed by Ron Kramer, a Managing Principal of the Petitioner, for purposes of requesting regional center designation. Mr. Azarmehr, who wrote the previous letter, serves as immigration counsel only for the Petitioner.

Target Industries

In response to the RFE, Petitioner is amending its proposal by stating that the only industries requested in its application for Regional Center designation are now the following:

NAICS Code	Industry
211111	Crude Petroleum and Natural Gas Extraction

This U.S. industry comprises establishments primarily engaged in (1) the exploration, development and/or the production of petroleum or natural gas from wells in which the hydrocarbons will initially flow or can be produced using normal pumping techniques, or (2) the production of crude petroleum from surface shales or tar sands or from reservoirs in which the hydrocarbons are semisolids. Establishments in this industry operate oil and gas wells on their own account or for others on a contract or fee basis.

This industry classification is used in the analysis developed in the enclosed Revised Economic Impact Study attached hereto as Exhibit E.

Promotion of Economic Growth within the selected Geographic Area [8 CFR 204.6(m)(3)(i)]

As stated, the Petitioner hereby amends its originally proposed geographic area to include no counties (total: 0) within the State of Texas and only the following counties (total: 32) within the State of Oklahoma: Alfalfa, Major, Blaine, Caddo, Grady, McLain, Cleveland, Pottawatomie, Seminole, Hughes, McIntosh, Muskogee, Wagoner, Rogers, Nowata, Washington, Osage, Kay, Grant, Garfield, Kingfisher, Canadian, Oklahoma, Lincoln, Okfuskee, Okmulgee, Tulsa, Pawnee, Noble, Logan, Payne, and Creek.

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Priority Mail
Flat Rate Box



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Flat Rate Mailing Envelope

For Domestic and International Use

Visit us at usps.com



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PLY:

s.gov

From:/Expéditeur:

Law Offices of Darin Mangum
4692 North 300 West, Suite 210
Provo, UT 84604

CSC

AM DEC 19 2011
STAMP #114

Corr *e*

To:/Destinataire:

US Citizenship and Immigration Services
California Service Center
ATTN: EB-5 Processing Unit
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

Country of Destination:/Pays de destination:



Regional or National impact of Petitioner [8 CFR 204.6(m)(3)(iv)]

We refer to the Revised Economic Impact Study, attached hereto as Exhibit E, in response to this issue raised by USCIS.

The Revised Economic Impact Study provides detailed analysis of the economic impact in the proposed geographic scope, as amended, of the Petitioner reflecting the development of the first project of Southern Star Regional Investment Center, named the Pawnee Oklahoma Project. It analyzes in detail how investment of (b) (4) into the acquisition and development of this project, over a two (2) year period, will generate significant positive impacts on job creation and capital investment in the Petitioner's geographic area, as amended.

The Revised Economic Impact Study includes the following additional information which responds to the issue raised by USCIS:

(1) A detailed description of the Pawnee Oklahoma Project and its intended objectives, which includes a description of the investment vehicle for the project, Southern Star EB-5 Energy Fund LLC (the "Fund"), which will raise (b) (4) from both foreign EB-5 investors and/or domestic U.S. investors who will each invest \$500,000 into the Fund, a pro-forma timeline for development of the project, and a pro-forma cost break-down of the development of the project;

(2) A comparative evidence of similar projects in Oklahoma to substantiate the accuracy of the estimate of a (b) (4) capital investment in the Petitioner's proposed geographic area, as amended and a pro-forma cost break-down of the development of the Pawnee Oklahoma Project which included as an attachment to the Revised Economic Impact Study. As stated in that evidence, the cost break-down utilized is similar to that used in the development of other oil and gas projects;

(3) A specific description of the IMPLAN methodology using a final-demand employment multiplier to estimate that the Pawnee Oklahoma Project will generate at least 10 jobs, either direct or indirect, per \$500,000 of invested expenditure over the course of two (2) years;

(4) Specific indication of the North American Industry Classification System (NAICS) code for the industry in which each economic impact of job creation is made (211111: Crude Petroleum and Natural Gas Extraction);

(5) Detailed description of the geographic area, as amended, and its labor market situation at present; and

(6) Evidence of the positive economic impacts of increasing capital investment and creating jobs in the Petitioner's proposed geographic area, as amended.

The Revised Economic Impact Study provides concise, detailed and responsive evidence of the issue raised by USCIS which confirms the significant positive job creation and increased capital investment that the Petitioner will facilitate through its Pawnee Oklahoma Project and future projects similar to it.

Regional Center's Operational Plan [8 CFR 204.6(m)(3)(iii) and 8 CFR 204.6(m)(6)]

Attached hereto as Exhibit B is a detailed Operations Plan for Petitioner. The Operations Plan describes how Petitioner will conduct due diligence of each investor to vet them for purposes of ensuring (1) evidence of the legitimate source of the funds they propose to invest; and (2) evidence of their status as an “accredited investor” as defined by Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended, for securities law compliance purposes.

Amount and Source of Petitioner's Operating Capital [8 CFR 204.6 (m)(3)(iii)]

(b) (4)



Regional Center's Operational Plan - Recruitment and Due Diligence [8 CFR 204.6(m)(3)(iii)]

Petitioner understands that a due diligence background search of investors and their source of funds is not only essential, but required for each EB-5 investor.

Petitioner foresaw this need and addressed it already in the previously submitted draft Subscription Agreement, which provides that the Petitioner reserves the right, in its sole and absolute discretion, to reject the subscription, in whole or in part, at any time for any or no reason.

The Petitioner is responding to the RFE by providing the following details in the enclosed Operations Plan, attached hereto as Exhibit B, on the background due diligence investigation that it will undertake for each investor:

(a) The potential EB-5 investor will first register with Petitioner either through Petitioner's future web page, or in writing. The registration of a potential investor will require them to provide their biographic information; copy of official identification with photograph (e.g., a passport or drivers license); and to complete an amended Investor Suitability Questionnaire. The amended Investor Suitability Questionnaire includes a list of detailed questions on the investor's identity, family, immigration history, and issue of the source of the funds the investor proposes to use for the EB-5 investment (e.g., request for copies of 5 years of income tax returns). The amended Investor Suitability Questionnaire also includes a list of 'source of funds' documents required from investors (e.g., 5 years of income tax returns; bank account information; evidence of employment; evidence of company ownership; evidence real estate ownership, etc.). Thus, all EB-5 immigrant investors in Petitioner's Fund will be required to disclose to Petitioner whether source of funds documents exist, and deliver source of funds documents to Petitioner, shortly after registering with Petitioner as a potential investor, and prior to the investor receiving the Subscription Documents, or signing and completing the Subscription Documents for Petitioner.

(b) Upon receipt of a completed Investor Suitability Questionnaire (a copy of which has already been provided to USCIS), Petitioner will engage in due diligence screening of the investor to avoid allowing someone to invest who does not comply with requirements for exemption from U.S. securities registration; may have criminal issues in their background; cannot reasonably prove lawful source of funds in conformity with USCIS rule; or has prior immigration violations. Further to the requirements under 8 CFR §204.6(j)(2) and (3), in order to clearly evidence the lawful source of the investor's funds, extensive documentation shall be submitted upon filing of an actual I-526 petition for the individual EB-5 alien investor into the project. In addition to the extensive documentation which will be submitted for each respective individual alien investor, certified translations for all foreign language documents will be prepared and will be accompanied by a notarized statement confirming the translator's certification of competency and accuracy. Please note that the transfer of (b) (4) in cash to the escrow account for each respective LLC "new" commercial enterprise will have occurred prior to the filing of any respective alien investor's I-526 petition with USCIS. Complete documentation of the transfer of the investor's funds will be evidenced clearly, including (1) wire transfer receipts; (2) deposit receipts; (3) bank statements showing withdrawal of funds from one account and deposit into another; (4) a letter from the bank confirming funds transfer; (5) the executed escrow agreement providing for the unconditional release of the Petitioner's funds to the investment LLC upon the approval of the I-526 Petition; and (6) the executed subscription agreement. In addition, categories of supporting documentation evidencing lawful source of funds shall typically include such items as: introductory informational documents regarding the investor; the investor's financial documents; the petitioner's investments; the petitioner's business documents; the petitioner's real estate holdings; the petitioner's employment history and relevant documents; and documents relating to other relevant sources of

the petitioner's income and/or capital such as gifts, loans, gambling winnings, inheritances, etc. One of the due diligence controls on investors used by Petitioner will be to conduct reasonable background searches of each investor by reputable private investigator or a credit data company; and conduct a name search of the investor in Department of the Treasury's OFAC Specially Designated Persons list. Additionally, Petitioner has retained the services of the undersigned's law firm, Darin H Mangum, PLLC, to review immigration-critical, funds and tax history of the potential investor, and to review of source of funds requirements of USCIS based on the responses to the Investor Suitability Questionnaire and additional documents and evidence of investor income, employment, business profits and taxes paid.

(c) After the Investor Suitability Questionnaire is reviewed and the potential investor is authorized by Petitioner, the EB-5 investor will be provided with copies of the Escrow Agreement, Subscription Agreement, Private Placement Memorandum, LLC Company Agreement (collectively, the "Subscription Documents"), and any relevant financial information of Petitioner and its project(s). The potential investor will be provided with an opportunity to review the Subscription Documents and an opportunity to ask questions about the project, the financial information of Petitioner.

(d) Should the EB-5 investor decide to proceed with his or her investment, the investor will be required to deliver to Petitioner duly executed counterparts of the Subscription Documents. In addition, the EB-5 investor must also deposit the entire amount of the Capital Contribution and the additional Administrative Fee to the escrow bank account of Petitioner in immediately available funds.

(e) At the time that the potential investor delivers the signed Subscription Documents and the Capital Contribution (\$500,000) and Administrative Fee (b) (4), Petitioner has the right and sole discretion to accept or reject the investor's subscription. This provision was intended to formally allow Petitioner to reject any investor who does not comply with being an accredited investor, or who cannot properly document their source of funds, or, indeed for any other reason related to the investor's background. Petitioner will seek to inform investors of its decision within 60 days of having received a complete set of Subscription Documents and other necessary information – though it reserves the right to take longer if the need arises. If the investor's application is accepted, the investor will be provided with the Subscription Documents countersigned by Petitioner and supporting evidence for the investor's eventual I-526 Immigrant Petition for Alien Entrepreneur. If the investor's application is rejected, then Petitioner will instruct the Inter National Bank, as escrow agent, to return to Capital Contribution and Administrative Fee to the investor.

(f) Source of funds due diligence will also be conducted at the preparation of each form I-526 from investors in Petitioner's Fund. Each form I-526 will be prepared by an immigration attorney experienced in EB-5 visa petitions. Petitioner has retained the services of immigration law firm Azarmehr & Associates, P.C. (through its partner, Mehron Azarmehr), as the preferred immigration counsel to Petitioner to ensure accurate review of source of funds documentation, and consistency and quality of each I-526 Immigrant Petition for Alien Entrepreneur filed by

investors in Petitioner's Fund. Azarmehr & Associates, P.C. will either prepare or review each I-526 immigrant visa petition filed by individual EB-5 investors in Petitioner.

Regional Center's Operational Plan-Promotional Efforts [8 CFR 204.6(m)(3)(iii)]

(b) (4)



Administrative Oversight [8 CFR 204.6(m)(6)]

Petitioner will ensure consistent management and oversight of the LLC / Fund created to acquire and develop the Pawnee Oklahoma Project. Petitioner will act solely and directly as the managing member of the limited liability company formed (Southern Star EB-5 Energy Fund LLC) that will develop a job-creating project and into which EB-5 investors will invest. The exemplar form of this structure has previously been submitted to you. Books and records of Petitioner and the intended Fund / LLC (as well as future projects / LLCs) will thus be controlled directly or indirectly by Southern Star Regional Investment Center LLC (the "Petitioner").

As described in the Operations Plan, Petitioner has implemented procedures that will provide it with sufficient information and record-keeping to maintain compliance with USCIS annual reporting duties for EB-5 Regional Centers (see Exhibit B for a brief description of Petitioner's monitoring and record keeping procedures).

The invested funds for each LLC will be accounted for separately and tracked in a transparent fashion which will permit an independent auditor to verify at any time that the funds are being expended for capital improvements and development, not for fees and expenses.

The Operations Plan describes in detail the management structure of Petitioner and the control systems that it is implementing to track and control project evaluation; project management and construction; investments and expenditures, and annual reporting.

As stated in the Operations Plan, upon designation as a regional center by USCIS, Southern Star Regional Investment Center LLC will engage a full-time Chief Financial Officer experienced in oil and gas investments and operations to establish internal control systems to be able to track all funds invested in and used by Petitioner in its projects. Additionally, Petitioner will use the accounting services of Biesinger & Kofford CPAs PLLC, as indicated in the enclosed Operations Plan.

Each potential investor will be tracked through the registration system mentioned above. Names and identification documents will be required for each investor, and these will be registered in a list of each such registrant maintained for each year. This registration and record keeping will permit Petitioner to control who has contacted it as a potential investor. Investors who decide to invest in Petitioner's regional center LLC / Fund will be tracked through two means: (1) internal list of investors and the progress of their cases, from the date it was filed to the date a decision is issued by USCIS; (2) Azarmehr & Associates, P.C. will be the immigration attorneys for Petitioner and it uses the well-known software "Immigration Tracker" software to maintain a database of all immigrant petitions filed under the auspices of Petitioner. This will permit Petitioner to request reports on the status of petitions, and the obtain USCIS receipt numbers for all cases, control deadlines for filing I-829 petitions.

Further, Petitioner is aware of the USCIS annual reporting requirements set out in Form I-924A and accompanying USCIS instructions. The procedures, records and controls set out above will permit Petitioner to comply with USCIS annual reporting obligations. Moreover, mechanisms are set out to ensure the management of projects is directed towards their success, and that funds received from projects investors are handled accurately and in compliance with all ethical and all obligations before the Securities and Exchange Commission and the USCIS.

Indirect Job Creation [8 CFR 204.6(m)(3)(ii)]

The enclosed Revised Economic Impact Study estimates that job creation will primarily derive from the development of the Pawnee Oklahoma Project over a two year period that will not be less than 24 months. The Revised Economic Impact Study is based on input of a (b) (4) [REDACTED], and that individual EB-5 investors will each contribute \$500,000 to the capital of the Fund / LLC that will directly own the Pawnee Oklahoma Project. Further, the Revised Economic Impact Study estimates that (b) (4) [REDACTED] raised from foreign EB-5 investors will be solely and exclusively used for the development of the Pawnee Oklahoma Project and not for other purposes. The enclosed Revised Economic Impact Study estimates that at least 10 jobs, either direct or indirect, will be created per \$500,000 invested by foreign EB-5 investors.

In determining the number of construction jobs, several definitions should be kept in mind. First, the definition of "direct jobs" used in this report should not be confused with the concept of direct job creation measurable by Forms I-9, payroll records, or other similar documentation as set forth in 8 C.F.R. § 204.6(j)(4)(i)(A). That section contemplates jobs created by the actual employees of the new commercial enterprise, specifically in the non-regional center context.

When economists use the term "direct" jobs in the context of an econometric methodology such as RIMS II, what is meant are jobs created directly by revenues (which in the

EB-5 Pilot Program results from an immigrant investor's investment). (b) (4)

To be clear, the Revised Economic Impact Study does set forth the number of jobs that are likely to be created by the new commercial enterprise. However, as 8 C.F.R. § 204.6(j)(4)(iii) clearly states, the proof of job creation in the context of regional centers is not Forms I-9, payroll records, or similar documentation, but rather “reasonable methodologies” such as this report.

In keeping with the EB-5 guidelines, the number of jobs is based on “hard costs” of development activity and does not include “soft costs” (b) (4)

The Revised Economic Impact Study thus includes in the job creation totals from construction of the Pawnee Oklahoma Project in Years 1 and 2, based on final-demand employment multipliers for indirect and induced jobs.

Economic Entity [8 CFR 204.6(e)]

Attached as Exhibit C is evidence of Petitioner's information on file with the Texas Secretary of State establishing its existence prior to the date of applying for regional center status.

Attorney Representation [8 CFR103.2 (a)(3)]

Attached, as Exhibit D, is a duly executed Form G-28 signifying that Darin H. Mangum, Esq., is the attorney on record on behalf of Petitioner.

Posting of Regional Center information on the USCIS Web site

If the Petitioner is approved, its public contact information is as follows:

• Name of Petitioner: Southern Star Regional Investment Center LLC
• Public address: 25511 Budde Road, Suite 1802, The Woodlands, TX 77380
• Public Point of Contact: Ron Kramer
• Phone/Fax: Tel: (281) 940-7105 / Fax: (801) 802-9101
• E-mail/Web Page: eb5@southernstaroil.com / www.eb5southernstar.us

Summation

Petitioner has responded to the USCIS RFE on a timely basis, by highlighting evidence that was already submitted, and by providing additional new evidence where appropriate. The evidence submitted is highly detailed and concisely addresses all of the questions raised by USCIS.

We sincerely trust that USCIS will favorably adjudicate Petitioner's request for original EB-5 Regional Center designation, thereby enabling Petitioner to proceed with its plans to attract investment to the proposed geographic area, as amended.

Should you have any questions, kindly contact the undersigned.

Sincerely Yours,

DARIN H. MANGUM, PLLC
A Professional Limited Liability Company



Darin H. Mangum
Attorney at Law

DHM/ld

cc: Southern Star Regional Investment Center LLC
Attn: Ron Kramer
25511 Budde Road, Suite 1802
The Woodlands, TX 77380

Enclosures: (as stated in this text and enclosed Exhibit List)

SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC

November 14, 2011 Response to USCIS RFE

EXHIBIT LIST

EXHIBIT A: Letter from Principal of Petitioner

EXHIBIT B: Operational Plan

EXHIBIT C: Evidence of Formation of Entity in Texas on August 16, 2010

EXHIBIT D: Form G-28

EXHIBIT E: Revised Economic Impact Study

EXHIBIT F: Equity Term Sheet

EXHIBIT G: Pro-forma Financial Statements

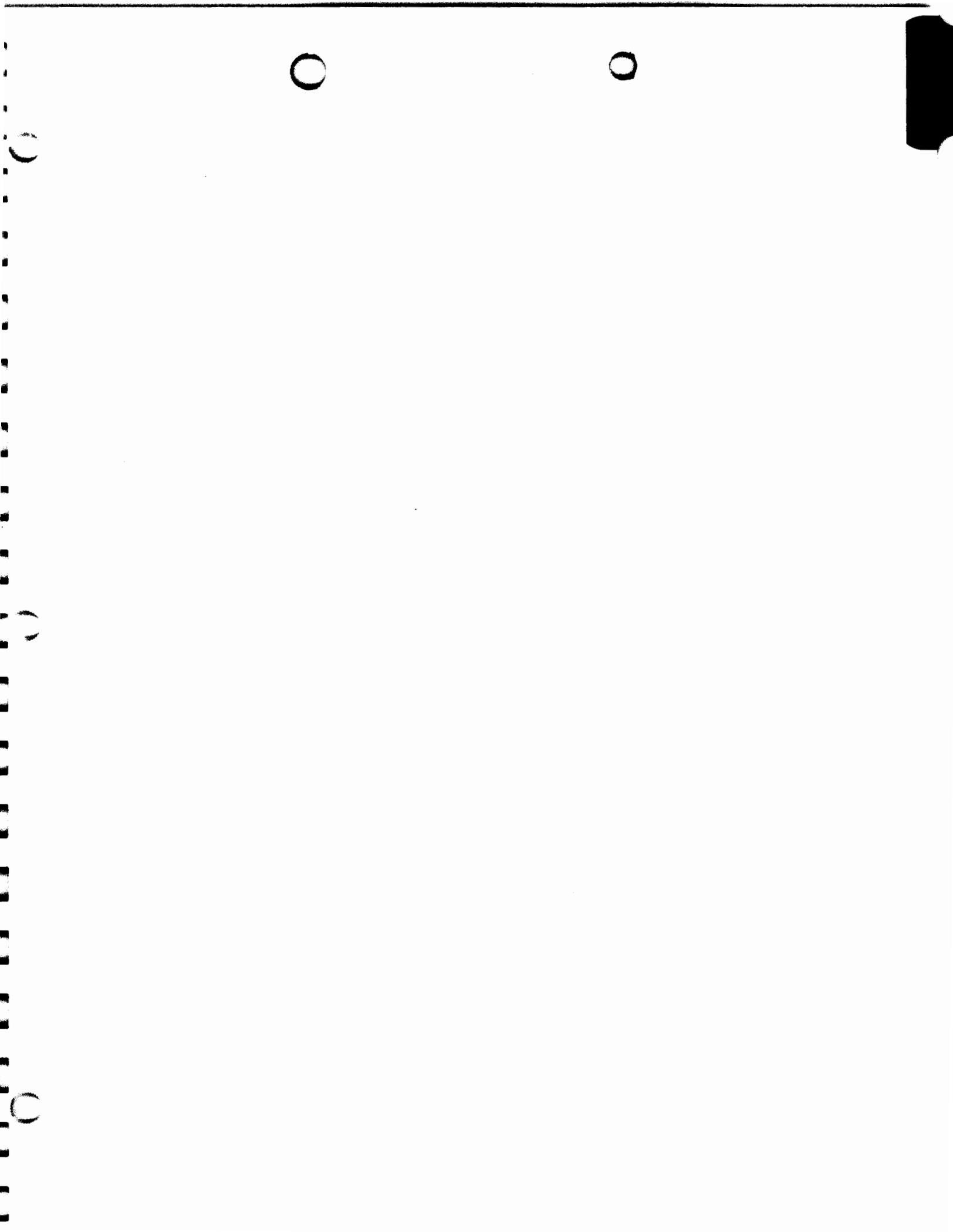


EXHIBIT A

Letter from Principal of Petitioner



SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC

November 14, 2011

U.S. Citizenship & Immigration Services
California Service Center
Attn: EB-5 Regional Center Proposal
24000 Avila Road, 2nd Floor
Laguna Niguel, California 92607-0526

RE: RCW-1033650013 - Response to Request for Evidence

Ladies and Gentlemen:

I am a designated principal of Southern Star Regional Investment Center LLC ("we", "us", "our", or the "Applicant").

We request that you please accept the Applicant's request for designation as a regional center.

Very Truly Yours,

Ron Kramer
Director



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EXHIBIT B

Operational Plan



SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC

REGIONAL CENTER OPERATIONAL PLAN

November 14, 2011

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- 1.1.4 Legal Counsel
- 1.1.5 Preferred Immigrant investor Counsel
- 1.1.6 Economist
- 1.1.7 Other Service Providers
- 1.1.8 Banking

1.2 Reporting

1.3 Operations

- 1.3.1 Project evaluation
- 1.3.2 Developer Evaluation
- 1.3.3 Project Management
- 1.3.4 "Accredited Investors" Verification
- 1.3.5 Investor and Prospect Management System
- 1.3.6 Source of Funds
- 1.3.7 Recruitment
- 1.3.8 Investor Relations
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2.0 Marketing Strategy Plan and Budget

- 2.1 Introduction
- 2.2 Budget
- 2.3 Marketing Strategy
- 2.4 Marketing Elements
- 2.5 Web Marketing
- 2.6 Social Media
- 2.7 Public Relations
- 2.8 Direct Marketing
- 2.9 Event/Trade Show Marketing
- 2.10 Custom Relationship Marketing
- 2.11 Collateral Ingredient

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- 3.1 Overall Sales Strategy

- 3.2 Sales Process
- 3.3 Referral Policy and Strategy
- 3.4 Inside Sales Support Strategy
- 3.5 Broker Strategy
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Southern Star Regional Investment Center "SSRIC"

1.0 Operational Guidelines and Administration

SSRIC LLC board has prepared and reviewed this operational plan. Including:

- 1.1 Management and administration
- 1.2 Reporting
- 1.3 Operations

This team will oversee all aspects of SSRIC. The operations for SSRIC will be conducted from its corporate offices located in Houston Texas. SSRIC has retained consultant Bernard Rojano with Xecute Business Solutions to support overall operations. Mr. Rojano in conjunction with the board of SSRIC LLC will meet on a quarterly basis to review goals and objectives, overall operations and make needed suggestions and recommendations. SSRIC is being formed as a USCIS designated regional center and viable business entity to:

- Create increased permanent employment within the state of Oklahoma in Alfalfa, Major, Blaine, Caddo, Grady, McLain, Cleveland, Pottawatomie, Seminole, Hughes, McIntosh, Muskogee, Wagoner, Rogers, Nowata, Washington, Osage, Kay, Grant, Garfield, Kingfisher, Canadian, Oklahoma, Lincoln, Okfuskee, Okmulgee, Tulsa, Pawnee, Noble, Logan, Payne, Creek Counties by promoting and sponsoring the creation of sustainable oil and gas development projects.
- Raise foreign investment capital through the USCIS EB-5 Immigrant Investor Pilot Program to support the growth and development of oil and gas projects.
- Provide business guidance as required to these new projects
- Encourage the creation of new oil and gas development opportunities consistent with the USCIS approved designation of SSRIC that permanently stimulate the economies within the geographic scope of the regional center.

1.1 Management and Administration

1.1.1 Principals. The principals of SSRIC are the board of directors

- Rick Muckleroy
- Ron Kramer
- Mike Jarman
- Darin H Mangum, Esq.

Who collectively have over 100 years of experience in the real estate development, oil and gas, banking and legal industry. They will oversee all administrative functions of SSRIC.

1.1.2 Staffing. The regional center currently employs no full time personnel. It is expected that SSRIC will hire 6 additional staff as needed to meet the needs of the regional center. All potential team members will be evaluated on experience and will be required to have the proper background and education to fill their roles. Additional languages will be a plus to deal with potential investor language barriers. SSRIC will leverage human resources by cross training and consolidating back office services.

1.1.3 Org Chart.

(b) (4)



Director and Manager: Ronnie R. Kramer –

A Native of Waco, Texas, Mr. Kramer's experience includes being the founder of Banner Holding Company ("BHC"), the first non-prime automotive finance company in Texas. Banner was acquired by Consumer Portfolio Services in 1995. Mr. Kramer also served as the President of the NYSE 10 Bank Holding Company (United Bank). After selling BHC, Mr. Kramer co-founded Consumer Auto Finance which was subsequently sold to J-Hawk Holdings. Mr. Kramer is currently involved in multiple investments including real estate, commodities, start-up technology firms and oil and gas prospects. He also is a co-founder of Southern Star Regional Investment Center LLC.

CFO: Kenneth W. Biesinger, CPA –

Mr. Biesinger received his Master's Degree in Accounting-Tax Emphasis from Brigham Young University in 1997 and became licensed as a CPA the following year. In 2000 he started his own accounting firm. He merged with another accounting firm in 2006 to form

Biesinger & Kofford, CPAs, PLLC. His firm specializes in small business tax and accounting, and the firm now has a staff of 8, including 5 CPAs. An oil and gas investor himself, Mr. Biesinger has worked with numerous oil and gas companies preparing tax returns and accounting for them for the past several years. He presently lives with his wife and two children in Orem, Utah.

Administrator: TBD

Marketing, PR MGR: TBD

Office Mgr: Lauren Del Valle

Investor Relations MGR: Rick Muckleroy

An accomplished residential and commercial real estate builder, developer, investor and entrepreneur, Mr. Muckleroy attended the University of Texas at Austin. He has developed real estate all over Texas ranging from apartment complexes to single family homes to light commercial. He was involved in one of the largest lease plays in Texas generating several millions in profits for the participants. He also sold commercial real estate and ranches for years in the Austin, Texas, area. He was a co-founder of Jetstream Flight & Management LLC, an aviation management company, and was a key player in raising capital for Sonera Resources, a successful independent oil and gas company. Having recently joined Southern Star Regional Investment Center LLC, his current focus is connecting quality oil and gas projects with financial sources.

Project Manager: TBD

1.1.4 Legal Counsel. SSRIC has retained the law firm of Darin H Mangum, PLLC to ensure timely and accurate compliance with applicable USCIS regional center reporting requirements, Mr. Mangum has over 18 years experience in business and venture finance. His experience ranges from practicing attorney to executive and boardroom responsibilities. He is the managing member of Darin H. Mangum PLLC, a boutique business law firm with offices in Texas and Utah, and its sister law firm Mangum & Associates PLLC which handles trust work and public company reporting issues. Mr. Mangum also serves on the board of directors of two privately-held energy companies: Well Enhancement Service Group LLC (Texas) and Southern Star Resources LLC (Oklahoma). His law practice includes oil and gas law, real estate, corporate finance, mergers and acquisitions, and securities law compliance. His clients include private issuers, start-up companies, FINRA broker/dealers, venture capitalists, and individual entrepreneurs. Mr. Mangum received his law degree from Brigham Young University and he is an active member of both the Texas and Utah State Bar professional associations.

1.1.5 Preferred Immigrant Investor Counsel. To ensure quality and consistency of all immigrant investor I-526 petitions submitted to the USCIS, Azarmehr & Associates, P.C. will act as preferred immigration firm for all individual SSRIC investors. Mehron P. Azarmehr, Legal Counsel will work with SSRIC to assemble and draft all necessary regional center business and investor documentation required by USCIS for I-526 petition approval. Mr. Mehron obtained a

Bachelor of Arts and a Master of Science in Economics from the University of North Texas. After his master's degree, he worked at the World Bank in Washington, D.C. Later, he attended St. Mary's University School of Law and the University of Texas Law School. During law school, he served at the Texas Supreme Court as briefing intern. Mehron has been practicing law in Texas since 1991. He first served as an Assistant Attorney General with the Texas Attorney General's office in Austin, Texas; then from 1996 to 1998, he practiced immigration law at Gardere & Wynne, L.L.P. in Dallas, Texas. In 1999, Mehron founded Azarmehr & Associates, P.C., an exclusively immigration- based practice. The law firm has offices in Austin and affiliate offices in San Antonio, Texas, and Monterrey, Mexico and London. He is admitted to practice in Texas and before the U.S. Court of Appeals, Fifth Circuit, and the U.S. District Court, Eastern, Northern, and Western Districts of Texas.

1.1.6 Economist. SSRIC will use The Institute for Economic Development at The University of Texas of San Antonio. Economist Javier Oyakawa to perform all reporting related to job creation and economic impact studies.

1.1.7 Other Service Providers. In addition, SSRIC will engage the Biesinger and Kofford CPA's PLLC to prepare annual financial documents for all SSRIC projects, review pro-formas and all financial aspects of the regional center. Consultants will be considered when necessary to fill gaps in management.

1.1.8 Banking. SSRIC will use Wells Fargo Bank for all banking services including all cash and escrow accounts. The contact and banking advisor will be Mark Itnyre.

1.2 Reporting Our legal counsel Darin H Mangum, PLLC will oversee the reporting to the USCIS with the support of SSRIC key personnel. The board will review the reports on a monthly basis to be notified of compliance with the USCIS requirements. Timelines and processes will be followed and reporting will consist of;

- Current identification of the principal official and point of contact for the management and administration of the regional center;
- Methodology used to validate the foreign investors lawful source of capital and ability to submit into escrow the requisite amount (see further detail below);
- Methodology used to evaluate, provide oversight, and track job creation that resulted from the placement into an approved EB-5 eligible business venture of each specific foreign investor's investment capital;
- List of each foreign investor's name, date of birth, country of nationality, number of dependents seeking immigrant visas through the I-526 petition, U.S. city and state of residence, and foreign registration number who filed an I-526 petition with USCIS and the most current disposition of that petition, whether approved, denied, or withdrawn by the petitioner;

- List of each foreign investor's date and amount of investment as well as the date(s), nature, and amount(s) of any payment/remuneration/profit/return on investment made to the alien investor by the commercial enterprise and/or SSRIC from when the investment was initiated to the present;
- Names and locations, by category as appropriate, of each job creating commercial enterprises that have received foreign and domestic investor capital by corresponding amount;
- Identification of any domestic capital invested jointly with any foreign investor capital in any commercial enterprise identified above, specifically documenting the total invested capital while distinguishing between the two sources;
- Total aggregate number of approved EB-5 foreign investor I-526 petitions per federal fiscal year to date made through SSRIC;
- Total aggregate number of approved EB-5 foreign investor I-829 petitions per federal fiscal year to date made through SSRIC;
- Total aggregate EB-5 foreign investment capital invested per federal fiscal year and Federal fiscal year to date since regional center approval and designation;
- Total aggregate number of new direct and/or indirect jobs created through EB-5 foreign investment capital per federal fiscal year to date since regional center approval and designation;
- Provide an explanation to USCIS as appropriate in the event that a period of a full federal fiscal year transpires in which no additional EB-5 foreign investors submit I-526 Petitions on behalf of a commercial enterprise within SSRIC, identifying the root cause of such inactivity coupled with detailed corrective actions to create renewed interest;
- Provide a hard copy of SSRIC's website a packet containing all of SSRIC's hard copy promotional materials such as brochures, flyers, press articles, advertisements, etc.; and
- Notify USCIS within thirty (30) days of any material change in administration, focus, structure, operations, or any other activities of that would differ from the basis upon which the original or subsequent reaffirmation by USCIS of the regional center designation was issued.

1.3 Operations

1.3.1 Project Evaluation. SSRIC will evaluate potential investment projects to ensure consistency with the USCIS regional center designation and the objectives of SSRIC. SSRIC

will conduct an assessment of such projects collectively with in-house professionals as well as certain 3rd parties to confirm consistency with SSRIC's regional center designation, project viability, timetable, capital investment required, pro-forma income projections, preliminary job creation potential, investor marketability, and other elements that will bear on the success of SSRIC and the projects it sponsors; We will install reporting and communication mechanism to stay in tune with the projects.

1.3.2 Developer Evaluation. All developer that presents a project or projects to SSRIC will be interviewed prior to entering into any verbal or written contract to co develop a project or enter into any partnership. The evaluation will include but will not be limited to resume review, background check, contract and fee price comparisons and reference checks. SSRIC ethics and standards will be followed. SSRIC will reserve the right to terminate a contract at any time with a developer for non performance and ethics violations.

1.3.3 Project Management. SSRIC's directors will maintain close contact with the management of entities that may be involved in projects underway within the regional center to ensure that financial and job creation targets are met. SSRIC will provide assistance, support and guidance as appropriate to eliminate any variance between actual and target objectives and milestones. Reporting will be required and evaluated to keep consistencies in place.

1.3.4 "Accredited Investor" Verification. SSRIC will follow applicable U.S. Securities and Exchange Commission rules for classifying an EB-5 investor as an "Accredited Investor" according to the definitions contained in Rule 501 of Regulation D. Two applicable definitions, either of which must be met by potential EB-5 investors, are as follows:

- A natural person who has individual net worth (exclusive of the value of their primary residence) , or joint net worth with the person's spouse, that exceeds \$1 million at the time of the investment; or
- A natural person with income exceeding \$200,000 in each of the two most recent years or joint income with a spouse exceeding \$300,000 for those years and a reasonable expectation of the same income level in the current year.

Each prospective EB-5 investor will be required to complete a questionnaire that provides adequate supporting information to verify compliance with either of these definitions.

1.3.5 Investor and prospect management system. Client Relationship Management "CRM" Tracking of prospects is done through a web-based application. Pipeline Deals was chosen because it allows users to view, add and update the status of any SSRIC prospect from any computer or even an iPhone. The interface is intuitive and allows the user to learn as they use the application; includes the most useful functionality to enable time to be spent on sales, not on learning how to use the software. We have customized the system to fit SSRIC biz model and needs. Track prospects by broker and by other categories. Source field we will acknowledge lead. Will also track contacts for potential portfolio investment and will have document sharing

capabilities In addition, a shared calendar is available to track board and other important meetings.

1.3.6 Source of Funds. SSRIC will adhere to all USCIS rules and regulations relating to confirming the legal source of funds used for investments in SSRIC projects. SSRIC's escrow bank will also comply with 31 U.S.C. 5318(i), "Due Diligence for United States Private Banking and Correspondent Bank Accounts Involving Foreign Persons".

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1.3.8 Investor Relations. SSRIC's directors will be in charge on building relationships with SSRIC investors to assure reporting, communication and follow up. This will help with recruitment as we know that word of mouth and referrals will be instrumental in SSRIC recruitment success.

1.3.9 Due Diligence. SSRIC will require investors to complete questionnaires and provide documentation regarding, among other things, the source of their EB-5 investment funds, financial documents (such as bank records and tax returns), investment documents, business documents, and personal identity documentation. SSRIC will also require EB-5 investors to provide to the investor's immigration attorney similar documentation necessary to file an I-526 petition. In sum, SSRIC is confident that its investor funds will be lawfully obtained based on:

- SSRIC's due diligence questionnaires and document requests;
- Escrow bank obligation to comply with 31 U.S.C. § 5318(i) "Due Diligence for United States Private Banking and Correspondent Bank Accounts Involving Foreign Persons";
- Ryerson and Associates source and path of funds analysis submitted with individual I-526 petitions;
- USCIS's own background check conducted on all I-526 petitioners including OFAC compliance.

Southern Star Regional Investment Center "SSRIC"

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END OF OPERATIONAL PLAN

EXHIBIT C

Evidence of Formation of Entity in Texas on
August 16, 2010



[UCC](#) | [Business Organizations](#) | [Trademarks](#) | [Notary](#) | [Account](#) | [Help/Fees](#) | [Briefcase](#) | [Logout](#)

BUSINESS ORGANIZATIONS INQUIRY - VIEW ENTITY

Filing Number: 801306829 **Entity Type:** Domestic Limited Liability Company (LLC)

Original Date of Filing: August 16, 2010 **Entity Status:** In existence

Formation Date: N/A

Tax ID: **FEIN:**

Duration: Perpetual

Name: SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC

Address: [ADDRESS NOT PROVIDED]

<u>REGISTERED AGENT</u>	<u>FILING HISTORY</u>	<u>NAMES</u>	<u>MANAGEMENT</u>	<u>ASSUMED NAMES</u>	<u>ASSOCIATED ENTITIES</u>
Last Update	Name	Title	Address		
August 16, 2010	Darin H. Mangum	Manager	25511 Budde Road, Suite 101 The Woodlands, TX 77380 USA		
August 16, 2010	Richard M. Muckleroy	Manager	11601 Century Oaks Terrace Drive #4203 Austin, TX 78758 USA		
August 16, 2010	Michael V. Jarman	Manager	9409 La Puente Drive Austin, TX 78749 USA		

Instructions:

- To place an order for additional information about a filing press the 'Order' button.



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EXHIBIT D

Form G-28

**G-28, Notice of Entry of Appearance
as Attorney or Accredited Representative**

Department of Homeland Security

Part 1. Notice of Appearance as Attorney or Accredited Representative

A. This appearance is in regard to immigration matters before:

- USCIS - List the form number(s): I-797E CBP - List the specific matter in which appearance is entered:
 ICE - List the specific matter in which appearance is entered: _____

B. I hereby enter my appearance as attorney or accredited representative at the request of:

List Petitioner, Applicant, or Respondent. **NOTE:** Provide the mailing address of Petitioner, Applicant, or Respondent being represented, and not the address of the attorney or accredited representative, except when filed under VAWA.

Principal Petitioner, Applicant, or Respondent				A Number or Receipt Number, if any RCW1033650013	<input checked="" type="checkbox"/> Petitioner <input type="checkbox"/> Applicant <input type="checkbox"/> Respondent
Name: Last	First	Middle			
Southern Star R.I.C. LLC					
Address: Street Number and Street Name	Apt. No.	City	State	Zip Code	
25511 Budde Road, Suite 1802		The Woodlands	TX	77380	

Pursuant to the Privacy Act of 1974 and DHS policy, I hereby consent to the disclosure to the named Attorney or Accredited Representative of any record pertaining to me that appears in any system of records of USCIS, USCBP, or USICE.

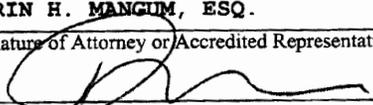
Signature of Petitioner, Applicant, or Respondent: Southern Star Regional Investment Center LLC Date: 11-14-2011

Part 2. Information about Attorney or Accredited Representative (Check applicable item(s) below)

- A. I am an attorney and a member in good standing of the bar of the highest court(s) of the following State(s), possession(s), territory(ies), commonwealth(s), or the District of Columbia: UTAH, TEXAS
 I am not or am subject to any order of any court or administrative agency disbaring, suspending, enjoining, restraining, or otherwise restricting me in the practice of law (If you are subject to any order(s), explain fully on reverse side).
- B. I am an accredited representative of the following qualified non-profit religious, charitable, social service, or similar organization established in the United States, so recognized by the Department of Justice, Board of Immigration Appeals pursuant to 8 CFR 1292.2. Provide name of organization and expiration date of accreditation: _____
- C. I am associated with _____
 The attorney or accredited representative of record previously filed Form G-28 in this case, and my appearance as an attorney or accredited representative is at his or her request (If you check this item, also complete item A or B above in Part 2, whichever is appropriate).

Part 3. Name and Signature of Attorney or Accredited Representative

I have read and understand the regulations and conditions contained in 8 CFR 103.2 and 292 governing appearances and representation before the Department of Homeland Security. I declare under penalty of perjury under the laws of the United States that the information I have provided on this form is true and correct.

Name of Attorney or Accredited Representative DARIN H. MANGUM, ESQ.	Attorney Bar Number(s), if any 08591 (UT), 24071794 (TX)
Signature of Attorney or Accredited Representative 	Date 11-14-2011
Complete Address of Attorney or Organization of Accredited Representative (Street Number and Street Name, Suite No., City, State, Zip Code) 4692 NORTH 300 WEST, SUITE 210, PROVO, UT 84604	
Phone Number (Include area code) (801) 787-9072	Fax Number, if any (Include area code) (801) 802-9101
E-Mail Address, if any dhmangum@mangumlaw.net	



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EXHIBIT E

Revised Economic Impact Study

Southern Star Regional Investment Center LLC

Economic Impact Study

Performed by:

Center for Community and Business Research
Institute for Economic Development
The University of Texas at San Antonio

November 2010

Institute for  **Economic Development**
The University of Texas at San Antonio

This report presents the results and assumptions made in this economic impact analysis for Southern Star Regional Investment Center LLC. For the analysis we used the software IMPLAN version 3.¹ According to this model and based upon the information provided, we estimated the impacts of drilling, construction, and related operations of the project in several counties in the states of Texas and Oklahoma (See Appendix A).²

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APPENDIX A

Texas 187 counties				
Anderson	Dewitt	Howard	Menard	Starr
Andrews	Dickens	Hutchinson	Midland	Stephens
Angelina	Dimmit	Irion	Milam	Sterling
Aransas	Duval	Jack	Mitchell	Stonewall
Archer	Eastland	Jackson	Montague	Sutton
Atascosa	Ector	Jasper	Montgomery	Tarrant
Bastrop	Edwards	Jefferson	Moore	Taylor
Baylor	Erath	Jim Hogg	Nacogdoches	Terrell
Bee	Falls	Jim Wells	Navarro	Terry
Bexar	Fayette	Johnson	Newton	Throckmorton
Borden	Fisher	Jones	Nolan	Tom Green
Brazoria	Foard	Kames	Nueces	Trinity
Brazos	Fort Bend	Kenedy	Ochiltree	Tyler
Brooks	Freestone	Kent	Orange	Upshur
Brown	Frio	Kimble	Palo Pinto	Upton
Burleson	Gaines	King	Panola	Van Zandt
Caldwell	Galveston	Kleberg	Parker	Victoria
Calhoun	Garza	Knox	Pecos	Walker
Callahan	Glasscock	La Salle	Polk	Waller
Cameron	Goliad	Lavaca	Potter	Ward
Carson	Gonzales	Lee	Reagan	Washington
Chambers	Gray	Leon	Reeves	Webb
Cherokee	Grayson	Liberty	Refugio	Wharton
Clay	Gregg	Limestone	Roberts	Wheeler
Cochran	Grimes	Lipscomb	Robertson	Wichita
Coke	Guadalupe	Live Oak	Runnels	Wilbarger
Coleman	Hansford	Loving	Rusk	Willacy
Collingsworth	Hardeman	Lubbock	Sabine	Wilson
Colorado	Hardin	Lynn	San Augustine	Wise
Comanche	Harris	Madison	San Jacinto	Wood
Concho	Harrison	Marion	San Patricio	Wrinkler
Cooke	Haskell	Martin	Schleicher	Yoakum
Cottle	Hemphill	Matagorda	Scurry	Young
Crane	Hidalgo	Maverick	Shackelford	Zapata
Crockett	Hill	McCulloch	Shelby	Zavala
Crosby	Hockley	McLennan	Sherman	
Dawson	Hood	McMullen	Smith	
Denton	Houston	Medina	Somervell	

Oklahoma 58 counties	
Kay	Custer
Noble	Blaine
Payne	Kingfisher
Lincoln	Canadian
Okfuskee	Logan
Creek	Oklahoma
Pawnee	Beckham
Osage	Washita
Washington	Caddo
Tulsa	Grady
Okmulgee	McClain
Muskogee	Cleveland
Waggoner	Garvin
Rogers	Stephens
Nowata	Carter
Craig	Murray
Mayes	Jefferson
Texas	Love
Beaver	Pottawatomie
Harper	Seminole
Woods	Pontotoc
Alfalfa	Johnston
Grant	Marshall
Garfield	Hughes
Major	McIntosh
Woodward	Pittsburg
Ellis	Haskell
Roger Mills	Latimer
Dewey	Le Flore

APPENDIX B

Ranked from highest to lowest unemployment rate, the Oklahoma county employment rates for September 2010 are:

County Name	September-10			
	Employed	Labor Force	Unemployed	Rate
Latimer County, OK	3740	4180	440	10.4
Le Flore County, OK	18390	20330	1940	9.6
Okmulgee County, OK	14280	15770	1490	9.4
Hughes County, OK	5500	6050	560	9.2
Pawnee County, OK	6580	7200	620	8.6
Okfuskee County, OK	4460	4870	410	8.4
Mayes County, OK	17270	18830	1560	8.3
Nowata County, OK	4720	5140	430	8.3
Creek County, OK	28230	30740	2510	8.2
Seminole County, OK	10360	11290	930	8.2
McIntosh County, OK	8330	9070	740	8.2
Osage County, OK	18190	19770	1580	8
Blaine County, OK	4650	5050	400	7.9
Kay County, OK	21490	23240	1760	7.6
Muskogee County, OK	29120	31470	2350	7.5
Jefferson County, OK	2340	2520	190	7.5
Tulsa County, OK	267450	288360	20910	7.3
Rogers County, OK	36680	39500	2830	7.2
Wagoner County, OK	30290	32650	2370	7.2
Marshall County, OK	6110	6550	440	6.7
Haskell County, OK	5800	6210	420	6.7
Johnston County, OK	4840	5190	350	6.7
Stephens County, OK	20270	21700	1430	6.6
Oklahoma County, OK	306470	327380	20910	6.4
Pittsburg County, OK	22730	24270	1540	6.3
Grady County, OK	21630	23090	1460	6.3
Lincoln County, OK	13070	13940	860	6.2
Pottawatomie County, OK	32260	34340	2080	6.1
Caddo County, OK	12310	13100	800	6.1
Logan County, OK	16830	17890	1060	5.9
Payne County, OK	32000	33970	1970	5.8
Washington County, OK	26240	27830	1580	5.7
Craig County, OK	7350	7790	440	5.7
McClain County, OK	14180	15020	840	5.6
Noble County, OK	5490	5820	330	5.6
Canadian County, OK	49500	52370	2870	5.5
Garvin County, OK	14090	14920	830	5.5
Texas County, OK	6470	6850	380	5.5
Cleveland County, OK	113330	119750	6420	5.4
Woodward County, OK	10490	11070	590	5.3
Carter County, OK	25640	27060	1420	5.2

Alfalfa County, OK	2400	2520	130	5.1
Pontotoc County, OK	19790	20810	1020	4.9
Washita County, OK	5890	6190	300	4.8
Garfield County, OK	30940	32420	1480	4.6
Beckham County, OK	11200	11730	530	4.5
Love County, OK	5100	5350	240	4.5
Kingfisher County, OK	7400	7740	340	4.4
Custer County, OK	14810	15460	650	4.2
Major County, OK	4170	4360	190	4.2
Ellis County, OK	2240	2330	100	4.1
Dewey County, OK	2650	2760	110	3.9
Woods County, OK	4400	4580	170	3.8
Grant County, OK	2600	2710	100	3.8
Murray County, OK	9050	9400	350	3.7
Roger Mills County, OK	1830	1900	70	3.6
Harper County, OK	1990	2060	70	3.4
Beaver County, OK	3230	3330	100	3

Source: Oklahoma Employment Security Commission

http://www.ok.gov/oesc_web/Services/Find_Labor_Market_Statistics/LAUS

APPENDIX C

Ranked from highest to lowest unemployment rate, the Texas county employment rates for September 2010 are:

County Name	September-10			
	Employed	Labor Force	Unemployed	Rate
Starr County	20,859	24,867	4,008	16.1
Zavala County	3,262	3,872	610	15.8
Sabine County	3,040	3,588	548	15.3
Willacy County	7,330	8,419	1,089	12.9
Newton County	5,206	5,949	743	12.5
Maverick County	21,059	24,021	2,962	12.3
Dickens County	880	1,001	121	12.1
Hidalgo County	271,111	305,476	34,365	11.2
Jasper County	13,924	15,672	1,748	11.2
San Augustine County	3,166	3,564	398	11.2
Matagorda County	16,371	18,409	2,038	11.1
Cameron County	140,098	157,254	17,156	10.9
Duval County	4,675	5,245	570	10.9
Orange County	38,087	42,684	4,597	10.8
Jefferson County	104,945	117,377	12,432	10.6
Liberty County	29,065	32,448	3,383	10.4
Zapata County	4,725	5,276	551	10.4
Milam County	10,009	11,163	1,154	10.3
Reeves County	4,253	4,744	491	10.3
San Jacinto County	9,507	10,585	1,078	10.2
Terrell County	344	383	39	10.2
Marion County	4,548	5,045	497	9.9
Tyler County	7,809	8,670	861	9.9
Houston County	7,534	8,348	814	9.8
Loving County	37	41	4	9.8
Polk County	16,602	18,373	1,771	9.6
San Patricio County	28,438	31,467	3,029	9.6
Brooks County	3,089	3,412	323	9.5
Falls County	6,137	6,781	644	9.5
Runnels County	4,253	4,696	443	9.4
Bee County	10,977	12,104	1,127	9.3
Anderson County	19,289	21,235	1,946	9.2
Chambers County	13,480	14,847	1,367	9.2
Karnes County	4,932	5,433	501	9.2
Calhoun County	8,774	9,656	882	9.1
Dimmit County	3,951	4,344	393	9
Galveston County	134,047	146,979	12,932	8.8
Brazoria County	135,274	148,131	12,857	8.7
Cherokee County	19,011	20,815	1,804	8.7
Hardin County	24,438	26,764	2,326	8.7
La Salle County	2,552	2,796	244	8.7

Navarro County	19,958	21,848	1,890	8.7
Cochran County	1,405	1,534	129	8.4
Trinity County	5,536	6,044	508	8.4
Grimes County	11,043	12,045	1,002	8.3
Waller County	15,376	16,775	1,399	8.3
Coke County	1,215	1,323	108	8.2
Harris County	1,844,868	2,008,921	164,053	8.2
Harrison County	30,501	33,231	2,730	8.2
Mitchell County	3,211	3,498	287	8.2
Grayson County	53,325	58,005	4,680	8.1
Webb County	87,850	95,547	7,697	8.1
Wharton County	20,069	21,826	1,757	8.1
Aransas County	10,945	11,898	953	8
Concho County	1,247	1,356	109	8
DeWitt County	8,360	9,088	728	8
Schleicher County	1,332	1,448	116	8
Hill County	15,328	16,643	1,315	7.9
Shelby County	11,607	12,606	999	7.9
Tarrant County	842,467	914,860	72,393	7.9
Angelina County	36,341	39,422	3,081	7.8
Bastrop County	33,104	35,891	2,787	7.8
Caldwell County	15,059	16,328	1,269	7.8
Dawson County	5,083	5,514	431	7.8
Jim Wells County	20,694	22,448	1,754	7.8
Madison County	5,154	5,592	438	7.8
Wood County	17,499	18,974	1,475	7.8
Fort Bend County	254,096	275,372	21,276	7.7
Johnson County	70,107	75,948	5,841	7.7
Palo Pinto County	12,836	13,910	1,074	7.7
Eastland County	8,056	8,716	660	7.6
Nueces County	155,935	168,702	12,767	7.6
Upshur County	18,869	20,427	1,558	7.6
Robertson County	7,143	7,718	575	7.5
Wichita County	57,731	62,422	4,691	7.5
Atascosa County	18,302	19,771	1,469	7.4
Ector County	65,466	70,710	5,244	7.4
Hutchinson County	10,569	11,414	845	7.4
Montgomery County	203,654	219,956	16,302	7.4
Pecos County	7,715	8,329	614	7.4
Ward County	4,739	5,116	377	7.4
Wise County	26,448	28,560	2,112	7.4
Bexar County	724,982	781,980	56,998	7.3
Crosby County	2,540	2,740	200	7.3
Jones County	7,450	8,033	583	7.3
Medina County	19,018	20,525	1,507	7.3
Parker County	51,118	55,148	4,030	7.3
Rusk County	22,944	24,749	1,805	7.3
Smith County	95,124	102,663	7,539	7.3

Foard County	647	697	50	7.2
Frio County	7,095	7,646	551	7.2
Van Zandt County	25,031	26,964	1,933	7.2
Walker County	27,166	29,270	2,104	7.2
Denton County	329,675	355,034	25,359	7.1
Jim Hogg County	2,955	3,182	227	7.1
Winkler County	3,182	3,422	240	7
Colorado County	10,069	10,812	743	6.9
Crane County	1,686	1,811	125	6.9
Gregg County	61,177	65,741	4,564	6.9
Hardeman County	2,161	2,320	159	6.9
Hood County	25,423	27,320	1,897	6.9
Jackson County	6,562	7,046	484	6.9
Lavaca County	9,180	9,857	677	6.9
Victoria County	42,724	45,899	3,175	6.9
Wilson County	18,144	19,498	1,354	6.9
Brown County	18,338	19,676	1,338	6.8
Edwards County	981	1,053	72	6.8
McLennan County	110,719	118,801	8,082	6.8
Menard County	1,003	1,076	73	6.8
Panola County	12,863	13,803	940	6.8
Somervell County	4,123	4,423	300	6.8
Howard County	13,380	14,339	959	6.7
Kleberg County	16,442	17,629	1,187	6.7
Leon County	8,195	8,786	591	6.7
Limestone County	10,967	11,759	792	6.7
Live Oak County	4,686	5,022	336	6.7
Lynn County	2,742	2,939	197	6.7
McCulloch County	3,600	3,858	258	6.7
Goliad County	3,277	3,507	230	6.6
Gray County	10,588	11,334	746	6.6
Guadalupe County	56,136	60,113	3,977	6.6
Lee County	8,683	9,294	611	6.6
Refugio County	4,023	4,306	283	6.6
Stephens County	4,433	4,747	314	6.6
Terry County	5,612	6,010	398	6.6
Freestone County	9,664	10,331	667	6.5
Montague County	10,233	10,949	716	6.5
Young County	9,231	9,877	646	6.5
Fisher County	1,898	2,027	129	6.4
McMullen County	335	358	23	6.4
Nolan County	7,559	8,073	514	6.4
Coleman County	4,207	4,490	283	6.3
Nacogdoches County	30,387	32,434	2,047	6.3
Tom Green County	50,618	53,993	3,375	6.3
Wilbarger County	7,506	8,011	505	6.3
Burleson County	8,165	8,708	543	6.2
Clay County	5,762	6,141	379	6.2

Comanche County	6,616	7,054	438	6.2
Cooke County	20,789	22,165	1,376	6.2
Potter County	55,530	59,174	3,644	6.2
Scurry County	7,318	7,805	487	6.2
Taylor County	65,235	69,541	4,306	6.2
Cottle County	768	818	50	6.1
Erath County	18,089	19,269	1,180	6.1
Kimble County	1,975	2,104	129	6.1
Hockley County	11,452	12,187	735	6
Baylor County	1,843	1,958	115	5.9
Knox County	1,687	1,793	106	5.9
Washington County	16,472	17,497	1,025	5.9
Yoakum County	3,857	4,098	241	5.9
Lubbock County	136,945	145,370	8,425	5.8
Andrews County	6,470	6,863	393	5.7
Brazos County	95,482	101,257	5,775	5.7
Gaines County	6,705	7,113	408	5.7
Gonzales County	9,599	10,179	580	5.7
Martin County	2,137	2,265	128	5.7
Archer County	4,907	5,196	289	5.6
Callahan County	6,907	7,314	407	5.6
Crockett County	2,220	2,352	132	5.6
Fayette County	11,744	12,429	685	5.5
Garza County	2,309	2,444	135	5.5
Glasscock County	624	660	36	5.5
Borden County	410	433	23	5.3
Collingsworth County	1,434	1,514	80	5.3
King County	201	212	11	5.2
Reagan County	1,742	1,837	95	5.2
Sherman County	1,358	1,433	75	5.2
Throckmorton County	975	1,028	53	5.2
Jack County	5,429	5,720	291	5.1
Midland County	70,786	74,606	3,820	5.1
Kent County	460	484	24	5
Lipscomb County	1,612	1,697	85	5
Ochiltree County	5,204	5,474	270	4.9
Shackelford County	2,036	2,142	106	4.9
Stonewall County	842	885	43	4.9
Sutton County	3,214	3,380	166	4.9
Irion County	875	919	44	4.8
Carson County	3,246	3,407	161	4.7
Haskell County	3,048	3,197	149	4.7
Moore County	11,252	11,805	553	4.7
Upton County	1,766	1,854	88	4.7
Kenedy County	239	250	11	4.4
Hansford County	2,756	2,878	122	4.2
Roberts County	534	556	22	4
Wheeler County	3,210	3,345	135	4

Sterling County	827	860	33	3.8
Hemphill County	2,661	2,741	80	2.9

Source: Texas Workforce Commission, Tracer2.

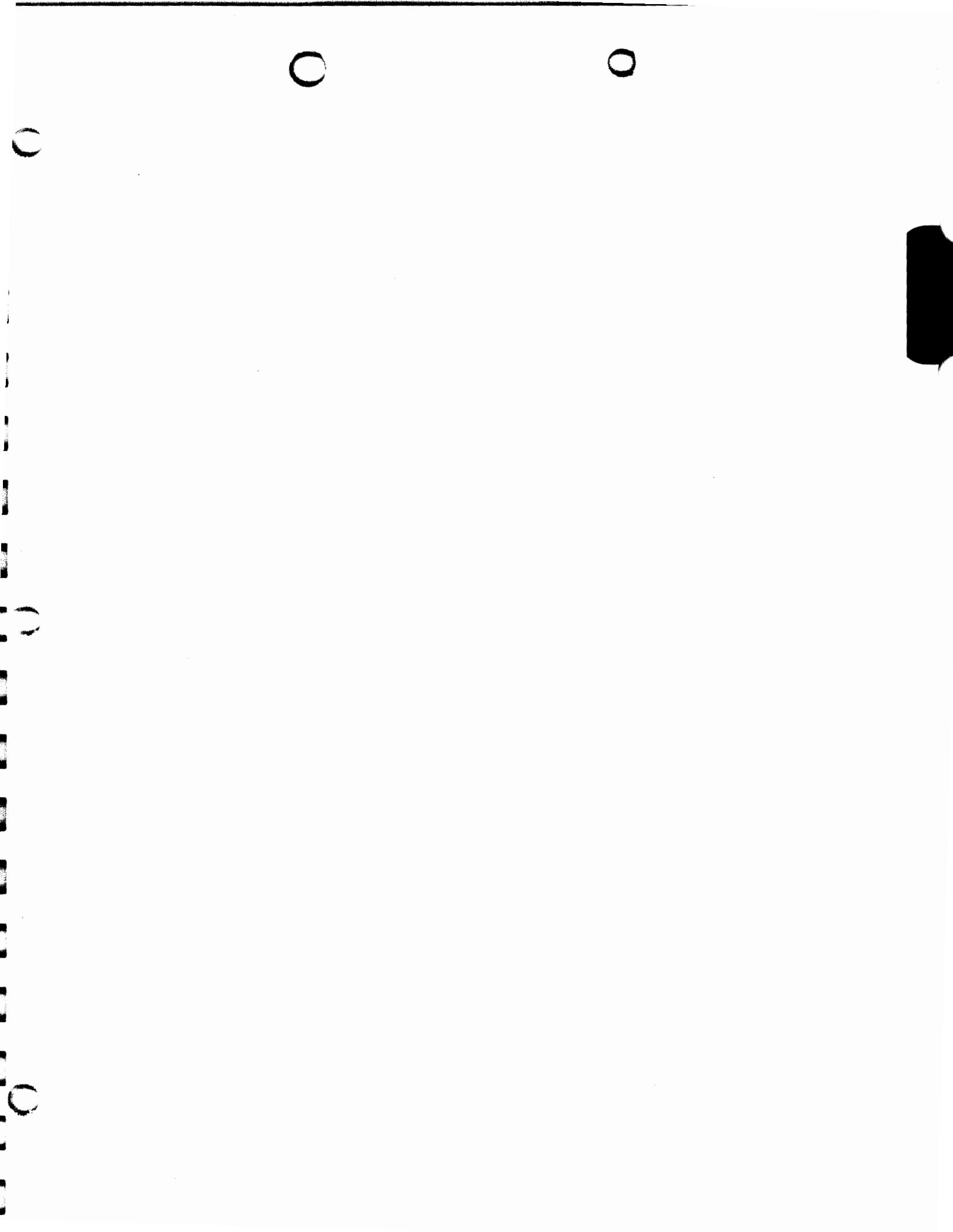


EXHIBIT F

Equity Term Sheet



SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC
BROWNSTONE-MILANO BUILDING, 25511 BUDD ROAD, SUITE 1802, THE WOODLANDS, TEXAS 77380 USA
E-MAIL: FB5@SOUTHERNSTAR.OIL.COM WEB: WWW.FB5SOUTHERNSTAR.US TELEPHONE: (281) 940-7105

PRINCIPAL FEATURES*

OF

SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC

(a pending USCIS "regional center" applicant)

UNITS OF PREFERRED MEMBERSHIP INTEREST

FOR ACCREDITED INVESTORS ONLY

*This term sheet is a summary of the principal terms and conditions for investment in the Preferred Units of SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC, a Texas limited liability company ("we", "our", "us", the "Company", or "SSRIC"). The terms and conditions set forth hereafter are qualified in their entirety by their more thorough treatment in the Memorandum.

Our Objectives/Approach

We are a Texas limited liability company whose intended principal business investment activity and purposes are, among other things:

- To facilitate investment into the U.S. domestic on-shore petroleum industry to foster energy independence, job creation and economic stimulus;
- To operate as a designated "Regional Center" pursuant to rules promulgated by the Department of Homeland Security's U.S. Citizenship and Immigration Service ("USCIS"); and
- To acquire, own, hold for investment, develop, drill, market, maintain, operate, improve, sell, lease, and/or otherwise administer U.S. domestic on-shore oil and gas leases and related assets with proved undeveloped and/or potential crude oil and/or natural gas reserves or production (including all forms of sub-surface commercial hydrocarbons existing a natural liquid or gaseous state) within our proposed Geographic Area, as amended.

In addition to the above, we seek to help foreign nationals realize capital appreciation and income streams from investments in the U.S. petroleum industry while obtaining lawful permanent U.S. residency through the Immigrant Investor Pilot Program. We expect such investments will typically be in oil and gas leases, in-field development drilling opportunities, royalty interests, mineral rights,

*NOTICE: This Term Sheet is qualified in its entirety by the SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC ("we", "our", "us", "SSRIC", or the "Company") confidential private placement memorandum as may be amended or supplemented from time to time (the "Memorandum") which contains more complete information including risk factors. This Term Sheet also contains forward-looking statements and hypothetical economic forecasts that may not be realized. By receiving or viewing this Term Sheet, you acknowledge and agree not to rely upon it in making an investment decision. Please read the Memorandum. By receiving or viewing this Term Sheet, you acknowledge and agree that (i) all of the information contained herein is subject to confidentiality between yourself and SSRIC and/or its affiliates; (ii) you will not copy, reproduce or distribute this Term Sheet or the Memorandum, in whole or in part to any person or party without the prior written consent of SSRIC; (iii) in the event you do not invest you will return this Term Sheet and the Memorandum as soon as practicable to SSRIC, together with any other material relating to SSRIC in your possession. This Term Sheet does not constitute or form a part of any offer to sell or solicitation to buy securities nor shall it or any part of it form the basis of any contract or commitment whatsoever. Without limiting the foregoing, this Term Sheet does not constitute an offer or solicitation in any jurisdiction in which such an offer or solicitation is not permitted under applicable law or to any person or entity who is not an "accredited investor" as defined under Rule 501(a) of the Securities Act of 1933, as amended, or who does not possess the qualifications described in the Memorandum.

FOR ACCREDITED INVESTORS ONLY

completion activities and other energy investments identified, sponsored and structured by us.

Units of Preferred
Membership Interest

UNTIL DECEMBER 15, 2011 (the "Closing Date") we are offering for sale up to (b) (4)

We may elect to close this offering at any time without notice.

AFTER DECEMBER 15, 2011, if the Company elects to keep the offering open, Units may only be purchased for (b) (4) Unit.

"Preferred Unit" means a Preferred Membership Interest in SSRIC purchased by an investor. Purchasers of Preferred Units in this offering are referred to as "Preferred Members". This interest is the right and obligation to share in a proportional part of SSRIC's distributions, revenue, income, expenses, assets and liabilities according to the following general terms:

All Class A Preferred Units are subject to the following voting powers, designations, preferences, limitations, restrictions and relative rights ("the Rights and Preferences"):

(b) (4)

(b) (4)

Risk Factors The Units have a high degree of risk. SSRIC has not yet received designation as a "regional center" from USCIS. Please read the Memorandum.

Structure / Capitalization We are a limited liability company (LLC) formed under the laws of the State of Texas, United States of America. Our company agreement provides for the issuance of Units both Common (voting) and Preferred (non-voting) Membership Interest. (b) (4)

Duration SSRIC shall continue in perpetuity.

Estimated Use of Proceeds (b) (4)

Distribution Policy

Management

Distributions

Voting / Consent Rights

Placement

Minimum Investment

Closing Date

U.S. Federal Income Taxation

(b) (4)

SSRIC has elected to be treated as a partnership for U.S. federal income tax purposes. As such, SSRIC does not expect to be subject to U.S. federal income taxation on income and gain realized from its investments. Each SSRIC investor that is a U.S. citizen, resident, corporation, or partnership will be required to take into account, in determining its own income tax liability, its allocable share of our income, gains, losses, deductions, and credits, whether or not such items are actually received by the investor.

Transfer of Units

SSRIC investors may not transfer Units without the prior consent of the Company.

Redemption / Conversion

(b) (4)

Establishment Expenses

Operating Expenses

Reports

While we are not a reporting issuer, SSRIC investors may expect to receive regular reports and accounts of our activities promptly after these are available and will be notified of important developments concerning the Company.

END OF TERM SHEET



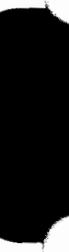


EXHIBIT G

Pro-forma Financial Statements



ACCOUNTANT'S COMPILATION REPORT

To the Members
Southern Star Regional Investment Center, LLC

We have compiled the accompanying forecasted balance sheets of Southern Star Regional Investment Center, LLC (a Texas Limited Liability Company) as of December 31, 2011 through December 31, 2013 by quarter, and the related statements of income and statement of cash flows for October 1, 2011 through December 31, 2013 by quarter, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast, information that is the representation of management and does not include evaluation of the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

We have also compiled the accompanying balance sheet of Southern Star Regional Investment Center, LLC as of September 30, 2011, and the related statement of income and statement of cash flows for August 1, 2010 through September 30, 2011. We have not audited or reviewed the accompanying historical financial statements and, accordingly, do not express an opinion or provide any assurance about whether the historical financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the historical financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the historical financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of historical financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the historical financial statements.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Southern Star Regional Investment Center, LLC.

Brent T. Hoffard, CPAs, PLLC

November 10, 2011



ACCOUNTANT'S COMPILATION REPORT

To the Members
Southern Star EB-5 Energy Fund LLC

We have compiled the accompanying forecasted balance sheets of Southern Star EB-5 Energy Fund LLC (a Texas Limited Liability Company) as of June 30, 2012 through December 31, 2013 by quarter, and the related statements of income and statements of cash flows for April 1, 2012 through December 31, 2013 by quarter, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast, information that is the representation of management and does not include evaluation of the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Management is responsible for the preparation and fair presentation of the historical financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the historical financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of historical financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the historical financial statements.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Southern Star EB-5 Energy Fund LLC.

Burton + Kofford, CPAs, PLLC

November 10, 2011

FedEx *US Airbill*
Express

FedEx
Tracking
Number

8559 4010 9750

0215

Recipients Copy

fedex.com 1800.GoFedEx 1800.463.3339

RECIPIENT: PEEL HERE

1 From This portion can be removed for Recipient's records.

Date _____ FedEx Tracking Number **855940109750**

Sender's Name _____ Phone _____

Company **BIESINGER, & KOFFORD CPA, PLLC**

Address **4592 N 300 W**

City **PROVO** State **UT** ZIP **84604**

2 Your Internal Billing Reference

3 To
Recipient's Name _____ Phone _____

Company _____

Recipient's Address _____ Dept./Floor/Suite/Room _____

We cannot deliver to P.O. boxes or P.O. ZIP codes.

Address _____
To request a package be held at a specific FedEx location, print FedEx address here.

City _____ State _____ ZIP _____



8559 4010 9750

CSC
AM NOV 16 2011
STAMP #130
RY

4a Express Package Service

- FedEx Priority Overnight
Next business morning* Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
- FedEx Standard Overnight
Next business afternoon* Saturday Delivery NOT available.
- FedEx First Overnight
Earliest next business morning delivery to select locations.* Saturday Delivery NOT available.
- FedEx 2Day
Second business day.* Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected. FedEx Envelope rate not available. Minimum charge: One-pound rate.
- FedEx Express Saver
Third business day.* Saturday Delivery NOT available.

Packages up to 150 lbs.

4b Express Freight Service

- FedEx 2Day Freight
Next business day.* Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
- FedEx 3Day Freight
Third business day.** Saturday Delivery NOT available.

Packages over 150 lbs.

5 Packaging

- FedEx Envelope*
- FedEx Pak*
Includes FedEx Small Pak, FedEx Large Pak, and FedEx Sturdy Pak.
- FedEx Box
- FedEx Tube
- Other

** To most locations.

* Declared value limit \$500.

6 Special Handling

- SATURDAY Delivery
Not available for FedEx Standard Overnight, FedEx First Overnight, FedEx Express Saver, or FedEx 3Day Freight.
- HOLD Weekday at FedEx Location
Not available for FedEx First Overnight.
- HOLD Saturday at FedEx Location
Available ONLY for FedEx Priority Overnight and FedEx 2Day to select locations.

Does this shipment contain dangerous goods?
One box must be checked.

No Yes As per attached Shipper's Declaration. Yes Shipper's Declaration not required. Dry Ice Dry Ice, 9 UN 1845 _____ x _____ kg

Dangerous goods (including dry ice) cannot be shipped in FedEx packaging. Cargo Aircraft Only

7 Payment

Bill to: Enter FedEx Acct. No. or Credit Card No. below. Obtain Recip. Acct. No.

Sender Acct. No. in Section 1 will be billed. Recipient Third Party Credit Card Cash/Check

Total Packages	Total Weight	Total Charges
		Credit Card Auth.

*Our liability is limited to \$100 unless you declare a higher value. See the current FedEx Service Guide for details.

8 NEW Residential Delivery Signature Options If you require a signature, check Direct or Indirect.

- No Signature Required
Package may be left without obtaining a signature for delivery.
- Direct Signature
Anyone at recipient's address may sign for delivery. Fee applies.
- Indirect Signature
If no one is available at recipient's address, anyone at a neighboring address may sign for delivery. Fee applies.

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A#		Application/Petition I924, Application for Regional Center under Immigrant Investor Pilot Program
Receipt # RCW1033650013		Application/Petitioner Southern Star Regional Investment Center Llc
Notice Date August 24, 2011	Page 1 of 9	Beneficiary

DARIN H. MANGUM, ESQ
SOUTHERN STAR REGIONAL INVESTMENT
CENTER LLC
25511 BUDDLE ROAD SUITE 1802
THE WOODLANDS, TEXAS 77380

Request for Evidence

Notice also sent to:

RETURN THIS NOTICE ON TOP OF THE REQUESTED INFORMATION LISTED ON THE ATTACHED SHEET.

Note: You are given until November 16, 2011 in which to submit the requested information to the address at the bottom of this notice.

Please note the required deadline for providing a response to this Request for Evidence. The deadline reflects the maximum period for responding to this RFE. However, since many immigration benefits are time sensitive, you are encouraged to respond to this request as early as possible but no later than the date provided on the request.

Pursuant to 8 C.F.R. 103.2(b)(11) failure to submit ALL evidence requested at one time may result in the denial of your application.

For more information, visit our website at www.uscis.gov

Or call us at **1-800-375-5283**

Telephone service for the hearing impaired: 1-800-767-1833

For non-US Postal Service
Attn: EB 5 RC Proposal
24000 Avilla Road, 2nd Floor
Laguna Niguel, CA 92677

CSC3553 WS22126 DIV 3 GM

You will be notified separately about any other applications or petitions you filed. Save this notice. Please enclose a copy of it if you write to us about this case, or if you file another application based on this decision. Our address is:

USCIS - CALIFORNIA SERVICE CENTER
P.O. BOX 10590
LAGUNA NIGUEL, CA 92607-0590
800-375-5283



RCW1033650013

Please see additional information on the reverse side.

COPY

Form I-797E (Rev. 05/05/06)

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Additional Information for Applicants and Petitioners

General

The filing of an application or petition does not in itself allow a person to enter or remain in the United States and does not confer any other right or benefit.

Inquiries

If you do not hear from us within the processing time given on this notice and you want to know the status of this case, use InfoPass at www.uscis.gov to contact your local USCIS office or call our National Customer Service Center at 1-800-375-5283.

You should follow the same procedures before contacting your local USCIS office if you have questions about this notice.

Please have this form with you whenever you contact a local office about this case.

Requests for Evidence

If this notice asks for more evidence, you can submit it or you can ask for a decision based on what you have already filed. When you reply, please include a copy of the other side of this notice and also include any papers attached to this notice.

Reply Period

If this notice indicates that you must reply by a certain date and you do not reply by that date, we will issue a decision based on the evidence on file. No extension of time will be granted. After we issue a decision, any new evidence must be submitted with a new application or petition, motion or appeal, as discussed under "Denials".

Approval for a Petition

Approval of an immigrant or nonimmigrant petition means that the beneficiary, the person for whom it was filed, has been found eligible for the requested classification. However, approval of a petition does not give any status or right. Actual status is given when the beneficiary is given the proper visa and uses it to enter the United States. Please contact the appropriate U.S. consulate directly if you have any questions about visa issuance.

For nonimmigrant petitions, the beneficiary should contact the consulate after receiving our approval notice. For approved immigrant petitions, the beneficiary should wait to be contacted by consulate.

If the beneficiary is now in the United States and believes he or she may be eligible for the new status without going abroad for a visa, he or she should use InfoPass to contact a local USCIS office about applying here.

Denials

A denial means that after every consideration, USCIS concluded that the evidence submitted did not establish eligibility for the requested benefit.

If you believe there is more evidence that will establish eligibility, you can file a new application or petition, or you can file a motion to reopen this case. If you believe the denial is inconsistent with precedent decisions or regulations, you can file a motion for reconsideration.

If the front of this notice states that this denial can be appealed and you believe the decision is in error, you can file an appeal. You can obtain more information about these processes by either using InfoPass to contact your local USCIS office, or by calling the National Customer Service Center.

A request for initial designation as a Regional Center under the Immigrant Investor Pilot Program ("Pilot Program") or an amendment to an existing Regional Center designation, may also involve:

1. A request for review of an exemplar Form I-526, Immigrant Petition by Alien Entrepreneur, prior to the filing of Form I-526 petitions by individual alien entrepreneurs with USCIS and/or;
2. In the case of a Regional Center amendment request, a review of a specific capital investment project where the regional center designation involved a review of an exemplar capital investment project.

It appears that you are requesting initial designation as a Regional Center under the Pilot Program.

Background:

The proposed Regional Center entity, Southern Star Regional Investment Center, LLC (SSRIC) is structured as a limited liability company ("LLC"). SSRIC is requesting jurisdiction over a geographic area consisting of 187 counties from the State of Texas and 58 counties from the State of Oklahoma. SSRIC plans to offer EB-5 capital investment opportunities in affiliated new commercial enterprises, organized as LLCs, to acquire, drill and develop oil and gas leases within the geographic area.

Evidentiary Requirements for Regional Center Proposals:

8 CFR 204.6 (m)(3), which is appended to this notice, describes the evidence that must be submitted in support of a Regional Center proposal. After review of your proposal, the following information, evidence and/or clarification are required. Note that in response to this notice, that it is helpful to provide a cover letter that acts as an executive summary, followed by a table of contents with sections that are tabbed at the bottom of the page.

Letter from Managing Principal:

The applicant has submitted a letter signed by Mehron P. Azarmehr requesting regional center designation on behalf of Southern Star Regional Investment Center, LLC. As such, clarify whether Mehron P. Azarmehr wrote that letter in the capacity of the principal of the proposed regional center. If not, identify the principal of the proposed regional center and submit a dated and signed letter from the principal requesting the regional center designation.

Target Industries:

The applicant has not identified the target industry categories and provided the North American Industry Classification System codes associated with each target economic industry cluster. This documentation has typically been provided even in regional center proposals that were filed prior to the implementation date of the Form I-924 application.

The Economic Impact Study prepared by the Center for Community and Business Research of the Institute for Economic Development of the University of Texas at San Antonio cited the NAICS code of 213112 relating to support activities for oil and gas operations. However, it is unclear whether this industry is the only economic category contemplated by SSRIC. As such, please list the industry categories and the NAICS codes associated with each industry category in the following format:

- | | |
|-----------------------------|--------------------------------|
| 1. NAICS code (e.g. 112511) | Category 1 (e.g. fish farming) |
| 2. NAICS code | Category 2 |
| 3. NAICS code | Category 3, and so on. |

Promotion of Economic Growth within the selected Geographic Area (8 CFR 204.6(m)(3)(i)):

A Regional Center's geographic area must be contiguous and clearly delineated. Please do not confuse the Regional Center's jurisdiction over a geographic area, with the geographic area that is a Targeted Employment Area ("TEA") which may be located within the bounds of your Regional Center's jurisdiction. These are two different and distinct geographic areas and concepts.

Note: For immigrant investors requesting the reduced threshold of \$500,000 based upon an investment in a TEA, the immigrant investor must when filing a Form I-526, establish at the time of filing that the investment will be made either in a TEA designated area or was in a TEA designated area at the time of the alien's initial investment into the enterprise. TEA determinations are not made within the context of the adjudication of Regional Center Proposals and thus cannot be relied on to establish TEA eligibility in prospective Form I-526 petitions.

The applicant submits a map of the geographic area as Exhibit C of the business plan of the proposed regional center; however, the applicant has not listed all the counties comprising the geographic area. The Economic Impact Study prepared by the Center for Community and Business Research of the Institute for Economic Development of the University of Texas at San Antonio mentions that the area of study includes 187 counties from the State of Texas and 58 counties from the State of Oklahoma. As such, please clarify whether the geographic area of SSRIC consists of these counties. If affirmative, provide a list of these counties.

Regional or National impact of the Regional Center (8 CFR 204.6 (m)(3)(iv)):

Regulations at 8 CFR 204.6(m)(3)(iv) require that the proposal contain:

...a detailed prediction regarding the manner in which the regional center will have a positive impact on the regional or national economy in general as reflected by such factors as increased household earnings, greater demand for business services, utilities, maintenance and repair, and construction both within and without the regional center;

The applicant submitted an economic impact study prepared by the Center for Community and Business Research of the Institute for Economic Development of the University of Texas at San Antonio discussing the

projected impact of the regional center on full time employment, employment compensation, gross state product and output. However, the analysis does not address how the regional center will have a positive impact on the regional or national economy in such factors as increased household earnings, greater demand for business services, utilities, maintenance and repair and construction.

Provide a detailed prediction, which includes the topics of regional or national impact on household earnings, greater demand for business services, utilities, maintenance and repair, and construction both within and outside the Regional Center. The proposal should not make vague references to regional economic impacts but should provide actual monetary predictions and address the elements listed in USCIS regulations.

Regional Center's Operational Plan (8 CFR 204.6(m)(3)(iii) and 8 CFR 204.6(m)(6)):

Provide a Regional Center Operational plan that shows how the Regional Center will identify, assess and evaluate proposed investor projects and activities, and enterprises. In addition, please include a narrative and documentary evidence within the Regional Center plan that addresses the following areas:

- **Amount and Source of the Regional Center's Operating Capital (8 CFR 204.6(m)(3)(iii)):**

The applicant has not submitted a detailed statement relating to amount and source of capital which have been committed to the regional center except stating that the founders of the regional center have made a (b) (4) . The detailed statement described in 8 CFR 204.6(m)(3)(iii) should include the exact amount of funds that have been dedicated to the regional center to accomplish the goals of the Immigrant Investor Pilot Program, the source of the funds, whether the amount is sufficient to sustain the regional Center and evidence that that the funds have already been committed to the regional center.

Money already spent is money that has been committed and should also be included in the detailed statement of funds committed to the Regional Center. Certain expenses, such as document preparation and economic analyses, that have been incurred prior to filing the application for regional center designation, should be included in the detailed statement regarding the amount and source of funds committed to the regional center. Money placed in the corporate bank account could be considered committed to the regional center.

The statement should also show the regional center has sufficient funds, assets and resources committed to regional center for its continued operation until such time as it becomes self-sustaining through investor fees or other sources. Although the regulation only requires that the statement be detailed enough so it can be determined the committed funds are sufficient, additional items that could help serve this purpose are financial statements, balance sheets and statement of income and expenses showing the center's financial position.

As such, please provide a detailed statement and documentary evidence that identifies the amount and source of capital committed to the Regional Center, which explains:

- The amount of funds that have been dedicated to the Regional Center;
- The source of such funds; and
- How the amount is sufficient to sustain the Regional Center.

Note: A Regional Center must have sufficient capital to operate in the manner outlined in the proposal from sources apart from the immigrant investors' required capital investment.

- **Regional Center's Operational Plan- Recruitment and Due Diligence (8 CFR 204.6(m)(3)(iii)):**

The applicant states that it has retained the immigration law firm of Azarmehr & Associates, P.C. to conduct due diligence reviews of all prospective investors. It is recommended that the Regional Center engage in a due diligence process to establish that all prospective immigrant investors' has been lawfully obtained. Note that a Form I-526 may not be approved unless the immigrant investor's capital is shown to be from a lawful source. Identifying and resolving issues regarding this EB-5 requirement prior to the filing of the immigrant investor's Form I-526 may assist in obtaining a favorable decision in these petitions.

Submit the Regional Center operational plan which addresses how investors will be recruited and how the Regional Center will conduct its due diligence, if any, to ensure that all of the immigrant investors' capital investment funds are from lawful sources. Please describe what measures, if any, will be taken by the Regional Center to identify and resolve issues with the prospective immigrant investors' lawful source of funds prior to the investment.

- **Regional Center's Operational Plan-Promotional Efforts (8 CFR 204.6(m)(3)(iii)):**

(b) (4)



- **Administrative Oversight (8 CFR 204.6(m)(6)):**

The applicant offers no information about its administrative oversight responsibility.

- Please provide a statement that fully describes how the Regional Center will oversee the EB-5 capital investment activities in a manner that would allow the Regional Center to be fully responsive to the yearly information collection requirements of the Form I-924A Supplement¹.

Note: 8 CFR 204.6(m)(6) requires that an approved Regional Center must continue to meet the statutory requirements of the Pilot Program. Please note that commencing with fiscal year 2011 (October 1, 2010 – September 30, 2011), each approved Regional Center must comply with the Form I-924A Supplement reporting requirements.

Indirect Job Creation (8 CFR 204.6(m)(3)(ii)):

Section 610(c) of the Departments of Commerce, Justice and State, the Judiciary, and Related Agencies Appropriations Act of 1993, as amended, allows aliens admitted under the pilot program described in this section to establish reasonable methodologies for determining the number of jobs created by the pilot program, including jobs which are estimated to have been created indirectly through revenues, improved regional productivity, job creation, or increased domestic capital investment resulting from the pilot program.

8 CFR 204.6(m)(3)(ii) requires that a Regional Center proposal must provide in verifiable detail how jobs will be created indirectly, while 8 CFR 204.6(m)(3)(v) describes the analytical tools that the Regional Center must employ when making economic and job creation predictions. It is also noted in 8 CFR 204.6(m)(1) in pertinent part that *except as provided herein, aliens seeking to obtain immigration benefits under this paragraph continue to be subject to all conditions and restrictions set forth in section 203(b)(5) of the Act and this section.*

It is important to note that the quality of the prospective job creation estimates provided by an econometric analysis is first and foremost predicated on the quality and reasonableness of the information and assumptions that are used as the basis for the analysis. Therefore, any business plan, exemplar or actual, provided in support of a Regional Center proposal or amendment must contain sufficient specificity to provide valid and reasoned inputs into the econometric model, if such a model is used to demonstrate job creation for EB-5 purposes. Otherwise, a determination cannot be made that the Regional Center proposal demonstrates in “verifiable detail” that the requisite jobs will be created.

Each immigrant investor must demonstrate at the time of the filing of the Form I-526 that the job-creating capital investment project is feasible and that it will create the requisite ten jobs within a reasonable time. The immigrant investor must subsequently demonstrate at the filing of the Form I-829, Petition to Remove Conditions, that the capital investment project approved in the Form I-526 has been realized in accordance with the business plan that formed the basis for the I-526 approval, and that as a result the requisite ten jobs either have or will be created within a reasonable time. Therefore, the ability of SSRIC to address the issues regarding the feasibility of each capital investment project, the validity of the economic analysis, and the timing of the EB-5 job creation is critical to the successful completion of the immigrant investor’s

¹ The Form I-924A Supplement and instructions may be accessed at www.uscis.gov, Home > Forms.

immigration process.

(b) (4)

In light of the above, please provide an exemplar or actual business plan for each of the projects mentioned above. Furthermore, please provide a business plan, actual or exemplar, for each of the requested target industry categories listed in the response to the request about target industries above. The business plan and economic analysis must show:

- The feasibility of the project under current market conditions within the Regional Center, including the cost of the project;
- Transparently show the basis for the data that will be used as the inputs to the model (to include how the estimation of the creation of the direct jobs are derived), and
- The step-by-step calculations used to determine the jobs that will be created, supported by the relevant data.
- The financing plan for each project in the industry category, the estimated number of alien investor involved in each project, the ratio of EB-5 contribution over domestic investment and the timeframe of the inflow of EB-5 monies into the project.

In addition, the submission must clearly identify the timeframe for the commencement, implementation, and realization of each project, how the investors' funds will flow to the job creating entity, and as a result, how the jobs will be created.

(b) (4)

Economic Entity (8 CFR 204.6(e))

The applicant submits a copy of the Operating Agreement of Southern Star Regional Investment Center, LLC. However, the applicant has not submitted documentation that the latter was legally established with the State of Texas.

- Provide evidence that the Regional Center qualifies as an economic entity, which may include incorporation papers, partnership agreements or other documentation.

Note: The Regional Center must have been legally established as an economic entity as of the time of filing of the proposal.

Attorney Representation (8 CFR 103.2(a)(3))

The letter requesting regional designation was signed by Mr. Mehron P. Azarmehr under the letterhead of Azarmehr & Associates, P.C. It is unclear whether Mr. Azarmehr signed the letter as the attorney on record. If so, please submit a properly executed Form G-28².

Posting of Regional Center information on the USCIS Web site:

If the Regional Center Proposal is approved, then public contact information relating to the Regional Center will be posted on the USCIS web site. In order to provide accurate and updated information provide the following, as it relates to the Regional Center:

- Name of the Regional Center
- Public address
- Public Point of Contact
- Phone/Fax
- E-mail/Web Page

Regulatory References:

The regulation at 8 CFR 204.6(m) provides, in pertinent part:

(3) Requirements for regional centers. Each regional center wishing to participate in the Immigrant Investor Pilot Program shall submit a proposal to the Assistant Commissioner for Adjudications, which:

(i) Clearly describes how the regional center focuses on a geographical region of the United States, and how it will promote economic growth through increased export sales, improved regional productivity, job creation, and increased domestic capital investment;

(ii) Provides in verifiable detail how jobs will be created indirectly through increased exports;

(iii) Provides a detailed statement regarding the amount and source of capital which has been committed to the regional center, as well as a description of the promotional efforts taken and planned by the sponsors of the regional center;

² The Form G-28, Notice of Entry of Appearance as Attorney or Accredited Representative, may be accessed at www.uscis.gov, Home > Forms.

(iv) Contains a detailed prediction regarding the manner in which the regional center will have a positive impact on the regional or national economy in general as reflected by such factors as increased household earnings, greater demand for business services, utilities, maintenance and repair, and construction both within and without the regional center; and

(v) Is supported by economically or statistically valid forecasting tools, including, but not limited to, feasibility studies, analyses of foreign and domestic markets for the goods or services to be exported, and/or multiplier tables.

Note that promoting economic growth through increased export sales is no longer a requirement.

The regulation at 8 CFR 103.2(a)(3) provides the following definitions:

(3) Representation. _An applicant or petitioner may be represented by an attorney in the United States, as defined in 1.1(f) of this chapter, by an attorney outside the United States as defined in 292.1(a)(6) of this chapter, or by an accredited representative as defined in 292.1(a)(4) of this chapter. A beneficiary of a petition is not a recognized party in such a proceeding. An application or petition presented in person by someone who is not the applicant or petitioner, or his or her representative as defined in this paragraph, shall be treated as if received through the mail, and the person advised that the applicant or petitioner, and his or her representative, will be notified of the decision. Where a notice of representation is submitted that is not properly signed, the application or petition will be processed as if the notice had not been submitted.

The regulation at 8 CFR 204.6(e) provides the following definitions:

Regional center

means any economic unit, public or private, which is involved with the promotion of economic growth, including increased export sales, improved regional productivity, job creation, and increased domestic capital investment.

A #	Application/Petition I924, Application for Regional Center under Immigrant Investor Pilot Program	
Receipt # RCW1033650013	Application/Petitioner Southern Star Regional Investment Center Llc	
Notice Date May 5, 2011	Page 1 of 9	Beneficiary

DARIN H. MANGUM, ESQ.
25511 BUDDER ROAD, SUITE 101
THE WOODLANDS, TX 77380

Request for Evidence

Notice also sent to:

RETURN THIS NOTICE ON TOP OF THE REQUESTED INFORMATION LISTED ON THE ATTACHED SHEET.

Note: You are given until July 28, 2011 in which to submit the requested information to the address at the bottom of this notice.

Pursuant to 8 C.F.R. 103.2(b)(11) failure to submit ALL evidence requested at one time may result in the denial of your application.

For more information, visit our website at www.uscis.gov

Or call us at 1-800-375-5283

Telephone service for the hearing impaired: 1-800-767-1833

COPY

CSC3553 WS22126 DIV III JT

You will be notified separately about any other applications or petitions you filed. Save this notice. Please enclose a copy of it if you write to us about this case, or if you file another application based on this decision. Our address is:

**USCIS - CALIFORNIA SERVICE CENTER
P.O. BOX 10590
LAGUNA NIGUEL, CA 92607-0590
800-375-5283**



RCW1033650013

Additional Information for Applicants and Petitioners.

General.

The filing of an application or petition does not in itself allow a person to enter or remain in the United States and does not confer any other right or benefit.

Inquiries.

If you do not hear from us within the processing time given on this notice and you want to know the status of this case, use InfoPass at www.uscis.gov to contact your local USCIS office or call our National Customer Service Center at 1-800-375-5283.

You should follow the same procedures before contacting your local USCIS office if you have questions about this notice.

Please have this form with you whenever you contact a local office about this case.

Requests for Evidence.

If this notice asks for more evidence, you can submit it or you can ask for a decision based on what you have already filed. When you reply, please include a copy of the other side of this notice and also include any papers attached to this notice.

Reply Period.

If this notice indicates that you must reply by a certain date and you do not reply by that date, we will issue a decision based on the evidence on file. No extension of time will be granted. After we issue a decision, any new evidence must be submitted with a new application or petition, motion or appeal, as discussed under "Denials".

Approval for a Petition.

Approval of an immigrant or nonimmigrant petition means that the beneficiary, the person for whom it was filed, has been found eligible for the requested classification. However, approval of a petition does not give any status or right. Actual status is given when the beneficiary is given the proper visa and uses it to enter the United States. Please contact the appropriate U.S. consulate directly if you have any questions about visa issuance.

For nonimmigrant petitions, the beneficiary should contact the consulate after receiving our approval notice. For approved immigrant petitions, the beneficiary should wait to be contacted by consulate.

If the beneficiary is now in the United States and believes he or she may be eligible for the new status without going abroad for a visa, he or she should use InfoPass to contact a local USCIS office about applying here.

Denials.

A denial means that after every consideration, USCIS concluded that the evidence submitted did not establish eligibility for the requested benefit.

If you believe there is more evidence that will establish eligibility, you can file a new application or petition, or you can file a motion to reopen this case. If you believe the denial is inconsistent with precedent decisions or regulations, you can file a motion for reconsideration.

If the front of this notice states that this denial can be appealed and you believe the decision is in error, you can file an appeal.

You can obtain more information about these processes by either using InfoPass to contact your local USCIS office, or by calling the National Customer Service Center.

A request for initial designation as a Regional Center under the Immigrant Investor Pilot Program ("Pilot Program") or an amendment to an existing Regional Center designation, may also involve:

1. A request for review of an exemplar Form I-526, Immigrant Petition by Alien Entrepreneur, prior to the filing of Form I-526 petitions by individual alien entrepreneurs with USCIS and/or;
2. In the case of a Regional Center amendment request, a review of a specific capital investment project where the regional center designation involved a review of an exemplar capital investment project.

It appears that you are requesting initial designation as a Regional Center under the Pilot Program.

Background:

The proposed Regional Center entity, Southern Star Regional Investment Center, LLC (SSRIC) is structured as a limited liability company "(LLC)". SSRIC is requesting jurisdiction over a geographic area consisting of 187 counties from the State of Texas and 58 counties from the State of Oklahoma. ACSRC plans to offer EB-5 capital investment opportunities in affiliated new commercial enterprises, organized as LLCs, to acquire, drill and develop oil and gas leases within the geographic area.

8 CFR 204.6 (m)(3), which is appended to this notice, describes the evidence that must be submitted in support of a Regional Center proposal. After review of your proposal, the following information, evidence and/or clarification are required. Note that in response to this notice, that it is helpful to provide a cover letter that acts as an executive summary, followed by a table of contents with sections that are tabbed at the bottom of the page.

Economic Entity (8 CFR 204.6(e))

The applicant has submitted an undated letter signed by Mehron P. Azarmehr requesting regional center designation on behalf of Southern Star Regional Investment Center, LLC. As such, clarify whether Mehron P. Azarmehr wrote that letter in the capacity of the principal of the proposed regional center. If not, identify the principal of the proposed regional center and submit a dated and signed letter from the principal requesting the regional center designation.

The applicant has not identified the target economic industry clusters and provided the North American Industry Classification System codes associated with each target economic industry cluster. USCIS offers clear instruction about this issue in Page 2 of the Instruction for Form I-924: "Provide the industry category title and the North American Industry Classification System (NAICS) code for each industrial category..." In addition, this documentation has typically been provided even in regional center proposals that were filed prior to the implementation date of the Form I-924 application.

The Economic Impact Study prepared by the Center for Community and Business Research of the Institute for Economic Development of the University of Texas at San Antonio cited the NAICS code of 213112 relating to

support activities for oil and gas operations. However, it is unclear whether this industry is the only economic category contemplated by SSRIC. As such, please list the industry categories and the NAICS codes associated with each industry category in the following format:

- | | |
|-----------------------------|--------------------------------|
| 1. NAICS code (e.g. 112511) | Category 1 (e.g. fish farming) |
| 2. NAICS code | Category 2 |
| 3. NAICS code | Category 3, and so on. |

Promotion of Economic Growth within the selected Geographic Area (8 CFR 204.6(m)(3)(i)):

A Regional Center's geographic area must be contiguous and clearly delineated. Please do not confuse the Regional Center's jurisdiction over a geographic area, with the geographic area that is a Targeted Employment Area ("TEA") which may be located within the bounds of your Regional Center's jurisdiction. These are two different and distinct geographic areas and concepts.

Note: For immigrant investors requesting the reduced threshold of \$500,000 based upon an investment in a TEA, the immigrant investor must when filing a Form I-526, establish at the time of filing that the investment will be made either in a TEA designated area or was in a TEA designated area at the time of the alien's initial investment into the enterprise. TEA determinations are not made within the context of the adjudication of Regional Center Proposals and thus cannot be relied on to establish TEA eligibility in prospective Form I-526 petitions.

The applicant submits a map of the geographic area as Exhibit C of the business plan of the proposed regional center; however, the applicant has not listed all the counties comprising the geographic area. The Economic Impact Study prepared by the Center for Community and Business Research of the Institute for Economic Development of the University of Texas at San Antonio mentions that the area of study includes 187 counties from the State of Texas and 58 counties from the State of Oklahoma. As such, please clarify whether the geographic area of SSRIC consists of these counties. If affirmative, provide a list of these counties.

Regional or National impact of the Regional Center (8 CFR 204.6 (m)(3)(iv)):

Regulations at 8 CFR 204.6(m)(3)(iv) require that the proposal contain:

...a detailed prediction regarding the manner in which the regional center will have a positive impact on the regional or national economy in general as reflected by such factors as increased household earnings, greater demand for business services, utilities, maintenance and repair, and construction both within and without the regional center;

The applicant submitted an economic impact study prepared by the Center for Community and Business Research of the Institute for Economic Development of the University of Texas at San Antonio discussing the projected impact of the regional center on full time employment, employment compensation, gross state product and output. However, the analysis does not address how the regional center will have a positive

impact on the regional or national economy in such factors as increased household earnings, greater demand for business services, utilities, maintenance and repair and construction.

Provide a detailed prediction, which includes the topics of regional or national impact on household earnings, greater demand for business services, utilities, maintenance and repair, and construction both within and outside the Regional Center. The proposal should not make vague references to regional economic impacts but should provide actual monetary predictions and address the elements listed in USCIS regulations.

Regional Center's Operational Plan (8 CFR 204.6(m)(3)(iii) and 8 CFR 204.6(m)(6)):

Provide a Regional Center Operational plan that shows how the Regional Center will identify, assess and evaluate proposed investor projects and activities, and enterprises. In addition, please include a narrative and documentary evidence within the Regional Center plan that addresses the following areas:

- **Amount and Source of the Regional Center's Operating Capital (8 CFR 204.6(m)(3)(iii)):**

The applicant has not submitted a detailed statement relating to amount and source of capital which have been committed to the regional center except stating that the founders of the regional center have made a (b) (4) . The detailed statement described in 8 CFR 204.6(m)(3)(iii) should include the exact amount of funds that have been dedicated to the regional center to accomplish the goals of the Immigrant Investor Pilot Program, the source of the funds, whether the amount is sufficient to sustain the regional Center and evidence that that the funds have already been committed to the regional center.

Money already spent is money that has been committed and should also be included in the detailed statement of funds committed to the Regional Center. Certain expenses, such as document preparation and economic analyses, that have been incurred prior to filing the application for regional center designation, should be included in the detailed statement regarding the amount and source of funds committed to the regional center. Money placed in the corporate bank account could be considered committed to the regional center.

The statement should also show the regional center has sufficient funds, assets and resources committed to regional center for its continued operation until such time as it becomes self-sustaining through investor fees or other sources. Although the regulation only requires that the statement be detailed enough so it can be determined the committed funds are sufficient, additional items that could help serve this purpose are financial statements, balance sheets and statement of income and expenses showing the center's financial position.

As such, please provide a detailed statement and documentary evidence that identifies the amount and source of capital committed to the Regional Center, which explains:

- The amount of funds that have been dedicated to the Regional Center;
- The source of such funds; and
- How the amount is sufficient to sustain the Regional Center.

Note: A Regional Center must have sufficient capital to operate in the manner outlined in the proposal from sources apart from the immigrant investors' required capital investment.

- **Regional Center's Operational Plan- Recruitment and Due Diligence (8 CFR 204.6(m)(3)(iii):**

The applicant states that it has retained the immigration law firm of Azarmehr & Associates, P.C. to conduct due diligence reviews of all prospective investors. It is recommended that the Regional Center engage in a due diligence process to establish that all prospective immigrant investors' has been lawfully obtained. Note that a Form I-526 may not be approved unless the immigrant investor's capital is shown to be from a lawful source. Identifying and resolving issues regarding this EB-5 requirement prior to the filing of the immigrant investor's Form I-526 may assist in obtaining a favorable decision in these petitions.

Submit the Regional Center operational plan which addresses how investors will be recruited and how the Regional Center will conduct its due diligence, if any, to ensure that all of the immigrant investors' capital investment funds are from lawful sources. Please describe what measures, if any, will be taken by the Regional Center to identify and resolve issues with the prospective immigrant investors' lawful source of funds prior to the investment.

- **Regional Center's Operational Plan-Promotional Efforts (8 CFR 204.6(m)(3)(iii):**

(b) (4)



- **Administrative Oversight (8 CFR 204.6(m)(6):**

The applicant offers no information about its administrative oversight responsibility.

- Please provide a statement that fully describes how the Regional Center will oversee the EB-5 capital investment activities in a manner that would allow the Regional Center

to be fully responsive to the yearly information collection requirements of the Form I-924A Supplement¹.

Note: 8 CFR 204.6(m)(6) requires that an approved Regional Center must continue to meet the statutory requirements of the Pilot Program. Please note that commencing with fiscal year 2011 (October 1, 2010 – September 30, 2011), each approved Regional Center must comply with the Form I-924A Supplement reporting requirements.

Indirect Job Creation (8 CFR 204.6(m)(3)(ii)):

Section 610(c) of the Departments of Commerce, Justice and State, the Judiciary, and Related Agencies Appropriations Act of 1993, as amended, allows aliens admitted under the pilot program described in this section to establish reasonable methodologies for determining the number of jobs created by the pilot program, including jobs which are estimated to have been created indirectly through revenues, improved regional productivity, job creation, or increased domestic capital investment resulting from the pilot program.

8 CFR 204.6(m)(3)(ii) requires that a Regional Center proposal must provide in verifiable detail how jobs will be created indirectly, while 8 CFR 204.6(m)(3)(v) describes the analytical tools that the Regional Center must employ when making economic and job creation predictions. It is also noted in 8 CFR 204.6(m)(1) in pertinent part that *except as provided herein, aliens seeking to obtain immigration benefits under this paragraph continue to be subject to all conditions and restrictions set forth in section 203(b)(5) of the Act and this section.*

It is important to note that the quality of the prospective job creation estimates provided by an econometric analysis is first and foremost predicated on the quality and reasonableness of the information and assumptions that are used as the basis for the analysis. Therefore, any business plan, exemplar or actual, provided in support of a Regional Center proposal or amendment must contain sufficient specificity to provide valid and reasoned inputs into the econometric model, if such a model is used to demonstrate job creation for EB-5 purposes. Otherwise, a determination cannot be made that the Regional Center proposal demonstrates in “verifiable detail” that the requisite jobs will be created.

Each immigrant investor must demonstrate at the time of the filing of the Form I-526 that the job-creating capital investment project is feasible and that it will create the requisite ten jobs within a reasonable time. The immigrant investor must subsequently demonstrate at the filing of the Form I-829, Petition to Remove Conditions, that the capital investment project approved in the Form I-526 has been realized in accordance with the business plan that formed the basis for the I-526 approval, and that as a result the requisite ten jobs either have or will be created within a reasonable time. Therefore, the ability of PAERC to address the issues regarding the feasibility of each capital investment project, the validity of the economic analysis, and the timing of the EB-5 job creation is critical to the successful completion of the immigrant investor’s immigration process.

¹ The Form I-924A Supplement and instructions may be accessed at www.uscis.gov, Home > Forms.

(b) (4)

In light of the above, please provide an exemplar or actual business plan for each of the projects mentioned above. The business plan and economic analysis must show:

- The feasibility of the project under current market conditions within the Regional Center, including the cost of the project;
- Transparently show the basis for the data that will be used as the inputs to the model (to include how the estimation of the creation of the direct jobs are derived), and
- The step-by-step calculations used to determine the jobs that will be created, supported by the relevant data.
- The financing plan for each project in the industry category, the estimated number of alien investor involved in each project, the ratio of EB-5 contribution over domestic investment and the timeframe of the inflow of EB-5 monies into the project.

In addition, the submission must clearly identify the timeframe for the commencement, implementation, and realization of each project, how the investors' funds will flow to the job creating entity, and as a result, how the jobs will be created.

(b) (4)

Economic Entity (8 CFR 204.6(e))

The applicant submits a copy of the Operating Agreement of Southern Star Regional Investment Center, LLC. However, the applicant has not submitted documentation that the latter was legally established with the State of Texas.

- Provide evidence that the Regional Center qualifies as an economic entity, which may include incorporation papers, partnership agreements or other documentation.

Note: The Regional Center must have been legally established as an economic entity as of the time of filing of the proposal.

Attorney Representation (8 CFR 103.2(a)(3))

The letter requesting regional designation was signed by Mr. Mehron P. Azarmehr under the letterhead of Azarmehr & Associates, P.C. It is unclear whether Mr. Azarmehr signed the letter as the attorney on record. If so, please submit a properly executed Form G-28².

Posting of Regional Center information on the USCIS Web site:

If the Regional Center Proposal is approved, then public contact information relating to the Regional Center will be posted on the USCIS web site. In order to provide accurate and updated information provide the following, as it relates to the Regional Center:

- Name of the Regional Center
- Public address
- Public Point of Contact
- Phone/Fax
- E-mail/Web Page

Regulatory References:

The regulation at 8 CFR 204.6(m) provides, in pertinent part:

(3) Requirements for regional centers. Each regional center wishing to participate in the Immigrant Investor Pilot Program shall submit a proposal to the Assistant Commissioner for Adjudications, which:

(i) Clearly describes how the regional center focuses on a geographical region of the United States, and how it will promote economic growth through increased export sales, improved regional productivity, job creation, and increased domestic capital investment;

(ii) Provides in verifiable detail how jobs will be created indirectly through increased exports;

(iii) Provides a detailed statement regarding the amount and source of capital which has been committed to the regional center, as well as a description of the promotional efforts taken and planned by the sponsors of the regional center;

(iv) Contains a detailed prediction regarding the manner in which the regional center will have a positive impact on the regional or national economy in general as reflected by such factors as

² The Form G-28, Notice of Entry of Appearance as Attorney or Accredited Representative, may be accessed at www.uscis.gov, Home > Forms.

increased household earnings, greater demand for business services, utilities, maintenance and repair, and construction both within and without the regional center; and

(v) Is supported by economically or statistically valid forecasting tools, including, but not limited to, feasibility studies, analyses of foreign and domestic markets for the goods or services to be exported, and/or multiplier tables.

Note that promoting economic growth through increased export sales is no longer a requirement.

The regulation at 8 CFR 103.2(a)(3) provides the following definitions:

(3) Representation. An applicant or petitioner may be represented by an attorney in the United States, as defined in 1.1(f) of this chapter, by an attorney outside the United States as defined in 292.1(a)(6) of this chapter, or by an accredited representative as defined in 292.1(a)(4) of this chapter. A beneficiary of a petition is not a recognized party in such a proceeding. An application or petition presented in person by someone who is not the applicant or petitioner, or his or her representative as defined in this paragraph, shall be treated as if received through the mail, and the person advised that the applicant or petitioner, and his or her representative, will be notified of the decision. Where a notice of representation is submitted that is not properly signed, the application or petition will be processed as if the notice had not been submitted.

The regulation at 8 CFR 204.6(e) provides the following definitions:

Regional center

means any economic unit, public or private, which is involved with the promotion of economic growth, including increased export sales, improved regional productivity, job creation, and increased domestic capital investment.

November 15, 2010

CONFIDENTIAL / FOIA PROTECTION REQUESTED PER EXEMPTION 9

VIA OVERNIGHT PRIVATE COURIER DELIVERY

U.S. Citizenship and Immigration Services
California Service Center
Attn: EB-5 Processing Unit
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

**Re: Application for Regional Center designation for
Southern Star Regional Investment Center LLC (the "Applicant")**

Ladies and Gentlemen:

Pursuant to Section 610 of Public Law 102-395 (October 6, 1992), as amended, the above-referenced Applicant hereby submits the enclosed proposal (contained in the enclosed two (2) duplicate 3-ring binders) seeking approval and designation by U.S. Citizenship and Immigration Services (USCIS) as a Regional Center within the Immigrant Investor Pilot Program.

If you have any questions, please do not hesitate to contact me.

Sincerely yours,



Mehron P. Azarmehr

Enclosure
MPA/cg

cc: Southern Star Regional Investment Center LLC
Darin H. Mangum, Esq.
Ketan U. Kharod, Esq.

REC'D CSC 18NOV16 8:40
AL3100621



SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC

Brownstone-Anderson Building, 25511 Budde Road, Suite 101, The Woodlands, Texas 77380 USA
E-mail: EB5@southernstaroil.com Web: www.southernstaroil.com/EB5 Telephone: (281) 940-7105

REGIONAL CENTER APPLICATION

SUBMITTED TO:

UNITED STATES CITIZENSHIP AND IMMIGRATION SERVICES

November 15, 2010

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TAB K:	Form of Limited Partnership Agreement
TAB L:	Form of Subscription Agreement & Suitability Questionnaire
TAB M:	Applicant Operating Agreement



A



SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC

Brownstone-Anderson Building, 25511 Budde Road, Suite 101, The Woodlands, Texas 77380 USA
E-mail: EB5@southernstaroil.com Web: www.southernstaroil.com/EB5 Telephone: (281) 940-7105

BUSINESS PLAN

Overview

As our world economy becomes more intertwined than ever before, the United States' dependence upon foreign oil imports has reached critical levels. Long-term trend for energy prices remains high. Factors believed to play a role in this situation include:

- Volatile US dollar;
- Long-term global demand for oil and gas;
- Emerging economies of China and India as well as many other developing nations;
- Fewer major oil and gas discoveries;
- Changing weather patterns;
- International conflicts;
- International producing cartels (OPEC) and dictatorial regimes; and
- Political and/or legal uncertainty regarding offshore oil drilling in the Gulf of Mexico.

Oil and gas producing properties in the United States are unique among the world's hydrocarbon resources. While most nations have nationalized their oil and gas industries, the United States is the rare example where an individual investor may own producing oil and gas properties and/or fractional interests therein.

Southern Star Regional Investment Center LLC ("we", "our", "us", or the "Applicant") believes a window of opportunity has opened to develop America's remaining energy reserves. Twenty years ago, there was plenty of funding available for domestic energy projects and high quality projects were hard to find. Independent oil companies and the major oil companies were competing for leases. Today, however, the tables have turned. The major energy companies are currently spending most of their money offshore and overseas. They are selling their domestic production to the smaller independent oil companies and, with the exception of very large acreage blocks, they are allowing most of their domestic leases to expire. Usually, independent energy companies pick up acreage when the majors move out of an area, but those conditions no longer exist. Many small energy companies have either closed their doors or do not have sufficient cash to purchase the thousands of oil and gas productive leases and still operate the wells on their properties.

Due to the market conditions described above, we believe we can presently find relatively lower-risk, in-field developmental projects in the U.S. petroleum industry that were only dreamed of decades ago. With the major oil companies focusing on projects elsewhere, provided sufficient capital we are able to acquire, develop and operate prime oil and gas leases in the heart of America's energy producing areas.

Purpose / Focus and Form of Investment Activity

We are a Texas limited liability company whose intended principal business investment activity and purposes are, among other things:

- (i) to facilitate investment into the U.S. domestic on-shore petroleum industry to foster energy independence, job creation and economic stimulus;
- (ii) to operate as a designated "Regional Center" pursuant to rules promulgated by USCIS;
- (iii) to acquire, own, hold for investment, develop, drill, market, maintain, operate, improve, sell, lease, and/or otherwise administer U.S. domestic on-shore oil and gas leases and related assets with proved undeveloped and/or potential crude oil and/or natural gas reserves or production (including all forms of sub-surface commercial hydrocarbons existing a natural liquid or gaseous state) within the Geographic Area (defined below).

In addition to the above, we seek to help foreign nationals realize capital appreciation and income streams from investments in the U.S. petroleum industry while obtaining lawful permanent U.S. residency through the Immigrant Investor Pilot Program. We expect such investments will typically be in oil and gas leases, in-field development drilling opportunities, royalty interests, mineral rights, completion activities and other energy investments identified, sponsored and structured by us.

(b) (4)



We intend to set the minimum capital investment threshold for any individual immigrant investment at USD \$500,000 if the investment target for the LP is located within a Targeted Employment Area (TEA) and/or Rural Area (RA) or \$1,000,000 if it is located outside of a TEA or RA or within a designated Metropolitan Statistical Area ("MSA"). No debt arrangements will be acceptable. A full capital investment must be made and placed at risk.

The LP offerings will be exempted from registration under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to Section 4(2), 4(6) and/or Rule 506 of Regulation D of the Securities Act and/or Regulation S promulgated thereunder. The LP's will be organized so as not to be deemed an "investment company" as that term is defined under the Investment

Company Act of 1940 (the "1940 Act"). Specifically, the LP will be structured so as to be excluded from the definition of "investment company" pursuant to Section 3(c)(9) exemption of the 1940 Act which exempts companies whose *"business consists of owning or holding oil, gas, or other mineral royalties or leases, or fractional interests therein, or certificates of interest or participation in or investment contracts relative to such royalties, leases, or fractional interests."*

(b) (4)



Geographic Area

The proposed contiguous Geographic Area (See *TAB C*) of we includes certain counties within the States of Texas and Oklahoma where there are known existing oil and gas fields.

The unique contour of the Geographic Area is based upon maps of current and historical oil and gas fields published by the Texas Railroad Commission Oil and Gas Division (See *TAB F*) and the Oklahoma Geological Survey (See *TAB G*).

(b) (4)

Counties included within the Geographical Area are:

TEXAS*

Sherman (10)
Moore (10)
Potter (10)
Hansford (10)
Hutchinson (10)
Carson (10)
Ochiltree (10)
Roberts (10)
Gray (10)
Lipscomb (10)
Hemphill (10)
Wheeler (10)
Collingsworth (10)
Cottle (8A)
King (8A)
Dickens (8A)
Crosby (8A)
Lubbock (8A)
Hockley (8A)
Cochran (8A)
Yoakum (8A)
Terry (8A)

OKLAHOMA†

Kay (I)
Noble (I)
Payne (I)
Lincoln (I)
Okfuskee (I)
Creek (I)
Pawnee (I)
Osage (I)
Washington (I)
Tulsa (I)
Okmulgee (I)
Muskogee (I)
Waggoner (I)
Rogers (I)
Nowata (I)
Craig (I)
Mayes (I)
Texas (II)
Beaver (II)
Harper (II)
Woods (II)
Alfalfa (II)

* Corresponding Texas Railroad Commission Oil and Gas Division District No. in parentheses.

† Corresponding Oklahoma Corporation Commission Oil and Gas Division District No. in parentheses.

Lynn (8A)
Garza (8A)
Kent (8A)
Scurry (8A)
Borden (8A)
Dawson (8A)
Gaines (8A)
Andrews (8)
Martin (8)
Howard (8)
Mitchell (8)
Sterling (8)
Glasscock (8)
Midland (8)
Ector (8)
Wrinkler (8)
Loving (8)
Reeves (8)
Ward (8)
Crane (8)
Pecos (8)
Terrell (7C)
Crockett (7C)
Upton (7C)
Reagan (7C)
Irion (7C)
Tom Green (7C)
Coke (7C)
Runnels (7C)
Concho (7C)
McCulloch (7C)
Menard (7C)
Schleicher (7C)
Sutton (7C)
Kimble (7C)
Edwards (1)
Stonewall (7B)
Haskell (7B)
Throckmorton (7B)
Fisher (7B)
Jones (7B)
Shackelford (7B)
Stephens (7B)
Palo Pinto (7B)
Parker (7B)
Nolan (7B)

Grant (II)
Garfield (II)
Major (II)
Woodward (II)
Ellis (II)
Roger Mills (II)
Dewey (II)
Custer (II)
Blaine (II)
Kingfisher (II)
Canadian (II)
Logan (II)
Oklahoma (II)
Beckham (III)
Washita (III)
Caddo (III)
Grady (III)
McClain (III)
Cleveland (III)
Garvin (III)
Stephens (III)
Carter (III)
Murray (III)
Jefferson (III)
Love (III)
Pottawatomie (IV)
Seminole (IV)
Pontotoc (IV)
Johnston (IV)
Marshall (IV)
Hughes (IV)
McIntosh (IV)
Pittsburg (IV)
Haskell (IV)
Latimer (IV)
Le Flore (IV)

Taylor (7B)
Callahan (7B)
Eastland (7B)
Erath (7B)
Hood (7B)
Somervell (7B)
Comanche (7B)
Brown (7B)
Coleman (7B)
Hardeman (9)
Foard (9)
Knox (9)
Wilbarger (9)
Baylor (9)
Wichita (9)
Archer (9)
Young (9)
Clay (9)
Jack (9)
Montague (9)
Wise (9)
Cooke (9)
Denton (9)
Grayson (9)
Tarrant (5)
Johnson (5)
Hill (5)
McLennan (5)
Falls (5)
Robertson (5)
Leon (5)
Limestone (5)
Freestone (5)
Navarro (5)
Van Zandt (5)
Marion (6)
Harrison (6)
Gregg (6)
Upshur (6)
Wood (6)
Smith (6)
Rusk (6)
Panola (6)
Shelby (6)
Nacogdoches (6)
Cherokee (6)

Anderson (6)
Houston (6)
Angelina (6)
San Augustine (6)
Sabine (6)
Milam (1)
Bastrop (1)
Caldwell (1)
Guadalupe (1)
Bexar (1)
Medina (1)
Frio (1)
Zavala (1)
Maverick (1)
Dimmit (1)
La Salle (1)
McMullen (1)
Atascosa (1)
Wilson (1)
Gonzales (1)
Lee (3)
Burleson (3)
Brazos (3)
Madison (3)
Grimes (3)
Walker (3)
Trinity (3)
San Jacinto (3)
Polk (3)
Tyler (3)
Jasper (3)
Newton (3)
Orange (3)
Jefferson (3)
Hardin (3)
Liberty (3)
Chambers (3)
Galveston (3)
Harris (3)
Montgomery (3)
Waller (3)
Washington (3)
Fayette (3)
Colorado (3)
Wharton (3)
Fort Bend (3)

Brazoria (3)
Matagorda (3)
Lavaca (2)
Dewitt (2)
Kames (2)
Live Oak (2)
Bee (2)
Goliad (2)
Victoria (2)
Jackson (2)
Calhoun (2)
Refugio (2)
Aransas (4)
San Patricio (4)
Nueces (4)
Kleberg (4)
Jim Wells (4)
Duval (4)
Webb (4)
Zapata (4)
Jim Hogg (4)
Brooks (4)
Kenedy (4)
Starr (4)
Hidalgo (4)
Willacy (4)
Cameron (4)

Also, as shown on the maps located in *TABS D and E*, portions or all of the following Metropolitan Statistical Areas (MSA) may be included within our Geographical Area.

However, as a Regional Center our policy will be for minimum investments by immigrant investors into the LP's to be set at \$1,000,000 if an LP project falls within a designated MSA (\$500,000 if outside a MSA) within the above-described Geographic Area:

TEXAS MSAs¹

Amarillo MSA
(Potter, Carson, Randall, and
Armstrong Counties)

Wichita Falls MSA
(Wichita, Archer and Clay Counties)

Sherman-Denison MSA
(Grayson County)

Texarkana MSA
(Bowie County)

Longview MSA
(Upshur, Gregg, and Rusk Counties)

Tyler MSA
(Smith County)

Dallas-Fort Worth-Arlington MSA
(Wise, Denton, Collin, Hunt, Delta,
Parker, Tarrant, Dallas, Rockwall,
Kaufman, Johnson and Ellis
Counties)

Abilene MSA
(Jones, Taylor and Callahan
Counties)

Lubbock MSA
(Lubbock and Crosby Counties)

El Paso MSA
(El Paso County)

Odessa MSA

OKLAHOMA MSAs²

Enid MSA
(Garfield County)

Lawton MSA
(Comanche County)

Oklahoma City MSA
(Logan, Canadian,
Oklahoma, Cleveland,
McClain, and
Pottawatomie Counties)

Tulsa MSA
(Osage, Creek, Tulsa,
Rogers, and Wagoner
Counties)

Ft. Smith MSA
(Sequoyah County)

¹ As determined and published by the Texas State Data Center and Office of the State Demographer at http://txsdc.utsa.edu/maps/reference/txmsa07_ref.php

² As determined and published by the Oklahoma Employment Security Commission at <http://www.oesc.state.ok.us/lmi/OKLFData2/MSAmap.htm>

(Ector County)

Midland MSA
(Midland County)

San Angelo MSA
(Irion and Tom Green Counties)

Killeen-Temple-Fort Hood MSA
(Lampasas, Coryell, and Bell
Counties)

Waco MSA
(McLennan County)

College-Station-Bryan MSA
(Robertson, Brazos and Burleson
Counties)

Houston-Sugar Land-Baytown MSA
(Montgomery, San Jacinto, Liberty,
Harris, Chambers, Galveston,
Brazoria, Fort Bend, Waller, and
Austin Counties)

Austin-Round Rock MSA
(Williamson, Travis, Hays, Caldwell
and Bastrop Counties)

San Antonio MSA
(Kendall, Comal, Guadalupe,
Bandera, Medina, Bexar, Wilson,
and Atascosa Counties)

Victoria MSA
(Goliad, Victoria, and Calhoun
Counties)

Corpus Christi MSA
(Aransas, San Patricio, and Nueces
Counties)

Laredo MSA
(Webb County)

McAllen-Edinburg-Mission MSA

(Hidalgo County)

Brownsville-Harlingen MSA

(Cameron County)

Our Geographical Area may contain some High Unemployment Targeted Employment Areas (TEAs) as designated by the States of Texas and Oklahoma, and rural TEAs as defined in 8 CFR 204.6(e). Therefore, we intend to set the minimum capital investment threshold for any individual immigrant investment at USD \$500,000 if the investment target is located within a TEA or is located within a rural area (RA) and \$1,000,000 if it is located inside a MSA. No debt arrangements will be acceptable. A full capital investment must be made and placed at risk.

Job Creation / Economic Impact and Analysis

The enclosed economic analysis by economists and Professors Dominique Halaby and Javier Oyakawa of University of Texas at San Antonio (See attached economic impact study in **TAB B** attached hereto) and our indirect job creation model and multipliers show, provided the activities described in the model are performed by we, a reasonable basis for projecting creation of (b) (4) direct, indirect, or induced full time equivalent jobs to be achieved / realized within two (2) years pursuant to 8 CFR 204.6(j)(4)(B).

Professors Halaby's and Oyakawa's economic study also includes a detailed prediction of the job-creative effect of our intended business plan, within our Geographical Area.

Given the above, we believe the overall economic impact and job-creation effect within the Geographic Area due to our operations will be favorable and consistent with the spirit and intent of the Immigrant Investor Pilot Program.

Amount and Source of Capital

(b) (4)



Due Diligence Procedure to Establish Lawful Sources of Capital

We have retained the immigration law firm of Azarmehr & Associates, P.C. (and/or may employ others as needed), to conduct due diligence reviews of all prospective immigrant investors to ensure that all sources of capital can be fully explained and shown to have been lawfully obtained.

For each prospective immigrant investor, we will maintain a “due diligence file” prior to and subsequent to release of escrowed funds containing at least the following documentation:

- Proof of source of funds;
- Anti-money laundering OFIS verification;
- Tax returns (or their equivalent) from their country of origin for past three (3) years; and
- Other relevant due diligence information.

Description of Promotional Efforts

Due to our pending status as a Regional Center, only limited promotional or marketing activities have been undertaken to date. Once approval is obtained, we intends to market our first investment vehicle according to U.S. private placement guidelines or Regulation S by contacting immigration law firms who may have foreign national clients seeking to obtain permanent U.S. residency through the Immigrant Investor Pilot Program. We have budgeted approximately USD \$100,000 for marketing, all of which funds shall come from seed capital equity investments from our founders and/or their affiliates.

Corporate Structure of Applicant

We are a newly-formed Texas limited liability company whose intended principal business investment activity and purposes are, among other things: (i) to facilitate investment into the U.S. domestic on-shore petroleum industry to foster energy independence, job creation and economic stimulus; (ii) to operate as a designated “Regional Center” pursuant to rules promulgated by USCIS; and (iii) to acquire, own, hold for investment, develop, drill, market, maintain, operate, improve, sell, lease, and/or otherwise administer U.S. domestic on-shore oil and gas leases and related assets with proved undeveloped and/or potential crude oil and/or natural gas reserves or production (including all forms of sub-surface commercial hydrocarbons existing a natural liquid or gaseous state) within the Geographic Area.

Our *Operating Agreement* is attached hereto in *TAB M*.

The form of *Escrow Agreement, Partnership Agreement, Suitability Questionnaire and Subscription Agreement, and Escrow Agreement* for the proposed LP’s are included as exhibits to the *PPM* and are also attached hereto in *TABS J, K, and L*, respectively.

Plan of Administration and Management

We intend to retain administrative personnel to maintain the following records in order to

ensure compliance with USCIS rules and regulations:

1. Name, date of birth, petition receipt number, and alien registration number (if assigned by USCIS) of each principal immigrant investor who has made an investment and has filed an EB-5/I-526 Petition with USCIS, specifying whether the petition was filed, is pending, was approved, denied, or withdrawn by the petitioner, together with the date(s) of such event.
2. The total number of visas represented in each case for the principal alien investor identified above, plus his/her dependents (spouse and children) for whom immigrant status is sought or has been granted.
3. The country of nationality of each alien investor who has made an investment and filed an EB-5/I-526 petition with USCIS.
4. The U.S. city and state of residence (or intended residence) of each alien investor who has made an investment and filed an EB-5/I-526 petition with USCIS.
5. For each alien investor a record identifying the date(s) of their investment in one or more of our LPs, the amount(s) of such investment, and the date(s), nature, and amount(s) of any payment/remuneration/profit/return on investment made to the alien investor by our LP from when the investment was initiated to the present.
6. For each LP, a record of (i) received alien investors' capital, and in what aggregate amounts; (ii) received non-EB-5 domestic capital that has been combined and invested together, specifying the separate aggregate amounts of the domestic investment capital; and, (iii) as applicable, of the total investor capital (alien and domestic) identified above, a record identifying and listing (a) the name and address of each "direct" job creating commercial enterprise; and (b) the industry category for each indirect job creating investment activity.
7. A list of the total aggregate number of approved EB-5 alien investor I-526 petitions per each Federal Fiscal Year to date made through we.
8. A list of the total aggregate number of approved EB-5 alien investor I-829 petitions per each Federal Fiscal Year to date through Applicant.
9. An itemization of the total aggregate sum of EB-5 alien capital invested through Applicant for each Federal Fiscal Year to date since approval and designation.
10. A report of the combined total aggregate of "new" direct and/or indirect jobs created by EB-5 investors through Applicant for each Federal Fiscal Year to date since approval and designation.

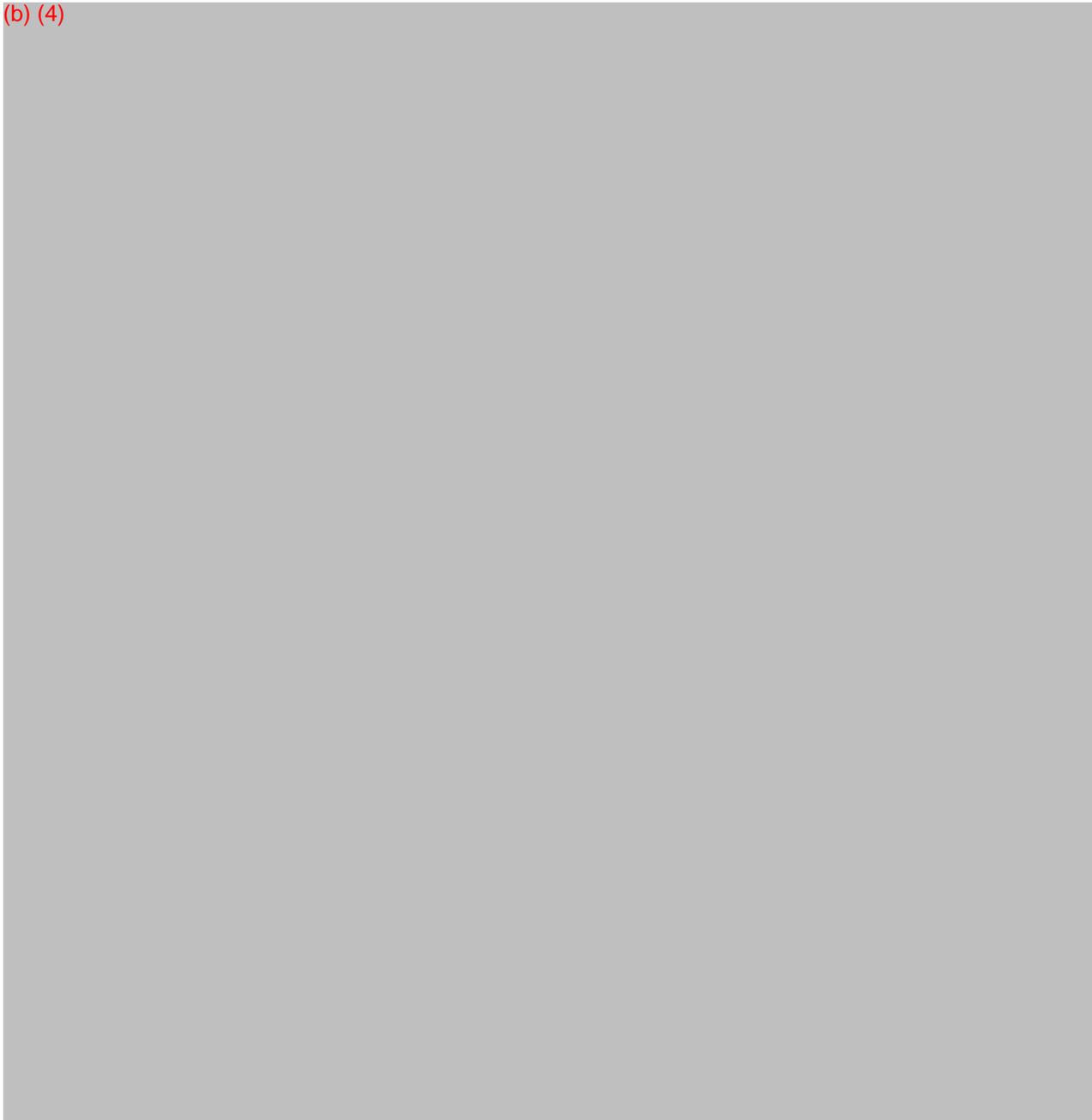
11. If applicable, a list of the total aggregate of “preserved” or saved jobs by EB-5 alien investors into troubled businesses through Applicant for each Federal Fiscal Year to date since approval and designation.
12. For any given Federal Fiscal Year Applicant does not have investors to report, then a list providing a detailed written explanation for the inactivity and a specific plan which specifies the budget, timelines, milestones and critical steps to actively promote our Regional Center program, identify and recruit legitimate and viable alien investors, and a strategy to invest into job creating enterprises and/or investment activities within the Regional Center.
13. A hard copy of our website which represents fully what Applicant has posted thereon, as well as a current web address.
14. A file containing all of our hard copy promotional materials such as brochures, flyers, press articles, advertisements, etc.

In addition to the foregoing records, prior to acquisition of oil and gas related assets or deployment of LP funds, we intends to utilize the following *Due Diligence Checklist* to ensure it meets our general acquisition criteria and Geographic Area as outlined above:

(b) (4)



(b) (4)



Any questions regarding our record-keeping and administrative plan can be directed to:

Darin H. Mangum, Esq.
Director of Compliance
Southern Star Regional Investment Center LLC
Brownstone-Anderson Building
25511 Budde Road, Suite 101
The Woodlands, Texas 77380 USA

E-mail: EB5@southernstaroil.com
Telephone: (281) 940-7105

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Southern Star Regional Investment Center LLC

Economic Impact Study

Performed by:

Center for Community and Business Research
Institute for Economic Development
The University of Texas at San Antonio

November 2010

Institute for  **Economic Development**
The University of Texas at San Antonio

This report presents the results and assumptions made in this economic impact analysis for Southern Star Regional Investment Center LLC. For the analysis we used the software IMPLAN version 3.¹ According to this model and based upon the information provided, we estimated the impacts of drilling, construction, and related operations of the project in several counties in the states of Texas and Oklahoma (See Appendix A).²

(b) (4)



APPENDIX A

Texas 187 counties				
Anderson	Dewitt	Howard	Menard	Starr
Andrews	Dickens	Hutchinson	Midland	Stephens
Angelina	Dimmit	Irion	Milam	Sterling
Aransas	Duval	Jack	Mitchell	Stonewall
Archer	Eastland	Jackson	Montague	Sutton
Atascosa	Ector	Jasper	Montgomery	Tarrant
Bastrop	Edwards	Jefferson	Moore	Taylor
Baylor	Erath	Jim Hogg	Nacogdoches	Terrell
Bee	Falls	Jim Wells	Navarro	Terry
Bexar	Fayette	Johnson	Newton	Throckmorton
Borden	Fisher	Jones	Nolan	Tom Green
Brazoria	Foard	Kames	Nueces	Trinity
Brazos	Fort Bend	Kenedy	Ochiltree	Tyler
Brooks	Freestone	Kent	Orange	Upshur
Brown	Frio	Kimble	Palo Pinto	Upton
Burleson	Gaines	King	Panola	Van Zandt
Caldwell	Galveston	Kleberg	Parker	Victoria
Calhoun	Garza	Knox	Pecos	Walker
Callahan	Glasscock	La Salle	Polk	Waller
Cameron	Goliad	Lavaca	Potter	Ward
Carson	Gonzales	Lee	Reagan	Washington
Chambers	Gray	Leon	Reeves	Webb
Cherokee	Grayson	Liberty	Refugio	Wharton
Clay	Gregg	Limestone	Roberts	Wheeler
Cochran	Grimes	Lipscomb	Robertson	Wichita
Coke	Guadalupe	Live Oak	Runnels	Wilbarger
Coleman	Hansford	Loving	Rusk	Willacy
Collingsworth	Hardeman	Lubbock	Sabine	Wilson
Colorado	Hardin	Lynn	San Augustine	Wise
Comanche	Harris	Madison	San Jacinto	Wood
Concho	Harrison	Marion	San Patricio	Wrinkler
Cooke	Haskell	Martin	Schleicher	Yoakum
Cottle	Hemphill	Matagorda	Scurry	Young
Crane	Hidalgo	Maverick	Shackelford	Zapata
Crockett	Hill	McCulloch	Shelby	Zavala
Crosby	Hockley	McLennan	Sherman	
Dawson	Hood	McMullen	Smith	
Denton	Houston	Medina	Somervell	

Oklahoma 58 counties	
Kay	Custer
Noble	Blaine
Payne	Kingfisher
Lincoln	Canadian
Okfuskee	Logan
Creek	Oklahoma
Pawnee	Beckham
Osage	Washita
Washington	Caddo
Tulsa	Grady
Okmulgee	McClain
Muskogee	Cleveland
Waggoner	Garvin
Rogers	Stephens
Nowata	Carter
Craig	Murray
Mayes	Jefferson
Texas	Love
Beaver	Pottawatomie
Harper	Seminole
Woods	Pontotoc
Alfalfa	Johnston
Grant	Marshall
Garfield	Hughes
Major	McIntosh
Woodward	Pittsburg
Ellis	Haskell
Roger Mills	Latimer
Dewey	Le Flore

APPENDIX B

Ranked from highest to lowest unemployment rate, the Oklahoma county employment rates for September 2010 are:

County Name	September-10			
	Employed	Labor Force	Unemployed	Rate
Latimer County, OK	3740	4180	440	10.4
Le Flore County, OK	18390	20330	1940	9.6
Okmulgee County, OK	14280	15770	1490	9.4
Hughes County, OK	5500	6050	560	9.2
Pawnee County, OK	6580	7200	620	8.6
Okfuskee County, OK	4460	4870	410	8.4
Mayes County, OK	17270	18830	1560	8.3
Nowata County, OK	4720	5140	430	8.3
Creek County, OK	28230	30740	2510	8.2
Seminole County, OK	10360	11290	930	8.2
McIntosh County, OK	8330	9070	740	8.2
Osage County, OK	18190	19770	1580	8
Blaine County, OK	4650	5050	400	7.9
Kay County, OK	21490	23240	1760	7.6
Muskogee County, OK	29120	31470	2350	7.5
Jefferson County, OK	2340	2520	190	7.5
Tulsa County, OK	267450	288360	20910	7.3
Rogers County, OK	36680	39500	2830	7.2
Wagoner County, OK	30290	32650	2370	7.2
Marshall County, OK	6110	6550	440	6.7
Haskell County, OK	5800	6210	420	6.7
Johnston County, OK	4840	5190	350	6.7
Stephens County, OK	20270	21700	1430	6.6
Oklahoma County, OK	306470	327380	20910	6.4
Pittsburg County, OK	22730	24270	1540	6.3
Grady County, OK	21630	23090	1460	6.3
Lincoln County, OK	13070	13940	860	6.2
Pottawatomie County, OK	32260	34340	2080	6.1
Caddo County, OK	12310	13100	800	6.1
Logan County, OK	16830	17890	1060	5.9
Payne County, OK	32000	33970	1970	5.8
Washington County, OK	26240	27830	1580	5.7
Craig County, OK	7350	7790	440	5.7
McClain County, OK	14180	15020	840	5.6
Noble County, OK	5490	5820	330	5.6
Canadian County, OK	49500	52370	2870	5.5
Garvin County, OK	14090	14920	830	5.5
Texas County, OK	6470	6850	380	5.5
Cleveland County, OK	113330	119750	6420	5.4
Woodward County, OK	10490	11070	590	5.3
Carter County, OK	25640	27060	1420	5.2

Alfalfa County, OK	2400	2520	130	5.1
Pontotoc County, OK	19790	20810	1020	4.9
Washita County, OK	5890	6190	300	4.8
Garfield County, OK	30940	32420	1480	4.6
Beckham County, OK	11200	11730	530	4.5
Love County, OK	5100	5350	240	4.5
Kingfisher County, OK	7400	7740	340	4.4
Custer County, OK	14810	15460	650	4.2
Major County, OK	4170	4360	190	4.2
Ellis County, OK	2240	2330	100	4.1
Dewey County, OK	2650	2760	110	3.9
Woods County, OK	4400	4580	170	3.8
Grant County, OK	2600	2710	100	3.8
Murray County, OK	9050	9400	350	3.7
Roger Mills County, OK	1830	1900	70	3.6
Harper County, OK	1990	2060	70	3.4
Beaver County, OK	3230	3330	100	3

Source: Oklahoma Employment Security Commission

http://www.ok.gov/oesc_web/Services/Find_Labor_Market_Statistics/LAUS

APPENDIX C

Ranked from highest to lowest unemployment rate, the Texas county employment rates for September 2010 are:

County Name	September-10			
	Employed	Labor Force	Unemployed	Rate
Starr County	20,859	24,867	4,008	16.1
Zavala County	3,262	3,872	610	15.8
Sabine County	3,040	3,588	548	15.3
Willacy County	7,330	8,419	1,089	12.9
Newton County	5,206	5,949	743	12.5
Maverick County	21,059	24,021	2,962	12.3
Dickens County	880	1,001	121	12.1
Hidalgo County	271,111	305,476	34,365	11.2
Jasper County	13,924	15,672	1,748	11.2
San Augustine County	3,166	3,564	398	11.2
Matagorda County	16,371	18,409	2,038	11.1
Cameron County	140,098	157,254	17,156	10.9
Duval County	4,675	5,245	570	10.9
Orange County	38,087	42,684	4,597	10.8
Jefferson County	104,945	117,377	12,432	10.6
Liberty County	29,065	32,448	3,383	10.4
Zapata County	4,725	5,276	551	10.4
Milam County	10,009	11,163	1,154	10.3
Reeves County	4,253	4,744	491	10.3
San Jacinto County	9,507	10,585	1,078	10.2
Terrell County	344	383	39	10.2
Marion County	4,548	5,045	497	9.9
Tyler County	7,809	8,670	861	9.9
Houston County	7,534	8,348	814	9.8
Loving County	37	41	4	9.8
Polk County	16,602	18,373	1,771	9.6
San Patricio County	28,438	31,467	3,029	9.6
Brooks County	3,089	3,412	323	9.5
Falls County	6,137	6,781	644	9.5
Runnels County	4,253	4,696	443	9.4
Bee County	10,977	12,104	1,127	9.3
Anderson County	19,289	21,235	1,946	9.2
Chambers County	13,480	14,847	1,367	9.2
Karnes County	4,932	5,433	501	9.2
Calhoun County	8,774	9,656	882	9.1
Dimmit County	3,951	4,344	393	9
Galveston County	134,047	146,979	12,932	8.8
Brazoria County	135,274	148,131	12,857	8.7
Cherokee County	19,011	20,815	1,804	8.7
Hardin County	24,438	26,764	2,326	8.7
La Salle County	2,552	2,796	244	8.7

Navarro County	19,958	21,848	1,890	8.7
Cochran County	1,405	1,534	129	8.4
Trinity County	5,536	6,044	508	8.4
Grimes County	11,043	12,045	1,002	8.3
Waller County	15,376	16,775	1,399	8.3
Coke County	1,215	1,323	108	8.2
Harris County	1,844,868	2,008,921	164,053	8.2
Harrison County	30,501	33,231	2,730	8.2
Mitchell County	3,211	3,498	287	8.2
Grayson County	53,325	58,005	4,680	8.1
Webb County	87,850	95,547	7,697	8.1
Wharton County	20,069	21,826	1,757	8.1
Aransas County	10,945	11,898	953	8
Concho County	1,247	1,356	109	8
DeWitt County	8,360	9,088	728	8
Schleicher County	1,332	1,448	116	8
Hill County	15,328	16,643	1,315	7.9
Shelby County	11,607	12,606	999	7.9
Tarrant County	842,467	914,860	72,393	7.9
Angelina County	36,341	39,422	3,081	7.8
Bastrop County	33,104	35,891	2,787	7.8
Caldwell County	15,059	16,328	1,269	7.8
Dawson County	5,083	5,514	431	7.8
Jim Wells County	20,694	22,448	1,754	7.8
Madison County	5,154	5,592	438	7.8
Wood County	17,499	18,974	1,475	7.8
Fort Bend County	254,096	275,372	21,276	7.7
Johnson County	70,107	75,948	5,841	7.7
Palo Pinto County	12,836	13,910	1,074	7.7
Eastland County	8,056	8,716	660	7.6
Nueces County	155,935	168,702	12,767	7.6
Upshur County	18,869	20,427	1,558	7.6
Robertson County	7,143	7,718	575	7.5
Wichita County	57,731	62,422	4,691	7.5
Atascosa County	18,302	19,771	1,469	7.4
Ector County	65,466	70,710	5,244	7.4
Hutchinson County	10,569	11,414	845	7.4
Montgomery County	203,654	219,956	16,302	7.4
Pecos County	7,715	8,329	614	7.4
Ward County	4,739	5,116	377	7.4
Wise County	26,448	28,560	2,112	7.4
Bexar County	724,982	781,980	56,998	7.3
Crosby County	2,540	2,740	200	7.3
Jones County	7,450	8,033	583	7.3
Medina County	19,018	20,525	1,507	7.3
Parker County	51,118	55,148	4,030	7.3
Rusk County	22,944	24,749	1,805	7.3
Smith County	95,124	102,663	7,539	7.3

Foard County	647	697	50	7.2
Frio County	7,095	7,646	551	7.2
Van Zandt County	25,031	26,964	1,933	7.2
Walker County	27,166	29,270	2,104	7.2
Denton County	329,675	355,034	25,359	7.1
Jim Hogg County	2,955	3,182	227	7.1
Winkler County	3,182	3,422	240	7
Colorado County	10,069	10,812	743	6.9
Crane County	1,686	1,811	125	6.9
Gregg County	61,177	65,741	4,564	6.9
Hardeman County	2,161	2,320	159	6.9
Hood County	25,423	27,320	1,897	6.9
Jackson County	6,562	7,046	484	6.9
Lavaca County	9,180	9,857	677	6.9
Victoria County	42,724	45,899	3,175	6.9
Wilson County	18,144	19,498	1,354	6.9
Brown County	18,338	19,676	1,338	6.8
Edwards County	981	1,053	72	6.8
McLennan County	110,719	118,801	8,082	6.8
Menard County	1,003	1,076	73	6.8
Panola County	12,863	13,803	940	6.8
Somervell County	4,123	4,423	300	6.8
Howard County	13,380	14,339	959	6.7
Kleberg County	16,442	17,629	1,187	6.7
Leon County	8,195	8,786	591	6.7
Limestone County	10,967	11,759	792	6.7
Live Oak County	4,686	5,022	336	6.7
Lynn County	2,742	2,939	197	6.7
McCulloch County	3,600	3,858	258	6.7
Goliad County	3,277	3,507	230	6.6
Gray County	10,588	11,334	746	6.6
Guadalupe County	56,136	60,113	3,977	6.6
Lee County	8,683	9,294	611	6.6
Refugio County	4,023	4,306	283	6.6
Stephens County	4,433	4,747	314	6.6
Terry County	5,612	6,010	398	6.6
Freestone County	9,664	10,331	667	6.5
Montague County	10,233	10,949	716	6.5
Young County	9,231	9,877	646	6.5
Fisher County	1,898	2,027	129	6.4
McMullen County	335	358	23	6.4
Nolan County	7,559	8,073	514	6.4
Coleman County	4,207	4,490	283	6.3
Nacogdoches County	30,387	32,434	2,047	6.3
Tom Green County	50,618	53,993	3,375	6.3
Wilbarger County	7,506	8,011	505	6.3
Burleson County	8,165	8,708	543	6.2
Clay County	5,762	6,141	379	6.2

Comanche County	6,616	7,054	438	6.2
Cooke County	20,789	22,165	1,376	6.2
Potter County	55,530	59,174	3,644	6.2
Scurry County	7,318	7,805	487	6.2
Taylor County	65,235	69,541	4,306	6.2
Cottle County	768	818	50	6.1
Erath County	18,089	19,269	1,180	6.1
Kimble County	1,975	2,104	129	6.1
Hockley County	11,452	12,187	735	6
Baylor County	1,843	1,958	115	5.9
Knox County	1,687	1,793	106	5.9
Washington County	16,472	17,497	1,025	5.9
Yoakum County	3,857	4,098	241	5.9
Lubbock County	136,945	145,370	8,425	5.8
Andrews County	6,470	6,863	393	5.7
Brazos County	95,482	101,257	5,775	5.7
Gaines County	6,705	7,113	408	5.7
Gonzales County	9,599	10,179	580	5.7
Martin County	2,137	2,265	128	5.7
Archer County	4,907	5,196	289	5.6
Callahan County	6,907	7,314	407	5.6
Crockett County	2,220	2,352	132	5.6
Fayette County	11,744	12,429	685	5.5
Garza County	2,309	2,444	135	5.5
Glasscock County	624	660	36	5.5
Borden County	410	433	23	5.3
Collingsworth County	1,434	1,514	80	5.3
King County	201	212	11	5.2
Reagan County	1,742	1,837	95	5.2
Sherman County	1,358	1,433	75	5.2
Throckmorton County	975	1,028	53	5.2
Jack County	5,429	5,720	291	5.1
Midland County	70,786	74,606	3,820	5.1
Kent County	460	484	24	5
Lipscomb County	1,612	1,697	85	5
Ochiltree County	5,204	5,474	270	4.9
Shackelford County	2,036	2,142	106	4.9
Stonewall County	842	885	43	4.9
Sutton County	3,214	3,380	166	4.9
Irion County	875	919	44	4.8
Carson County	3,246	3,407	161	4.7
Haskell County	3,048	3,197	149	4.7
Moore County	11,252	11,805	553	4.7
Upton County	1,766	1,854	88	4.7
Kenedy County	239	250	11	4.4
Hansford County	2,756	2,878	122	4.2
Roberts County	534	556	22	4
Wheeler County	3,210	3,345	135	4

Sterling County	827	860	33	3.8
Hemphill County	2,661	2,741	80	2.9

Source: Texas Workforce Commission, Tracer2.



**OKLAHOMA - TEXAS
OIL & GAS PRODUCTION**



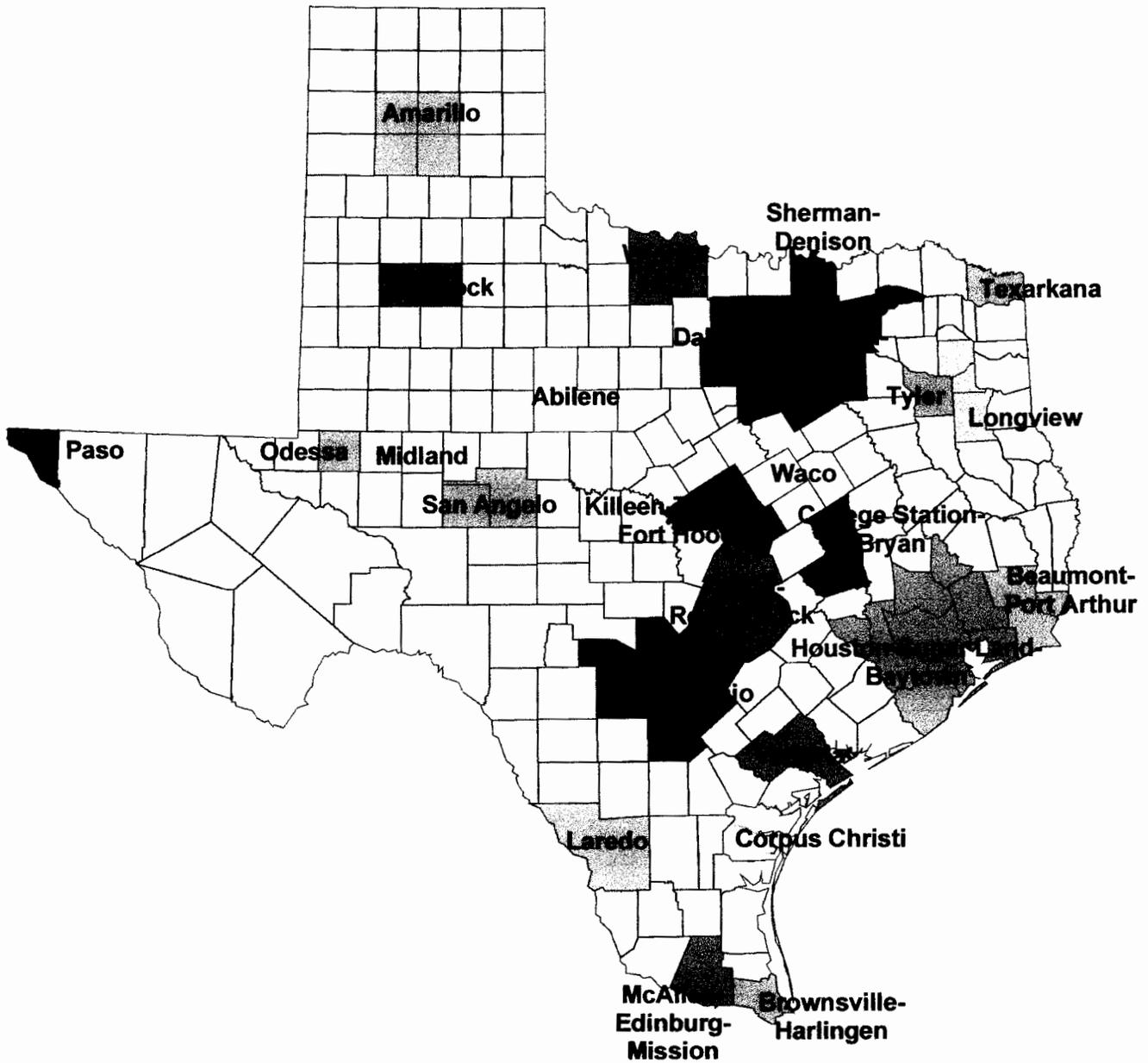
**SOUTHWESTERN STATE OILFIELD
EQUIPMENT CENTER, LLC**



—See back of binder for enlargement of TAB C: Geographical Area Map—



Metropolitan Statistical Areas, 2004



Source: Texas State Data Center

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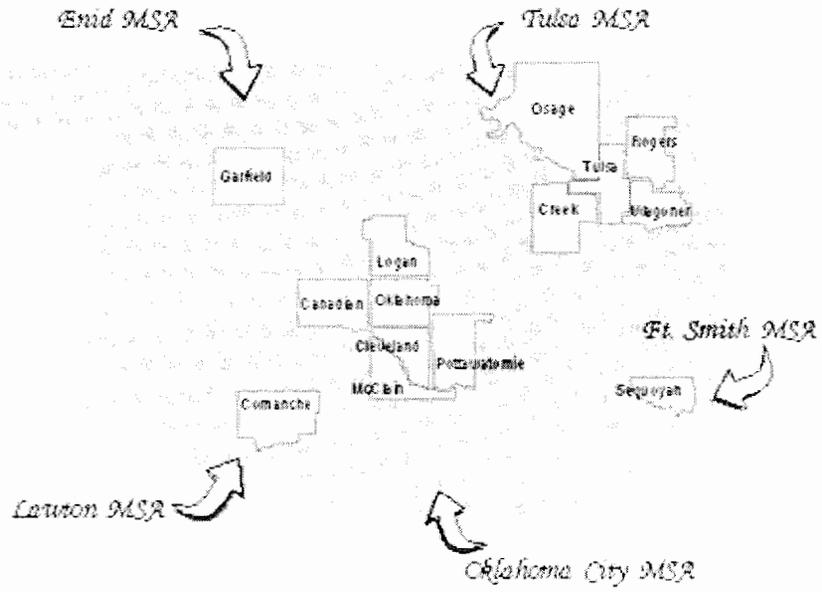
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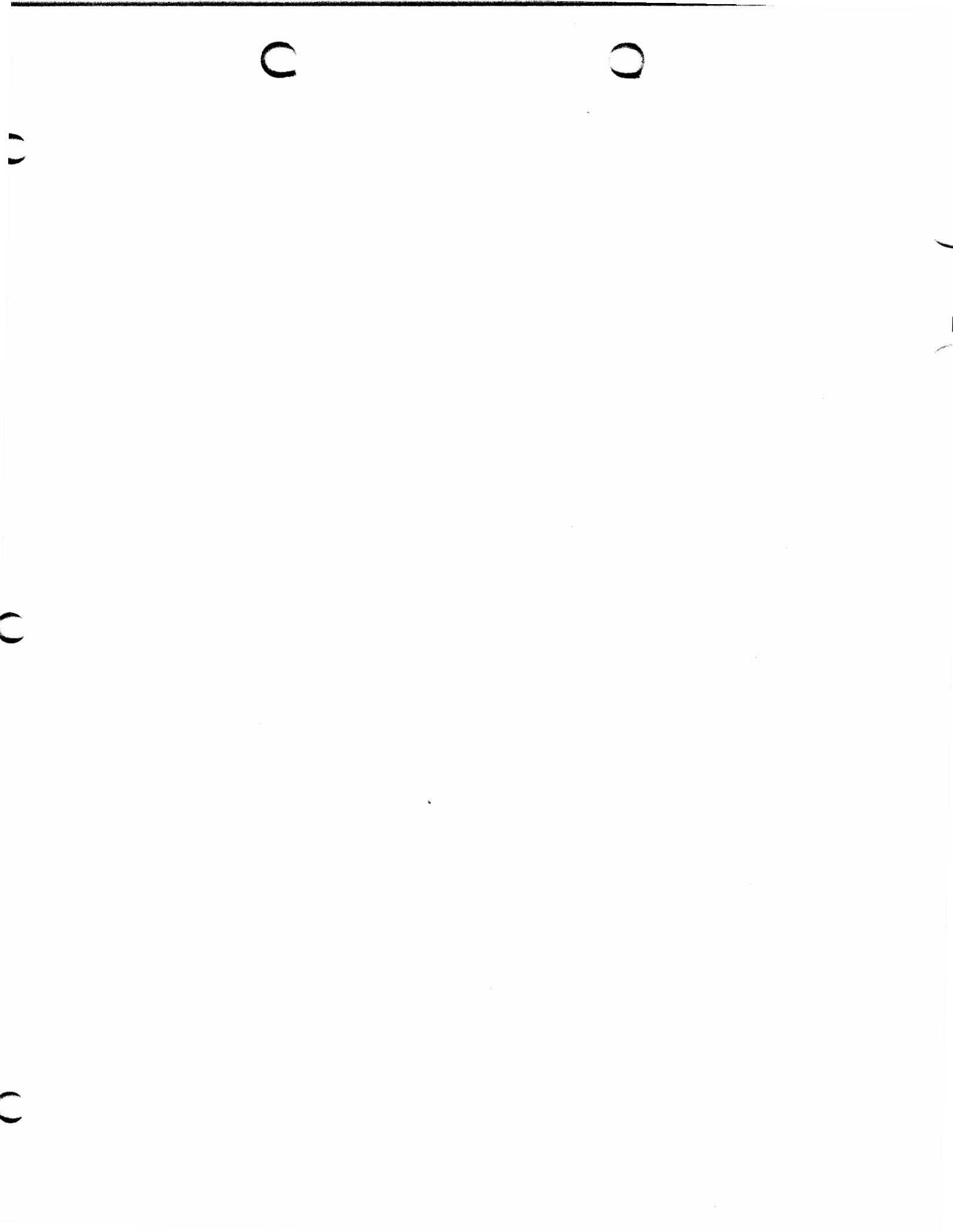
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OKLAHOMA METROPOLITAN STATISTICAL AREA

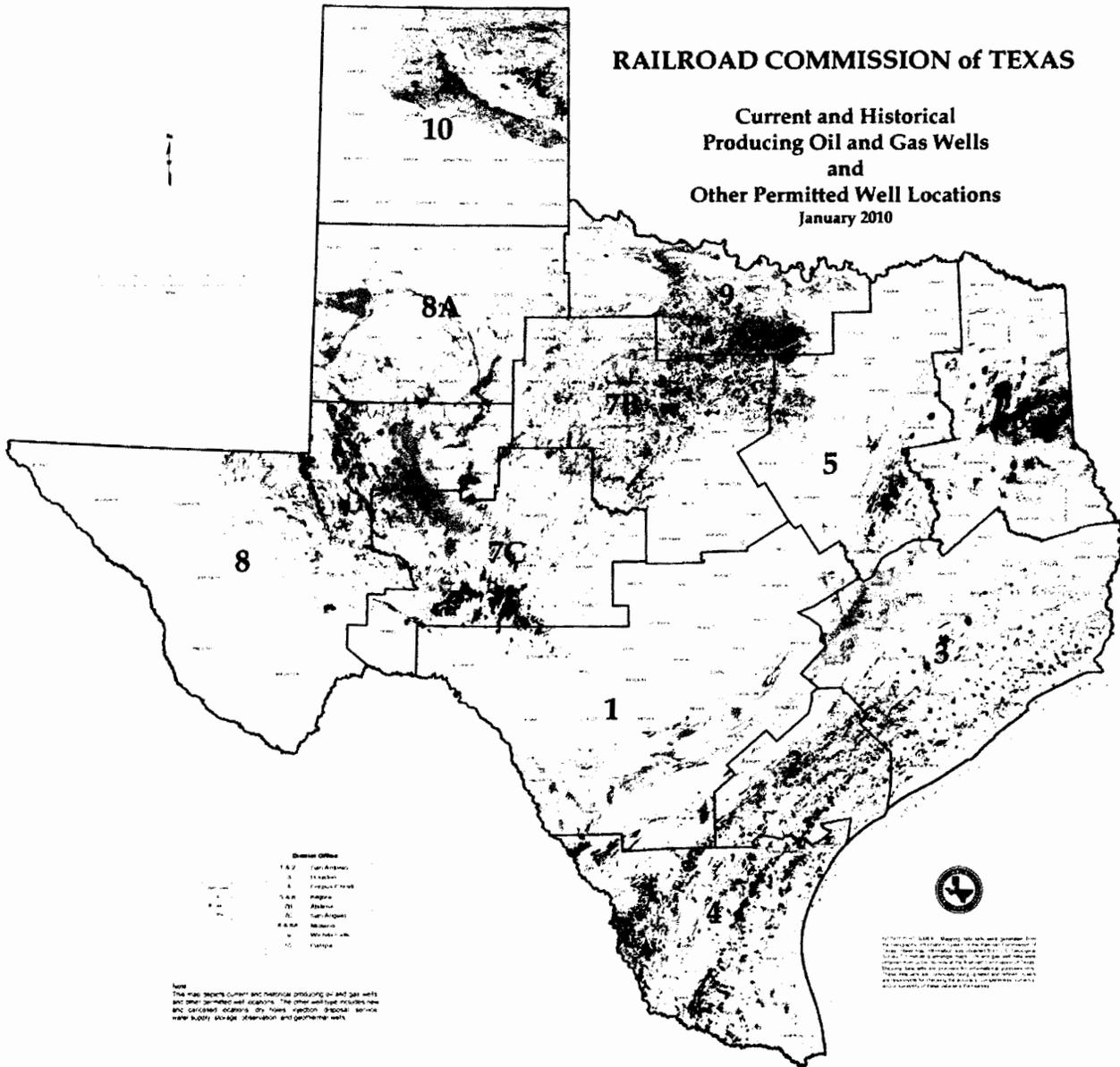


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RAILROAD COMMISSION of TEXAS

Current and Historical Producing Oil and Gas Wells and Other Permitted Well Locations January 2010

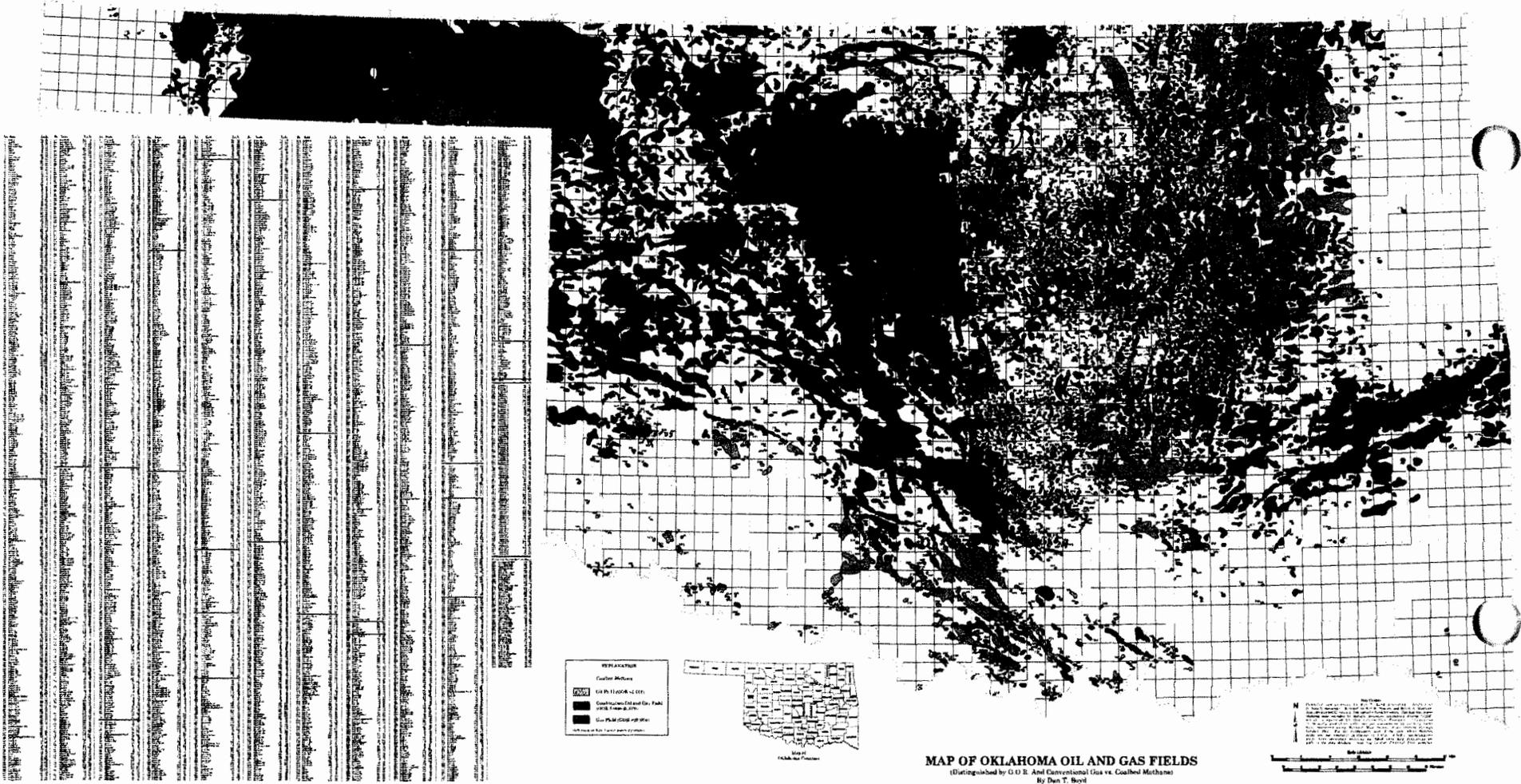


- District Office**
- 1 & 2 Dallas
 - 3 Houston
 - 4 Houston
 - 5 Houston
 - 6 Houston
 - 7 Dallas
 - 8 Dallas
 - 8A Dallas
 - 9 Houston
 - 10 Houston

Note:
This map depicts current and historical producing oil and gas wells and other permitted well locations. The other well types include new and canceled oil/gas, dry holes, injection, disposal, service, water supply, storage, observation and geothermal wells.

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MAP OF OKLAHOMA OIL AND GAS FIELDS
(Distinguished by O.D.E. And Conventional Gas vs. Coalbed Methane)
By Dan T. Boyd
2000

Field Name	County	Production (MMbbl/d)	Reserves (MMbbl)
1	Adair	0.01	100
2	Adair	0.02	200
3	Adair	0.03	300
4	Adair	0.04	400
5	Adair	0.05	500
6	Adair	0.06	600
7	Adair	0.07	700
8	Adair	0.08	800
9	Adair	0.09	900
10	Adair	0.10	1000
11	Adair	0.11	1100
12	Adair	0.12	1200
13	Adair	0.13	1300
14	Adair	0.14	1400
15	Adair	0.15	1500
16	Adair	0.16	1600
17	Adair	0.17	1700
18	Adair	0.18	1800
19	Adair	0.19	1900
20	Adair	0.20	2000
21	Adair	0.21	2100
22	Adair	0.22	2200
23	Adair	0.23	2300
24	Adair	0.24	2400
25	Adair	0.25	2500
26	Adair	0.26	2600
27	Adair	0.27	2700
28	Adair	0.28	2800
29	Adair	0.29	2900
30	Adair	0.30	3000
31	Adair	0.31	3100
32	Adair	0.32	3200
33	Adair	0.33	3300
34	Adair	0.34	3400
35	Adair	0.35	3500
36	Adair	0.36	3600
37	Adair	0.37	3700
38	Adair	0.38	3800
39	Adair	0.39	3900
40	Adair	0.40	4000
41	Adair	0.41	4100
42	Adair	0.42	4200
43	Adair	0.43	4300
44	Adair	0.44	4400
45	Adair	0.45	4500
46	Adair	0.46	4600
47	Adair	0.47	4700
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49	Adair	0.49	4900
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51	Adair	0.51	5100
52	Adair	0.52	5200
53	Adair	0.53	5300
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55	Adair	0.55	5500
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71	Adair	0.71	7100
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75	Adair	0.75	7500
76	Adair	0.76	7600
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78	Adair	0.78	7800
79	Adair	0.79	7900
80	Adair	0.80	8000
81	Adair	0.81	8100
82	Adair	0.82	8200
83	Adair	0.83	8300
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87	Adair	0.87	8700
88	Adair	0.88	8800
89	Adair	0.89	8900
90	Adair	0.90	9000
91	Adair	0.91	9100
92	Adair	0.92	9200
93	Adair	0.93	9300
94	Adair	0.94	9400
95	Adair	0.95	9500
96	Adair	0.96	9600
97	Adair	0.97	9700
98	Adair	0.98	9800
99	Adair	0.99	9900
100	Adair	1.00	10000





Biesinger & Kofford CPAs, PLLC

To the Members
Southern Star Regional Investment Center, LLC
Provo, UT

We have compiled the accompanying balance of Southern Star Regional Investment Center, LLC. (a Texas Limited Liability Company) as of September 30, 2010, the related profit and loss, and statement of cash flows for August 6, 2010 through September 30, 2010 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. These financial statements have been prepared in accordance with Generally Accepted Accounting Principles.

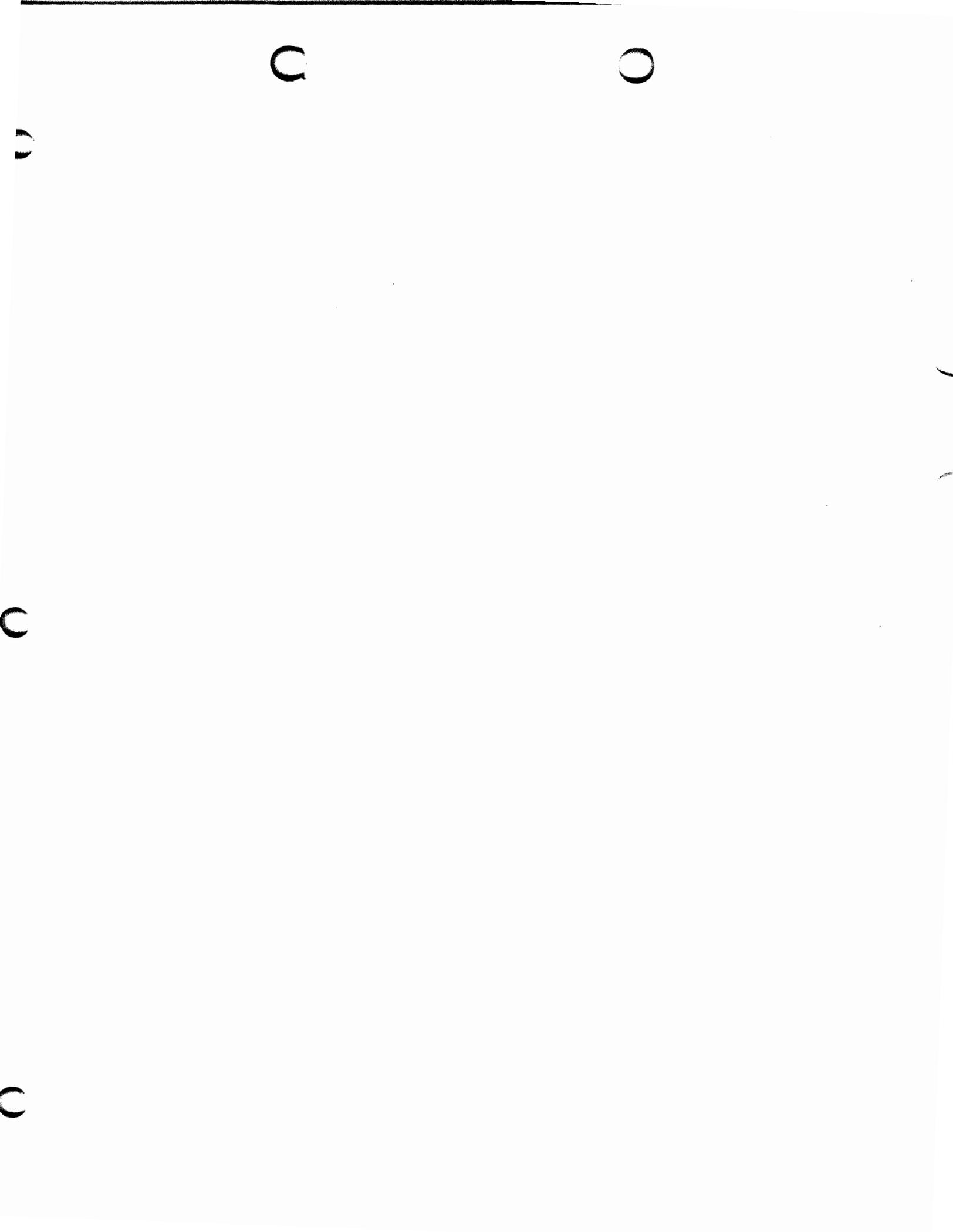
A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's balance sheet, profit and loss, and statement of cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

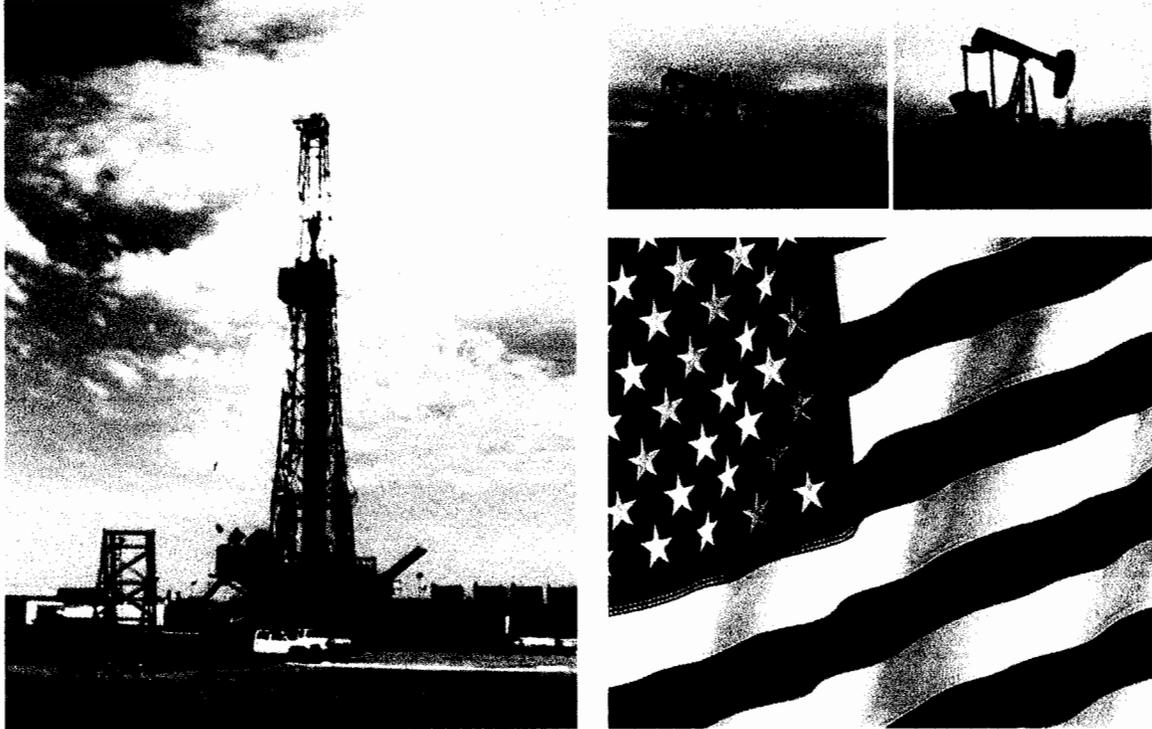
We are not independent with respect to Southern Star Regional Investment Center, LLC.

Biesinger & Kofford, CPAs, PLLC

Biesinger & Kofford, CPAs, PLLC
October 11, 2010



SOUTHERN STAR ENERGY FUND LLC



***THIS MEMORANDUM IS FOR PROSPECTIVE INVESTING MEMBERS
AND THEIR FINANCIAL AND/OR LEGAL ADVISORS OR REPRESENTATIVES.***

FOR MORE INFORMATION, PLEASE CONTACT OUR MANAGING MEMBER:



SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC
Brownstone-Anderson Building, 25511 Budde Road, Suite 101, The Woodlands, Texas 77380 USA
E-mail: EB5@southernstaroil.com Telephone: (281) 940-7105

The date of this Memorandum
is
January ____, 2011

**FOR ACCREDITED AND/OR
OTHERWISE SOPHISTICATED
INVESTORS ONLY**

Memorandum No.:
SPECIMEN COPY

This cover page is continued on the following pages.

SOUTHERN STAR ENERGY FUND LLC

A Delaware Limited Liability Company

Units of Investing Membership Interest

USD \$500,000 per Unit¹

Minimum investment: (b) (4)

Minimum Offering:

Maximum Offering:

Expandable to USI

SOUTHERN STAR ENERGY FUND LLC (“we”, “our”, “us”, or the “Fund”) is a Delaware limited liability company formed to make investments (the “Investments”) in various oil and gas mineral rights, oil and gas leases, royalty interests, and/or interests in oil and gas drilling and well completion projects in the continental United States - with emphasis in certain Targeted Employment Areas (TEAs) or Rural Areas (RAs) within select counties within the States of Oklahoma and/or Texas - as more particularly described herein.

Our objective is to realize capital appreciation and income streams from our Investments in the energy sector. We expect that our Investments will typically be in oil and gas leases and leasebanks, drilling opportunities, royalty interests, mineral rights, completion activities and other energy investments identified by the Managing Member in its sole discretion. We intend to invest only in projects where at least ten (10) or more U.S. jobs, either direct or indirect, can be either created. (See “Objectives, Strategies and Proposed Activities”). There can be no assurance these objectives will be achieved.

We are organized as a “private investment company” claiming exemptions from registration under Section 3(c)(9) of the Investment Company Act of 1940, as amended, and applicable state law or the applicable law of other non-U.S. jurisdictions. We are offering Units of Investing Membership Interest (the “Units”) to non-U.S. Persons and/or others who also qualify as “accredited investors” in accordance with Sections 4(2), 4(6), Regulation D Rule 506, and/or Regulation S Rule 903 of the Securities Act of 1933, as amended (the “Act”) and applicable state law or the applicable law of other non-U.S. jurisdictions. This document is our confidential private placement memorandum (this “Memorandum”). This is not a public offering.

The Units have not been registered under the Act and may not be offered or sold in the United States or to U.S. persons³ unless the securities are registered under the Act, or an exemption from the registration requirements of the Act is available. Hedging transactions involving the Units may not be conducted unless in compliance with the Act.

FOOTNOTES:

¹ In addition, for non-U.S. Persons who elect to escrow funds pending approval of a Form I-526 Immigrant Petition with the United States Citizenship and Immigration Service (USCIS), a non-refundable one-time Application Fee of USD (b) (4) (payable to the Sponsoring Member, not the Fund) is due upon escrow of subscription funds regardless of the number of Units purchased.

² Minimum investment for non-U.S. Persons seeking an EB-5 immigration visa from USCIS may be reduced to one (1) Unit (USD \$500,000) in the event our Sponsoring Member elects to reduce such minimum upon receipt of approval as a regional center by USCIS and if the facility is located within a Targeted Employment Area (TEA) or a Rural Area (RA). Units may also be otherwise fractionalized in our Sponsoring Member’s sole and absolute discretion.

This investment involves a high degree of risk further described in the “Risk Factors” section of this Memorandum. Subscription of these securities should be considered only if you can afford a possible total loss of your investment.

Neither the U.S. Securities and Exchange Commission nor any state securities commission nor any other jurisdiction authority has approved or disapproved of this offering or determined if this Memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

(b) (4)



FOOTNOTES:

(b) (4)



³ We may elect to forego reliance upon the exemption available under Regulation S and offer Units to U.S. Persons in reliance upon other available exemptions.

- (6) In addition, for non-U.S. Persons who elect to escrow funds pending approval of a Form I-526 Immigrant Petition with United States Citizenship and Immigration Services (USCIS), a non-refundable one-time Application Fee of (b) (4) (payable to the Sponsoring Member, not the Fund) is due upon escrow of subscription funds regardless of the number of Units purchased.
- (7) Minimum investment for non-U.S. Persons seeking an EB-5 immigration visa from USCIS may be reduced to one (1) Unit (USD \$500,000) in the event our Sponsoring Member receives approval as a regional center by United States Citizenship and Immigration Services (USCIS) and the facility is located within a Targeted Employment Area (TEA) or a Rural Area (RA). Units may also be otherwise fractionalized in our Sponsoring Member's sole and absolute discretion.

IMPORTANT NOTICE ABOUT INFORMATION PRESENTED IN THIS MEMORANDUM

No dealer, salesman or other person unaffiliated with the Fund has been authorized to give you any information or make any representations other than those contained in this Memorandum. If so given or made, you must not rely upon such information or representations as having been authorized by us.

The information contained in this Memorandum is confidential and is furnished for your use only as a potential Investing Member. By receiving this Memorandum, you agree that you will not transmit, reproduce or make available this Memorandum or any related exhibits or documents to any other person or entity. Any action to the contrary may place you in violation of U.S. or other international securities laws.

Investment in our Units of Investing Membership Interest involves significant risks due to, among other things, the nature of the Fund's intended activities as described herein. There can be no assurance that our objectives will be realized or that there will be any return of your invested capital or that you will be able to obtain U.S. immigration or residency status for which you may seek.

Investment in our Fund is suitable only for sophisticated investors. You should have the financial ability and willingness to accept the risks (including the risk of total loss of your investment and lack of liquidity) that are characteristic of the investment described herein. You should consult your financial advisors regarding the appropriateness of investing in the Units.

The Units are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act of 1933 and applicable securities laws of applicable jurisdictions, pursuant to registration or exemption therefrom. You should be aware that you will be required to bear the financial risks of this investment for an indefinite period of time. The securities offered hereby involve a high degree of risk and should only be purchased if you can afford a total loss of your investment.

These securities have not been registered under the Securities Act of 1933 nor any other applicable securities law. These securities have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "Commission") or any equivalent national, provincial, or state securities regulator having authority in the jurisdiction in which you reside, nor has any such authority passed upon the accuracy or truthfulness of this confidential private placement memorandum. Any representation to the contrary is a criminal offense.

These securities can only be offered to you pursuant to a private non-public offering exemption from registration with the Commission provided by Sections 4(2), 4(6), Regulation D Rule 506, and/or Regulation S Rule 903 of the Securities Act of 1933, as amended, and applicable state law or the applicable law of other non-U.S. jurisdictions. Accordingly, you must meet certain minimum qualifications pursuant such rules and statutes as they may be applicable.

This Memorandum does not constitute an offer to sell any Units in any jurisdiction or to any person to whom it is unlawful to make such an offer in such jurisdiction. An offer may be made only by an authorized representative of the Fund and/or Sponsoring Member and must be accompanied by an original numbered and dated copy of this Memorandum.

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
SOUTHERN STAR ENERGY FUND LLC

The Units will be offered and placed by the Fund through FINRA-licensed broker-dealers or registered investment advisors, registered investment advisors, its own management (in which case no remuneration will be paid as consideration for such activities) and/or others where permitted by law on a "best efforts" basis. Payment for the Units offered hereby should be made payable to the order of "SOUTHERN STAR ENERGY FUND LLC".

This Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The Commission does not pass upon the merits of any securities offered or the terms of this offering, nor does it pass upon the accuracy or completeness of or give its approval to any offering memorandum or other selling literature. These securities are offered pursuant to an exemption from registration with the Commission. However, the Commission has not made an independent determination that the securities offered hereunder are exempt from registration. The Units purchased in this offering may not be transferred in the absence of an effective registration statement unless the prospective transferee establishes, to the satisfaction of the Fund, that an exemption from registration is available.

Investment in these securities may not be suitable for you if you do not meet the suitability requirements established by the Fund or if you cannot afford a total loss of your investment.

U.S. federal, state, local and foreign tax treatment of the Fund and its investments may be extremely complex and may involve, among other things, significant issues as to the timing and character of the realization of income, gain and losses. Although this Memorandum touches briefly on U.S. tax considerations of investing, it does not set forth specific individual tax consequences that may be applicable to you. Accordingly, you are urged to consult your own tax advisor concerning the U.S. federal, state, local and foreign tax consequences of an investment in the Fund in light of the your own particular situation. You are not to treat the contents of this Memorandum as advice relating to legal, taxation or investment matters. You are advised to consult your own professional advisors concerning your investment in the Fund.

We will make available to you and/or your advisors or representatives the opportunity to ask us questions and to receive answers concerning the terms and conditions of this offering, and to obtain any additional information, to the extent that we possess such information or can acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information set forth in this Memorandum.

IF YOU OR YOUR REPRESENTATIVE(S) DESIRE ADDITIONAL INFORMATION,

PLEASE CONTACT:



SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC
Brownstone-Anderson Building, 25511 Budde Road, Suite 101, The Woodlands, Texas 77380 USA
E-mail: EB5@southernstaroil.com Telephone: (281) 940-7105

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SPECIAL NOTICE TO FOREIGN INVESTORS OR NON-U.S. PERSONS

IF YOU LIVE OUTSIDE THE UNITED STATES, IT IS YOUR RESPONSIBILITY TO FULLY OBSERVE THE LAWS OF ANY RELEVANT TERRITORY OR JURISDICTION OUTSIDE THE UNITED STATES IN CONNECTION WITH ANY PURCHASE OF OUR SECURITIES, INCLUDING OBTAINING REQUIRED GOVERNMENTAL OR OTHER CONSENTS OR OBSERVING ANY OTHER REQUIRED LEGAL OR OTHER FORMALITIES.

FOR ANY PERSONS WHO ARE NEITHER NATIONALS, CITIZENS, RESIDENTS NOR ENTITIES OF THE UNITED STATES: THESE SECURITIES HAVE NOT AND WILL NOT BE REGISTERED UNDER THE UNITED STATES' SECURITIES ACT OF 1933, AS AMENDED, AND, INsofar AS SUCH SECURITIES ARE OFFERED AND SOLD TO PERSONS WHO ARE NEITHER NATIONALS, CITIZENS, RESIDENTS NOR ENTITIES OF THE UNITED STATES, THEY MAY NOT BE TRANSFERRED OR RESOLD DIRECTLY OR INDIRECTLY IN THE UNITED STATES, ITS TERRITORIES OR POSSESSIONS, RESIDENTS OR ENTITIES NORMALLY RESIDENT THEREIN (OR TO ANY PERSON ACTING FOR THE ACCOUNT OF ANY SUCH NATIONAL, CITIZEN, ENTITY OR RESIDENT). FURTHER RESTRICTIONS ON TRANSFER WILL BE IMPOSED TO PREVENT SUCH SECURITIES FROM BEING HELD BY UNITED STATES PERSONS.

NOTICE TO UNITED KINGDOM OFFEREEES OR U.K. RESIDENTS: THE CONTENT OF THIS PROMOTION HAS NOT BEEN APPROVED BY AN AUTHORIZED PERSON WITHIN THE MEANING OF THE FINANCIAL SERVICES AND MARKETS ACTS 2000. RELIANCE ON THIS PROMOTION FOR THE PURPOSE OF ENGAGING IN ANY INVESTMENT ACTIVITY MAY EXPOSE AN INDIVIDUAL TO SIGNIFICANT RISK OF LOSING ALL OF THE PROPERTY OR OTHER ASSETS INVESTED.

NOTICE TO INVESTORS IN U.S. JURISDICTIONS

ALTHOUGH THE ISSUER INTENDS TO OFFER THE UNITS PRIMARILY, IF NOT EXCLUSIVELY, TO RESIDENTS OF FOREIGN COUNTRIES OR NON-U.S. JURISDICTIONS, IN THE EVENT THE ISSUER ELECTS TO MAKE OFFERS TO U.S. PERSONS, THE FOLLOWING LEGENDS ARE REQUIRED BY THE LAWS OF THE STATES INDICATED IF OFFERED TO PERSONS IN SUCH STATES, ALTHOUGH THE PRESENCE OF A LEGEND ONLY REFLECTS THAT A LEGEND MAY BE REQUIRED BY THAT STATE AND SHOULD NOT BE CONSTRUED TO MEAN AN OFFER OR SALE MAY BE MADE IN ANY PARTICULAR STATE.

FOR ALABAMA RESIDENTS: THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE ALABAMA SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ALABAMA SECURITIES COMMISSION. THE COMMISSION DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS PRIVATE PLACEMENT MEMORANDUM ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE PURCHASE PRICE OF THE INTEREST ACQUIRED BY A NON-ACCREDITED INVESTOR RESIDING IN THE STATE OF ALABAMA MAY NOT EXCEED 20% OF THE PURCHASER'S NET WORTH.

FOR ALASKA RESIDENTS: THE SECURITIES OFFERED HAVE NOT BEEN REGISTERED WITH THE ADMINISTRATOR OF SECURITIES OF THE STATE OF ALASKA UNDER PROVISIONS OF 3 AAC 08.500-3 AAC 08,506. THE INVESTOR IS ADVISED THAT THE ADMINISTRATOR HAS MADE ONLY A CURSORY REVIEW OF THE REGISTRATION STATEMENT AND HAS NOT REVIEWED THIS DOCUMENT SINCE THE DOCUMENT IS NOT REQUIRED TO BE FILED WITH THE ADMINISTRATOR. THE FACT OF REGISTRATION DOES NOT MEAN THAT THE ADMINISTRATOR HAS PASSED IN ANY WAY UPON THE MERITS, RECOMMENDED, OR APPROVED THE SECURITIES. ANY REPRESENTATION TO THE CONTRARY IS A VIOLATION OF A.S. 45.55.170. THE INVESTOR MUST RELY ON THE INVESTOR'S OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED, IN MAKING AN INVESTMENT DECISION ON THESE SECURITIES.

FOR ARIZONA RESIDENTS: THE SECURITIES OFFERED HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF ARIZONA, AS AMENDED, AND ARE OFFERED IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION PURSUANT TO A.R.S. SECTION 44-1844(1). THE SECURITIES CANNOT BE RESOLD UNLESS REGISTERED UNDER THE ACT OR PURSUANT TO AN EXEMPTION FROM REGISTRATION.

FOR ARKANSAS RESIDENTS: THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER SECTION 14(b)(14) OF THE ARKANSAS SECURITIES ACT AND SECTION 4(2) OF THE SECURITIES ACT OF 1933. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ARKANSAS SECURITIES DEPARTMENT OR WITH THE SECURITIES AND EXCHANGE COMMISSION. NEITHER THE DEPARTMENT NOR THE COMMISSION HAS PASSED UPON THE VALUE OF THESE SECURITIES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, APPROVED OR DISAPPROVED THE OFFERING, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE PURCHASE PRICE OF THE INTEREST ACQUIRED BY AN UNACCREDITED INVESTOR RESIDING IN THE STATE OF ARKANSAS MAY NOT EXCEED 20% OF THE PURCHASER'S NET WORTH.

FOR CALIFORNIA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE CALIFORNIA CORPORATE SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR COLORADO RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE COLORADO SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR CONNECTICUT RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER SECTION 36-485 OF THE CONNECTICUT UNIFORM SECURITIES ACT AND THEREFORE CANNOT BE RESOLD UNLESS THEY ARE REGISTERED UNDER SUCH ACT OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR DELAWARE RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE DELAWARE SECURITIES ACT AND ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER SECTION 7309(b)(9) OF THE DELAWARE SECURITIES ACT AND RULE 9(b)(9)(I) THEREUNDER. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER THE ACT OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR DISTRICT OF COLUMBIA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE DISTRICT OF COLUMBIA SECURITIES ACT SINCE SUCH ACT DOES NOT REQUIRE REGISTRATION OF SECURITIES ISSUES. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR FLORIDA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE FLORIDA SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE UNITS REFERRED TO HEREIN WILL BE SOLD TO, AND ACQUIRED BY, THE HOLDER IN A TRANSACTION EXEMPT UNDER SECTION 517.061 OF THE FLORIDA SECURITIES ACT. THE UNITS HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF FLORIDA. IN ADDITION, ALL FLORIDA RESIDENTS SHALL HAVE THE PRIVILEGE OF VOIDING THE PURCHASE WITHIN THREE (3) DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY SUCH PURCHASER TO THE ISSUER, AN AGENT OF THE ISSUER, OR AN ESCROW AGENT OR WITHIN 3 DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH PURCHASER, WHICHEVER OCCURS LATER.

FOR GEORGIA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR SECTION 10-5-5 OF THE GEORGIA SECURITIES ACT OF 1973 AND ARE BEING SOLD IN RELIANCE UPON EXEMPTIONS THEREFROM. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 20% OF THE INVESTOR'S NET WORTH.

FOR HAWAII RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE HAWAII UNIFORM SECURITIES ACT (MODIFIED), BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR IDAHO RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE IDAHO SECURITIES ACT (THE "ACT") AND MAY BE TRANSFERRED OR RESOLD BY RESIDENTS OF IDAHO ONLY IF REGISTERED PURSUANT TO THE PROVISIONS OF THE ACT OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 10% OF THE INVESTOR'S NET WORTH.

FOR ILLINOIS RESIDENTS: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECRETARY OF STATE OF ILLINOIS OR THE STATE OF ILLINOIS, NOR HAS THE SECRETARY OF STATE OF ILLINOIS OR THE STATE OF ILLINOIS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

FOR INDIANA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER SECTION 3 OF THE INDIANA BLUE SKY LAW AND ARE OFFERED PURSUANT TO AN EXEMPTION PURSUANT TO SECTION 23-2-1-2(b)(10) THEREOF AND MAY BE TRANSFERRED OR RESOLD ONLY IF SUBSEQUENTLY REGISTERED OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. INDIANA REQUIRES INVESTOR SUITABILITY STANDARDS OF A NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS, AND AUTOMOBILES) OF THREE TIMES THE INVESTMENT BUT NOT LESS THAN \$75,000 OR A NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS, AND AUTOMOBILES) OF TWICE THE INVESTMENT BUT NOT LESS THAN \$30,000 AND GROSS INCOME OF \$30,000.

FOR IOWA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE IOWA UNIFORM SECURITIES ACT (THE "ACT") AND ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER SECTION 502.203(9) OF THE ACT. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

FOR KANSAS RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE KANSAS SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR KENTUCKY RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT OF KENTUCKY, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR LOUISIANA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE LOUISIANA SECURITIES LAW, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 25% OF THE INVESTOR'S NET WORTH.

FOR MAINE RESIDENTS: THESE SECURITIES ARE BEING SOLD PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE BANK SUPERINTENDENT OF THE STATE OF MAINE UNDER SECTION 10502(2)(R) OF TITLE 32 OF THE MAINE REVISED STATUTES. THESE SECURITIES MAY BE DEEMED RESTRICTED SECURITIES AND AS SUCH THE HOLDER MAY NOT BE ABLE TO RESELL THE SECURITIES UNLESS PURSUANT TO REGISTRATION UNDER STATE OR FEDERAL SECURITIES LAWS OR UNLESS AN EXEMPTION UNDER SUCH LAWS EXISTS.

FOR MARYLAND RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE MARYLAND SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR MASSACHUSETTS RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE MASSACHUSETTS UNIFORM SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR MICHIGAN RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER SECTION 451.701 OF THE MICHIGAN UNIFORM SECURITIES ACT (THE "ACT") AND MAY BE TRANSFERRED OR RESOLD BY RESIDENTS OF MICHIGAN ONLY IF REGISTERED PURSUANT TO THE PROVISIONS OF THE ACT OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 10% OF THE INVESTOR'S NET WORTH.

FOR MINNESOTA RESIDENTS: THE SECURITIES REPRESENTED BY THIS MEMORANDUM HAVE NOT BEEN REGISTERED UNDER CHAPTER 80A OF THE MINNESOTA SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO REGISTRATION, OR AN EXEMPTION THEREFROM.

FOR MISSISSIPPI RESIDENTS: THESE SECURITIES ARE OFFERED PURSUANT TO A CERTIFICATE OF REGISTRATION ISSUED BY THE SECRETARY OF STATE OF MISSISSIPPI PURSUANT TO RULE 477, WHICH PROVIDES A LIMITED REGISTRATION PROCEDURE FOR CERTAIN OFFERINGS. THE SECRETARY OF STATE DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES THE SECRETARY OF STATE PASS UPON THE TRUTH, MERITS OR COMPLETENESS OF ANY OFFERING MEMORANDUM FILED WITH THE SECRETARY OF STATE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

FOR MISSOURI RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE MISSOURI UNIFORM SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR MONTANA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT OF MONTANA, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR NEBRASKA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT OF NEBRASKA, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR NEVADA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE NEVADA SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR NEW HAMPSHIRE RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE NEW HAMPSHIRE UNIFORM SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 10% OF THE INVESTOR'S NET WORTH

FOR NEW JERSEY RESIDENTS: THE ATTORNEY GENERAL OF THE STATE OF NEW JERSEY HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. THE FILING OF THE WITHIN OFFERING WITH THE BUREAU OF SECURITIES DOES NOT CONSTITUTE APPROVAL OF THE ISSUE OR THE SALE THEREOF BY THE BUREAU OF SECURITIES OR THE DEPARTMENT OF LAW AND PUBLIC SAFETY OF THE STATE OF NEW JERSEY. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
SOUTHERN STAR ENERGY FUND LLC

FOR NEW MEXICO RESIDENTS: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES BUREAU OF THE NEW MEXICO DEPARTMENT OF REGULATION AND LICENSING, NOR HAS THE SECURITIES BUREAU PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

FOR NEW YORK RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE NEW YORK FRAUDULENT PRACTICES ("MARTIN") ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE NEW YORK FRAUDULENT PRACTICES ("MARTIN") ACT, IF SUCH REGISTRATION IS REQUIRED. THIS PRIVATE OFFERING MEMORANDUM HAS NOT BEEN FILED WITH OR REVIEWED BY THE ATTORNEY GENERAL PRIOR TO ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. PURCHASE OF THESE SECURITIES INVOLVES A HIGH DEGREE OF RISK. THIS PRIVATE OFFERING MEMORANDUM DOES NOT CONTAIN AN UNTRUE STATEMENT OF A MATERIAL FACT OR OMIT TO STATE A MATERIAL FACT NECESSARY TO MAKE THE STATEMENTS MADE, IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY WERE MADE, NOT MISLEADING. IT CONTAINS A FAIR SUMMARY OF THE MATERIAL TERMS OF DOCUMENTS PURPORTED TO BE SUMMARIZED HEREIN.

FOR NORTH CAROLINA RESIDENTS: THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE NORTH CAROLINA SECURITIES ACT. THE NORTH CAROLINA SECURITIES ADMINISTRATOR NEITHER RECOMMENDS NOR ENDORSES THE PURCHASE OF ANY SECURITY, NOR HAS THE ADMINISTRATOR PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION PROVIDED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 10% OF THE INVESTOR'S NET WORTH.

FOR NORTH DAKOTA RESIDENTS: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA, NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

FOR OHIO RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE OHIO SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR OKLAHOMA RESIDENTS: THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE OKLAHOMA SECURITIES ACT. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE SOLD OR TRANSFERRED FOR VALUE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION OF THEM UNDER THE SECURITIES ACT OF 1933, AS AMENDED AND/OR THE OKLAHOMA SECURITIES ACT, OR AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER THAT SUCH REGISTRATION IS NOT REQUIRED UNDER SUCH ACT OR ACTS.

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FOR OREGON RESIDENTS: THE SECURITIES OFFERED HAVE BEEN REGISTERED WITH THE CORPORATION COMMISSIONER OF THE STATE OF OREGON UNDER PROVISIONS OF O.A.R. 815 DIVISION 36. THE INVESTOR IS ADVISED THAT THE COMMISSIONER HAS MADE ONLY A CURSORY REVIEW OF THE REGISTRATION STATEMENT AND HAS NOT REVIEWED THIS DOCUMENT SINCE THE DOCUMENT IS NOT REQUIRED TO BE FILED WITH THE COMMISSIONER. THE INVESTOR MUST RELY ON THE INVESTOR'S OWN EXAMINATION OF THE COMPANY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED IN MAKING AN INVESTMENT DECISION ON THESE SECURITIES.

FOR PENNSYLVANIA RESIDENTS: THE UNITS OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER SECTION 201 OF THE PENNSYLVANIA SECURITIES ACT OF 1972 (THE "ACT") AND MAY BE RESOLD BY RESIDENTS OF PENNSYLVANIA ONLY IF REGISTERED PURSUANT TO THE PROVISIONS OF THAT ACT OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE. EACH PERSON WHO ACCEPTS AN OFFER TO PURCHASE SECURITIES EXEMPTED FROM REGISTRATION BY SECTION 203(d), (f), (p), or (r), DIRECTLY FROM AN ISSUER OR AFFILIATE OF AN ISSUER, SHALL HAVE THE RIGHT TO WITHDRAW HIS ACCEPTANCE WITHOUT INCURRING ANY LIABILITY TO THE SELLER, UNDERWRITER (IF ANY), OR ANY OTHER PERSON WITHIN TWO BUSINESS DAYS FROM THE DATE OF RECEIPT BY THE ISSUER OF HIS WRITTEN BINDING CONTRACT OF PURCHASE OR, IN THE CASE OF A TRANSACTION IN WHICH THERE IS NO WRITTEN BINDING CONTRACT OF PURCHASE, WITHIN TWO BUSINESS DAYS AFTER HE MAKES THE INITIAL PAYMENT FOR THE SECURITIES BEING OFFERED. NEITHER THE PENNSYLVANIA SECURITIES COMMISSION NOR ANY OTHER AGENCY HAS PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING, AND ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. PENNSYLVANIA SUBSCRIBERS MAY NOT SELL THEIR SECURITIES INTERESTS FOR ONE YEAR FROM THE DATE OF PURCHASE IF SUCH A SALE WOULD VIOLATE SECTION 203(d) OF THE PENNSYLVANIA SECURITIES ACT.

FOR RHODE ISLAND RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE BLUE SKY LAW OF RHODE ISLAND, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR SOUTH CAROLINA RESIDENTS: IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

FOR SOUTH DAKOTA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER CHAPTER 47-31 OF THE SOUTH DAKOTA SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF FOR VALUE EXCEPT PURSUANT TO REGISTRATION, EXEMPTION THEREFROM, OR OPERATION OF LAW. EACH SOUTH DAKOTA RESIDENT PURCHASING ONE OR MORE WHOLE OR FRACTIONAL UNITS MUST WARRANT THAT HE HAS EITHER (1) A MINIMUM NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES) OF \$30,000 AND A MINIMUM ANNUAL GROSS INCOME OF \$30,000 OR (2) A MINIMUM NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES) OF \$75,000. ADDITIONALLY, EACH INVESTOR WHO IS NOT AN ACCREDITED INVESTOR OR WHO IS AN ACCREDITED INVESTOR SOLELY BY REASON OF HIS NET WORTH, INCOME OR AMOUNT OF INVESTMENT, SHALL NOT MAKE AN INVESTMENT IN THE PROGRAM IN EXCESS OF 20% OF HIS NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES).

FOR TENNESSEE RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE TENNESSEE SECURITIES ACT OF 1800, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR TEXAS RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE TEXAS SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 10% OF THE INVESTOR'S NET WORTH.

FOR UTAH RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE UTAH UNIFORM SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR VERMONT RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE VERMONT SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR VIRGINIA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE VIRGINIA SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR WASHINGTON RESIDENTS: THIS OFFERING HAS NOT BEEN REVIEWED OR APPROVED BY THE WASHINGTON SECURITIES ADMINISTRATOR, AND THE SECURITIES OFFERED HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT (THE "ACT") OF WASHINGTON CHAPTER 21.20 RCW AND MAY BE TRANSFERRED OR RESOLD BY RESIDENTS OF WASHINGTON ONLY IF REGISTERED PURSUANT TO THE PROVISIONS OF THE ACT OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE INVESTOR MUST RELY ON THE INVESTOR'S OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED, IN MAKING AN INVESTMENT DECISION ON THESE SECURITIES.

FOR WEST VIRGINIA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE WEST VIRGINIA UNIFORM SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR WISCONSIN RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE WISCONSIN UNIFORM SECURITIES LAW, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR WYOMING RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE WYOMING UNIFORM SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. WYOMING REQUIRES INVESTOR SUITABILITY STANDARDS OF A \$250,000 NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS, AND AUTOMOBILES), AND AN INVESTMENT THAT DOES NOT EXCEED 20% OF THE INVESTOR'S NET WORTH.

NOTICE TO RESIDENTS OF OTHER U.S. JURISDICTIONS: THE INTERESTS OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE 1933 ACT, OR THE SECURITIES LAWS OF CERTAIN STATES AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SAID ACT AND SUCH LAWS. THE INTERESTS ARE SUBJECT TO RESTRICTION ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER SAID ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. THE INTERESTS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ("SEC" OR "COMMISSION"), ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

WHO MAY INVEST

A purchase of the Units in this offering involves a high degree of risk and is suitable for you only if you have adequate resources and if you understand the long-term nature and risk factors associated with investing in oil and gas development projects. You must be able to bear the economic risk of this investment for an indefinite period of time and can, at the present time, afford to lose your entire investment.

To subscribe you must complete in full and sign the Confidential Suitability Questionnaire (the "Questionnaire") attached to this Memorandum. The purpose of the Questionnaire is to provide us with sufficient information that we may determine, in light of Sections 4(2), 4(6), Regulation D Rule 506, and/or Regulation S Rule 903 promulgated under the Securities Act of 1933, as amended, your suitability to invest in the Units being offered. Also, such information is used to determine our own compliance with the provisions of the Investment Company Act of 1940, as amended, if applicable. You must demonstrate your suitability by completing the Questionnaire accurately and truthfully in your legal name. All information provided in the Questionnaire shall be considered confidential, subject to the conditions noted therein.

General Suitability Standards

Regulations promulgated under the Securities Act of 1933, as amended (the "Act"), and the securities laws of various jurisdictions in which this offering may be made, require that you have such knowledge and experience in financial and business matters that you are capable of evaluating the merits and risks of an investment in the Fund or that you retain the services of a representative to advise you in evaluating the merits and risks of an investment in the Fund.

Accordingly, you will be required to represent, agree, and certify in writing all of the following:

1. You are acquiring the Units for investment, for your own account, and not with a view to resale or distribution;
2. Your overall commitment to investments which are not readily marketable is not disproportionate to your net worth, and your investment in the Units will not cause such overall commitment to become excessive;
3. You have thoroughly evaluated the merits and risks of investing in the Units;
4. You or your representative) have sufficient knowledge and experience in financial matters, that you are capable of evaluating the merits and risks of the investment, can bear the economic risk of this investment for an indefinite period of time and can at the present time afford a substantial or complete loss of your investment (i.e., you are "sophisticated"), or you are an "accredited investor" as that term is defined in Rule 501(a) of Regulation D of the Securities Act of 1933, as amended.

You are deemed "accredited" if you are:

- (i) a natural person whose individual net worth (exclusive of the value of your primary residence), or joint net worth with your spouse, presently exceeds USD \$1,000,000;
- (ii) a natural person who had an individual income in excess of USD \$500,000 in each of the two most recent years or joint income with your spouse in excess of USD \$300,000 in each of those years and you reasonably expect reaching the same income level in the current year;
- (iii) a corporation, partnership, trust, limited liability company, or other entity in which all of the equity owners are "accredited investors";

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- (iv) a trust with total assets in excess of USD \$5,000,000 and was not formed for the specific purpose of acquiring Fund Units, the Trustee of which has such knowledge and experience in oil and gas development investing and/or financial and business matters that it is capable of evaluating the merits and risks of investing in Fund Units;
 - (v) a bank, savings and loan association or other financial institution, a registered securities broker or securities dealer, or an insurance company
 - (vi) a registered investment company or business development company, a licensed Small Business Investment Company, or a private business development company;
 - (vii) a state-sponsored pension plan with total assets in excess of USD \$5,000,000;
 - (viii) an employee benefit plan which either (a) has a fiduciary that is a bank, savings and loan association, insurance company, or registered investment adviser; (b) has total assets in excess of USD \$5,000,000; or (c) is a self-directed plan and investment decisions are made solely by persons that are "accredited investors";
 - (ix) a non-profit organization described in section 501(c)(3) of the Internal Revenue Code that was not formed for the specific purpose of acquiring Fund Units having total assets in excess of USD \$5,000,000; or
 - (x) a director, executive officer, or manager of the Fund or a director, executive officer, or manager of the Fund's Sponsoring Member.
5. Unless this condition is waived in our sole discretion, you are not a "U.S. Person" as defined in Rule 902(k) of Regulation S of the Act or as otherwise determined by the Fund and are not acquiring the securities for the account or benefit of any U.S. person or a U.S. person who purchased securities in a transaction that did not require registration under the Act;

You are a "U.S. Person" if you are either

- (i) a natural person resident in the United States;
- (ii) a partnership or corporation organized or incorporated under the laws of the United States;
- (iii) an estate of which any executor or administrator is a U.S. person;
- (iv) a trust of which any trustee is a U.S. person;
- (v) an agency or branch of a foreign entity located in the United States;
- (vi) a non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
- (vii) a discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; or
- (viii) a partnership or corporation organized or incorporated under the laws of any foreign jurisdiction which was formed by a U.S. person principally for the purpose of investing in securities not registered under the Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a)) who are not natural persons, estates or trusts.

The following are NOT considered "U.S. Persons" under the Act:

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- (i) a discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States;
- (ii) an estate of which any professional fiduciary acting as executor or administrator is a U.S. person if another executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate and such estate is governed by foreign law;
- (iii) a trust of which any professional fiduciary acting as trustee is a U.S. person, if a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person;
- (iv) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country;
- (v) an agency or branch of a U.S. person located outside the United States if such agency or branch operates for valid business reasons and is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; or
- (vi) The International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans.

The Fund also considers the following as a non-"U.S. Person" for purposes of determining your suitability to invest in the Fund:

- (i) "Foreign National", meaning a person born outside the jurisdiction of the United States who is citizen of a foreign country and who has not become a naturalized U.S. citizen under U.S. law; and
- (ii) "Alien", meaning a person in the United States who is not a citizen of the United States who has not obtained permanent residency within the United States.

6. You agree to resell such securities only in accordance with either (a) the provisions of Regulation S (Rule 901 through Rule 905, and Preliminary Notes), (b) pursuant to registration under the Act, or (c) pursuant to an available exemption from registration. You further agree not to engage in hedging transactions with regard to such securities unless in compliance with the Act.

For purposes of the foregoing standards, and as otherwise referenced in this Memorandum, the terms "U.S." or "United States" mean the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.

These general standards represent various minimum requirements and do not necessarily mean that these securities are a suitable investment for you even if you meet these requirements.

The Questionnaire that accompanies this Memorandum is designed to elicit information necessary to enable us to determine your suitability and to assure that we comply with applicable securities laws. The information supplied in the Questionnaire will be reviewed to determine your suitability in light of the above-stated standards. We have the right to refuse your subscription if we believe, in our sole discretion, that you do not

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meet the applicable suitability standards or that the Units may otherwise be an unsuitable investment for you. We also have the right to refuse your subscription for any or no reason.

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**PRINCIPAL FEATURES
OF
SOUTHERN STAR ENERGY FUND LLC**

This term sheet is a summary of the principal terms and conditions for investment in SOUTHERN STAR ENERGY FUND LLC, a Delaware limited liability company (“we”, “our”, “us”, or the “Fund”). The terms and conditions set forth hereafter are qualified in their entirety by their more thorough treatment in the Memorandum.

Today’s Oil Economics

As our world economy becomes more intertwined than ever before, we have an unprecedented opportunity for potentially optimal yields in today’s increasingly volatile world energy markets. We believe the long-term trend for energy prices is positive. Factors believed to play a role in this situation include:

- Volatile US dollar;
- Long-term global demand for oil and gas;
- Emerging economies of China and India as well as many other developing nations;
- Fewer major oil and gas discoveries;
- Changing weather patterns;
- International conflicts;
- International producing cartels (OPEC) and dictatorial regimes; and
- Political and/or legal uncertainty regarding offshore oil drilling in the Gulf of Mexico.

Oil and gas producing properties in the United States are unique among the world’s hydrocarbon resources. While most nations have nationalized their oil and gas industries, the United States is the rare example where an individual may own producing oil and gas properties.

The Fund

The Fund is a limited liability company (LLC) formed to make investments (the “Investments”) in various oil and gas mineral rights, oil and gas leases, royalty interests, and/or interests in oil and gas drilling and well completion projects in the continental United States - with emphasis in certain Targeted Employment Areas (TEAs) or Rural Areas (RAs) within select counties within the States of Oklahoma and/or Texas - as more particularly described herein.

Objectives

Our objective is to realize capital appreciation and income streams from our Investments in the energy sector. We expect that our Investments will typically be in leasebanks, drilling opportunities, royalty interests, mineral rights, completion activities and other energy investments identified by the Managing Member in its sole discretion. We intend to invest only in projects where at least ten (10) or more U.S. jobs (direct or indirect) can be created. (See “Objectives, Strategies and Proposed Activities”). There can be no assurance these objectives will be achieved.

Market Environment

A window of opportunity has opened for the private investor in developing America’s remaining energy reserves. Twenty years ago, there was plenty of funding available for domestic energy projects and high quality projects were hard to find. Independent oil companies and the major oil companies were competing for leases. Today, however, the tables have turned. The major energy companies are currently spending most of their money offshore and overseas. They are selling their domestic production to the smaller independent oil companies and, with the exception of very large acreage blocks, they are allowing most of their domestic leases to expire. Usually, independent energy companies pick up acreage when the majors move out of an area, but those conditions no longer exist. Many small energy companies have either closed their doors or do not have sufficient cash to

purchase the thousands of oil and gas productive leases and still operate the wells on their properties.

Investors can presently find opportunities in the petroleum industry that were only dreamed of decades ago. With the major oil companies focusing on projects elsewhere, independent investors are able to acquire prime leases in the heart of America's energy producing areas.

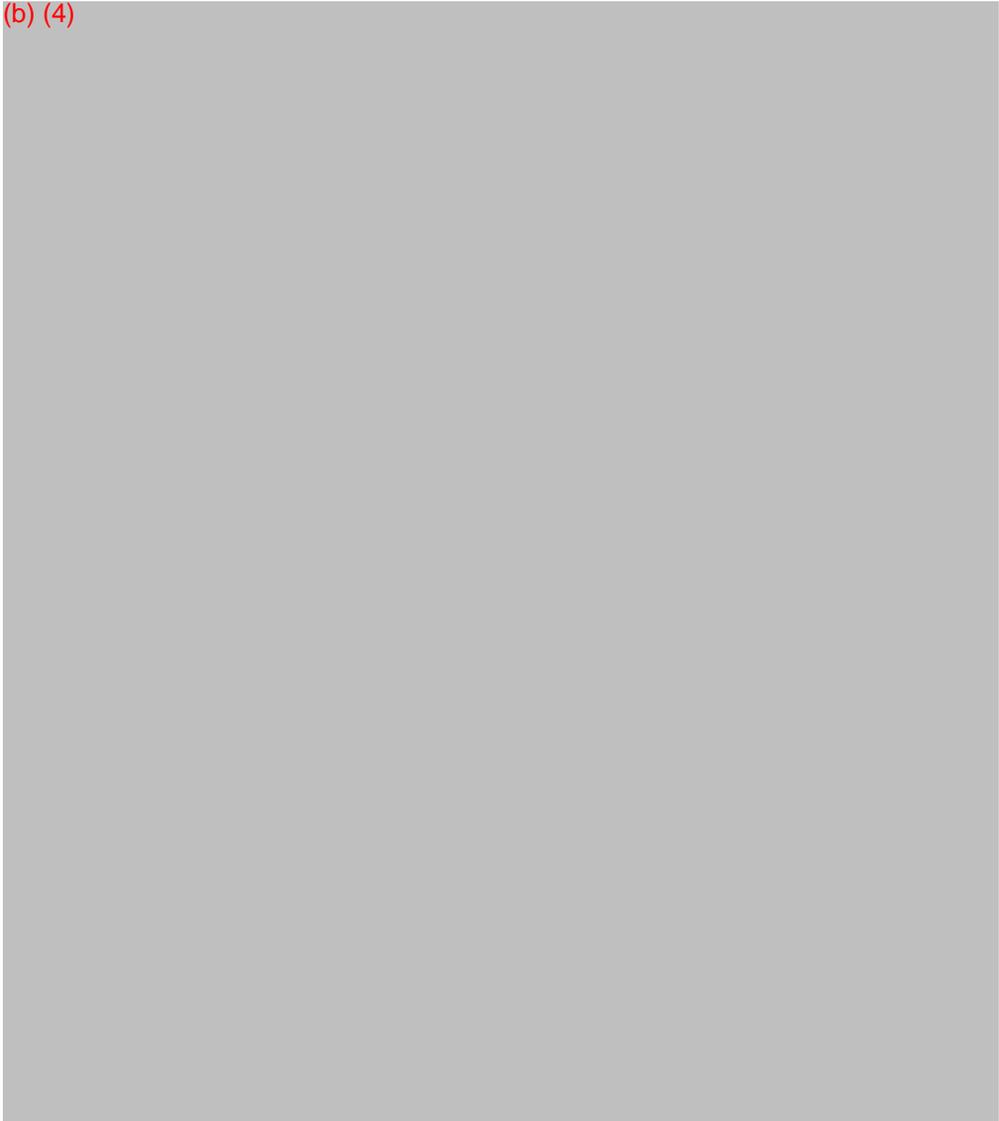
Proposed Activities

The Fund presently anticipates acquiring interests in the following oil and gas projects (or alternative projects in the event these become unavailable) (the "Projects" or "Prospects"):

(b) (4)



(b) (4)



Our Sponsoring Member may exercise its sole discretion and substitute alternative prospects, including, but not limited to, secondary recovery or well production or enhancement projects, if deemed to be in the best interest of the Fund. The Fund may also add prospects and projects – including the leasing and/or purchase of technology and equipment associated with its objectives – to its portfolio as opportunities present themselves.

Economic Impact / Job
Creation

According to the economic analysis by economists and Professors Dominique Halaby and Javier Oyakawa of University of Texas at San Antonio (See Exhibit section of this Memorandum) a reasonable basis exists for the creation of 10 new direct, indirect, or induced full time equivalent jobs per USD \$500,000 of investment in the Fund. Professors Halaby's and Oyakawa's economic study also includes a detailed prediction of the job-creative effect of our intended business plan, within our Geographical Area.

Structure The Fund is a new limited liability company (LLC) formed under the laws of the State of Delaware, United States of America. Our Sponsoring Member is Southern Star Regional Investment Center LLC, a Texas limited liability company.

Units of Membership Interest We are offering for sale up to (b) (4) oversubscription allotment if necessary) at USD \$500,000 per Unit, aggregating (b) (4) “Unit” means an Investing Membership Interest in the Fund purchased by an investor. This interest is the right and obligation to share a proportional part of the Fund’s income, expense, assets and liabilities. The Sponsoring Member reserves the right to accept subscriptions of fractional Units from qualified persons in its sole discretion.

Potential Board Seats (b) (4)

Investment Objective and Policies We seek to capitalize on the present market environment that exists today in the U.S. domestic energy sector. The Fund will focus on acquiring oil, gas, and mineral interests in oil and gas properties and interests in direct-participation opportunities involving drilling or leasing working, royalty or other mineral interests in oil and natural gas properties, enhancement of existing or past production and/or re-working of existing wells where the project’s probability of success is relatively high. The Fund also intends to expend funds to acquire conventional and unconventional geophysical studies and equipment to mitigate risk, to the extent possible, in the selection process inherent in its proposed activities.

Potential Holdings (b) (4)

Life of Fund The Fund will exist in perpetuity from the date of its formation or will be wound up shortly after all the Fund’s investments have been liquidated or upon depletion of the Fund’s last oil and gas reserve assets. The life of the Fund may be extended at the discretion of the Managing Member in order to rework, re-drill or otherwise extend the life of the Fund’s oil and gas assets.

Exit Strategy (b) (4)

Distribution Policy

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
SOUTHERN STAR ENERGY FUND LLC

(b) (4)

Short-Term assets

Capital Commitments

Management

Distributions

Voting / Consent Rights

Placement

Minimum investment

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
SOUTHERN STAR ENERGY FUND LLC

Escrow; Application Fee

(b) (4)

Closing

U.S. Federal Income
Taxation

We will be treated as a partnership for U.S. federal income tax purposes. As such, we will not be subject to U.S. federal income taxation on income and gain realized from its investments. You will be required to take into account, in determining your own income tax liability, your allocable share of the Fund's income, gains, losses, deductions, and credits, whether or not such items are actually received by you. On the other hand, we intend to seek certain favorable tax treatment whenever possible in order to improve the overall bottom line returns to Fund investors. **HOWEVER, THIS IS NOT A TAX SHELTER.**

Transfer of Units

(b) (4)

Redemption/Retraction

Administration Fees

Organizational Fee

Operating Expenses

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
SOUTHERN STAR ENERGY FUND LLC

(b) (4)



Reports

You may expect to receive regular reports and accounts of the Fund's activities promptly after these are available and will be notified of important developments concerning the Fund and the progress of our intended development of a oil and gas assets and operations.

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RISK FACTORS

You should rely only on the information contained in this Memorandum. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it.

Please carefully consider the risk factors set forth below, as well as the other information contained in this Memorandum, in evaluating an investment in the Units offered hereby. This Memorandum contains certain forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth below and elsewhere in this Memorandum.

Investing in Oil and Gas is Highly Speculative

Oil and gas ventures are highly speculative in nature. Although there have been significant advances in technology regarding the determination of the potential success of oil and gas ventures, there is no sure way to predict if a well, prospect, lease or mineral interest will be economically viable. Likewise, oil and gas exploration is a very speculative venture that has been marked by unprofitable efforts since the days of its infancy in the early twentieth century, not only resulting from the drilling of "dry holes," but also from the drilling of wells which, though productive, do not produce oil or gas in sufficient quantities to return a profit on the costs expended. Because participation in the Fund is highly speculative, you should be prepared for the possibility of a total loss of your capital. You should only participate if you are able to absorb such a total loss.

There are Numerous Unavoidable Natural Hazards Associated With Oil and Gas Property Exploration and Field Development

Certain conditions are beyond our control, such as unexpected pressures, blowouts or unusual formations. Other conditions encountered in drilling or well enhancement may cause hazards, pollution, or other damages which may result in the loss of a portion or all of a well or project. Additionally, circumstances may occur that would prevent production from a well that would otherwise be productive or would cause production from a well to be deemed prohibitively expensive, as in the case of excessive water or paraffin buildup. Also, extreme weather conditions may sometimes impede or delay drilling, completion, or production of a well.

We Face Possible Operating and Environmental Hazards

Certain operating and environmental hazards such as spillage of petroleum liquids, discharge of toxic gases or wastes, contamination of water sources, and other unforeseen conditions may be encountered. As a result of such hazards, it is possible that we may incur substantial liabilities to third parties or governmental agencies, the payment of which could reduce or eliminate the funds available for distribution from producing properties, or could result in the complete loss of projects or wells in which we own an interest. Also, future governmental regulations relating to environmental matters could increase the cost of doing business, or require the alteration or cessation of operations. Such actions could substantially affect both the return on our capital and our liabilities.

The Oil and Gas Industry is Highly Competitive

We will be competing with numerous other companies, both major oil companies as well as independents, many of which have greater financial resources and technical staff expertise than may be available to us.

Volatile World Commodity Prices for Crude Oil and its Derivative Products Have a Direct Effect on Our Chances for Profitability

Historically, oil and gas prices have been highly volatile as supply and demand manifest themselves in the market for hydrocarbons. At times, production from productive oil and gas wells in many geographic areas of the United States

has been curtailed due to lack of market demand, and it is possible that such curtailments may arise in the future. If such an event should occur in the areas in which we intend to be engaged, it is possible that our wells may be shut-in or that the oil and gas produced therefrom may be sold at prices or on terms that are less favorable than might otherwise be obtained in times of greater demand. It is also possible that the oil and gas interests we intend to invest in may not be profitable.

Also, although the Organization of Petroleum Exporting Countries (OPEC) exerts a great deal of control over market prices based on their efforts to curtail production in order to keep the price of oil at certain levels, not always are they successful in their cartel efforts.

In addition, the major oil companies are always seeking larger and larger oil fields offshore and in the remote areas of the world. The discovery of another highly productive field (e.g., North Slope of Alaska, etc.) could have a significant impact on the price for oil or natural gas.

Also, violence and instability in the Middle East have been shown to have a correlation to the price of oil. It is unlikely that such political instability will cease in the near future.

All of these factors may cause our oil and gas drilling, development, leasing and/or oil and gas interest acquisition activities to become unprofitable due to lower-than-expected prices.

We are Reliant on the Expertise of Our Sponsoring Member

We will depend to a great extent on the experience and expertise of our Sponsoring Member and other persons as further described elsewhere in this Memorandum (See "Key Personnel"). The death, resignation, or disability of any of these persons may have a materially adverse effect on the conduct of our activities and on our ability to successfully execute our business plan.

The Sponsoring Member and its Consultants May Have Conflicts of Interest

There are conflicts of interest inherent in the activities of the Fund. The Sponsoring Member and/or its Affiliates may act in a similar capacity for other LLCs or partnerships involved in the oil and gas industry. The Sponsoring Member and/or its Affiliates intends to manage other oil and gas LLCs or partnerships and plans to own and operate other oil and gas properties on its own behalf and on behalf of others. For example, the Fund intends to purchase assets, which may include equipment and/or technology and/or data derived therefrom, from Southern Star Regional Investment Center LLC and/or its Affiliates, which is/are owned and controlled by certain key personnel of the Sponsoring Member. (See "Key Personnel"). Also, although we do not currently anticipate problems, any additional responsibilities taken on by the Sponsoring Member or its Affiliates may cause it to devote less time to the business of the Fund than is necessary for optimal performance. In addition, the Sponsoring Member may hold Units in the Fund as an Investing Member.

Certain services to be provided to the Fund, such as legal, accounting, marketing, transportation, well operations, maintenance, project origination and technical or consulting services, may be performed by our Affiliates or related parties under common control. Also, some officers of the Sponsoring Member may be registered representatives of FINRA-member firms who may receive sales commissions from the placement of Units. In any case, we will strive to ensure that such services will be performed at rates believed to be comparable to rates charged by other independent non-affiliated companies for similar services. Bear in mind there is the possibility that if prospects acquired by the Fund produce only marginal amounts of oil or gas our Affiliates or related parties may still realize a profit even though you do not realize a profit on your investment.

Conflicts of interest for the individual members of our Sponsoring Member and others associated with this Fund by way of contract may also arise. Such individuals, either directly or indirectly, may provide services to other oil and gas related programs and may engage in oil and gas exploration and development for their own account and the account of others. Also, Southern Star Regional Investment Center LLC and/or its Affiliates may retain carried interests (e.g., working interest, overriding royalty interest, etc.) in the leases acquired by the Fund. Such persons may also be involved

with other oil and gas companies and in other aspects of the petroleum industry. All of these activities may result in conflicts of interest.

There Is No Assurance That The Projects Selected By Our Sponsoring Member Will Be Productive.

Our Sponsoring Member will attempt to select wells or projects that are in historically productive geological areas or areas of new potential. However, there can be no assurance that the wells or projects chosen will be economically viable or will yield financial results similar to other wells or projects producing oil and gas in the same geological area or that the wells, leases, or oil and gas interests acquired by the Fund will produce oil and gas in quantities sufficient to return the cost of acquisition. Therefore, there can be no assurance that your investment in the Fund will be profitable or that you will recover all or any part of your contributed capital.

There Can Be No Assurance of Adequate Liability Insurance Coverage.

Oil and gas field operators, including drilling contractors, such as will be retained by the Fund to manage the day-to-day drilling and/or servicing of wells on a given property (who may be Affiliates of the Sponsoring Member), are usually required by state law to carry and maintain certain performance bonds in order to continue as operators in good standing. Further, field operators usually maintain liability insurance coverage. However, there is no mandatory requirement for a field operator to maintain a specific amount of liability insurance or to maintain insurance coverage altogether. The absence of insurance coverage for a particular field operator would expose the Fund to greater liability and risk than if insurance were continued in force. This, of course, could also cause a material negative impact on the Fund's profitability.

We will endeavor to require all of the Fund's field operators to provide proof of liability insurance under each of their respective operating agreements and economic protection via contract. Although we will endeavor to cause such insurance to be carried, there is no guarantee that the amount of coverage, terms, or conditions of the insurance will not be materially changed in the future. Such insurance is usually intended to cover certain natural hazards such as blowouts. However, the field operators may not be able to insure or may elect not to insure against certain other hazards due to premium costs or other reasons. We will endeavor to ensure that all agreements with field operators and drilling contractors will require them to secure and maintain an insurance policy for bodily injury liability and to maintain such insurance coverage thereafter as is deemed appropriate. Such insurance coverage would apply to new, producing, plugged and abandoned wells in which the Fund has an interest.

You Should Seek Out Independent Legal Advice

Neither we nor our attorneys intend to give you any legal advice or counsel whatsoever. We strongly recommend you consult with your legal advisors regarding the inherent risks of the Fund before investing.

We Are Subject to Fluctuating Market Prices

Although many oil and gas industry analysts feel that an undersupply, rather than an oversupply of oil and gas may be prevalent in future markets, there is the possibility that restrictions on market access may occur in the future, which could result in a reduction in the amount of oil and gas marketed from the wells drilled or acquired by the Fund or in the price paid to third parties for oil and gas delivered, or both. The Fund may or may not enter into any futures contracts for the sale of production from its wells. Oil and gas produced by the Fund's wells may be sold on the "spot market" in order to take advantage of higher seasonal prices. However, there can be no assurances that this technique will protect the Fund from seasonal price drops.

Our Leases May Have Title Defects

We will not obtain title insurance on leasehold interests or other oil, gas and mineral interests, including royalty interests which the Fund acquires and develops. While we will exercise normal procedures and take all prudent precautions in the acquisition and assignment of the leases or interests acquired by the Fund, there is no assurance that losses will not result from title defects or from defects in the assignment of rights.

Broad Diversification of Oil and Gas Holdings May Be Difficult To Achieve

Since the Fund is closed-ended, it may commence operations without this offering being fully subscribed and without diluting the pro-rata ownership of any underlying Fund investor. As a result, the Fund may be limited in its ability to acquire or participate in numerous projects due to lack of funds. Fund operations will be conducted only on specific subject leases which may be acquired with limited funds. As a result, we may be less able to diversify the Fund's operations and spread the risks of oil and gas exploration and development over a broad range of projects on behalf of the Fund.

There Is No Liquid Market for Fund Units

You must assume the risks of purchasing an illiquid asset. Transferability of interests is limited and there is no guarantee of any market for the interests. Consequently, you should not expect to be able to readily liquidate your interest.

Consistent Revenue Distributions May Not Be Possible Due To Unavoidable Delays

There are a number of factors that could cause a delay in the beginning or continuance of revenue distributions to you, including, but not limited to, title defects, completion problems, problems with well production equipment, compression problems, pipeline space availability, availability of oil and gas markets, acceptable price considerations, and regulatory or environmental concerns.

The amount and frequency of distributions will depend primarily on the cash receipts from the sale of production, and upon the expenses involved in the production thereof.

Assuming that production is established from interests in wells acquired and/or serviced by the Fund, it is our intention to distribute revenues to you on at least a quarterly basis. However, there are no guarantees or assurances of when cash distributions will commence or as to the amount of such distributions, if any.

Our Forecasts Are Reliant Upon Hypothetical Projections and Lack Independent Review

Projections contained in this Memorandum are based on assumptions believed to be reasonable by our Sponsoring Member. Such projections are strictly hypothetical in nature, and there is no assurance or guarantee expressed or implied that results of the wells acquired, drilled or reworked by the Fund will be similar to the projections, or that the wells will produce oil and gas in commercial quantities, if at all.

There has been no independent economic review made of the merits of an investment in Fund Units. If you acquire Units without independent evaluation of the Fund Units or the hypothetical projections and their underlying assumptions, you assume the risk that the actual results of the Fund's activities may be significantly different than those shown in the projections, and the risk that you may lose your entire capital contribution.

This Offering Is Not Registered Under State and Federal Securities Laws

This offering has not been registered under the Securities Act of 1933, as amended, nor registered under the securities laws of any state. We do not intend to register this offering at any time in the future. Thus, you will not enjoy any benefits that may have been derived from such a registration and corresponding review by regulatory officials. You or your representatives must make your own decision as to investing in the Fund with the knowledge that regulatory

officials have not commented on the adequacy of the disclosures contained in this memorandum or on the fairness of this Fund's offering. The lack of registration of the offering may also significantly restrict the transferability of the Units.

Estimated Costs Are Not Certain

Costs to be borne by the Fund for the projects selected by our Sponsoring Member cannot be ascertained with certainty. Estimates of such costs per well and per mineral acre have not been determined by an independent process, but are believed to be reasonable and consistent with such costs available from other operators for similar services.

Due to the competitive nature of the oil and gas industry and to the dependence on the resources of the selected contractors or other independent contractors, there is no assurance that such services might be obtained at costs either higher or lower than those paid by the Fund.

If difficulties are experienced, cost overruns will be borne by the Fund. While we intend for the Fund to have adequate contingency reserves on hand to cover cost overruns that result from complications, there can be no assurance that this contingency reserve will be sufficient to cover such costs. However, excessive costs of completion due to complications may cause a well to become commercially unproductive, necessitating its eventual abandonment.

We may assume risks associated with participating in joint ventures or other partnerships

There is a chance we may acquire partial or fractional ownership in the intended property and/or in the intended oil and gas assets and operations in joint venture, joint tenancy, or in partnership relationship between the Fund (as either a general or limited partner or as a member of a LLC) and other real estate development companies or investors who may or may not be affiliated with the Fund's Management. Such relationships may involve risks not otherwise present. These include risks associated with the possibility that the Fund's co-venturer(s) or partner(s) might become bankrupt, that such co-venturer(s) or partner(s) may at any time have economic or business interests or goals that are inconsistent with those of the Fund, or that such co-venturer(s) or partner(s) may be in a position to take action contrary to the instructions or the requests of the Fund or contrary to the Fund's policies or objectives. We may relinquish control of such a joint venture or partnership and the Fund may receive a disproportionate share of profits from such a relationship. Actions by a co-venturer or partner might have the result of subjecting assets owned by the joint venture or partnership (which may include the property and the intended oil and gas assets and operations) to liabilities in excess of those contemplated by the terms of the joint venture or partnership or might have other adverse consequences for the Fund.

"Green card"-seeking Investing Members are at risk of not obtaining it and face other immigration risks

There is no guarantee nor can there be any assurance that Investing Members who are non-U.S. Persons or who are foreign nationals seeking immigration to the United States or permanent U.S. residency through the "EB-5 Immigrant Investor Program" by utilizing their investment in the Fund Units will be successful in obtaining that which they seek. Although our Sponsoring Member intends to seek designation by United States Citizenship and Immigration Services ("USCIS") as a "regional center" pursuant to the provisions of Section 610 of the Appropriations Act of 1993, as amended, and relevant USCIS rules and guidelines, as of the date of this Memorandum such status or designation has not been obtained. While investing in a "regional center" is not a guarantee that you will obtain a "green card", there can be no assurance that such designation will be obtained by our Sponsoring Member. Due to regulations and USCIS oversight, there is a general presumption (though no assurance) that investing in a "regional center" may make it more likely than not that you will be able to meet your burden of proof during the visa application process. Consequently, there is a risk your burden of proof may be more difficult investing in the Fund than if you invested in an existing regional center. Moreover, the United States Congress, the U.S. Department of Homeland Security and/or USCIS may change the law, regulations, or interpretations of the law without notice and in a manner that may be detrimental to an Investing Member seeking to obtain an EB-5 visa.

It is impossible to predict visa-processing times. EB-5 visa-seeking Investing Members should not physically move to the United States until their visa has been issued. Investing Members who obtain U.S. permanent residence status must

intend to make the United States their primary residence. Permanent U.S. residents who continue to live abroad risk revocation of their permanent residence status.

Since our Sponsoring Member may not be an approved "regional center" as of the date of this Memorandum, removal of your "conditional status" (which must be granted prior to the release of your escrowed funds) will depend upon the Fund creating at least 10 *direct* jobs within two (2) years of the date of your investment per each USD \$1,000,000 you invest (or per each USD \$500,000 you invest if our facility is located within a Targeted Employment Area (TEA) or a Rural Area (RA) as those terms are defined by law – See "Definitions"). This must be contrasted with the advantage afforded investors in USCIS-designated regional centers where both direct and *indirect* job creation is considered in review of their EB-5 visa application.

While we believe we will, in fact, create at least 10 *direct and indirect* jobs per USD \$500,000 of capital investment once our oil and gas assets and operations become operational and fully staffed (See Economic Impact Study and/or Economic Report in the Exhibit section of this Memorandum), due to the risks discussed elsewhere in this Memorandum we can give no assurance that we will be successful in creating a sufficient number of jobs as may be required for each immigrant investor. Estimates of future direct and indirect employment are based upon economic projections prepared by economists. While their utility cannot be denied, economists are rarely correct in their predictions of actual market results. Market or other factors may make it difficult or impossible to achieve projected employment creation. Section 216.6 of Title 8 of the U.S. Code of Federal Regulations (C.F.R.) requires the foreign national EB-5 applicant entrepreneur to create or show they can be expected to create within a reasonable period of time 10 full-time jobs to qualifying employees. In the event of delay or in the event it is impossible to achieve predicted employment at the time of filing to remove conditional status, an immigrant investor's removal of conditional status petition may be delayed or possibly altogether denied.

Also, while it is highly unlikely that our oil and gas assets, or the Fund itself will be sold prior to removal of conditional permanent residence status in connection with your I-526 visa petition, prompt prosecution of the petition remains your responsibility. We will not delay a possible sale to accommodate those who have filed their I-526 visa petitions later than two (2) years from the date of their investment in the Fund.

U.S. TAX RISKS

The following is a brief summary of what we believe are the most significant U.S. tax risks involved in an investment by the Investing Members in the Units. Numerous changes in the tax laws of the United States federal government and of the several States have increased the tax risk and uncertainty associated with investments in U.S. domestic limited liability companies. An unfavorable outcome with respect to any tax risk factor may have an adverse effect on an investment in the Units. THEREFORE, NONE OF THE FOLLOWING SHOULD BE CONSIDERED TAX ADVICE FROM THE FUND, ITS MANAGEMENT, COUNSEL, ACCOUNTANTS, AFFILIATES, ETC. YOU ARE EXPECTED TO CONSULT WITH YOUR OWN PERSONAL TAX ADVISOR BEFORE MAKING A DECISION TO SUBSCRIBE FOR UNITS.

We have not obtained a tax opinion

We have not obtained an opinion of counsel as to the tax treatment of certain material federal tax issues potentially affecting the Fund or its Members. Moreover, any such opinion, if we obtained one, would not be binding upon the U.S. Internal Revenue Service ("IRS"), and the IRS could challenge our position on such issues. Also, rulings on such a challenge by the IRS, if made, could have a negative effect on the tax results of ownership of the Fund's Units.

Tax audits are possible

The IRS has announced, and for several years has implemented, a policy which attempts to locate and select for audit the information returns of partnerships having tax loss benefits. Although we do not believe that the Fund is the type that would be subject to such greater IRS scrutiny, the federal income tax information return of the Fund will still be subject to audit. If the Fund's information return is audited, such audit may cause corresponding adjustments to, and may increase the probability of an audit of, an Investing Member's federal income tax return. If such audits occur, no

assurance can be given that adjustments in the tax treatment of certain items of deduction or credit will not be made, or that certain items of deduction or credit will not be disallowed. Any such adjustments could increase the probability of audits of an Investing Member's personal return, which, in turn, could result in adjustments of any items of income, gain, loss, deduction, or credit included in your personal return, regardless of whether or not those items relate to the Fund.

Tax laws are subject to change

Tax laws are continually being introduced, changed, or amended, and there is no assurance that the tax treatment presently potentially available with respect to the Fund's proposed activities will not be modified in the future by legislative, judicial, or administrative action. Proposals having an adverse tax impact on our activities could be adopted by Congress at any time, and such proposals could have a severe economic impact on us.

Passive Activity Rules

Unless you are an active participant in the governance of Fund affairs as a member of our board of directors, any Fund losses you incur may be treated as losses generated in a passive activity. Losses from passive activities generally may only be deducted against income from the same or other passive activities.

Tax Liabilities in Excess of Cash Distributions

Each Fund Member will be required to pay federal and state income taxes at his individual rate on his allocable share of the Fund's taxable income. No assurance can be given that cash will be available for distribution or will be distributed at any specific time. Generally, the allocation of profits is likely to be disproportionate to distributions to the Members. Therefore, distributions may be insufficient to pay income taxes with respect to allocations in a particular fiscal year. Accordingly, there is a risk that the Members will incur tax liabilities resulting from an investment in the Fund without receiving cash from the Fund in an amount sufficient to pay for any part of that liability.

Reduction in Tax Basis

Cash distributions by the Fund to an Investing Member will result in taxable gain to the Investing Member to the extent those distributions exceed the Investing Member's basis for his Unit. Initially, an Investing Member's basis for his Unit will be the amount of his cash contributions to the Fund increased by the portion of any Fund indebtedness for which that Member may bear the burden of economic loss.

Unrelated Business Taxable Income

Organizations generally exempt from federal income taxation (including qualified pension, profit-sharing and stock-bonus plans, Keogh plans and individual retirement accounts (IRAs)) may be taxable on their allocable share of Fund income to the extent such income constitutes "unrelated business taxable income" ("UBTI"). For example, a portion of income from an interest in real property and gain upon sale of such real property may be treated as UBTI if the property is subject to "acquisition indebtedness." Such portion is approximately equal to the ratio of the acquisition indebtedness to the aggregate basis of the property. Tax-exempt entities, other than IRAs, may qualify for an exception that would allow them to avoid the recognition of UBTI if the Fund meets certain disproportionate allocation rules; however, it is unclear whether the Fund satisfies these rules, and therefore all tax-exempt entities may be required to recognize UBTI by reason of their investment in the Fund. The receipt of UBTI by a charitable remainder trust results in taxation of all trust income for the taxable year, and therefore this is not a suitable investment for a charitable remainder trust.

Risk of Characterization

The IRS could characterize a particular Investment to be or consist of property held primarily for sale to customers in the ordinary course of business of the Fund. Under such characterization, any gain recognized by the Fund on the sale of the Investment would be ordinary income and any loss on such sale would be ordinary loss.

Factual Determinations by Sponsoring Member

The determination of the correct amount of certain deductions and their availability and timing to the Fund depend on factual determinations to be made by the Sponsoring Member. Counsel for the Sponsoring Member has specifically declined to give an opinion on such matters. Although the Sponsoring Member will exercise its best judgment regarding the facts when preparing the Fund's information return, the IRS may assert that the Sponsoring Member's judgment of the facts is not correct, which could result in the disallowance or deferral of deductions in whole or part. Such adjustments could result in the assessment of additional tax liability to the Members.

Changes in U.S. Tax Law

Significant changes have been made in the Code in recent years. The Treasury Department's position regarding many of those changes remains unclear pending publication of interpretive and legislative regulations, some of which may not be forthcoming for some time. Additionally, the Code is subject to change by the United States Congress, and existing interpretations of the Code may be reversed, modified or otherwise affected by judicial decisions, by the Treasury Department through changes in its regulations, and by the Service through its audit policy, announcements and published and private rulings. No assurance can be given that any changes in the tax law will be given only prospective application to the Fund or its Members.

The Fund Will Likely Be Treated as a Tax Partnership

We believe we will each be treated for federal income tax purposes as a partnership and not as an association taxable as a corporation. However, no tax opinion has been sought or obtained as to the availability of tax benefits to individual Fund investors due to the Fund's likely classification as a partnership for tax purposes. While we believe the Fund will likely be treated as a partnership for tax purposes, we do not intend to request a ruling of such treatment from the IRS. Should the IRS challenge this issue and obtain a contrary ruling regarding partnership status, the Fund may be required to pay taxes on the amount of taxable income deductions previously obtained, and may be liable for additional interest and/or penalties in connection with those deductions. Such adverse tax treatment would invariably have a material impact on the Fund's profitability and on your actual return on invested capital.

ERISA ASPECTS OF THE OFFERING

Introduction

The purchase of Units may not be appropriate for various tax deferred retirement plans, including any pension, profit sharing, Keogh plan or other employee retirement benefit plans qualified under Section 401(a) of the U.S. Tax Code (the "Code") or any IRA qualified under Code Section 408 (hereinafter referred to as a "Qualified Plan" or "Qualified Plans"). Before purchasing Units, the trustee or other responsible fiduciary of a plan contemplating investment should consider: (a) whether the Qualified Plan is considered an employee benefit plan subject to certain fiduciary standards of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"); (b) whether the investment is in accordance with the documents and instruments governing such Qualified Plan; (c) whether the investment will result in unrelated business taxable income to the Qualified Plan; (d) whether the investment provides sufficient distributions to permit benefit payments to be made as they become due; (e) any requirement that the fiduciary annually value the assets of the Qualified Plan; and (f) whether the investment is prudent, since no public market is expected to develop in which the Units may be sold or otherwise transferred. An employee benefit plan is defined in Section 3(3) of ERISA and includes all Qualified Plans defined above except (1) plans covering only a partner or partners of a partnership and their spouses, (2) plans covering only sole proprietors or sole owners and their spouses, or (3) most IRAs ("ERISA Plans").

"Plan Asset" Regulations

As discussed below, due to a favorable exemption provided under regulations (the "DOL Regulations"), issued by the United States Department of Labor (the "DOL"), it is expected that the assets of the Fund will not be treated, under current law, as "plan assets" of the ERISA plans which purchase Units. However, as further discussed below, if the assets of the Fund are considered for whatever reason to be "plan assets" under ERISA, then (a) the fiduciary

responsibility standards of ERISA would extend to investments made by the Fund; and (b) certain transactions in which the Fund might seek to engage might constitute "prohibited transactions" under ERISA and the Code. Furthermore, notwithstanding the DOL Regulations, even if the Fund assets are not "plan assets," the responsible fiduciaries of each investing ERISA Plan still must make an independent determination on a case by case basis as to whether the purchase of Units would comply with the fiduciary standards of ERISA and whether the purchase of Units would be considered a "prohibited transaction" under Section 4975(c) of the Code or Section 406(a) of ERISA.

In 1986, the DOL published as a final regulation Reg. Section 2510.3-101, which describes what constitutes "plan assets" with respect to an ERISA Plan investment in another entity (such as a partnership or corporation) for purposes of Title I of ERISA and Code Section 4975. Unless one of the exemptions provided in the DOL Regulations is met, the assets of a corporation, partnership or other entity in which a Qualified Plan makes an equity investment could be deemed to be assets of the investing plan. This would subject those persons who exercise discretionary control or authority over such entity's assets to certain ERISA fiduciary standards. If a Qualified Plan acquires an equity interest in an entity that is neither a publicly-offered security nor a security issued by certain registered investment companies, its assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless (i) the equity interests of certain ERISA Plan investors are not significant or (ii) the entity is an operating company. The Units will be neither publicly-offered nor issued by a prescribed investment company. Thus, one of the two exceptions must apply in order for an undivided interest in the assets owned by the Fund not to be treated under the DOL Regulations as a plan asset of Qualified Plans or ERISA Plans holding Units.

Exception for Insignificant Participation by Benefit Plan Investing Members

(b) (4)

Prohibited Transactions Under Section 4975 of the Code

Notwithstanding the exemption available under section 2510.3-101 of the DOL Regulations discussed above, and the likelihood that the Fund's assets would not be considered "plan assets," a fiduciary of an investing Qualified Plan in Units is still subject to the prohibited transaction rules of Code Section 4975 (and ERISA Section 406(a) for ERISA Plans). If the Service determines that an investment in the Units constitutes a prohibited transaction, an excise tax may be imposed on any disqualified person (as defined in Section 4975(e)(2) of the Code) who participates in the prohibited transaction. Furthermore, the transaction may have to be reversed. With respect to IRAs, the tax-exempt status of the IRA will be lost if the Service determines that the acquisition of Units by the IRA constitutes a "prohibited transaction" under 4975(c) of the Code.

Prohibited transactions are defined in Section 4975(c) of the Code and Section 406(a) of ERISA. These prohibitions are imposed upon fiduciaries and parties in interest to deter them from exercising the authority, control or responsibility which makes such persons fiduciaries when they have interests which may conflict with the interest of the plans for which they act. AS A RESULT, EACH FIDUCIARY OF AN INVESTING QUALIFIED PLAN INVESTING IN UNITS MUST INDEPENDENTLY DETERMINE WHETHER SUCH INVESTMENT CONSTITUTES A PROHIBITED TRANSACTION UNDER SECTION 4975(c) OF THE CODE OR SECTION 406(a) OF ERISA.

U.S. TAX AND ESTATE DISCLOSURE TO NON-U.S. PERSONS

YOU SHOULD CONSULT WITH YOUR OWN LEGAL AND TAX ADVISORS TO DETERMINE THE TAX IMPACT AN INVESTMENT IN THE FUND WILL HAVE IN YOUR JURISDICTION OF RESIDENCE.

Overview

As a general rule, non-U.S. Persons who receive U.S. source income are subject to U.S. tax. In order to satisfy U.S. Internal Revenue Service (IRS) tax reporting requirements, non-U.S. Persons must declare their country of residence and to verify their status as a non-U.S. citizen or resident to the IRS and the Fund on IRS Form W-8BEN. We will then withhold U.S. taxes from non-U.S. Persons based on customer's country of residence as declared on the IRS Form W-8BEN.

In the absence of a valid IRS Form W-8BEN along with required supporting documents on file we are required to withhold 28% of all sales proceeds and of certain other transactions that result in a distribution to you. Without a valid IRS Form W-8BEN, we are also required to withhold tax on your capital account at the maximum tax rate of 30%, which is generally higher than rates available to residents of countries that have a tax treaty with the United States. Information included in the IRS Form W-8BEN will be reported annually by the Fund to the IRS and to you on IRS Form 1042-S.

This disclosure is based on the U.S. tax laws in effect as of the date of this Memorandum, which are subject to change, possibly retroactively, and no assurance can be given that the U.S. Internal Revenue Service (IRS) may not take a position contrary to the positions described herein. This disclosure of certain U.S. tax and estate considerations is not meant to be legal or tax advice, and you should consult with your own personal estate planning or tax advisors before making any investment.

U.S. Tax Documentation

You must have on file with us one of the four versions of IRS Form W-8 (either W-8BEN, W-8IMY, W-8ECI or W-8EXP). These forms are used to verify your status as a non-U.S. citizen or resident and, when properly completed, can minimize withholding taxes on distributions you receive. We will do our best to assist you in determining which version of the form is appropriate for you. However, this determination ultimately depends on your own particular tax situation and may necessitate consulting your own tax advisor. You may also want to visit the IRS website for more information (www.irs.gov).

U.S. Tax Reporting

We will be required to report to the U.S. Internal Revenue Service once a year on Form 1042-S all U.S. source income for each Investing Member who is a non-U.S. Person. "U.S. source income" is, in general terms, defined under U.S. tax regulations as dividend and interest income earned on securities issued by U.S. issuers. In addition, interest earned on U.S. Treasury and U.S. government agency securities is U.S. source income. Therefore, to the extent that you receive distributions or are attributed income from the Fund, that amount will be included in the annual report we are required to send to the IRS.

Generally, foreign source income is not reported to the IRS. "Foreign source income" is dividends and interest earned on securities issued by non-U.S. companies and non-U.S.-registered mutual funds. Also, gain from the sale or redemption of securities (such as the sale of Fund Units) held by non-U.S. citizens or residents is generally not reportable. Special tax rules apply to income and gains from shares in real estate investment trusts, interests in certain partnerships (such as the Fund) and certain other securities.

U.S. Tax Withholding

Any distributions by the Fund to a non-U.S. Person will automatically be subject to 30% tax withholding (which means that 30% of any distribution payment would be deducted by us and sent to the IRS). However, please note that this tax rate may be reduced if you can claim the benefit of an income tax treaty between the jurisdiction of your residence and the United States and you have claimed such treaty benefit on IRS Form W-8BEN. You should consult with your own tax advisor to determine whether any U.S. tax withheld from any income credited to your capital account may qualify for a foreign tax credit in your jurisdiction of residence.

U.S. Estate Proceedings

In the event of your death, disposition of your Units will depend upon how title to your Units are held. If, for example, title to your Units is held in joint tenancy with another person, title will pass automatically to the surviving joint tenant (although the tax clearance described below will still be required). Similarly, if title to your Units is held in trust, disposition of the Units will be in accordance with the terms of the trust instrument. If title to your Units does not pass automatically, an estate proceeding will be required before we can distribute the Units to your heirs. The executor or personal representative of your estate in your country of residence will need to contact an attorney in the United States for assistance in filing for appointment with the probate court in the appropriate state to conduct an ancillary administration of your Units. Your U.S. personal representative will then be entitled to collect the proceeds of any distributions attributed to your Units for disposition in accordance with your will (or the applicable laws of intestate succession if you die without a will) after the tax clearance described below has been obtained. Upon the death of the beneficial owner of the Units we would be forbidden under U.S. tax law from transferring the Units from the decedent's name until the IRS has concluded its estate tax audit.

We generally may only transfer or release the Units after the executor, surviving joint tenant, trust beneficiary or other person legally entitled to receive the decedent's Units provides us an original "Transfer Certificate" (IRS Form 5173) received from the Internal Revenue Service. Transfer Certificates are issued after an investigation when the IRS is satisfied that the tax imposed upon the estate, if any, has been fully discharged or provided for. Requestors will likely be asked to provide the IRS with copies of the estate tax return and corroborating documentation. In addition, the IRS will typically require copies of the decedent's last will and testament and codicils thereto, if any, with English translations if appropriate, as well as copies of any death or inheritance tax returns and corrective statements filed with a tax or regulatory authority outside the U.S., and a copy of the decedent's death certificate. In addition, state inheritance tax laws may also require filings before a transfer of Units will be permitted. You should consult with your estate planner and tax advisor to determine how title to your Units should be held. Advance planning can save you and your family or heirs significant time and cost in the event of your death.

U.S. Estate Tax

Certain assets located in the United States which are beneficially owned by non-U.S. citizens or residents are subject to estate tax at graduated rates. Such assets include certain types of securities such as Fund Units beneficially owned by the deceased person at the time of death. As for joint tenants, the surviving joint tenant will have the burden of proving his/her respective contributions in order to determine the amount subject to tax.

WE BELIEVE YOU SHOULD BE AWARE OF THE BASICS OF CERTAIN U.S. TAX AND ESTATE CONSIDERATIONS THAT YOU SHOULD TAKE INTO ACCOUNT AS PART OF YOUR INVESTMENT DECISION MAKING PROCESS. AGAIN, THE FOREGOING IS NOT U.S. LEGAL OR TAX ADVICE. YOU SHOULD CONSULT WITH YOUR OWN LEGAL AND TAX ADVISOR PRIOR TO MAKING AN INVESTMENT IN THE FUND. PURSUANT TO IRS CIRCULAR 230, THE ABOVE INFORMATION, AND THAT WHICH IS CONTAINED ELSEWHERE IN THIS MEMORANDUM, IS NOT INTENDED TO AND CANNOT BE USED TO AVOID IRS PENALTIES.

RISKS RELATING TO THE USA PATRIOT ACT, MONEY LAUNDERING, AND TERRORISM PREVENTION

The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "USA Patriot Act"), signed into law on and effective as of October 26, 2001, requires "financial

institutions”, a term that includes banks, broker dealers and investment companies, establish and maintain compliance programs to guard against money laundering activities. The USA Patriot Act requires the Secretary of the U.S. Treasury (the “Treasury”) to prescribe regulations in connection with anti-money laundering policies of financial institutions. The Federal Reserve Board, the Treasury, and the SEC are currently studying what types of investment vehicles should be required to adopt anti-money laundering procedures, and it is unclear at this time whether such procedures will apply to the Fund. It is possible that there could be promulgated legislation or regulations that would require the Fund or other service providers to the Fund, in connection with the establishment of anti money laundering procedures, to share information with governmental authorities with respect to purchasers of Fund Units. Such legislation and/or regulations could require the Fund to implement additional restrictions on the transfer of Units. The Fund reserves the right to request such information as may be necessary to verify the identity of Investing Members and the source of the payment of subscription monies, or as may be necessary to comply with any customer identification programs required by the Financial Crimes Enforcement Network and/or the SEC, or as may be required under any anti-money laundering legislation and regulation of the United States. In the event of delay or failure by any Unit holder to produce any information required for verification purposes, an application for or transfer of Units and the subscription monies relating thereto may be refused.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the information in this Memorandum may contain forward-looking statements. Such statements include, in particular, statements about our plans, strategies and prospects. You can generally identify forward-looking statements by our use of forward-looking terminology such as “may”, “will”, “expect”, “intend”, “anticipate”, “estimate”, “believe”, “continue”, or other similar words. Although we believe that our plans, intentions and expectations reflected in such forward-looking statements are reasonable, you should not rely upon our forward-looking statements because the matters they describe are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond our control. These forward-looking statements are subject to various risks and uncertainties, including, but not limited to, those discussed above under “Risk Factors”, that could cause our actual results to differ materially from those projected in any forward-looking statement we make. We do not anticipate to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

OBJECTIVES, STRATEGIES, AND PROPOSED ACTIVITIES

The discussion that follows contains numerous forward-looking statements. Actual results could differ materially from those anticipated. Many factors have the potential to substantially and materially affect the Fund's prospects for profitability. Some but not all of these factors are discussed in the “Risk Factors” portion of this Memorandum and elsewhere in this document. Because of these reasons, you should be aware that your entire investment is at risk and that it is very possible that you may lose your entire investment.

Today’s Oil and Gas Market

As our world economy becomes more intertwined than ever before, we have an unprecedented opportunity for potentially optimal yields in today’s increasingly volatile world energy markets. We believe the long-term trend for energy prices is positive. Factors believed to play a role in this situation include:

- Volatile US dollar;
- Long-term global demand for oil and gas;
- Emerging economies of China and India as well as many other developing nations;
- Fewer major oil and gas discoveries;
- Changing weather patterns;
- International conflicts;
- International producing cartels (OPEC) and dictatorial regimes; and
- Political and/or legal uncertainty regarding offshore oil drilling in the Gulf of Mexico.

Oil and gas producing properties in the United States are unique among the world’s hydrocarbon resources. While most nations have nationalized their oil industries, the United States is the rare example where an individual may own interests in oil and gas programs as well as leases, mineral and royalty interests.

Proposed Activities

The Fund is a limited liability company (LLC) formed to make investments (the "Investments") in various oil and gas mineral rights, oil and gas leases, royalty interests, and/or interests in oil and gas drilling and well completion projects in the continental United States - with emphasis in certain Targeted Employment Areas (TEAs) or otherwise rural areas within the State of Oklahoma - as more particularly described herein. Our objective is to realize capital appreciation and income streams from our Investments in the energy sector. We expect that our Investments will typically be in leasebanks, drilling opportunities, royalty interests, mineral rights, completion activities and other energy investments identified by the Sponsoring Member in its sole discretion. We intend to invest only in projects where at least ten (10) or more U.S. jobs can be created per USD \$500,000 of capital investment. We also may engage in conducting geophysical studies utilizing seismic or enhanced or alternative exploration and completion technologies prior to or after acquisition of the Fund's Investments. We may also invest in secondary recovery or well production or enhancement projects. There can be no assurance these objectives will be achieved.

Current Acquisition Targets

The Fund presently anticipates acquiring interests in the following oil and gas projects (or substantially similar projects) further details of which will be made available upon request:

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Alternative or Additional Acquisition Targets

The Sponsoring Member may exercise its sole discretion and substitute alternative prospects, including, but not limited to, secondary recovery or well production or enhancement projects, if deemed in the best interest of the Fund.

Staffing / U.S. Job Creation

As discussed in further detail in our economic impact study / report (See Exhibit "B" of this Memorandum), we expect our facility will create at least 10 new direct or indirect U.S. jobs per USD \$500,000 of investment. While no guarantee or assurance can be given, we will endeavor to ensure that at least 10 *direct* jobs per individual investment of USD \$1,000,000 or more by an EB-5 visa-seeking Investing Member will be created by our new enterprise (unless, of course, (a) our facility is located within a Targeted Employment Area (TEA) or a Rural Area (RA), as those terms are defined by law, and (b) our Sponsoring Member receives designation by the USCIS as an approved "regional center", in which case we will endeavor to ensure the creation of said number of direct and/or *indirect* jobs per individual investment of USD \$500,000 or more by an EB-5 visa-seeking Investing Member in accordance with either the jobs model or expenditure model as utilized or adopted by our economists to prepare our economic impact study (See Exhibit "B" of this Memorandum)).

FUND ORGANIZATION & STRUCTURE

SOUTHERN STAR ENERGY FUND LLC ("we", "our", "us", or the "Fund") is a new limited liability company (LLC) formed under the laws of the State of Delaware by Southern Star Regional Investment Center LLC, a Texas limited liability company that serves as its Sponsoring Member. The Fund was formed to make investments (the "Investments") in various oil and gas mineral rights, oil and gas leases, royalty interests, and/or interests in oil and gas drilling and well completion projects in the continental United States - with emphasis in certain Targeted Employment Areas (TEAs) or

Rural Areas (RAs) within the States of Texas and Oklahoma - as more particularly described herein. Our objective is to realize capital appreciation and income streams from our Investments in the energy sector.

We expect that our Investments will typically be in leasebanks, drilling opportunities, royalty interests, mineral rights, completion activities and other energy investments identified by the Sponsoring Member in its sole discretion. We intend to invest only in projects where at least ten (10) or more U.S. jobs can be either created or sustained. The Fund may also participate in the drilling of new wells in order to achieve further diversification and higher yields. The Fund may own or hold oil, gas, or other mineral royalties or leases, or fractional interests therein, or certificates of interest or participation in or investment contracts relative to such royalties, leases, or fractional interests. The Fund may also own, lease, finance or control equipment, machinery, and supplies related to such activities.

We are governed by a board of directors who oversee our managers, officers, and general affairs and who, acting collectively, have policy-making authority in connection with the Fund's stated objectives.

Our seven (7) initial directors on the board are Rick Muckleroy, Ron Kramer, Mike Jarman, Darin Mangum, Joey Gabaldon, Grant Lowey, and David Mangum (See "Key Personnel"), who are all control persons and/or affiliates of our Sponsoring Member and/or Southern Star Operating LLC, our operating affiliate.

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The Fund will attempt to place its Units with only "accredited investors" as such term is defined in Rule 501 of Regulation D of the Securities Act of 1933, as amended (the "1933 Act"), pursuant to an exemption from registration under Rule 506 of the same. In any case, the Fund will attempt to limit participation to "sophisticated" investors who have a fundamental understanding of the oil and gas business.

KEY PERSONNEL AND CONSULTANTS

Southern Star Regional Investment Center LLC – Sponsoring Member

Our sponsor, Southern Star Regional Investment Center LLC ("SSRIC"), is a Texas limited liability company that holds voting equity and controlling interest in the Fund as its Sponsoring Member. SSRIC is responsible for managing the business and legal affairs of the Fund and for administering the Fund's assets, such as our intended oil and gas assets and operations and underlying property. SSRIC also is presently seeking designation as a "regional center" pursuant to USCIS rules, regulations and guidelines.

Darin H. Mangum, Esq. – President, General Counsel and Director

Mr. Mangum has over 18 years experience in business and venture finance. His experience ranges from practicing attorney to executive and boardroom responsibilities. He is the managing member of Darin H. Mangum PLLC, a boutique business law firm with offices in Texas and Utah, and its sister law firm Mangum & Associates PLLC which handles trust work and public company reporting issues. Mr. Mangum also serves on the board of directors of three privately-held energy companies: Well Enhancement Service Group LLC (The Woodlands, Texas), Integrative Energy Ltd. (Calgary, Alberta, Canada), and Southern Star Resources LLC (Enid, Oklahoma). He recently was asked to join the board of Mid-American Retirement Communities LLC, another potential "regional center" focused on oil and gas

facility development in Indiana, Ohio, and Michigan. His law practice includes oil and gas law, real estate, corporate finance, mergers and acquisitions, and securities law compliance. His clients include private issuers, start-up companies, FINRA broker/dealers, venture capitalists, and individual entrepreneurs. Mr. Mangum received his law degree from Brigham Young University and he is an active member of both the Texas and Utah State Bar professional associations.

Michael V. Jarman – *Manager of Business Development; Director*

Mr. Jarman graduated with a Bachelor's Degree in International Business and Spanish from St. Edward's University in Austin, Texas. Mr. Jarman has over 22 years experience with business development systems with a variety of enterprises from specialty finance to sports facility and real estate management. Mr. Jarman is the founder of the Austin Indoor Soccer Center and serves as a member of the board of directors of Let's Play Sports Inc., the largest owner of indoor soccer prospects in North America (www.letsplaysoccer.com). Mr. Jarman was a co-founder of E.S.A. Auto Finance which was subsequently sold to Miami National Bank after a 20-year career in the automotive and banking Industries. Mr. Jarman has recently focused his endeavors toward real estate, commodities, and oil and gas. Toward that end, Mr. Jarman co-founded Southern Star Regional Investment Center LLC in order to pursue the window of opportunity that exists in today's USA on-shore petroleum industry.

Rick Muckleroy – *Investor Relations Manager; Director*

An accomplished residential and commercial real estate builder, developer, investor and entrepreneur, Mr. Muckleroy attended the University of Texas at Austin. He has developed real estate all over Texas ranging from apartment complexes to single family homes to light commercial. He was involved in one of the largest lease plays in Texas generating several millions in profits for the participants. He also sold commercial real estate and ranches for years in the Austin, Texas, area. He was a co-founder of Jetstream Flight & Management LLC, an aviation management company, and was a key player in raising capital for Sonera Resources, a successful independent oil and gas company. Having recently joined Southern Star Regional Investment Center LLC, his current focus is connecting quality oil and gas projects with financial sources.

Ronnie R. Kramer – *Investment Banking Manager; Director*

A Native of Waco, Texas, Mr. Kramer's experience includes being the founder of Banner Holding Company ("BHC"), the first non-prime automotive finance company in Texas. Banner was acquired by Consumer Portfolio Services in 1995. Mr. Kramer also served as the President of the NYSE 10 Bank Holding Company (United Bank). After selling BHC, Mr. Kramer co-founded Consumer Auto Finance which was subsequently sold to J-Hawk Holdings. Mr. Kramer is currently involved in multiple investments including real estate, commodities, start-up technology firms and oil and gas prospects. He also is a co-founder of Southern Star Regional Investment Center LLC.

Joseph L. Gabaldon – *General Manager; Director*

Mr. Gabaldon graduated with a Bachelor of Science degree at NMSU in Las Cruces, New Mexico in 1989. He "retired" in 1999, ending a successful ten-year career trading in the stock market utilizing various techniques and trading methodologies he developed. Since then he has devoted his time and resources into the field of health research. He has travelled extensively and dedicated his time towards research and developing devices, techniques and therapies for treating diseases to be used in a modern day futuristic health center. His current noteworthy investment is in Genelux, a relatively new bio pharmaceutical company that he believes offers a paradigm shift for the cure/treatment of disease, the first one being cancer. Having recently joined Southern Star Resources LLC to develop and finance its Bolenbaugh Prospect, he also is currently developing a novel energy business model that may prove to be attractive to both investors and charitable recipients.

Grant Lowey, P.Geol. – *Petroleum Geologist Consultant; Director*

Mr. Lowey has over 20 years experience as a Petroleum Geologist. He has been associated with ERCO for three years, and has most recently been on a consulting assignment with The Kuwait Oil Company modeling fractured reservoirs prior to founding Sand Dollar Energy USA LLC where he serves as a principal. He began his career 20 years ago with Saskoil in the exploitation of Exxon/Mobil assets with horizontal drilling programs, and outpost exploitation. His areas of expertise include integration of reservoir models, 3D & 4D seismic attributes, structural, reservoir properties, and fracture modeling. Mr. Lowey has worked in both exploration and development of the Bakken Shale. He has also worked in the Gulf of Mexico, Permian Basin, and South America. He has extensive experience in 3D modeling applied to exploitation of non-conventional source rock reservoirs, and complex carbonate/clastic reservoirs, with horizontal

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well 4D Enhanced Oil Recovery Projects, such as the Bakken Shale in the Williston Basin. Mr. Lowey received his degree in Advanced Petroleum Geology from the University of Regina, Canada, business school.

David H. Mangum, P.E., M.B.A. – Petroleum Engineering Consultant; Director

Mr. Mangum is a registered petroleum engineer and geologist with over 35 years experience in the petroleum industry. Prior to founding the Energy Exchange in 1983, he worked as a geologist and engineer with five Fortune 100 companies, including Mobil, Shell, Coastal, Xerox and Schlumberger. He also served as an Intelligence Officer with Strategic Air Command during the Vietnam-Cold War. Mr. Mangum studied Geology at Mississippi State University, received a B.S. in Petroleum Engineering from the University of Texas and obtained an M.B.A. Degree from Pepperdine University.

Kenneth W. Biesinger, CPA – Accountant & Controller

Mr. Biesinger received his Master's Degree in Accounting-Tax Emphasis from Brigham Young University in 1997 and became licensed as a CPA the following year. In 2000 he started his own accounting firm. He merged with another accounting firm in 2006 to form Biesinger & Kofford, CPAs, PLLC. His firm specializes in small business tax and accounting, and the firm now has a staff of 8, including 5 CPAs. An oil and gas investor himself, Mr. Biesinger has worked with numerous oil and gas companies preparing tax returns and accounting for them for the past several years. He presently lives with his wife and two children in Orem, Utah.

FUND CAPITALIZATION & USE OF PROCEEDS

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FOOTNOTES:

(b) (4)



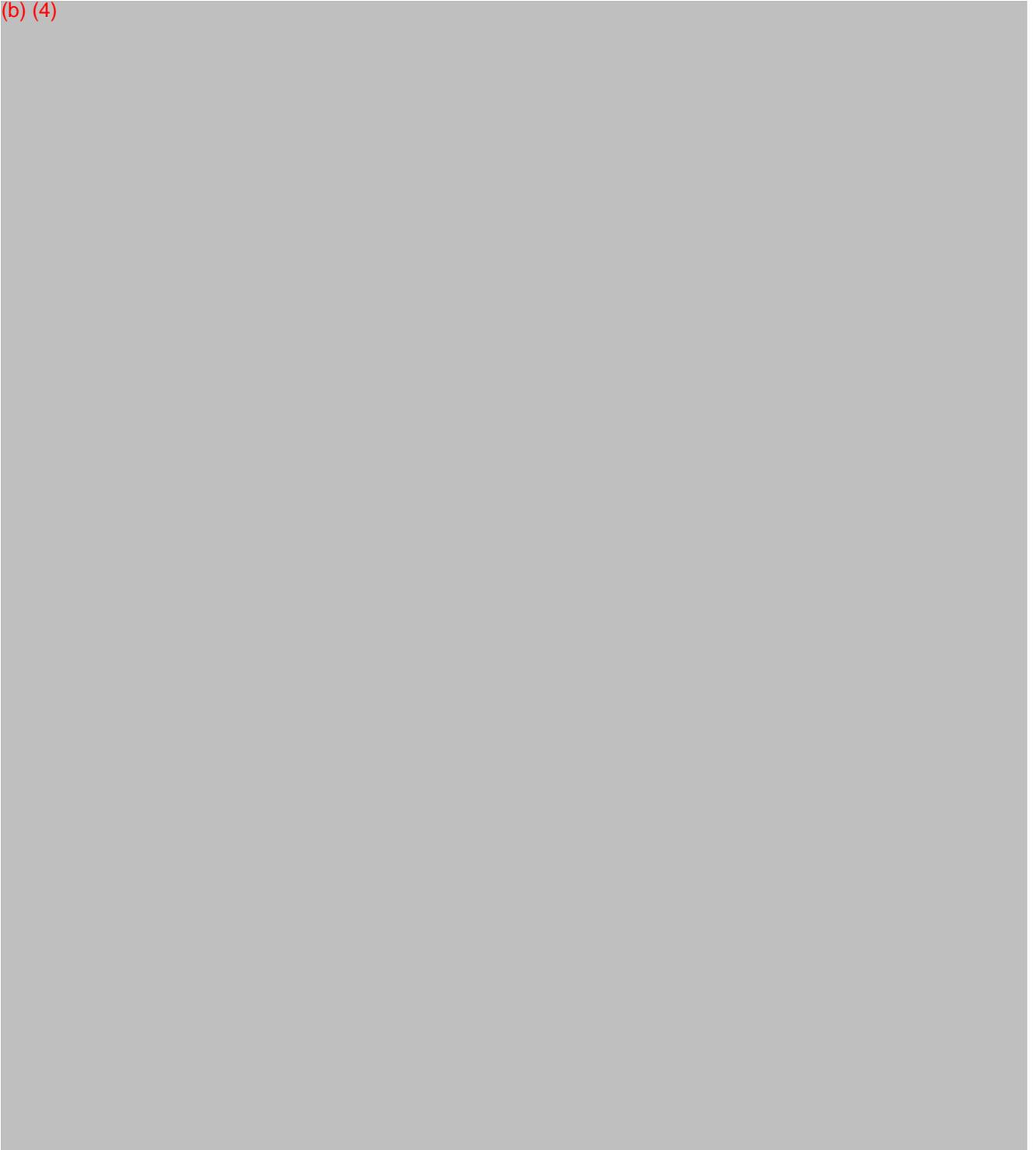
- (6) In addition, for non-U.S. Persons who elect to escrow funds pending approval of a Form I-526 Immigrant Petition with United States Citizenship and Immigration Services (USCIS), a non-refundable one-time Application Fee of (b) (4) (payable to the Sponsoring Member, not the Fund) – in addition to their Capital Contribution (not credited to their capital account) – is due upon escrow of subscription funds regardless of the number of Units purchased.

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Application of Fund Proceeds

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CONFLICTS OF INTEREST

The Sponsoring Member is subject to various conflicts of interest.

Relationships

Our Sponsoring Member is controlled, either directly or indirectly, by Rick Muckleroy, Ron Kramer, Mike Jarman, Darin Mangum, and Joey Gabaldon, who all presently serve on our initial board of directors (See "Key Personnel"). Also, of such persons, Darin Mangum and Joey Gabaldon control our operating affiliate, Southern Star Operating LLC. Also, Darin Mangum is the son of David Mangum. Such persons may also be involved with other oil and gas development enterprises and in other aspects of the oil and gas industry. Also, Darin Mangum's law firm provides legal services to the Sponsoring Member and the Fund and other USCIS "regional centers" who may compete with the Fund for immigrant investors. All of these activities or relationships may result in conflicts of interest. The Sponsoring Member believes the inherent conflict between such persons and the Fund is minimal (See "Risk Factors").

Competition with affiliates

The Sponsoring Member or its affiliates may sponsor or manage other entities or ventures which may have an interest in the oil and gas development and exploitation market. The Sponsoring Member or its affiliates may acquire or develop other oil and gas development and exploitation prospects or related properties for its own account. The Sponsoring Member or its affiliates will seek to achieve any operating efficiency or similar savings which may result from affiliated management of competitive properties. For example, Southern Star Operating LLC, our operating affiliate, may manage or operate other oil and gas prospects that may or may not be related to the Fund. To the extent affiliates own or acquire properties or oil and gas prospects which are adjacent to or in close proximity with the facility being developed by the Fund, the potential revenues or property value captured by the Fund may be diminished.

Provision by affiliates of Services to the Fund or to Persons Dealing With the Fund

The Sponsoring Member and its affiliates will not be prohibited from providing services to, and otherwise dealing or doing business with, persons that deal with the Fund.

Competition for Services

The Sponsoring Member believes it has sufficient time and resources to discharge fully its responsibilities to the Fund and to other business activities in which it is or may become involved. The Fund will not have independent management and will rely exclusively on the board of directors appointed by the Sponsoring Member (and other lower level officers or managers as may be appointed from time to time) for its management and operation. However, the Sponsoring Member and its affiliates may be engaged in substantial other activities apart from the Fund. Accordingly, the Sponsoring Member will devote only so much of its time to the business of the Fund as is reasonably required in its judgment. The Sponsoring Member and its affiliates will have conflicts of interest in allocating time, services and functions among the Fund and any other oil and gas development enterprise they have organized or may organize in the future, as well as among the Fund and other business ventures in which it or they are or may become involved.

Compensation and Reimbursements

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Legal Representation

Counsel to the Fund and the Sponsoring Member also may serve as legal counsel to affiliates, advisors, service providers and consultants. Moreover, our counsel, Darin Mangum, who serves on our board of directors and who is a control person of our Sponsoring Member (as a managing director and a manager of one of its beneficial owners) also serves as both counsel to and a control person of other fund sponsors who may compete with us in the EB-5 visa immigrant investor capital marketplace. In the event that any controversy arises following the termination of the Offering in which the interests of the Fund appear to be in conflict with those of the Sponsoring Member or its affiliates or the Fund's consultants, service providers, legal counsel or advisors, it may be necessary to retain other counsel.

Non-Arm's Length Agreements

Certain agreements and arrangements, including those relating to compensation between and/or among the Sponsoring Member and the Fund, consultants, service providers, advisors and/or affiliates, have been established solely by the Sponsoring Member and may not be the result of arm's length negotiations.

Tax Matters Member

Pursuant to our Limited Liability Company Agreement, the Sponsoring Member is designated as the "tax matters partner" of the Fund and is authorized and empowered to act independently and exclusively on behalf of the Fund and its members with respect to tax audits or tax litigation arising from or in connection with all "partnership items" within the meaning of the Code. Acting in such capacity, it will be in a position to enter into agreements with the Internal Revenue Service pursuant to which the Sponsoring Member and the Investing Members' tax liabilities will be affected. Accordingly, a conflict of interest may arise with respect to the Fund's representation.

Policies With Respect to Conflicts of Interest

Competition by Affiliates. The Sponsoring Member and its affiliates will be free to compete with the Fund including the right to acquire other oil and gas development interests that may compete with the those held by the Fund now or in the future in addition to any existing properties that may compete directly or indirectly with the those held by the Fund.

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Transactions with Affiliates. The terms on which the Fund's relationships are conducted with the Sponsoring Member, any of its affiliates or persons employed by the same, shall be on terms and conditions no less favorable to the Fund than can be obtained from independent third parties for comparable services in the same county in which the Fund is conducting business. In the event the Fund acquires properties or other assets from an affiliate, the purchase price and terms of such acquisition shall be in accordance with fair market value as determined by the prevailing market.

LEGAL PROCEEDINGS

We expect to be involved in various lawsuits and claims arising in the normal course of business. However, we are presently unaware of any material legal proceedings, regulatory or otherwise, that would have a material impact on the Fund's prospective activities. For the sake of disclosure, in 2009 Darin Mangum was named as a co-defendant in a civil action brought by a single individual plaintiff in Utah's Fourth Judicial District Court against Corpus Freedom Pointe Townhomes LLC, et al., a former real estate development concern where he previously served as a principal. Mr. Mangum believes the suit, as it relates to him personally, is without merit and that he will be dismissed personally from the case.

DESCRIPTION OF FUND UNITS

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Sponsoring Membership Interest

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Restrictions on Transfer

We are offering Units of Investing Membership Interest (the “Units”) to non-U.S. Persons and/or others pursuant to Sections 4(2), 4(6), Regulation D Rule 506, and/or Regulation S Rule 903 of the Securities Act of 1933, as amended (the “Act”) and applicable state law or the applicable law of other non-U.S. jurisdictions. We may elect, in our sole discretion, to also offer Units to U.S. residents who are “accredited” and/or otherwise “sophisticated” investors.

Accordingly, the Units have not been registered under the Act and may not be offered or sold in the United States or to U.S. persons⁴ unless the securities are registered under the Act, or an exemption from the registration requirements of the Act is available. Hedging transactions involving the Units may not be conducted unless in compliance with the Act.

The Units being offered hereby are considered “Restricted Securities” as that term is defined under state and federal securities laws. The Act provides that all securities must be registered with the U.S. Securities and Exchange Commission before they may be offered or sold, or such offer and sale must be exempt from registration. Accordingly, the Units you purchase in the Fund cannot be resold by you unless they are registered or are otherwise exempt from registration. We have no current plans to register the Units offered in this private placement.

Redemption

The Fund may compulsorily redeem the Units of any investor to ensure compliance by the Fund with U.S. law.

PLAN OF UNIT DISTRIBUTION

We are offering for sale up to (b) (4) of Investing Membership Interest (expandable to (b) (4) additional Units as an oversubscription allotment if necessary) at USD \$500,000 per Unit, aggregating (b) (4) if necessary to cover oversubscriptions).

(b) (4)

For non-U.S. Persons who elect to escrow funds pending approval of a Form I-526 Immigrant Petition with United States Citizenship and Immigration Services (USCIS), an additional non-refundable one-time Application Fee of USD (b) (4) (payable to the Sponsoring Member, not the Fund) – in addition to the subscription amount of USD \$500,000 per Unit – is due upon escrow of subscription funds regardless of the number of Units purchased.

In the event we elect to make this offering available to U.S. Persons, no Application Fee will be assessed on U.S. Persons or others who are not seeking an EB-5 visa from USCIS.

This Offering will begin on the date on the cover page of this Memorandum (the “Effective Date”) and will continue until all of the Units are sold or until the offering is terminated by the Sponsoring Member or until the number of investors in the Fund reaches 499 persons.

We reserve the right to sell fractional Units to qualified persons in our sole discretion.

⁴ We may elect to forego reliance upon the exemption available under Regulation S and offer Units to U.S. Persons in reliance upon other available exemptions.

The Units are available only to accredited and/or otherwise sophisticated investors who meet the qualification criteria set forth in this Memorandum (See "Who May Invest"). This offering is not available, nor will it be offered, to the public.

We reserve the right to reject any subscription in its entirety for any or no reason and/or to accept any subscription in whole or in part. If your subscription is rejected, your funds will be returned to you without interest earned, without deduction for expenses.

Within fifteen (15) days of receiving your paperwork and your funds, we will send you written confirmation. This will notify you of the extent, if any, to which your subscription has been accepted by the Fund.

TAX DISCUSSION

YOU SHOULD CONSULT WITH YOUR OWN LEGAL AND TAX ADVISORS TO DETERMINE THE TAX IMPACT AN INVESTMENT IN THE FUND WILL HAVE IN YOUR JURISDICTION OF RESIDENCE.

The following discussion summarizes the significant federal income tax considerations in connection with an investment in the Fund by individuals who are United States citizens or resident aliens. It is not feasible to comment on all of the federal, state, and local income tax consequences resulting from the organization of the Fund and the conduct of their contemplated operations.

TAX CONSEQUENCES CAN VARY SIGNIFICANTLY WITH THE PARTICULAR SITUATION OF EACH INVESTOR. MOREOVER, THE RELEVANT TAX PROVISIONS ARE COMPLEX AND SUBJECT TO CHANGE. EACH PROSPECTIVE INVESTING MEMBER SHOULD CONSULT SUCH INVESTOR'S OWN TAX ADVISORS TO DETERMINE THE INCOME AND OTHER TAX CONSEQUENCES TO SUCH INVESTOR OF AN INVESTMENT IN THE FUND.

While the Sponsoring Member believes that this discussion addresses the significant federal income tax aspects of an investment in the Fund, it is by no means complete. The Sponsoring Member has not sought an opinion of tax counsel on these items. Neither the Sponsoring Member, its affiliates, management, nor its counsel or tax advisors have rendered an opinion regarding the outcome of any of the following tax-related issues.

This discussion is based on the relevant provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and on the applicable Treasury regulations thereunder (including proposed regulations), administrative rulings and procedures and judicial decisions. There is no assurance that the present federal income tax laws or regulations affecting the Fund and its proposed operations will not be changed by new legislation or regulations that could affect Investing Members adversely or that the IRS will agree with the interpretation of the current federal income tax laws and regulations summarized below.

REGARDING THE DISCUSSION BELOW REGARDING POSSIBLE TAX ADVANTAGES THAT MAY BE REALIZED DEPENDING ON THE SPECIFIC ACTIVITIES UNDERTAKEN BY THE FUND, PLEASE BEAR IN MIND **THIS IS NOT A TAX SHELTER**. DEPENDING ON YOUR INDIVIDUAL SITUATION, YOU MAY OR MAY NOT QUALIFY FOR SUCH TAX ADVANTAGES. CONSEQUENTLY, THE DISCUSSION BELOW SHOULD NOT BE CONSTRUED AS TAX ADVICE. YOU SHOULD CONSULT WITH YOUR OWN TAX ADVISORS TO DETERMINE THE EFFECT AN INVESTMENT IN THE FUND WILL HAVE ON YOUR OWN INDIVIDUAL TAX SITUATION.

The following discussion contains a summary of the tax aspects considered by the Sponsoring Member to be of material interest to prospective Investing Members of Units in the Fund. The summary, below, is directed primarily to individual taxpayers who are citizens of the United States and does not discuss in detail the income tax consequences peculiar to nonresident alien individuals, foreign corporations, insurance companies, banking institutions, regulated investment companies, real estate investment trusts, exempt organizations or other persons or entities to which special rules apply by virtue of the nature of their specific form or activities. **NON-U.S. PERSONS OR EB-5 VISA-SEEKING INVESTING MEMBERS SHOULD REFER TO THE "U.S. TAX AND ESTATE DISCLOSURE TO NON-U.S.**

PERSONS" SECTION OF THIS MEMORANDUM. The Federal tax considerations discussed below are necessarily general and may vary depending upon individual circumstances.

Substantial Federal income tax risks are associated with the intended business of the Fund, which affect the advisability of investing in the Fund. Risk results, at least in part, from uncertainties as to the application of provisions in the Internal Revenue Code of 1986 as amended (the "Code"). In addition, many of the provisions of the Code and subsequent acts are complex, unclear or both, while still others leave to the Treasury Department, through the issuance of Regulations, the implementation of Congressional intent. Furthermore, the resolution of certain material tax issues are largely dependent upon questions of fact upon which counsel cannot opine.

No rulings have been sought from the Internal Revenue Service (the "Service" or the "IRS") with respect to any of the tax matters described in this Memorandum. Each prospective Investor should consult his tax advisor as to the relevant tax considerations, how those considerations may affect his investment, and whether participation in the Fund is a suitable investment. There is no assurance that the intended tax benefits of this Offering will, in fact, be realized, nor is there any assurance that any one or more of the considerations otherwise relevant to the investment will not be adversely affected by subsequent legislation or other legal authority. Certain tax benefits may result from ownership of our Units. However, such benefits as afforded under the Code are, in some aspects, uncertain in their application and availability with respect to specific transactions by the Fund. There can be no assurance that some or all of the deductions claimed by the Fund may not be challenged by the IRS. Disallowance of deductions would adversely affect the Investing Members involved. The extent to which any individual Investing Member may realize tax savings because of deductions from our activities will vary according to their personal tax situation.

IT IS EMPHASIZED THAT PROSPECTIVE INVESTING MEMBERS ARE NOT TO CONSTRUE ANY OF THE CONTENTS OF THIS MEMORANDUM AS TAX ADVICE AND ARE URGED TO CONSULT THEIR TAX ADVISORS CONCERNING THE TAX ASPECTS RELATING TO AN INVESTMENT IN THE FUND.

THIS DISCUSSION ASSUMES THAT EACH INVESTING MEMBER PURCHASES HIS UNITS TO MAKE A PROFIT, ASIDE FROM ANY TAX BENEFITS THE INVESTING MEMBER MIGHT REALIZE. EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN, NEITHER THE FUND, ITS MANAGING MEMBER, COUNSEL, OR OTHER AFFILIATES OR MANAGEMENT HAS RENDERED AN OPINION AS TO THE ACTUAL OR INTENDED TAX CONSEQUENCES OF PARTICIPATION FOR ANY INVESTING MEMBER.

Additional facts or circumstances applicable to any particular Investing Member may give rise to federal income tax consequences not addressed in this discussion. Investment in the Fund may also have state and local tax consequences, which are also not addressed in this discussion. State and local taxes could include estate taxes, income taxes, inheritance taxes, sales taxes, etc.

The federal income tax consequences of an investment in the Fund, and the ramifications of those consequences to the Investing Members, will in some instances, depend upon determinations of fact according to interpretations of provisions of federal income tax law. When making these determinations and interpretations, the Sponsoring Member, as the Sponsoring Member of the Fund, intends to act in the best interest of the Fund. The Sponsoring Member, as the Sponsoring Member of the Fund, intends to consult, when appropriate, legal counsel or other professional tax advisors on these types of matters.

The Service has announced that it is paying increased attention to the proper application of the tax laws to partnerships and LLCs. An audit of the Fund's information returns may precipitate an audit of the individual income tax returns of each of the Investing Members. Prospective Investing Members should also be aware that, if the Service proposes to adjust any items of income, gain, deduction, loss or credit reported on the Fund information return, corresponding adjustments would be proposed with respect to the individual income tax returns of the Investing Members. Further, any such audit might result in the Service making adjustments to items of non-Fund income or loss. Moreover, even if the Service is unsuccessful in its challenge, the Investing Members should recognize that they might incur substantial legal and accounting costs in defending a challenge by the Service.

It is not feasible to present in this Memorandum a detailed explanation of partnership tax treatment or the resulting tax consequences to Investing Members. Each prospective Investing Member is strongly urged to consult his own tax advisor, attorney or accountant with specific reference to his own tax situation in order to be satisfied as to the tax consequences of an investment in the Fund.

Prospective Changes to Tax Laws

The following discussion is based upon existing provisions of the Code, Treasury Regulations thereunder, current IRS published rulings and existing court decisions, any of which could be changed at any time. Any such changes may or may not be retroactive with respect to transactions prior to the date of such changes and could significantly modify the statements and opinions expressed herein.

In addition to current law, Investing Members should evaluate the impact pending and proposed legislation may have on the tax treatment of Fund activities. Furthermore, tax law as it applies to the Fund is continually evolving through ongoing administrative and judicial interpretations of the Code. Accordingly, an Investing Member's evaluation of tax implications should include a specific review of recent and likely changes in the applicable laws. As previously noted, Investing Members should be advised that future changes in the law, or in the interpretation of the law, might substantially change the taxability of Fund activities.

The IRS has recently issued regulations to simplify the rules relating to classification of unincorporated businesses and other entities. Generally, the IRS will allow taxpayers to affirmatively elect to treat certain unincorporated domestic organizations as either partnerships or associations taxed as corporations for federal tax purposes.

Tax Treatment of Foreign Investing Members

The federal income tax treatment of nonresident foreign individuals and foreign corporations is complex and will vary according to each such Investing Member's particular circumstances. Prospective foreign investors are urged to consult their tax advisors with regard to (i) the tax treatment by their country of residence and (ii) the impact of United States federal, state, and local income, estate, and gift tax laws on an investment in the Fund.

U.S. Tax Code Section 1441: Withholding and Reporting Requirements for Non-U.S. Persons

Enforcement of the tax withholding and reporting obligations imposed upon U.S. entities, with respect to payments to non-U.S. citizens, has without doubt become one of the hottest topics at the Internal Revenue Service (IRS). As evidence of the importance the IRS is placing on this issue, withholding tax has now been designated as a Tier I issue. At issue, is Section 1441 of the tax code which stipulates that payments made to a non-U.S. citizen for services performed in the United States are subject to withholding tax. Many U.S. companies, however, are yet either unfamiliar with the applicable rules, or are unaware of the significant risks of non-compliance. This legal alert reviews the IRS protocols relating to withholding tax and outlines key points that U.S. entities making payments to non-U.S. citizens should review to assess their level of compliance.

Section 1441 generally requires a U.S. entity to withhold and deposit 30 percent of payments made to non-U.S. citizens. For the purpose of Section 1441, payments made to a non-U.S. citizen need not be made annually or at regular intervals, as long as they are paid from time to time. Common examples of payments include interests, dividends, salaries, wages, premiums and annuities. Even scholarships, fellowships, grants, prizes or awards made to non-U.S. citizens in connection with activities the non-U.S. citizens have performed must withhold U.S. tax from such payments. Often, U.S. entities that are subject to section 1441 are financial institutions, but they can include any individual, business, partnership, trust, estate or other entity paying U.S. source income to a non-U.S. citizen or entity in exchange for services. Entertainment, technology, energy, and pharmaceutical industries could all be especially vulnerable, as well as law and accounting firms and universities.

U.S. entities making payments to non-U.S. citizens also have reporting requirements. They must annually file Form 1042 to report their total withholding tax liability, amounts withheld, reportable amounts paid to foreign persons and other relevant information. Any U.S. person who fails to withhold or properly document why they did not withhold can

be personally liable for the under withheld tax, as well as for interests and penalties. The standard 30-percent withholding rate may be reduced or eliminated based on an applicable treaty or provision but there are stringent documentation requirements associated with claiming those exemptions.

The IRS is now in the process of increasing its enforcement activity surrounding payments to non-U.S. citizens. Given the IRS's current focus to ensure compliance with the section 1441 rules, every U.S. entity making payments to non-U.S. citizens has reason to be concerned about this increased enforcement activity. While financial institutions typically have a better understanding of their tax compliance obligations because they have many other related rules to follow, companies outside the banking sector can struggle with compliance. Many companies are unaware that they must file Form 1042 with the IRS, which reports the tax withheld to those persons. Such companies need to take a hard look at their cross-border withholding procedures and act quickly to correct any deficiencies. That means conducting internal "health check" to determine whether they are making payments to non-U.S. citizens, and if so, whether they are in compliance with their withholding and reporting obligations.

Withholding of Tax on Dispositions of United States Real Property Interests

The disposition of a U.S. real property interest by a foreign person (the transferor) is subject to the Foreign Investment in Real Property Tax Act of 1980 (FIRPTA) income tax withholding. FIRPTA authorized the United States to tax foreign persons on dispositions of U.S. real property interests. A disposition means "disposition" for any purpose of the Internal Revenue Code. This includes but is not limited to a sale or exchange, liquidation, redemption, gift, transfers, etc. A U.S. real property interest includes sales of interests in parcels of real property as well as sales of shares in certain U.S. corporations that are considered U.S. real property holding corporations. Persons purchasing U.S. real property interests (transferee) from foreign persons, certain purchasers' agents, and settlement officers are required to withhold 10 percent of the amount realized (special rules for foreign corporations). Withholding is intended to ensure U.S. taxation of gains realized on disposition of such interests. If the transferor is a foreign person and you fail to withhold, you may be held liable for the tax. For cases in which a U.S. business entity (such as the Fund) disposes of a U.S. real property interest, the Fund itself is the withholding agent.

Taxable Income

Revenue received from our operations may constitute taxable income, fully taxable to the Investing Members, reduced only by the amount of deductions properly allocable to them. As a result, the Investing Members may have little or no basis so that a sale or disposition thereof could produce a gain to the full extent of the amount realized. Each Investing Member would recognize such gain to the extent of their distributive share of the income from sale or distribution. As a result of the recapture rules, a substantial portion of the gain resulting from the sale or other disposition of property or from the sale or disposition of a Membership Interest may be ordinary income.

Classification of the Fund

Under IRS regulations, the Fund will be classified as a partnership and not as an association taxable as a corporation for federal income tax purposes. If the Fund were treated as a corporation for federal income tax purposes, there would be potentially adverse consequences to the Investing Members unless the Fund elected, and was qualified, to be treated as a regulated investment company ("RIC"). Such adverse consequences would include the following: (i) an Investing Member's share of the income, gain, losses, deductions, and tax credits of the Fund would not be includable in that Investing Member's federal income tax return; (ii) any income or gain of the Fund would be subject to federal income tax at the rates applicable to corporations; and (iii) distributions by the Fund to the Investing Members, other than liquidating distributions, would generally constitute dividend income to the extent of the current or accumulated earnings and profits of the Fund. Distributions reclassified as dividends would be taxed as dividend income to the Investing Members and the payment would not be deductible by the Fund in computing its taxable income.

Publicly Traded Funds

Under the Revenue Act of 1987, certain publicly traded partnerships will be treated as corporations for federal income tax purposes. Since the Fund will be treated as a partnership for federal income tax purposes, this provision is applicable

to it. A “publicly traded partnership” is defined as “any partnership if... (1) interests in such partnership are traded on an established securities market, or (2) interests in such partnership are readily tradable on a secondary market (or the substantial equivalent thereof).” The Units do not and are not intended to trade on an established securities market.

Under IRS Regulations, interests in a partnership are considered to be readily tradable on a secondary market or the substantial equivalent thereof if:

- (i) interests in the partnership are regularly quoted by any person, such as a broker or dealer, making a market in the interests;
- (ii) any person regularly makes available to the public (including customers or subscribers) bid or offer quotes with respect to interests in the partnership and stands ready to effect buy or sell transactions at the quoted prices for itself or on behalf of others;
- (iii) the holder of an interest in the partnership has a readily available, regular and ongoing opportunity to sell or exchange the interest through a public means of obtaining or providing information of offers to buy, sell, or exchange interests in the partnership; or
- (iv) prospective buyers and sellers otherwise have the opportunity to buy, sell or exchange interests in the partnership in a time frame and with the regularity and continuity that is comparable to that described in the other provisions of this paragraph.

The Sponsoring Member will not allow any transfer of Units that, in the opinion of its counsel, will cause the Fund’s Units to be treated as readily tradable on such market without the consent of a majority of the Investing Members. If the Units were in the future to become readily tradable as defined above, or in subsequent Regulations, rulings or other relevant authority, the Fund could for this reason become taxable as a corporation for federal income tax purposes.

Federal Income Taxation of the Fund and Investing Members Generally

Under present law, a limited liability company which is treated for federal income tax purposes as a partnership incurs no federal income tax liability. Instead, each Investor is required to report on such Investing Member’s federal income tax return, such Investing Member’s distributive share of his or her Fund’s income, gains, losses, deductions and credits for the taxable year of the Fund ending with or within such Investing Member’s taxable year, without regard to any Fund distributions. It is possible that an Investor could recognize income from Fund operations but not receive any cash distributions from the Fund to pay the tax with respect to that income. The receipt of a cash distribution from the Fund by an Investor results in the recognition of gain to the Investor only to the extent the cash distributed exceeds the Investing Member’s adjusted tax basis for that Investing Member’s interest in the Fund.

Allocations of Profit and Loss

(b) (4)



(b) (4)



Taxation of Gain

General. In the event the Fund or its assets are ever sold, such a transaction is expected to result in long-term capital gain or loss to investors. Net capital gains of individual taxpayers currently are taxed at a maximum statutory rate (generally this is 15% for capital assets held for more than one year) that is significantly less than the maximum statutory rate applicable to other income (currently 35%). Net capital gains mean the excess of net long-term gain over net short-term capital loss.

Potential Deductions

Depreciation. The costs of acquiring tangible property will be capitalized and recovered through the deduction for cost recovery. The depreciation method currently in effect is the Modified Accelerated Cost Recovery System (MACRS). Where tangible property is physically and irrevocably abandoned, loss will be recognized in the year of abandonment measured by the amount of the adjusted basis of the property at the time of the abandonment. In general, such loss would be treated as an ordinary loss. MACRS classifies tangible personal property into numerous groups. In general, most of the tangible property will qualify as “five or seven year property,” the cost of which should be recoverable through deductions over a five or seven year period commencing with the year the property is placed in service. Depreciation deductions allowable with respect to equipment may be subject to recapture as ordinary income upon disposition of the property or upon the disposition by an Investing Member of a Unit in the Fund.

Election to Expense Certain Depreciable Business Assets. Code Section 179 allows an expense deduction to taxpayers (other than trusts, estates, or certain non-corporate lessors) who elect to treat the cost of certain qualifying property as an expense rather than a capital expenditure. No depreciation deduction is allowed regarding such costs. An annual dollar limitation applies on the aggregate costs that may be expensed under Code Section 179. For 2008, up to USD \$128,000 of property may be deducted. However, Code Section 179 deductions are limited, in each year, to the aggregate amount of taxable income of the taxpayer from the trade or business. Code Section 179 deductions are also phased out for

taxpayers who place in service in excess of USD \$500,000 worth of property in a year. Unused losses may be carried over to succeeding taxable years.

Restrictions on Passive Losses. Revisions to the federal tax laws in recent years were enacted to reduce investment in “tax shelters.” I.R.C. §469 provides that certain taxpayers may not currently deduct net losses from passive investments. The statute creates three classes of income and loss - “passive,” “active” and “portfolio” - and provides that passive losses can be applied to offset passive income, but not active or portfolio income. For this purpose the term “passive activity” means any activity involving the conduct of a trade or business in which the taxpayer in question does not materially participate, and includes the interests of Investing Members in the Fund (unless, for example, they also serve as an officer or director of the Fund in which case such participation may be considered “active”). Portfolio income is investment income, such as interest, dividends, and royalties. Active income or loss is income or loss, which does not fall into either of the other categories. The effect of these rules is to prohibit the use of passive losses to shelter income from salaries, investments, and other non-passive sources, and thus to reduce the economic value of such losses.

Organization Expenses. Expenses have been and will be incurred in organizing the Fund and in issuing and marketing the Units. In general, such Organization Costs must be capitalized by the Fund. Organization fees are amortized and deducted. Organization expenses are expenses that (i) are incident to the creation of the Fund, (ii) are chargeable to the capital account and (iii) are of a character which, if expended incident to the creation of a limited liability company having an ascertainable life, would be amortized over such life. Such organization expenses are amortized over a period of not less than 60 months. Any syndication fees (fees incurred to promote or sell interests in the Fund) which are incurred by the Fund are not deductible and are not subject to the 60-month write-off. Treasury Regulation § 1-709-2(b) takes the position that syndication expenses include tax advice pertaining to the adequacy of the disclosure in a private placement memorandum for securities law purposes as well as accounting fees for preparation of representations to be included in offering materials. The Fund intends to amortize or currently deduct when paid certain legal and accounting fees. Although the Fund will seek to deduct all items at such time and over such periods which conform to the Code, the allowance and timing of such deductions by the Service is predicated upon the factual circumstances as they relate to the applicable provisions of the Code.

Operating Expenses and Administrative Costs. Amounts paid for operating an Investment are deductible as ordinary and necessary business expenses. Ordinary and necessary business expenses such as general and administrative costs will generally qualify for deduction in the year paid to the extent such expenditures do not result in the creation of assets having useful lives in excess of one year.

Management Interests, Fees, and Certain Other Expenses. The Sponsoring Member has represented that, in its opinion, the Membership Interest held by the Sponsoring Member, the Administration Fee, and other fees and expenses are reasonable in view of the services to be rendered. Nonetheless, the IRS may take the position that the fees are unreasonable in amount. If the tax return is audited by the IRS, it is possible that various fee expense in the current year could be disallowed unless The Sponsoring Member can provide records of services rendered for payment of such fees which prove that such fees were reasonable in amount and paid for services rendered in the current year which were not capital or amortizable in nature.

Investment Interest. Section 163(d) of the Code limits the amount of an individual’s deduction for investment interest to the amount of net investment income. Investment interest is interest paid or accrued on indebtedness incurred or continued to purchase or carry property held for investment. Property held for investment includes an interest in a trade or business in which the taxpayer does not materially participate and which is not a passive activity. The amount of disallowed investment interest for any taxable year is treated as investment interest paid or accrued in the succeeding taxable year. Interest on a loan incurred to purchase or carry an investment in the Fund will constitute investment interest subject to the limitation on its deductibility. The deductibility, by an Investing Member, of interest could be adversely affected if an Investing Member owns tax exempt bonds, since the incurring of the debt may be construed to be for the purpose of acquiring or continuing to carry the tax exempt bonds under Code Section 265(2). The IRS has issued temporary and proposed regulations that require actual tracing of funds in order to determine if borrowed funds are used to purchase any property held for investment.

Limitations on Fund Deductions

Adjusted Basis. An Investing Member is entitled to deduct on their federal income tax return his or her distributive share of the Fund loss, but not in excess of the Investing Member's adjusted basis for his or her interest in the Fund (and subject to the other loss limitations discussed below). The adjusted basis in an Investing Member's Fund interest is equal to the amount of cash and the adjusted basis of any property net of liabilities which that Investor contributed to the Fund, decreased (but not below zero) by distributions to the Investor from the Fund (including constructive cash distributions resulting from a decrease in the Investing Member's share of Fund liabilities), decreased by the Investing Member's distributive share of Fund losses, and increased by that Investing Member's distributive share of Fund taxable income.

If an Investing Member's distributive share of the Fund loss for any Fund taxable year exceeds the adjusted basis in the Investing Member's Fund interest at the end of that taxable year, such excess may not be deducted at that time but may be carried over and deducted in any later year if, and to the extent, the adjusted basis in the Investing Member's Fund interest at the end of the later taxable year otherwise exceeds zero (and subject to the other loss limitations discussed below).

Passive Losses. Code Section 469 provides, in part, that losses from trade or business and related activities in which the taxpayer does not materially participate -- so-called "passive losses" -- are deductible only up to the aggregate income generated by those types of activities -- so-called "passive income." Losses allocated to the Investing Members that are attributable to trade or business expenses or losses of the Fund may constitute passive losses. These losses will not be available to offset an Investing Member's income from wages, portfolio investments (including interest on the Fund's un-invested funds), or active trade or business activities in which such Investor materially participates. Unused passive losses of an Investor can be carried over to offset passive income received in future years. In addition, upon a fully taxable disposition of a taxpayer's entire interest in a passive activity to an unrelated party, the amount of any deferred losses will be allowed against income that is not from a passive activity, after first being applied to passive income in the year of disposition. See, however, the "**Capital Loss**" rules discussed below.

Gain or loss from the sale or disposition of equity investments held by the Fund likely will not constitute passive income or loss; thus, gain, if any, may not be offset by an Investing Member's prior or current passive losses. Instead, such gain or loss likely will be considered attributable to property held for investment.

Capital Losses. Capital losses of individuals are deductible only against capital gains, plus USD \$3,000 of other income in any one taxable year, although the excess capital losses may be carried forward indefinitely.

Non-Trade or Business Expenses. Expenses incurred in connection with an investment that is not considered a trade or business are deductible by individuals, if at all, under Code Section 212. Under Code Section 67, Code Section 212 expenses are deductible by an individual Investor only to the extent such deductions (along with other so-called "miscellaneous itemized deductions") exceed 2% of such Investing Member's adjusted gross income. The Fund expenses (including fees) passed through to the Investing Members would be subject to this limitation if they were considered not to be incurred in a trade or business.

There is substantial uncertainty whether the activities of the Fund will constitute a trade or business as that concept has been interpreted by the IRS and the courts. Because of the factual nature of this determination, we have no opinion on the extent to which the Fund's expenses would be considered incurred in a trade or business. Potential investors should be aware that all or a substantial portion of the Fund's expenses may be subject to the limits of Code Section 67; if so, such expenses would be deductible only to the extent that the Investing Member's aggregate miscellaneous itemized deductions (including such expenses) exceeded 2% of such Investing Member's adjusted gross income.

Investment Interest Expense. Code Section 163(d) generally limits the amount of investment interest (i.e., interest incurred to purchase or carry property held for investment) that a non-corporate taxpayer can deduct. The deduction is limited to the amount of such taxpayer's investment income. However, the investment interest deduction is not a miscellaneous itemized deduction under Code Section 67, and thus, is not subject to the limitation that it exceed 2% of a taxpayer's adjusted gross income in order to be deductible. Investment interest that cannot be deducted for federal

income tax purposes for any year because of the foregoing limitation may, subject to further limitations, be carried over and treated as investment interest paid in succeeding taxable years.

It should be anticipated that interest paid by the Fund on any borrowings, as well as any interest paid by an Investor on borrowings incurred to purchase Units, will be considered "investment interest." Any investment income from the Fund passed through to the Investing Members would increase the amount of investment interest that each Investor would be able to deduct.

The foregoing rules will not apply to the extent losses from the Fund constitute "passive losses" as described above. In such case, interest expense (either of the Fund or of an Investor) attributable to the passive activity in question will be treated as a passive activity deduction and not as investment interest.

Sale of an Interest in the Fund. The sale or exchange of an interest in the Fund ordinarily results in a capital gain or loss, but can result in the recognition of ordinary income under certain circumstances. Code Section 751 treats gain on the sale of the Fund interest that is attributable to either (i) unrealized receivables of the Fund or (ii) substantially appreciated Fund inventory as ordinary income. It is not anticipated that the Fund will have significant amounts, if any, of unrealized receivables or inventory.

Fund Organizational and Syndication Expenditures. Expenses of organizing the Fund (organizational expenses) and expenses incurred in connection with the offering of the Units (syndication expenses) are not deductible by the Fund or any Investor. The Fund may elect to amortize organizational expenses over a period of 15 years.

Administration Fee. The Limited Liability Company Agreement provide for payment to the Sponsoring Member of an Administration Fee (See "Glossary" and the Fund's Limited Liability Company Agreement). If the Administration Fee is deductible only under Code Section 212, Investing Members would be subject to the limitations under Code Section 67 described above under "Limitations on Fund Deductions -- Non-Trade or Business Expenses." The IRS could also contend that a portion of the Administration Fee represents a nondeductible syndication cost or an amortizable organizational expense or a capitalized cost of acquiring Portfolio Companies. If the IRS were successful in this argument, the deductions allocated to the Investing Members would be decreased.

Alternative Minimum Tax. The Code provides for an alternative minimum tax to be paid by corporate and individual taxpayers to the extent such tax exceeds the taxpayer's regular federal income tax liability. Alternative minimum taxable income is generally the taxpayer's taxable income as recomputed using certain adjustments plus the amount of the taxpayer's items of tax preference. Among the adjustments used in determining alternative minimum taxable income, passive activity losses, as recomputed, are not deductible. In addition, investment interest in excess of investment income is not allowable as a deduction against alternative minimum taxable income even if deductible in computing regular tax liability.

In addition, 27% of the amount of gain excluded from the taxpayer's gross income on the sale of QSBS under the 50% exclusion discussed above is treated as an item of tax preference and thus increases alternative minimum taxable income. Otherwise, an investment in the Fund is not expected to generate material items of tax preference for individuals.

The application of the alternative minimum tax depends on the facts and circumstances of each taxpayer's situation and the computation of such tax is complicated. Each prospective investor is urged to consult his or her tax advisor to determine whether he or she will be subject to the alternative minimum tax and the potential effects thereof on an investment in the Fund.

Capital Costs

Tangible Costs. The costs of acquiring tangible personal property may be capitalized and recovered through deductions for depreciation (see prior "Depreciation" section).

Real Property Acquisition Costs. Property acquisition costs must be capitalized.

Basis and "At Risk" Rules

Basis. A Member's basis in their Membership Interest is used to determine the gain or loss to a Member on the disposition of an interest and to determine whether a gain is recognized when cash is distributed from the Fund. Furthermore, a Member may only deduct their share of Fund losses to the extent of adjusted basis in their Membership Interest. Generally, each Investing Member's beginning basis will equal the sum of (i) their initial contributions to capital and (ii) their proportionate share of Fund liabilities. Each Investing Member's basis in the Units will be increased by the allocable share of Fund income, any subsequent capital contributions, and increases in their proportionate share of Fund liabilities. An Investing Member's basis in the Fund will be decreased (but not below zero) by their share of losses and Member distributions with respect to such Membership Interest. A decrease in an Investing Member's share of liabilities is treated for tax purposes as a distribution of cash to the Investing Member even though no cash was actually received. Such a decrease will occur, for example through amortization or other discharge of liabilities, reduction of the Investing Member's share of liability resulting from the sale of or foreclosure on property subject to debt, or upon the sale or other disposition of the Units.

"At-Risk" Limitations. Section 465 of the Code provides that, with respect to an activity, the amount of any losses (otherwise allowable for the year in question) which may be deducted by individuals, Subchapter S corporations, or "closely held corporations" (i.e., one in which five or fewer individuals own, with the application of constructive ownership rules, more than 50% of the outstanding stock) cannot exceed the aggregate amount with respect to which such taxpayer is "at risk" in such activity at the close of the tax year. The amount of loss that an investor can deduct is limited to his amount "at risk." A taxpayer is generally to be considered "at risk" with respect to an activity to the extent of cash, and the adjusted basis of other property contributed to the activity with respect to which the taxpayer has personal liability for payment from its personal assets. However, if the taxpayer borrows money to contribute to the activity and the lender's only recourse is either the taxpayer's interests in the activity or property used in the activity, the amount of the proceeds of the borrowing are to be considered amounts financed on a non-recourse basis which do not increase the taxpayer's amount "at risk". A taxpayer will not be considered to be "at risk", even as to the equity capital which such taxpayer has contributed to the activity, to the extent that the taxpayer is protected against economic loss of all or part of such capital by reason of an agreement or arrangement (guaranties, stop loss agreements or other similar arrangements) for compensation or reimbursement of any loss which the taxpayer may suffer. Any Investing Member who borrows the cash contributed to the Fund or who has other similar arrangements with respect to the interest should consult a tax advisor as to the application of the "at risk" limitation. An Investing Member's amount "at risk" will be increased by his distributive share of any Fund taxable income; and decreased (but not below zero) by distributions from the Fund, by his share of allowable Fund losses, by his share of non-deductible Fund expenditures which are not capital expenditures, and by the amount of the Investing Members deduction for depletion. The amount of any loss that is not allowable in a taxable year can be carried over to succeeding taxable years and deducted if and to the extent an Investing Member becomes "at risk," provided the Investing Member has sufficient tax basis. An Investing Member's "at risk" amount would be reduced by that portion of the loss which then becomes allowable as a deduction in succeeding taxable years. If an Investing Member receives distributions which exceed his "at risk" amount, or if his "at risk" amount is for any reason reduced below zero, losses previously claimed by the Investing Member from the activity will be "recaptured" and will be taxable to the Investing Member to the extent of such excess distributions or to the extent that his "at risk" amount is reduced below zero.

Sale or Other Disposition of Assets

(b) (4)

(b) (4)

Alternative Minimum Tax

Non-corporate taxpayers are subject to the alternative minimum tax to the extent it exceeds their regular tax. The Alternative Minimum Tax ("AMT") is not imposed on the Fund. Investing Members, however, may be subject to the tax. Alternative minimum taxable income is generally computed by adding or subtracting adjustments and tax preference items to income determined for regular tax purposes. The tax may equal up to 28% of alternative minimum taxable income which exceeds the applicable exemption amount.

The adjustments and tax preference items may include, among other things; the excess of accelerated over straight-line depreciation on real property and on leased personal property.

The Taxpayer Relief Act of 1997 exempts certain small corporations from Alternative Minimum Tax. The exemption for small corporations is effective for tax years beginning after 1997.

The extent, if any, to which the tax preference items of any Investing Member would be subject to the alternative minimum tax will depend on that Investing Member's overall tax situation. If an Investing Member is liable for the alternative minimum tax, the net effect may be that some or all of the tax losses being generated by an investment in the Fund will result in a tax reduction at the alternative minimum tax rate, while the income generated from our operations eventually may be subject to higher marginal tax rates.

Deferral of Taxes

It is expected that the Fund will incur tax losses from operations in the current year and that such tax losses may offset income of the Investing Members from other sources. In subsequent tax years, however, the taxable income from Fund operations may not be offset by any allowable income tax deductions. In addition, as a result of such deductions, the Fund's basis in real property and in any oil and gas assets and operations thereon (and the basis of each Investing Member in his Membership Interest) will be substantially reduced. Because of low tax basis, in the year in which an Investing Member sells or disposes of his Membership Interest, a substantial part of amounts realized most likely will constitute taxable gain. Thus, the tax benefit afforded in early years may defer to later years, but will not eliminate an Investing Member's overall Federal income tax liability. The tax benefit which any particular Investor may derive from investment in the Fund will depend in part on the value of such tax deferral to him. In order to determine the benefit of the deferral, the Investor must analyze the amount of potential tax savings which can be utilized in the early years of the Fund.

Miscellaneous Provisions

No Section 754 Election. Due to the tax accounting burden such election imposes, the Fund do not intend to file an election under Code Section 754 to adjust the basis of Fund Property in the case of a transfer of a Unit or the distribution of property by the Fund (although in some circumstances, such treatment may be mandatory under the Code). As a consequence, a transferee might be subject to tax upon the portion of the proceeds of a sale or disposition of Fund equity securities that represents, as to that transferee, a return of capital. This decision not to file an election may adversely affect the price that potential transferees would be willing to pay for the Units.

Interest and Penalties. If Fund income or loss is subsequently adjusted by the IRS, the Investing Members will be subject to interest on any deficiency from the due date of the original return. Additionally, a penalty equal to 20% (or, in some cases, 40%) of the understatement may be imposed on any "substantial understatement" of tax liability even if the

taxpayer was not negligent or fraudulent in filing the taxpayer's tax return. A "substantial understatement" is defined as an understatement for the taxable year that exceeds the greater of 10% of the required tax or USD \$5,000 (USD \$10,000 for most corporations).

Fund Audit Rules. The tax treatment of Fund items of income and deduction generally will be determined at the Fund level. Investing Members will be required to file their tax returns in a manner consistent with the information returns filed by their Fund, unless the Investor files a statement with such Investing Member's tax return describing any inconsistency. In addition, the Sponsoring Member will be the Fund's "Tax Matters Member" and as such will have authority to make certain decisions with respect to any IRS audit and any court litigation relating to the Fund. In general, the law limits the rights of less than one percent partners to participate in such proceedings without notifying the IRS and the Tax Matters Member.

Possible Changes in Federal Income Tax Laws. The federal income tax matters discussed herein are based on the laws in effect on the date of the Fund's Offering Memorandum; however, tax laws are subject to frequent changes. When these changes occur, the adopted statutes, regulations, rulings, and judicial decisions may also be made retroactive. Accordingly, there can be no assurance that future changes in the Code, Treasury regulations, IRS rulings, or judicial decisions will not adversely affect an Investing Member's investment in the Fund. The content of any future tax legislation is impossible to predict; therefore, prospective investors are urged to consult their own tax advisors regarding the possible tax consequences of future legislation on their investment in the Fund.

Penalties and Audit Procedures with IRS

Audit of Fund and Returns, and Determination Procedures. Returns filed by the Fund are subject to audit by the IRS. The IRS has announced a national tax shelter audit program, which could include the Fund, and which make audit of the Investing Member's returns more probable. Any such audit may lead to adjustments, in which event the Investing Member may be required to file amended personal federal income tax returns. Any such audit could also lead to an audit of an Investing Member's tax return which may result in adjustments other than those relating to investment in the Fund, costs of challenging such adjustments, and if such challenge is unsuccessful, payment of additional tax. Should this occur, the Investing Member may be required to pay interest and penalties plus the additional tax. Interest payable on deficiencies under the Internal Revenue laws will be compounded daily. A penalty of 20 percent may be imposed on substantial understatements of income tax. Code Section 6662 imposes a penalty equal to 20% of the amount of the underpayment attributable to a substantial understatement of tax liability. A substantial understatement of tax liability exists if a taxpayer's reported liability in a taxable year understates the amount required to be reported for such year by the greater of 10% of the total tax due or USD \$5,000 (except with respect to certain corporations). Generally, the Code Section 6662 penalty will not be imposed upon that portion of the understatement attributable to the tax treatment of any item if (a) the taxpayers acted in good faith and there was reasonable cause for the understatement, (b) the understatement was based on substantial authority, or (c) there was a reasonable basis for the tax treatment and the treatment of such items was disclosed on the taxpayer's return. The Code provides that tax adjustments will generally be made in a unified proceeding at the Fund level, rather than at the Member level. The Code requires, with certain exceptions, that the reporting of items by individual Members correspond to the treatment of such items on the Fund return. In addition, any resolution of the appropriate tax treatment of an item of income, deduction or credit will be accomplished through the appointment of a "Tax Matters Member", (as defined in the Code), who will usually be the Sponsoring Member and who will act as the primary liaison between the IRS and the Fund and its Members. The Tax Matters Member is empowered to receive notice of the commencement of administrative proceedings and adjustments, may extend the statute of limitations for assessments of deficiencies with respect to all Members regarding Fund items and may pursue judicial review of administrative determinations or make requests for administrative adjustments on behalf of the Fund. The Code also provides for situations when other Members may participate in the Fund proceedings or may commence administrative and judicial proceedings on their own behalf. For this purpose, the Sponsoring Member shall serve as the Tax Matters Member.

Tax Audit Risks. Investment in our Units may increase the possibility that an Investing Member's tax returns for years in which the program is in existence will be examined by the Service. The cost of any such examination, and of any legal proceeding instituted to contest the results of any such examination, must be borne by the investor subject thereto, even if the examination is triggered by or limited to items associated with investment in this Program.

Investment by Qualified Plans and Other Tax Exempt Entities

General. The following entities are generally exempt from federal income taxation: (1) trusts forming part of a stock bonus, pension, or profit sharing plan (including a Keogh plan) meeting the requirements of Section 401(a); (2) trusts meeting the requirements for an Individual Retirement Account ("IRA"), under Section 408(a) (referred to herein, along with trusts described in (1), as "Qualified Plans"); and (3) organizations described in Sections 501(c) and 501(d) (collectively with Qualified Plans, "Tax Exempt Entities").

This exemption does not apply to the extent that taxable income is derived by the above entities from the conduct of any trade or business that is not substantially related to the exempt function of the entity ("unrelated business taxable income"). If an entity is subject to tax on its "unrelated business taxable income," it may also be subject to the alternative minimum tax on related tax preference items.

In the case of a charitable remainder trust, the receipt of any "unrelated business taxable income" during any taxable year will cause all income of the trust for that year to be subject to federal income tax. Although in some circumstances taxability under the ordinary trust rules may not be disadvantageous to a charitable remainder trust, the Fund intends to structure all of their assets so as to avoid any "unrelated business taxable income" to a charitable remainder trust. "Unrelated business taxable income" is generally taxable only to the extent the Tax Exempt Entity's "unrelated business taxable income" from all sources exceeds USD \$1,000 in any year. The receipt of "unrelated business taxable income" by a Tax Exempt Entity in an amount less than USD \$1,000 per year will, however, require the Tax Exempt Entity (except an IRA), to file a federal income tax return to claim the benefit of the USD \$1,000 per year exemption. Fiduciaries of Tax Exempt Entities considering investing in Units are urged to consult their own tax advisors concerning the rules governing "unrelated business taxable income."

Most of the income from the Fund will be derived from gains or losses from the sale, exchange or other disposition of capital assets and interest income, both of which are generally excluded from the computation of "unrelated business taxable income." "Unrelated business taxable income" includes, however, income derived from "debt-financed property."

Debt-Financed Property. Even though certain types of income, such as capital gains, interest and dividends, generally may be considered passive and excluded from unrelated business income tax, such income when derived from an investment in property which is "debt-financed" can still result in income subject to taxation. "Debt-financed property" is defined in the Code as any property which is held to produce income and with respect to which there is "acquisition indebtedness." "Acquisition Indebtedness" includes indebtedness incurred by a Tax Exempt Entity to acquire Units and indebtedness incurred by the Fund. Each Tax Exempt Entity should consult with its own counsel regarding whether it may have incurred "acquisition indebtedness" to acquire the Units.

In the event the Fund invests in and owns property on which there is "acquisition indebtedness," a portion of each Tax Exempt Entity's distributive share of the Fund's taxable income (including capital gain) may constitute "unrelated business taxable income." This portion would be approximately equivalent to the ratio of the Fund's debt to the basis of the Fund's property. Therefore, a Tax Exempt Entity that purchases Units may be required to report such portion of its pro rata share of its Fund's taxable income as "unrelated business taxable income." It should be noted that in computing the "unrelated business taxable income" of a Tax Exempt Entity for this purpose, the deduction for depreciation is limited to the amount computed under the straight-line method.

The Fund may incur "acquisition indebtedness" in its assets which is allocable to any Tax Exempt Entity, thus resulting in "unrelated business taxable income" to such entity, but the Fund will strive to avoid incurring such indebtedness in any material amount.

ERISA Considerations. In considering an investment in Units, fiduciaries of Qualified Plans should consider (i) whether the investment is in accordance with the documents and instruments governing such Qualified Plan; (ii) whether the investment satisfies the diversification requirements of Section 404(a)(1)(C) of the Employee Retirement Income Security Act of 1974 ("ERISA"), if applicable; (iii) the fact that the investment may result in "unrelated

business taxable income” to the Qualified Plan (including IRAs and Keogh plans); (iv) whether the investment provides sufficient liquidity; (v) their need to value the assets of the Qualified Plan annually; and (vi) whether the investment is prudent.

ERISA generally requires that the assets of employee benefit plans be held in trust and that the trustee, or a duly authorized investment manager (within the meaning of Section 3(38) of ERISA), have exclusive authority and discretion to manage and control the assets of the plan. ERISA also imposes certain duties on persons who are fiduciaries of employee benefit plans subject to ERISA and prohibits certain transactions between an employee benefit plan and the parties in interest with respect to such plan (including fiduciaries). Under the Code, similar prohibitions apply to all Qualified Plans, including IRAs and Keogh plans covering only self-employed individuals which are not subject to ERISA. Under ERISA and the Code, any person who exercises any authority or control respecting the management or disposition of the assets of a Qualified Plan is considered to be a fiduciary of such Qualified Plan. Furthermore, ERISA and the Code prohibit “parties in interest” (including fiduciaries) of a Qualified Plan from engaging in various acts of self-dealing such as dealing with the assets of a Qualified Plan for his own account or his own interest. To prevent a possible violation of these self-dealing rules, neither the Fund, the Sponsoring Member nor its affiliates will purchase assets with the funds of any Qualified Plan (including a Keogh plan or IRA) if they (i) have investment discretion with respect to such assets, or (ii) regularly give individualized investment advice which serves as the primary basis for the investment decisions with respect to such assets.

If the assets of the Fund were deemed to be “plan assets” under ERISA, (i) the prudence standards and other provisions of Title 1 of ERISA applicable to investments by Qualified Plans and their fiduciaries would extend (as to all plan fiduciaries) to investments made by the Fund and (ii) certain transactions that the Fund might seek to enter into might constitute “prohibited transactions” under ERISA and the Code.

The Department of Labor has published a regulation defining what constitutes the assets of a Qualified Plan with respect to its investment in another entity (the “ERISA Regulation”). Section 2510.3-101(a)(2) of the ERISA Regulation provides as follows: “Generally, when a plan invests in another entity, the plan’s assets include its investment, but do not, solely, by reason of such investment, include any of the underlying assets of the entity. However, in the case of a plan’s investment in an equity interest of an entity that is neither a publicly-offered security nor a security issued by an investment company registered under the Investment Company Act of 1940, its assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless it is established that: (i) the entity is an operating company, or (ii) equity participation in the entity by benefit plan investors is not significant.”

Under Section 2510.3-101(f)(1) of the ERISA Regulation, equity participation in an entity by Qualified Plans is “significant” on any date, if, immediately after the most recent acquisition of any equity interest in an entity, 25% or more of the value of any class of equity interests in the entity is held by Qualified Plans. Recently enacted legislation provides that in determining whether this 25% test is met, governmental pension plans and certain church and foreign pension plans which are not subject to ERISA (collectively, “Non-ERISA Plans”) need not be included within the category of Qualified Plans which is subject to the 25% limit.

Unless another exemption under the Regulation is available, the Fund will not admit any Qualified Plan as an Investor or consent to an assignment of Units if such admission or assignment will cause 25% or more of the value of any class of Units in the Fund to be held by Qualified Plans other than Non-ERISA Plans. Accordingly, the assets of a Qualified Plan investing in the Fund should not, solely by reason of such investment, include any of the underlying assets of the Fund.

The other exemption under the ERISA Regulation that might become available is the “venture capital operating company” exemption. Under the ERISA Regulation, when a Qualified Plan invests in another entity and such entity is a venture capital operating company, the plan assets include its investment, but do not, solely by reason of such investment, include any of the underlying assets of the entity. If at least 50% of the assets of an entity (excluding short-term investments pending long-term commitment) are invested in “venture capital investments,” during certain relevant periods, the entity will be considered a “venture capital operating company.” For this purpose, a “venture capital investment” is an interest or investment in an operating company as to which the entity has or obtains management

rights. Under the ERISA Regulation, an "operating company" is an entity that is primarily engaged, directly or through a majority owned subsidiary or subsidiaries, in the production or sale of a product or service other than the investment of capital. In an advisory opinion, the Department of Labor has taken the position that an entity may only be a "venture capital operating company" starting on the day it makes its first "venture capital investment," thus placing the Fund in jeopardy until it has made substantial venture capital investments. It is not expected that the Fund will attempt to qualify as a "venture capital operating company" because of this and other technical impediments to assuring this exemption. Each fiduciary of a Qualified Plan (and any other person subject to ERISA) should consult his tax advisor and counsel regarding the effect of the plan asset rules on an investment in the Fund by a Qualified Plan.

State law or the applicable law of other non-U.S. jurisdictions

The Fund may operate in states and localities that impose a tax on the Fund's assets or income based on the Fund's activities in those jurisdictions. An Investing Member may be subject to an obligation to file tax returns and pay income taxes (including, in some jurisdictions, a minimum tax) and estate or inheritance taxes in states and localities in which the Fund do business as well as in the Investing Member's own state of domicile. Depending on applicable state and local laws, deductions that are available to the Fund and the Investing Members for federal income tax purposes may not be available for state and local income tax purposes. States and localities may also require the Fund to withhold tax on income allocable to an investor from any Fund distributions. In addition, corporations investing in the Fund may become subject to a corporate income tax, including a corporate minimum tax, in those states in which the Fund conduct business as a result of their investments in the Fund. Investing Members are urged to consult their tax advisors with respect to these matters.

State and Local Income Taxes

An investment in the Fund may subject an Investing Member to income taxes imposed by the states and localities in which the Fund operates as well as any other jurisdictions in which an Investing Member resides or does business, and accordingly, may require an Investing Member to file one or more state or local income tax returns reflecting income from the operations of the Fund.

Accountants

Tax returns will be prepared by such accounting firm as may be designated by the Sponsoring Member.

Reports to Investing Members

As soon as reasonably practicable after the end of each fiscal year, each Investing Member shall be furnished a copy of a statement of income or loss for the Fund and another statement showing the amounts allocated to or against such Investing Member pursuant to the Fund Agreement during or in respect of such year (i.e., an IRS "Schedule K-1"). These statements will also show all items of income, expense or credit allocated to such Investing Member for federal income tax purposes. These statements will be prepared in accordance with the accounting method adopted by the Fund and will be reflected in the Fund's tax return. The Sponsoring Member shall also deliver to each Investing Member by the first day of April following the close of each fiscal year of the Fund all of the information necessary for the completion of that portion of their federal income tax return relating to their investment in the Fund. The Fund will maintain its accounts on a basis deemed by the Sponsoring Member to be in the best interests of the Investing Members. The fiscal year of the Fund shall begin on the first day of January and end on the thirty-first day of December each year. Any Investing Member may request that the books and records of the Fund be audited at the end of any fiscal year, and any such audit shall be conducted by an independent certified public accountant selected by the Investing Member requesting the audit. If such request is made, the audit shall be conducted at the expense of the Investing Member requesting the audit. In the event an audit is not made within two (2) years from the date a statement of revenues and expenses of the Fund properties is mailed, such revenues and expenses shall be conclusively presumed correct.

EXPERTS

Financial statements (unaudited) for the Fund have been prepared by the Sponsoring Member and are included in the Exhibit section of this Memorandum.

SALES LITERATURE

We may utilize various literature (e.g., executive summary in bullet format, flip-charts, slide presentations, forecasts, etc.) which summarizes certain aspects of the Fund's objectives and proposed activities. FINRA registered broker-dealers or registered investment advisors, investment advisors, and licensed issuer-agents may also utilize such literature to briefly describe the Fund. Such sales material may not contain information contrary to that which is set forth in this Memorandum. If you receive such contrary material, do not rely upon it. The offering of Units will be made only by means of this Memorandum.

DEFINITIONS

The following definitions apply to the terms (whether capitalized or not) used in the Memorandum and/or the Fund's Limited Liability Company Agreement:

"Act" means the Delaware Limited Liability Company Act, as amended. In other contexts it may refer to the Securities Act of 1933, as amended.

"Accredited Investor" means (i) a natural person whose individual net worth (exclusive of the value of their primary residence), or joint net worth with your spouse, presently exceeds USD \$1,000,000; (ii) a natural person who had an individual income in excess of USD \$500,000 in each of the two most recent years or joint income with their spouse in excess of USD \$300,000 in each of those years and they reasonably expect reaching the same income level in the current year; (iii) a corporation, partnership, trust, limited liability company, or other entity in which all of the equity owners are "accredited investors"; (iv) a trust with total assets in excess of USD \$5,000,000 and was not formed for the specific purpose of acquiring Fund Units, the trustee of which has such knowledge and experience financial and business matters that it is capable of evaluating the merits and risks of investing in Fund Units; (v) a bank, savings and loan association or other financial institution, a registered securities broker or securities dealer, or an insurance company; (vi) a registered investment company or business development company, a licensed Small Business Investment Company, or a private business development company; (vii) a state-sponsored pension plan with total assets in excess of USD \$5,000,000; (viii) an employee benefit plan which either (a) has a fiduciary that is a bank, savings and loan association, insurance company, or registered investment adviser; (b) has total assets in excess of USD \$5,000,000; or (c) is a self-directed plan and investment decisions are made solely by persons that are "accredited investors"; (ix) a non-profit organization described in section 501(c)(3) of the Internal Revenue Code that was not formed for the specific purpose of acquiring Fund Units having total assets in excess of USD \$5,000,000; or (x) a director, executive officer, or manager of the Fund or a director, executive officer, or manager of the Fund's Sponsoring Member.

"Administration Fee" means an amount payable to the Sponsoring Member upon the release of funds from escrow equal (b) (4) the total Investing Members' Capital Contributions. It also means a monthly fee payable to the Sponsoring Member equal (b) (4) of the Fund's aggregate initial capitalization (i.e., the total Capital Contributions of the Investing Members). Such monthly Administration Fee shall commence being paid on the first day of the calendar month following the closing date of the Offering.

"Affiliate" means any Person that directly or indirectly controls, is controlled by, or is under common control with the Person in question. As used in this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise, or to hold or to control the holder of 10 percent or more of the outstanding voting securities of such Person.

"Agreement" means the Limited Liability Company Agreement as it may be amended, supplemented or restated from time to time.

"Alien" refers to a person in the United States who is not a citizen of the United States.

“Application Fee” means a one-time non-refundable fee (separate from Unit subscription funds) of (b) (4) (payable to the Sponsoring Member, not the Fund) due from non-U.S. Persons who elect to escrow funds pending approval of a Form I-526 petition with United States Citizenship and Immigration Services (USCIS) payable to the Sponsoring Member upon escrow of subscription funds regardless of the number of Units purchased.

“BCF” means billion cubic feet.

“BCFE” means billion cubic feet equivalent.

“BCPD” means barrels of condensate per day.

“BOPD” means barrels of oil per day.

“BOE” means barrels of oil equivalent.

“Capital Account” means the capital account maintained for an Investing Member pursuant to Section 3.2 of the Agreement.

“Capital Contribution”, as it relates to the Fund, means any asset or property of any nature contributed by an Investing Member to the capital of the Fund pursuant to the provisions of the Agreement. In the context of the Fund’s participation in a Program, it means an amount of money contributed to the Program by or on behalf of a Non-Operator.

“Certificate of Formation” means the certificate filed with the Secretary pursuant to Section 1.6 of the Agreement, as such Certificate may be amended or restated from time to time.

“Code” means the Internal Revenue Code of 1986, as from time to time amended and in effect.

“Commercial Well” is a drilled well which, based upon log and sample evaluations, is capable of producing oil and/or gas in sufficient quantities to exceed its expenses incurred once the completion is performed.

“Completion Assessments” occurs when a well drilled as part of a drilling Program is determined to have commercial capabilities of oil and/or natural gas production. The driller/Operator will then assess each Non-Operator for their pro-rata share of the completion cost.

“Consent” means the written consent of a Person, or the affirmative vote of such Person at a meeting called and held pursuant to Article VIII of the Agreement, as the case may be, to do the act or thing for which the consent is solicited, or the act of granting such consent, as the context requires.

“Development Well” means a well drilled within the proved area of an oil or gas reservoir to the depth of a stratigraphic horizon determined by a professional petroleum engineer or petroleum geologist to be productive.

“Drilling and Completion Costs” means all costs, excluding operating costs, of drilling, completing, testing, equipping, and bringing a well into production or plugging and abandoning it, including all labor and other construction and installation costs incident thereto, location and surface damages, cementing, drilling mud and chemicals, drill stem tests and core analysis, engineering and well site geological expenses, electric logs, costs of plugging back, deepening, rework operations, repairing or performing remedial work of any type, costs of plugging and abandoning any well participated in by the Fund, and reimbursements and compensation to well operators, including charges paid to the Sponsoring Member as an operator during the drilling and completion phase of a well, plus the cost of the gathering system and of acquiring leasehold interests.

“Drill Site” is the minimum locale subject to an area no less than that stipulated by the statutes and regulations of the Texas Railroad Commission (or equivalent authority in other jurisdictions) for the drilling of a well to the desired depth.

“Dry Hole” means any well abandoned without having produced oil or gas in commercial quantities.

"EB-5" is a United States immigration visa created by the Immigration Act of 1990 providing a method of obtaining a Green Card for Foreign Nationals who invest money in the United States.

"Event of Withdrawal of the Sponsoring Member" means an event that causes a Sponsoring Member to cease to be a Sponsoring Member as provided in the Act.

"Exploratory Well" means a well drilled to find commercially productive hydrocarbons in an unproved area, to find a new commercially productive horizon in a field previously found to be productive of hydrocarbons at another horizon, or to significantly extend a known prospect.

"Farmout" means an agreement whereby the owner of a leasehold or working interest agrees to assign their interest in certain specific acreage to the assignees, retaining some interest such as an overriding royalty interest, an oil and gas payment, offset acreage or other type of interest, subject to the drilling of one or more specific wells or other performance as a condition of the assignment.

"Foreign National" refers to a Person born outside the jurisdiction of the United States who is a citizen of a foreign country and who has not become a naturalized U.S. citizen under U.S. law. Includes Aliens who have not obtained Permanent Residency within the United States.

"Form I-526" refers to the petition filed with USCIS by an Investing Member who is a Non-U.S. Person seeking Permanent Residency within the United States.

"Form I-829" refers to the petition filed at the end of a two year conditional period with USCIS by an Investing Member who is a Non-U.S. Person to remove conditions imposed by the EB-5 visa.

"Fund" means the limited liability company formed pursuant to the Agreement.

"Green Card" is a United States Permanent Resident Card (known informally as a "green card" because it is green in color) which is an identification card attesting to the Permanent Residency status of an Alien in the United States.

"IDC" means intangible drilling and development costs.

"Investing Member" means any Person other than the Sponsoring Member or a Non-sponsoring Member (i) whose name is set forth on Schedule A of the Agreement, attached hereto, as an Investing Member, or who has been admitted as an additional or substituted Investing Member pursuant to the terms of the Agreement, and (ii) who is the owner of a Unit. In its plural form it means all such Persons.

"Investing Membership Interest" means the interest acquired by an Investing Member in the Fund by purchasing a Unit including, without limitation, such Investing Member's right: (i) to a distributive share of the income, gain, loss, deduction, and credit of the Fund; (ii) to a distributive share of the assets of the Fund; (iii) if an Investing Member, to Consent on those matters described in the Agreement.

"Investment" means an asset acquired by the Fund, which may include, but not be limited to, working interests, net revenue interests, overriding royalty interests, and/or royalty interests in oil and gas wells or properties within the United States, as well as proven, probable, possible and potential hydrocarbon reserves in the ground, and/or the leases on which such wells and/or reserves are located. It may also include partnership, LLC, or other forms of equity or revenue interests in joint ventures or other forms of oil and gas ownership. It may also include equipment, supplies and other material in connection with such assets.

“Indemnitee” means any Sponsoring Member, any Person who is or was an affiliate of a Sponsoring Member, any Person who is or was an officer, director, employee, agent, trustee, partner, member, manager, or shareholder of a Sponsoring Member or any such affiliate, or any Person who is or was serving at the request of a Sponsoring Member or any such affiliate as a director, officer, employee, partner, member, manager, agent or trustee of another Person; provided that a Person shall constitute an “Indemnitee” only with respect to acts, omissions or matters deriving from or relating to the business, operations or investments of the Fund.

“Lease” is the right granted by the Lessor to the Lessee to extract minerals, specifically oil and/or natural gas, from a certain property owned by the Lessor with the expense of said extraction lying with the Lessee. The Lessor retains a certain percentage of the revenues received from the sale of the oil and/or natural gas, which is known as royalty interest. A Lessor receiving a royalty interest does not have any obligation to pay any of the lease operating expenses associated with the production of such minerals. However, depending on lease terms, the Lessor normally pays his share of production or severance taxes and may pay his share of some costs associated with processing or treating the produced oil and gas. The lease will remain in effect so long as production is maintained.

“Leasebank” means one or more mineral Leases organized by prospect, project or production.

“Lessee” means the purchaser of a Lease.

“Lessor” means the grantor of a Lease.

“Limited Liability Company Agreement” means the Agreement which governs the internal affairs of the Fund.

“Liquidator” has the meaning specified in Section 7.2 of the Agreement.

“Majority in Interest of the Investing Members” means Investing Members whose Membership Interests aggregate to greater than fifty percent (50%) of the Membership Interests of all Investing Members.

“MCF” means one thousand cubic feet of natural gas.

“Memorandum” means the confidential private placement memorandum utilized by the Fund to disclose risks, describe its proposed activities, and explain the terms of the offering of Units to prospective Investing Members.

“Members” means the Sponsoring Member, the Non-Sponsoring Members, and the Investing Members. In its singular form it means any one of the Investing Members, Non-Sponsoring Members or the Sponsoring Member, as the case may be.

“Membership Interest” means a Member’s right, together with such other rights as provided in the Agreement, to receive distributions of Fund revenue, capital, and other disposition of Fund assets in accordance with the Agreement.

“Metropolitan Statistical Area” refers to a geographical area with high population density (i.e., typically greater than 20,000 persons) as may be designated by the governor of a state or other designated authority.

“Net Revenue Interest” means the revenues received by a Working Interest Owner before expenses and after the payment of royalty interest and overriding royalty interests.

“Non-sponsoring Member” means any Person holding a Membership Interest other than the Sponsoring Member or an Investing Member.

“Non-sponsoring Membership Interest” refers to a Sponsoring Membership Interest conveyed from the Sponsoring Member to a third party pursuant to this Agreement upon which event it is stripped of any and all management rights, consent rights, and entitlement to share in any Administration Fees, Organizational Fees, or the like.

“Non-Operator” is a person who acquires a Working Interest in a Program but who is not charged with the responsibility of field operations.

“Non-U.S. Person” means any Alien or Foreign National and includes (i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States; (ii) any estate of which any professional fiduciary acting as executor or administrator is a U.S. person if another executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate and such estate is governed by foreign law; (iii) any trust of which any professional fiduciary acting as trustee is a U.S. person, if a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person; (iv) any employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country; (v) any agency or branch of a U.S. person located outside the United States if such agency or branch operates for valid business reasons and is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; or (vi) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans.

“Offering” refers to the offering of Units for sale to prospective Investing Members via delivery of the Memorandum.

“Operator” means either Southern Star Operating LLC or a Person charged with conducting field operations in connection with a Program.

“Overriding Royalty” means an interest in the gross revenues received from the sale of the oil and/or natural gas from a certain property as a result of assisting in the acquisition of a lease or in consideration of a farmout of a lease. The owner of an overriding royalty does not bear any of the lease operating costs associated with the production, development, operation or maintenance of the leasehold. However, the holder of an overriding royalty normally pays his share of production or severance taxes and his share of some costs associated with processing or treating the produced oil and gas.

“Organizational Fee” refers to a fee equal to 1.7% of the aggregate Capital Contributions of the Investing Members payable to the Sponsoring Member upon release of funds from escrow as compensation for organizing the Fund and the Offering.

“Person” means an individual or a corporation, limited liability company, partnership, trust, estate, unincorporated organization, association or other business enterprise.

“Permanent Residency” refers to the officially granted immigration status of a Non-U.S. Person by USCIS of permission to reside and take employment in the United States, evidenced by the issuance of a Green Card, subject to removal from the United States if such status is not maintained or if certain conditions of such status are not met.

“Program” means a series of oil and gas-related Investments or Prospects.

“Prospect” means an oil and gas leasehold estate, or lesser interest therein, upon which drilling operations may or may not be conducted. In general, a Prospect is an area in which the Fund owns or intends to own one or more oil and gas interests, which is geographically defined on the basis of geological data and which is reasonably anticipated to contain at least one reservoir of hydrocarbons; an area covering lands which are believed to contain subsurface structural or stratigraphic conditions making it susceptible to the accumulations of hydrocarbons in commercially productive quantities at one or more horizons.

“Record Date” means the date established by the Sponsoring Member for determining the identity of Investing Members entitled to give Consent to Fund action or entitled to exercise rights in respect of any other lawful action of Investing Members.

“Regulations” means the income tax regulations promulgated under the Code, as from time to time amended and in effect (including corresponding provisions of succeeding regulations).

“Reservoir” means a separate structural or stratigraphic trap containing an accumulation of oil or gas.

“Roll-Up” means a transaction involving the acquisition, merger, conversion, or consolidation, either directly or indirectly, of the Fund and the issuance of securities of a roll-up entity.

“Roll-Up Entity” means a partnership, trust, corporation or other entity that would be created or survive after the successful completion of a proposed Roll-Up transaction.

“Royalty Interest” means an interest received by a Lessor in the gross revenues from the sale of the oil and/or natural gas from a certain property for which the Lessor does not bear any of the lease operating costs associated with the production, development, operation or maintenance of the leasehold aside from applicable production or severance taxes and sometimes a share of the costs associated with processing or treating the produced oil and gas. This percentage of revenue is in consideration of the Lessor signing the oil and gas lease with the Lessee.

“Rural Area” means a geographical area typically outside of a Metropolitan Statistical Area as further defined by USCIS.

“Sponsor” means any Person directly or indirectly instrumental in organizing, wholly or in part, a partnership, limited liability company or program to facilitate investment or who will manage or is entitled to manage or participate in the management or control of such partnership, limited liability company or program. “Sponsor” includes the Sponsoring Member. “Sponsor” does not include attorneys, accountants, engineers or other consultants whose compensation is for professional services rendered in connection with the offering of Units.

“Sponsoring Member” means Southern Star Regional Investment Center LLC, a Texas limited liability company, its successors or designated agents or assigns.

“Sponsoring Membership Interest” means the Sponsoring Member’s right to (i) participate in the management and operation of the Fund; (ii) receive to a distributive share of the income, gain, loss, deduction, and credit of the Fund; and (iii) to a distributive share of the assets of the Fund in accordance with the Agreement.

“Subscription” means the amount indicated on the Subscription Agreement that an Investing Member has agreed to pay to the Fund as their Capital Contribution.

“Subscription Agreement” means the agreement attached to the Memorandum by way of exhibit whereby prospective Investing Members subscribe for Units. With respect to a Non-Operator, is the agreement executed and delivered by a Non-Operator in connection with his or her subscription to purchase interest in a Program and contains certain representations, warranties, covenants and agreements of such Non-Operator.

“Targeted Employment Area” means a Rural Area or an area that is experiencing an unemployment rate of at least 150 percent of the U.S. national average or as otherwise defined by USCIS or federal law.

“TCFE” means trillion cubic feet equivalent.

“Turnkey Cost” typically means the costs incurred in the drilling and testing of a well or wells. If negotiated, the driller/Operator will agree to provide all services and materials specified for the drilling of wells in a Program for a fixed cost. Under a “turnkey” contract, the Non-Operators will be obligated to pay a one-time charge, based upon their pro-rata Working Interest Ownership, for the drilling portion of the wells with no additional assessment for the drilling portion of the wells. Any additional or unexpected costs encountered while drilling the well is absorbed by the driller/Operator. It is important to note that not all wells are drilled pursuant to “turnkey” contracts.

“Transfer” has the meaning set forth in Section 6.1(a) of the Agreement.

“Unanimous Vote” means the affirmative vote of all Investing Members, including the Sponsoring Member, whose combined Membership Interests aggregate one-hundred percent (100%) of the Membership Interests.

“Unit”, as it pertains to the offering of Investing Membership Interests as described in the Memorandum, means an undivided interest of the Investing Members in the aggregate interest in the capital and profits of the Fund. Each Unit of Investing Membership Interest represents a Capital Contribution of USD \$500,000 to the Fund. In the context of the Sponsoring Member, “Unit” means the Sponsoring Membership Interest.

“United States” or “U.S.” mean the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

“USCIS” means United States Citizenship and Immigration Services, an agency of the U.S. Department of Homeland Security.

“U.S. Person” means (i) a natural person resident in the United States; (ii) a partnership or corporation organized or incorporated under the laws of the United States; (iii) an estate of which any executor or administrator is a U.S. person; (iv) a trust of which any trustee is a U.S. person; (v) an agency or branch of a foreign entity located in the United States; (vi) a non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person; (vii) a discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; or (viii) a partnership or corporation organized or incorporated under the laws of any foreign jurisdiction which was formed by a U.S. person principally for the purpose of investing in unregistered securities unless it is organized or incorporated, and owned, by accredited investors who are not natural persons, estates or trusts.

“Working Interest” means the interest granted to the Lessee under an oil and gas lease which entitles the Lessee and/or its successors and assigns to conduct such operations and pay such expenses for the drilling and production associated with the extraction of oil and/or natural gas from that certain property. The Working Interest Owners, unlike royalty and overriding royalty interest owners, are able to take advantage of certain tax advantages when involved in the drilling for oil and/or natural gas. The Working Interest Owners receive revenues from the sale of the oil and/or natural gas after the payment of capital expenditures, operating expenses, taxes and royalty and overriding royalty interests.

ADDITIONAL INFORMATION

For more information regarding the Fund or this Offering, please contact:



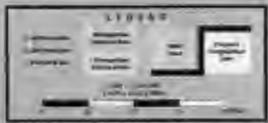
SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC
Brownstone-Anderson Building, 25511 Budde Road, Suite 101, The Woodlands, Texas 77380 USA
E-mail: EB5@southernstaroil.com Telephone: (281) 940-7105

EXHIBIT A

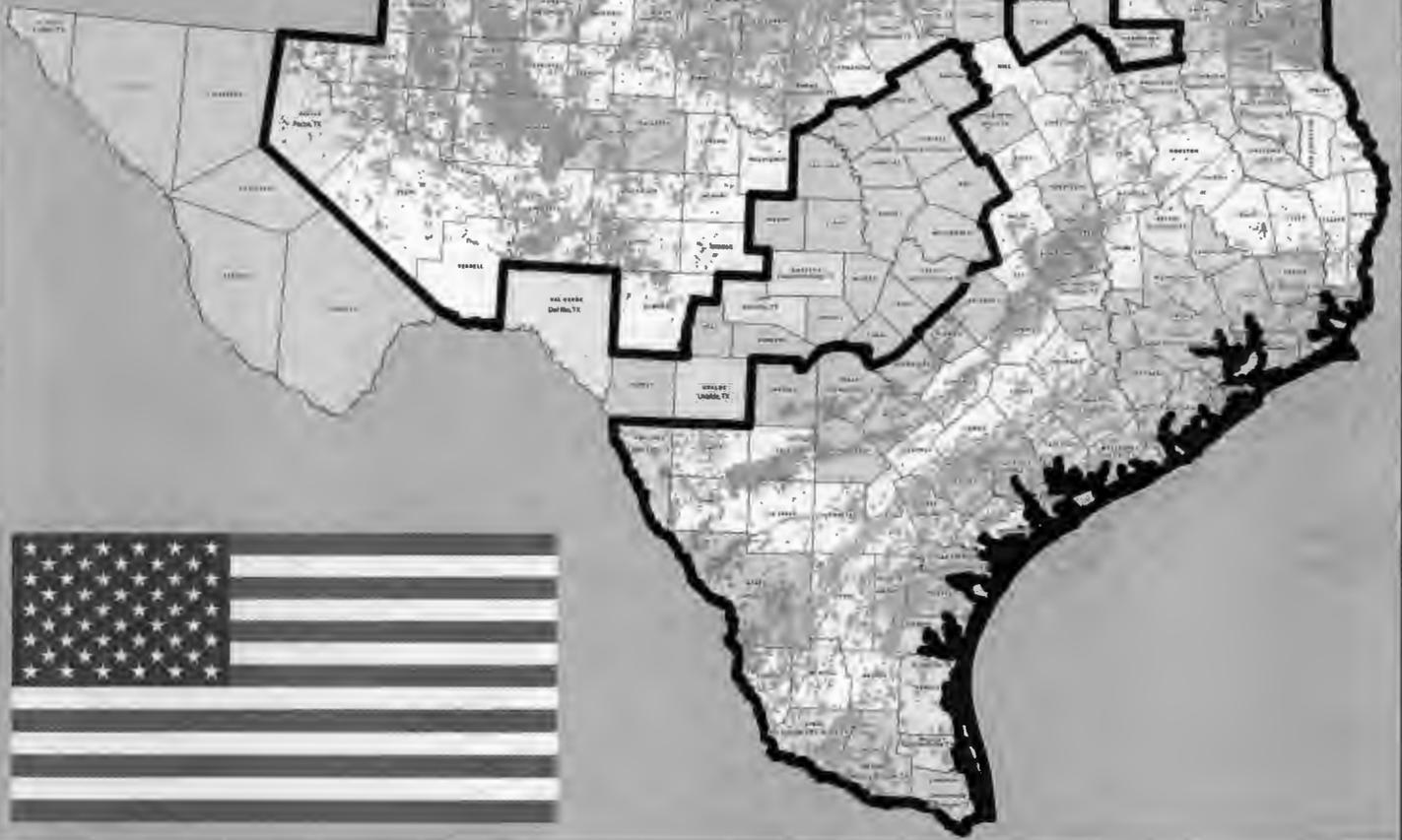
MAP OF GEOGRAPHIC FOCUS AREA
OF
SOUTHERN STAR ENERGY FUND LLC

This section alone does not constitute an offer to sell Unit(s) in the Fund. An offer may be made only by an authorized representative of the Fund and the recipient must receive a complete original numbered Memorandum, including all exhibits.

OKLAHOMA - TEXAS OIL & GAS PRODUCTION



**SOUTHERN STAR REGIONAL
INVESTMENT CENTER LLC**



CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
SOUTHERN STAR ENERGY FUND LLC

EXHIBIT B

ECONOMIST REPORT / IMPACT STUDY
OF
SOUTHERN STAR ENERGY FUND LLC

This section alone does not constitute an offer to sell Unit(s) in the Fund. An offer may be made only by an authorized representative of the Fund and the recipient must receive a complete original numbered Memorandum, including all exhibits.

Southern Star Regional Investment Center LLC

Economic Impact Study

Performed by:

Center for Community and Business Research
Institute for Economic Development
The University of Texas at San Antonio

November 2010

Institute for  **Economic Development**
The University of Texas at San Antonio

This report presents the results and assumptions made in this economic impact analysis for Southern Star Regional Investment Center LLC. For the analysis we used the software IMPLAN version 3.¹ According to this model and based upon the information provided, we estimated the impacts of drilling, construction, and related operations of the project in several counties in the states of Texas and Oklahoma (See Appendix A).²

Regional Overview

(b) (4)



APPENDIX A

Texas 187 counties				
Anderson	Dewitt	Howard	Menard	Starr
Andrews	Dickens	Hutchinson	Midland	Stephens
Angelina	Dimmit	Irion	Milam	Sterling
Aransas	Duval	Jack	Mitchell	Stonewall
Archer	Eastland	Jackson	Montague	Sutton
Atascosa	Ector	Jasper	Montgomery	Tarrant
Bastrop	Edwards	Jefferson	Moore	Taylor
Baylor	Erath	Jim Hogg	Nacogdoches	Terrell
Bee	Falls	Jim Wells	Navarro	Terry
Bexar	Fayette	Johnson	Newton	Throckmorton
Borden	Fisher	Jones	Nolan	Tom Green
Brazoria	Foard	Kames	Nueces	Trinity
Brazos	Fort Bend	Kenedy	Ochiltree	Tyler
Brooks	Freestone	Kent	Orange	Upshur
Brown	Frio	Kimble	Palo Pinto	Upton
Burleson	Gaines	King	Panola	Van Zandt
Caldwell	Galveston	Kleberg	Parker	Victoria
Calhoun	Garza	Knox	Pecos	Walker
Callahan	Glasscock	La Salle	Polk	Waller
Cameron	Goliad	Lavaca	Potter	Ward
Carson	Gonzales	Lee	Reagan	Washington
Chambers	Gray	Leon	Reeves	Webb
Cherokee	Grayson	Liberty	Refugio	Wharton
Clay	Gregg	Limestone	Roberts	Wheeler
Cochran	Grimes	Lipscomb	Robertson	Wichita
Coke	Guadalupe	Live Oak	Runnels	Wilbarger
Coleman	Hansford	Loving	Rusk	Willacy
Collingsworth	Hardeman	Lubbock	Sabine	Wilson
Colorado	Hardin	Lynn	San Augustine	Wise
Comanche	Harris	Madison	San Jacinto	Wood
Concho	Harrison	Marion	San Patricio	Wrinkler
Cooke	Haskell	Martin	Schleicher	Yoakum
Cottle	Hemphill	Matagorda	Scurry	Young
Crane	Hidalgo	Maverick	Shackelford	Zapata
Crockett	Hill	McCulloch	Shelby	Zavala
Crosby	Hockley	McLennan	Sherman	
Dawson	Hood	McMullen	Smith	
Denton	Houston	Medina	Somervell	

Oklahoma 58 counties	
Kay	Custer
Noble	Blaine
Payne	Kingfisher
Lincoln	Canadian
Okfuskee	Logan
Creek	Oklahoma
Pawnee	Beckham
Osage	Washita
Washington	Caddo
Tulsa	Grady
Okmulgee	McClain
Muskogee	Cleveland
Waggoner	Garvin
Rogers	Stephens
Nowata	Carter
Craig	Murray
Mayes	Jefferson
Texas	Love
Beaver	Pottawatomie
Harper	Seminole
Woods	Pontotoc
Alfalfa	Johnston
Grant	Marshall
Garfield	Hughes
Major	McIntosh
Woodward	Pittsburg
Ellis	Haskell
Roger Mills	Latimer
Dewey	Le Flore

APPENDIX B

Ranked from highest to lowest unemployment rate, the Oklahoma county employment rates for September 2010 are:

County Name	September-10			
	Employed	Labor Force	Unemployed	Rate
Latimer County, OK	3740	4180	440	10.4
Le Flore County, OK	18390	20330	1940	9.6
Okmulgee County, OK	14280	15770	1490	9.4
Hughes County, OK	5500	6050	560	9.2
Pawnee County, OK	6580	7200	620	8.6
Okfuskee County, OK	4460	4870	410	8.4
Mayes County, OK	17270	18830	1560	8.3
Nowata County, OK	4720	5140	430	8.3
Creek County, OK	28230	30740	2510	8.2
Seminole County, OK	10360	11290	930	8.2
McIntosh County, OK	8330	9070	740	8.2
Osage County, OK	18190	19770	1580	8
Blaine County, OK	4650	5050	400	7.9
Kay County, OK	21490	23240	1760	7.6
Muskogee County, OK	29120	31470	2350	7.5
Jefferson County, OK	2340	2520	190	7.5
Tulsa County, OK	267450	288360	20910	7.3
Rogers County, OK	36680	39500	2830	7.2
Wagoner County, OK	30290	32650	2370	7.2
Marshall County, OK	6110	6550	440	6.7
Haskell County, OK	5800	6210	420	6.7
Johnston County, OK	4840	5190	350	6.7
Stephens County, OK	20270	21700	1430	6.6
Oklahoma County, OK	306470	327380	20910	6.4
Pittsburg County, OK	22730	24270	1540	6.3
Grady County, OK	21630	23090	1460	6.3
Lincoln County, OK	13070	13940	860	6.2
Pottawatomie County, OK	32260	34340	2080	6.1
Caddo County, OK	12310	13100	800	6.1
Logan County, OK	16830	17890	1060	5.9
Payne County, OK	32000	33970	1970	5.8
Washington County, OK	26240	27830	1580	5.7
Craig County, OK	7350	7790	440	5.7
McClain County, OK	14180	15020	840	5.6
Noble County, OK	5490	5820	330	5.6
Canadian County, OK	49500	52370	2870	5.5
Garvin County, OK	14090	14920	830	5.5
Texas County, OK	6470	6850	380	5.5
Cleveland County, OK	113330	119750	6420	5.4
Woodward County, OK	10490	11070	590	5.3
Carter County, OK	25640	27060	1420	5.2

Alfalfa County, OK	2400	2520	130	5.1
Pontotoc County, OK	19790	20810	1020	4.9
Washita County, OK	5890	6190	300	4.8
Garfield County, OK	30940	32420	1480	4.6
Beckham County, OK	11200	11730	530	4.5
Love County, OK	5100	5350	240	4.5
Kingfisher County, OK	7400	7740	340	4.4
Custer County, OK	14810	15460	650	4.2
Major County, OK	4170	4360	190	4.2
Ellis County, OK	2240	2330	100	4.1
Dewey County, OK	2650	2760	110	3.9
Woods County, OK	4400	4580	170	3.8
Grant County, OK	2600	2710	100	3.8
Murray County, OK	9050	9400	350	3.7
Roger Mills County, OK	1830	1900	70	3.6
Harper County, OK	1990	2060	70	3.4
Beaver County, OK	3230	3330	100	3

Source: Oklahoma Employment Security Commission
http://www.ok.gov/oesc_web/Services/Find_Labor_Market_Statistics/LAUS

APPENDIX C

Ranked from highest to lowest unemployment rate, the Texas county employment rates for September 2010 are:

County Name	September-10			
	Employed	Labor Force	Unemployed	Rate
Starr County	20,859	24,867	4,008	16.1
Zavala County	3,262	3,872	610	15.8
Sabine County	3,040	3,588	548	15.3
Willacy County	7,330	8,419	1,089	12.9
Newton County	5,206	5,949	743	12.5
Maverick County	21,059	24,021	2,962	12.3
Dickens County	880	1,001	121	12.1
Hidalgo County	271,111	305,476	34,365	11.2
Jasper County	13,924	15,672	1,748	11.2
San Augustine County	3,166	3,564	398	11.2
Matagorda County	16,371	18,409	2,038	11.1
Cameron County	140,098	157,254	17,156	10.9
Duval County	4,675	5,245	570	10.9
Orange County	38,087	42,684	4,597	10.8
Jefferson County	104,945	117,377	12,432	10.6
Liberty County	29,065	32,448	3,383	10.4
Zapata County	4,725	5,276	551	10.4
Milam County	10,009	11,163	1,154	10.3
Reeves County	4,253	4,744	491	10.3
San Jacinto County	9,507	10,585	1,078	10.2
Terrell County	344	383	39	10.2
Marion County	4,548	5,045	497	9.9
Tyler County	7,809	8,670	861	9.9
Houston County	7,534	8,348	814	9.8
Loving County	37	41	4	9.8
Polk County	16,602	18,373	1,771	9.6
San Patricio County	28,438	31,467	3,029	9.6
Brooks County	3,089	3,412	323	9.5
Falls County	6,137	6,781	644	9.5
Runnels County	4,253	4,696	443	9.4
Bee County	10,977	12,104	1,127	9.3
Anderson County	19,289	21,235	1,946	9.2
Chambers County	13,480	14,847	1,367	9.2
Karnes County	4,932	5,433	501	9.2
Calhoun County	8,774	9,656	882	9.1
Dimmit County	3,951	4,344	393	9
Galveston County	134,047	146,979	12,932	8.8
Brazoria County	135,274	148,131	12,857	8.7
Cherokee County	19,011	20,815	1,804	8.7
Hardin County	24,438	26,764	2,326	8.7
La Salle County	2,552	2,796	244	8.7

Navarro County	19,958	21,848	1,890	8.7
Cochran County	1,405	1,534	129	8.4
Trinity County	5,536	6,044	508	8.4
Grimes County	11,043	12,045	1,002	8.3
Waller County	15,376	16,775	1,399	8.3
Coke County	1,215	1,323	108	8.2
Harris County	1,844,868	2,008,921	164,053	8.2
Harrison County	30,501	33,231	2,730	8.2
Mitchell County	3,211	3,498	287	8.2
Grayson County	53,325	58,005	4,680	8.1
Webb County	87,850	95,547	7,697	8.1
Wharton County	20,069	21,826	1,757	8.1
Aransas County	10,945	11,898	953	8
Concho County	1,247	1,356	109	8
DeWitt County	8,360	9,088	728	8
Schleicher County	1,332	1,448	116	8
Hill County	15,328	16,643	1,315	7.9
Shelby County	11,607	12,606	999	7.9
Tarrant County	842,467	914,860	72,393	7.9
Angelina County	36,341	39,422	3,081	7.8
Bastrop County	33,104	35,891	2,787	7.8
Caldwell County	15,059	16,328	1,269	7.8
Dawson County	5,083	5,514	431	7.8
Jim Wells County	20,694	22,448	1,754	7.8
Madison County	5,154	5,592	438	7.8
Wood County	17,499	18,974	1,475	7.8
Fort Bend County	254,096	275,372	21,276	7.7
Johnson County	70,107	75,948	5,841	7.7
Palo Pinto County	12,836	13,910	1,074	7.7
Eastland County	8,056	8,716	660	7.6
Nueces County	155,935	168,702	12,767	7.6
Upshur County	18,869	20,427	1,558	7.6
Robertson County	7,143	7,718	575	7.5
Wichita County	57,731	62,422	4,691	7.5
Atascosa County	18,302	19,771	1,469	7.4
Ector County	65,466	70,710	5,244	7.4
Hutchinson County	10,569	11,414	845	7.4
Montgomery County	203,654	219,956	16,302	7.4
Pecos County	7,715	8,329	614	7.4
Ward County	4,739	5,116	377	7.4
Wise County	26,448	28,560	2,112	7.4
Bexar County	724,982	781,980	56,998	7.3
Crosby County	2,540	2,740	200	7.3
Jones County	7,450	8,033	583	7.3
Medina County	19,018	20,525	1,507	7.3
Parker County	51,118	55,148	4,030	7.3
Rusk County	22,944	24,749	1,805	7.3
Smith County	95,124	102,663	7,539	7.3

Foard County	647	697	50	7.2
Frio County	7,095	7,646	551	7.2
Van Zandt County	25,031	26,964	1,933	7.2
Walker County	27,166	29,270	2,104	7.2
Denton County	329,675	355,034	25,359	7.1
Jim Hogg County	2,955	3,182	227	7.1
Winkler County	3,182	3,422	240	7
Colorado County	10,069	10,812	743	6.9
Crane County	1,686	1,811	125	6.9
Gregg County	61,177	65,741	4,564	6.9
Hardeman County	2,161	2,320	159	6.9
Hood County	25,423	27,320	1,897	6.9
Jackson County	6,562	7,046	484	6.9
Lavaca County	9,180	9,857	677	6.9
Victoria County	42,724	45,899	3,175	6.9
Wilson County	18,144	19,498	1,354	6.9
Brown County	18,338	19,676	1,338	6.8
Edwards County	981	1,053	72	6.8
McLennan County	110,719	118,801	8,082	6.8
Menard County	1,003	1,076	73	6.8
Panola County	12,863	13,803	940	6.8
Somervell County	4,123	4,423	300	6.8
Howard County	13,380	14,339	959	6.7
Kleberg County	16,442	17,629	1,187	6.7
Leon County	8,195	8,786	591	6.7
Limestone County	10,967	11,759	792	6.7
Live Oak County	4,686	5,022	336	6.7
Lynn County	2,742	2,939	197	6.7
McCulloch County	3,600	3,858	258	6.7
Goliad County	3,277	3,507	230	6.6
Gray County	10,588	11,334	746	6.6
Guadalupe County	56,136	60,113	3,977	6.6
Lee County	8,683	9,294	611	6.6
Refugio County	4,023	4,306	283	6.6
Stephens County	4,433	4,747	314	6.6
Terry County	5,612	6,010	398	6.6
Freestone County	9,664	10,331	667	6.5
Montague County	10,233	10,949	716	6.5
Young County	9,231	9,877	646	6.5
Fisher County	1,898	2,027	129	6.4
McMullen County	335	358	23	6.4
Nolan County	7,559	8,073	514	6.4
Coleman County	4,207	4,490	283	6.3
Nacogdoches County	30,387	32,434	2,047	6.3
Tom Green County	50,618	53,993	3,375	6.3
Wilbarger County	7,506	8,011	505	6.3
Burleson County	8,165	8,708	543	6.2
Clay County	5,762	6,141	379	6.2

Comanche County	6,616	7,054	438	6.2
Cooke County	20,789	22,165	1,376	6.2
Potter County	55,530	59,174	3,644	6.2
Scurry County	7,318	7,805	487	6.2
Taylor County	65,235	69,541	4,306	6.2
Cottle County	768	818	50	6.1
Erath County	18,089	19,269	1,180	6.1
Kimble County	1,975	2,104	129	6.1
Hockley County	11,452	12,187	735	6
Baylor County	1,843	1,958	115	5.9
Knox County	1,687	1,793	106	5.9
Washington County	16,472	17,497	1,025	5.9
Yoakum County	3,857	4,098	241	5.9
Lubbock County	136,945	145,370	8,425	5.8
Andrews County	6,470	6,863	393	5.7
Brazos County	95,482	101,257	5,775	5.7
Gaines County	6,705	7,113	408	5.7
Gonzales County	9,599	10,179	580	5.7
Martin County	2,137	2,265	128	5.7
Archer County	4,907	5,196	289	5.6
Callahan County	6,907	7,314	407	5.6
Crockett County	2,220	2,352	132	5.6
Fayette County	11,744	12,429	685	5.5
Garza County	2,309	2,444	135	5.5
Glasscock County	624	660	36	5.5
Borden County	410	433	23	5.3
Collingsworth County	1,434	1,514	80	5.3
King County	201	212	11	5.2
Reagan County	1,742	1,837	95	5.2
Sherman County	1,358	1,433	75	5.2
Throckmorton County	975	1,028	53	5.2
Jack County	5,429	5,720	291	5.1
Midland County	70,786	74,606	3,820	5.1
Kent County	460	484	24	5
Lipscomb County	1,612	1,697	85	5
Ochiltree County	5,204	5,474	270	4.9
Shackelford County	2,036	2,142	106	4.9
Stonewall County	842	885	43	4.9
Sutton County	3,214	3,380	166	4.9
Irion County	875	919	44	4.8
Carson County	3,246	3,407	161	4.7
Haskell County	3,048	3,197	149	4.7
Moore County	11,252	11,805	553	4.7
Upton County	1,766	1,854	88	4.7
Kenedy County	239	250	11	4.4
Hansford County	2,756	2,878	122	4.2
Roberts County	534	556	22	4
Wheeler County	3,210	3,345	135	4

Sterling County	827	860	33	3.8
Hemphill County	2,661	2,741	80	2.9

Source: Texas Workforce Commission, Tracer2.

EXHIBIT C

FORM OF
LIMITED LIABILITY COMPANY AGREEMENT
OF
SOUTHERN STAR ENERGY FUND LLC

This section alone does not constitute an offer to sell Unit(s) in the Fund. An offer may be made only by an authorized representative of the Fund and the recipient must receive a complete original numbered Memorandum, including all exhibits.

LIMITED LIABILITY COMPANY AGREEMENT

OF

SOUTHERN STAR ENERGY FUND LLC

(a Delaware limited liability company)

This Limited Liability Company Agreement (the "Agreement") of SOUTHERN STAR ENERGY FUND LLC, a Delaware limited liability company (the "Fund"), to be effective as of January ____, 2011 (the "Effective Date"), is by and among Southern Star Regional Investment Center LLC, a Texas limited liability company (the "Sponsoring Member"), and the persons whose names are set forth on Schedule A, attached hereto, as Investing Members (the "Investing Members"), pursuant to the provisions of the Delaware Limited Liability Company Act, as amended (the "Act"), on the terms and conditions set forth herein. The Sponsoring Member and the Investing Members shall collectively be referred to as the "Members".

ARTICLE I

GENERAL

1.1. **Formation.** The Sponsoring Member hereby forms the Fund as a limited liability company pursuant to the provisions of the Act. Except as expressly provided herein, the rights and obligations of the Members and the administration and termination of the Fund shall be governed by the Act.

1.2. **Name.** The name of the Fund shall be, and the business of the Fund shall be conducted under the name of, SOUTHERN STAR ENERGY FUND LLC and/or such other names or trademarks as may be deemed prudent.

1.3. **Purpose.** The purpose and business of the Fund shall be (i) to acquire real property and develop and construct thereon a oil and gas assisted living facility; (ii) to engage in any and all general and incidental activities related thereto and necessary for the operation of such activities for profits or losses; and (iii) to enter into any lawful transactions and engage in any lawful activities in furtherance of or incidental to the foregoing purpose.

1.4. **Term.** The term of the Fund shall commence on the Effective Date and shall continue in perpetuity, or until the earlier dissolution and termination of the Fund in accordance with the provisions of Section 7.1 of this Agreement.

1.5. **Registered Office and Principal Office of Fund.** The registered office of the Fund in the State of Delaware shall be 16192 Coastal Highway, Lewes, Delaware 19958, and its registered agent at that location is Harvard Business Services, Inc. The principal office of the Fund shall be located at 25511 Budde Road, Suite 101, The Woodlands, Texas 77380 USA, or such other place as the Sponsoring Member may from time to time designate. The Fund may maintain offices at such other place or places as the Sponsoring Member deems advisable.

1.6. **Certificate of Formation.** The Sponsoring Member shall cause the Certificate of Formation of the Fund to be filed with the Delaware Secretary of State (the "Secretary") as required by the Act and shall cause to be filed such other certificates or documents (including, without limitation, copies, amendments, or restatements of this Agreement) as may be determined by the Sponsoring Member to be reasonable and necessary or appropriate for the formation, qualification, or registration and operation of a limited liability company (or a partnership in which the Members have limited liability) in the State of Delaware and in any other state where the Fund may elect to do business.

1.7. **Power of Attorney.**

- (a) *Grant of Power.* Each Investing Member hereby constitutes and appoints the Sponsoring Member and their authorized representatives (and any successors thereto by assignment or otherwise and the authorized representatives thereof) with full power of substitution as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place, and stead, to execute, swear to, acknowledge, deliver, file, and record in the appropriate public offices, as applicable or appropriate: (i) all certificates and other instruments and all amendments or restatements thereof that the Sponsoring Member deems reasonable and appropriate or necessary to qualify or register, or continue the qualification or registration of, the Fund as a limited liability company (or a partnership in which the Investing Members have limited liability) in all jurisdictions in which the Fund may conduct business or own property; (ii) all instruments, including an amendment or restatement of this Agreement, that the Sponsoring Member deem appropriate or necessary to reflect any amendment, change, or modification of this Agreement in accordance with its terms; (iii) all conveyances and other instruments or documents that the Sponsoring Member deem appropriate or necessary to reflect the dissolution, liquidation and termination of the Fund pursuant to the terms of this Agreement; (iv) all instruments relating to the admission or substitution of any Investing Member; (v) all ballots, consents, approvals, waivers, certificates, and other instruments appropriate or necessary, in the sole discretion of the Sponsoring Member, to make, evidence, give, confirm, or ratify any vote, consent, approval, agreement, or other action that is made or given by the Investing Members hereunder, is deemed to be made or given by the Investing Members hereunder, or is consistent with the terms of this Agreement and appropriate or necessary, in the sole discretion of the Sponsoring Member, to effectuate the terms or intent of this Agreement; provided that, with respect to any action that requires the vote, consent, or approval of a stated percentage of the Investing Members under the terms of this Agreement, the Sponsoring Member may exercise the power of attorney granted in this subsection (v) only after the necessary vote, consent, or approval has been made or given. Nothing herein contained shall be construed as authorizing the Sponsoring Member to amend this Agreement except in accordance with Article VIII of this Agreement or as otherwise provided in this Agreement.
- (b) *Irrevocability.* The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive, and not be affected by, the death, incompetency, incapacity, disability, dissolution, bankruptcy or termination of any Investing Member, or the transfer of all or any portion of its Membership Interest and shall extend to such Investing Member's heirs, successors, assigns and legal representatives. Each Investing Member agrees to be bound by any representations made by the Sponsoring Member acting in good faith pursuant to such power of attorney; and each Investing Member hereby waives any and all defenses that may be available to contest, negate or disaffirm any action of the Sponsoring Member taken in good faith under such power of attorney. Each Investing Member shall execute and deliver to the Sponsoring Member within 15 days after receipt of the Sponsoring Member's request therefor, such further designations, powers of attorney, and other instruments as the Sponsoring Member deem necessary to effectuate this Agreement and the purposes of the Fund.

ARTICLE II

DEFINITIONS

The following definitions apply to the terms used in the Memorandum and the Fund's Limited Liability Company Agreement:

"Act" means the Delaware Limited Liability Company Act, as amended. In other contexts it may refer to the Securities Act of 1933, as amended.

“Accredited Investor” means (i) a natural person whose individual net worth (exclusive of the value of their primary residence), or joint net worth with your spouse, presently exceeds USD \$1,000,000; (ii) a natural person who had an individual income in excess of USD \$500,000 in each of the two most recent years or joint income with their spouse in excess of USD \$300,000 in each of those years and they reasonably expect reaching the same income level in the current year; (iii) a corporation, partnership, trust, limited liability company, or other entity in which all of the equity owners are “accredited investors”; (iv) a trust with total assets in excess of USD \$5,000,000 and was not formed for the specific purpose of acquiring Fund Units, the trustee of which has such knowledge and experience financial and business matters that it is capable of evaluating the merits and risks of investing in Fund Units; (v) a bank, savings and loan association or other financial institution, a registered securities broker or securities dealer, or an insurance company; (vi) a registered investment company or business development company, a licensed Small Business Investment Company, or a private business development company; (vii) a state-sponsored pension plan with total assets in excess of USD \$5,000,000; (viii) an employee benefit plan which either (a) has a fiduciary that is a bank, savings and loan association, insurance company, or registered investment adviser; (b) has total assets in excess of USD \$5,000,000; or (c) is a self-directed plan and investment decisions are made solely by persons that are “accredited investors”; (ix) a non-profit organization described in section 501(c)(3) of the Internal Revenue Code that was not formed for the specific purpose of acquiring Fund Units having total assets in excess of USD \$5,000,000; or (x) a director, executive officer, or manager of the Fund or a director, executive officer, or manager of the Fund’s Sponsoring Member.

“Administration Fee” means an amount payable to the Sponsoring Member upon the release of funds from escrow equal (b) (4)

Such monthly Administration Fee shall commence being paid on the first day of the calendar month following the closing date of the Offering.

“Affiliate” means any Person that directly or indirectly controls, is controlled by, or is under common control with the Person in question. As used in this definition, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise, or to hold or to control the holder of 10 percent or more of the outstanding voting securities of such Person.

“Agreement” means the Limited Liability Company Agreement as it may be amended, supplemented or restated from time to time.

“Alien” refers to a person in the United States who is not a citizen of the United States.

“Application Fee” means a one-time non-refundable fee (separate from Unit subscription funds) of USD (b) (4) (payable to the Sponsoring Member, not the Fund) due from non-U.S. Persons who elect to escrow funds pending approval of a Form I-526 petition with United States Citizenship and Immigration Services (USCIS) payable to the Sponsoring Member upon escrow of subscription funds regardless of the number of Units purchased.

“BCF” means billion cubic feet.

“BCFE” means billion cubic feet equivalent.

“BCPD” means barrels of condensate per day.

“BOPD” means barrels of oil per day.

“BOE” means barrels of oil equivalent.

“Capital Account” means the capital account maintained for an Investing Member pursuant to Section 3.2 of the Agreement.

“Capital Contribution”, as it relates to the Fund, means any asset or property of any nature contributed by an Investing Member to the capital of the Fund pursuant to the provisions of the Agreement. In the context of the Fund’s participation in a Program, it means an amount of money contributed to the Program by or on behalf of a Non-Operator.

“Certificate of Formation” means the certificate filed with the Secretary pursuant to Section 1.6 of the Agreement, as such Certificate may be amended or restated from time to time.

“Code” means the Internal Revenue Code of 1986, as from time to time amended and in effect.

“Commercial Well” is a drilled well which, based upon log and sample evaluations, is capable of producing oil and/or gas in sufficient quantities to exceed its expenses incurred once the completion is performed.

“Completion Assessments” occurs when a well drilled as part of a drilling Program is determined to have commercial capabilities of oil and/or natural gas production. The driller/Operator will then assess each Non-Operator for their pro-rata share of the completion cost.

“Consent” means the written consent of a Person, or the affirmative vote of such Person at a meeting called and held pursuant to Article VIII of the Agreement, as the case may be, to do the act or thing for which the consent is solicited, or the act of granting such consent, as the context requires.

“Development Well” means a well drilled within the proved area of an oil or gas reservoir to the depth of a stratigraphic horizon determined by a professional petroleum engineer or petroleum geologist to be productive.

“Drilling and Completion Costs” means all costs, excluding operating costs, of drilling, completing, testing, equipping, and bringing a well into production or plugging and abandoning it, including all labor and other construction and installation costs incident thereto, location and surface damages, cementing, drilling mud and chemicals, drill stem tests and core analysis, engineering and well site geological expenses, electric logs, costs of plugging back, deepening, rework operations, repairing or performing remedial work of any type, costs of plugging and abandoning any well participated in by the Fund, and reimbursements and compensation to well operators, including charges paid to the Sponsoring Member as an operator during the drilling and completion phase of a well, plus the cost of the gathering system and of acquiring leasehold interests.

“Drill Site” is the minimum locale subject to an area no less than that stipulated by the statutes and regulations of the Texas Railroad Commission (or equivalent authority in other jurisdictions) for the drilling of a well to the desired depth.

“Dry Hole” means any well abandoned without having produced oil or gas in commercial quantities.

“EB-5” is a United States immigration visa created by the Immigration Act of 1990 providing a method of obtaining a Green Card for Foreign Nationals who invest money in the United States.

“Event of Withdrawal of the Sponsoring Member” means an event that causes a Sponsoring Member to cease to be a Sponsoring Member as provided in the Act.

“Exploratory Well” means a well drilled to find commercially productive hydrocarbons in an unproved area, to find a new commercially productive horizon in a field previously found to be productive of hydrocarbons at another horizon, or to significantly extend a known prospect.

“Farmout” means an agreement whereby the owner of a leasehold or working interest agrees to assign their interest in certain specific acreage to the assignees, retaining some interest such as an overriding royalty interest, an oil and gas payment, offset acreage or other type of interest, subject to the drilling of one or more specific wells or other performance as a condition of the assignment.

“Foreign National” refers to a Person born outside the jurisdiction of the United States who is a citizen of a foreign country and who has not become a naturalized U.S. citizen under U.S. law. Includes Aliens who have not obtained Permanent Residency within the United States.

"Form I-526" refers to the petition filed with USCIS by an Investing Member who is a Non-U.S. Person seeking Permanent Residency within the United States.

"Form I-829" refers to the petition filed at the end of a two year conditional period with USCIS by an Investing Member who is a Non-U.S. Person to remove conditions imposed by the EB-5 visa.

"Fund" means the limited liability company formed pursuant to the Agreement.

"Green Card" is a United States Permanent Resident Card (known informally as a "green card" because it is green in color) which is an identification card attesting to the Permanent Residency status of an Alien in the United States.

"IDC" means intangible drilling and development costs.

"Investing Member" means any Person other than the Sponsoring Member or a Non-sponsoring Member (i) whose name is set forth on Schedule A of the Agreement, attached hereto, as an Investing Member, or who has been admitted as an additional or substituted Investing Member pursuant to the terms of the Agreement, and (ii) who is the owner of a Unit. In its plural form it means all such Persons.

"Investing Membership Interest" means the interest acquired by an Investing Member in the Fund by purchasing a Unit including, without limitation, such Investing Member's right: (i) to a distributive share of the income, gain, loss, deduction, and credit of the Fund; (ii) to a distributive share of the assets of the Fund; (iii) if an Investing Member, to Consent on those matters described in the Agreement.

"Investment" means an asset acquired by the Fund, which may include, but not be limited to, working interests, net revenue interests, overriding royalty interests, and/or royalty interests in oil and gas wells or properties within the United States, as well as proven, probable, possible and potential hydrocarbon reserves in the ground, and/or the leases on which such wells and/or reserves are located. It may also include partnership, LLC, or other forms of equity or revenue interests in joint ventures or other forms of oil and gas ownership. It may also include equipment, supplies and other material in connection with such assets.

"Indemnitee" means any Sponsoring Member, any Person who is or was an affiliate of a Sponsoring Member, any Person who is or was an officer, director, employee, agent, trustee, partner, member, manager, or shareholder of a Sponsoring Member or any such affiliate, or any Person who is or was serving at the request of a Sponsoring Member or any such affiliate as a director, officer, employee, partner, member, manager, agent or trustee of another Person; provided that a Person shall constitute an "Indemnitee" only with respect to acts, omissions or matters deriving from or relating to the business, operations or investments of the Fund.

"Lease" is the right granted by the Lessor to the Lessee to extract minerals, specifically oil and/or natural gas, from a certain property owned by the Lessor with the expense of said extraction lying with the Lessee. The Lessor retains a certain percentage of the revenues received from the sale of the oil and/or natural gas, which is known as royalty interest. A Lessor receiving a royalty interest does not have any obligation to pay any of the lease operating expenses associated with the production of such minerals. However, depending on lease terms, the Lessor normally pays his share of production or severance taxes and may pay his share of some costs associated with processing or treating the produced oil and gas. The lease will remain in effect so long as production is maintained.

"Leasebank" means one or more mineral Leases organized by prospect, project or production.

"Lessee" means the purchaser of a Lease.

"Lessor" means the grantor of a Lease.

"Limited Liability Company Agreement" means the Agreement which governs the internal affairs of the Fund.

"Liquidator" has the meaning specified in Section 7.2 of the Agreement.

“Majority in Interest of the Investing Members” means Investing Members whose Membership Interests aggregate to greater than fifty percent (50%) of the Membership Interests of all Investing Members.

“MCF” means one thousand cubic feet of natural gas.

“Memorandum” means the confidential private placement memorandum utilized by the Fund to disclose risks, describe its proposed activities, and explain the terms of the offering of Units to prospective Investing Members.

“Members” means the Sponsoring Member, the Non-Sponsoring Members, and the Investing Members. In its singular form it means any one of the Investing Members, Non-Sponsoring Members or the Sponsoring Member, as the case may be.

“Membership Interest” means a Member’s right, together with such other rights as provided in the Agreement, to receive distributions of Fund revenue, capital, and other disposition of Fund assets in accordance with the Agreement.

“Metropolitan Statistical Area” refers to a geographical area with high population density (i.e., typically greater than 20,000 persons) as may be designated by the governor of a state or other designated authority.

“Net Revenue Interest” means the revenues received by a Working Interest Owner before expenses and after the payment of royalty interest and overriding royalty interests.

“Non-sponsoring Member” means any Person holding a Membership Interest other than the Sponsoring Member or an Investing Member.

“Non-sponsoring Membership Interest” refers to a Sponsoring Membership Interest conveyed from the Sponsoring Member to a third party pursuant to this Agreement upon which event it is stripped of any and all management rights, consent rights, and entitlement to share in any Administration Fees, Organizational Fees, or the like.

“Non-Operator” is a person who acquires a Working Interest in a Program but who is not charged with the responsibility of field operations.

“Non-U.S. Person” means any Alien or Foreign National and includes (i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States; (ii) any estate of which any professional fiduciary acting as executor or administrator is a U.S. person if another executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate and such estate is governed by foreign law; (iii) any trust of which any professional fiduciary acting as trustee is a U.S. person, if a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person; (iv) any employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country; (v) any agency or branch of a U.S. person located outside the United States if such agency or branch operates for valid business reasons and is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; or (vi) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans.

“Offering” refers to the offering of Units for sale to prospective Investing Members via delivery of the Memorandum.

“Operator” means either Southern Star Operating LLC or a Person charged with conducting field operations in connection with a Program.

“Overriding Royalty” means an interest in the gross revenues received from the sale of the oil and/or natural gas from a certain property as a result of assisting in the acquisition of a lease or in consideration of a farmout of a lease. The owner of an overriding royalty does not bear any of the lease operating costs associated with the production, development, operation or maintenance of the leasehold. However, the holder of an overriding royalty normally pays his share of production or severance taxes and his share of some costs associated with processing or treating the produced oil and gas.

“Organizational Fee” refers to a fee equal (b) (4) of the aggregate Capital Contributions of the Investing Members payable to the Sponsoring Member upon release of funds from escrow as compensation for organizing the Fund and the Offering.

“Person” means an individual or a corporation, limited liability company, partnership, trust, estate, unincorporated organization, association or other business enterprise.

“Permanent Residency” refers to the officially granted immigration status of a Non-U.S. Person by USCIS of permission to reside and take employment in the United States, evidenced by the issuance of a Green Card, subject to removal from the United States if such status is not maintained or if certain conditions of such status are not met.

“Program” means a series of oil and gas-related Investments or Prospects.

“Prospect” means an oil and gas leasehold estate, or lesser interest therein, upon which drilling operations may or may not be conducted. In general, a Prospect is an area in which the Fund owns or intends to own one or more oil and gas interests, which is geographically defined on the basis of geological data and which is reasonably anticipated to contain at least one reservoir of hydrocarbons; an area covering lands which are believed to contain subsurface structural or stratigraphic conditions making it susceptible to the accumulations of hydrocarbons in commercially productive quantities at one or more horizons.

“Record Date” means the date established by the Sponsoring Member for determining the identity of Investing Members entitled to give Consent to Fund action or entitled to exercise rights in respect of any other lawful action of Investing Members.

“Regulations” means the income tax regulations promulgated under the Code, as from time to time amended and in effect (including corresponding provisions of succeeding regulations).

“Reservoir” means a separate structural or stratigraphic trap containing an accumulation of oil or gas.

“Roll-Up” means a transaction involving the acquisition, merger, conversion, or consolidation, either directly or indirectly, of the Fund and the issuance of securities of a roll-up entity.

“Roll-Up Entity” means a partnership, trust, corporation or other entity that would be created or survive after the successful completion of a proposed Roll-Up transaction.

“Royalty Interest” means an interest received by a Lessor in the gross revenues from the sale of the oil and/or natural gas from a certain property for which the Lessor does not bear any of the lease operating costs associated with the production, development, operation or maintenance of the leasehold aside from applicable production or severance taxes and sometimes a share of the costs associated with processing or treating the produced oil and gas. This percentage of revenue is in consideration of the Lessor signing the oil and gas lease with the Lessee.

“Rural Area” means a geographical area typically outside of a Metropolitan Statistical Area as further defined by USCIS.

“Sponsor” means any Person directly or indirectly instrumental in organizing, wholly or in part, a partnership, limited liability company or program to facilitate investment or who will manage or is entitled to manage or participate in the management or control of such partnership, limited liability company or program. “Sponsor” includes the Sponsoring Member. “Sponsor” does not include attorneys, accountants, engineers or other consultants whose compensation is for professional services rendered in connection with the offering of Units.

“Sponsoring Member” means Southern Star Regional Investment Center LLC, a Texas limited liability company, its successors or designated agents or assigns.

“Sponsoring Membership Interest” means the Sponsoring Member’s right to (i) participate in the management and operation of the Fund; (ii) receive to a distributive share of the income, gain, loss, deduction, and credit of the Fund; and (iii) to a distributive share of the assets of the Fund in accordance with the Agreement.

“Subscription” means the amount indicated on the Subscription Agreement that an Investing Member has agreed to pay to the Fund as their Capital Contribution.

“Subscription Agreement” means the agreement attached to the Memorandum by way of exhibit whereby prospective Investing Members subscribe for Units. With respect to a Non-Operator, is the agreement executed and delivered by a Non-Operator in connection with his or her subscription to purchase interest in a Program and contains certain representations, warranties, covenants and agreements of such Non-Operator.

“Targeted Employment Area” means a Rural Area or an area that is experiencing an unemployment rate of at least 150 percent of the U.S. national average or as otherwise defined by USCIS or federal law.

“TCFE” means trillion cubic feet equivalent.

“Turnkey Cost” typically means the costs incurred in the drilling and testing of a well or wells. If negotiated, the driller/Operator will agree to provide all services and materials specified for the drilling of wells in a Program for a fixed cost. Under a “turnkey” contract, the Non-Operators will be obligated to pay a one-time charge, based upon their pro-rata Working Interest Ownership, for the drilling portion of the wells with no additional assessment for the drilling portion of the wells. Any additional or unexpected costs encountered while drilling the well is absorbed by the driller/Operator. It is important to note that not all wells are drilled pursuant to “turnkey” contracts.

“Transfer” has the meaning set forth in Section 6.1(a) of the Agreement.

“Unanimous Vote” means the affirmative vote of all Investing Members, including the Sponsoring Member, whose combined Membership Interests aggregate one-hundred percent (100%) of the Membership Interests.

“Unit”, as it pertains to the offering of Investing Membership Interests as described in the Memorandum, means an undivided interest of the Investing Members in the aggregate interest in the capital and profits of the Fund. Each Unit of Investing Membership Interest represents a Capital Contribution of USD \$500,000 to the Fund. In the context of the Sponsoring Member, “Unit” means the Sponsoring Membership Interest.

“United States” or “U.S.” mean the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

“USCIS” means United States Citizenship and Immigration Services, an agency of the U.S. Department of Homeland Security.

“U.S. Person” means (i) a natural person resident in the United States; (ii) a partnership or corporation organized or incorporated under the laws of the United States; (iii) an estate of which any executor or administrator is a U.S. person; (iv) a trust of which any trustee is a U.S. person; (v) an agency or branch of a foreign entity located in the United States; (vi) a non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person; (vii) a discretionary account or similar account (other than an estate or trust)

held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; or (viii) a partnership or corporation organized or incorporated under the laws of any foreign jurisdiction which was formed by a U.S. person principally for the purpose of investing in unregistered securities unless it is organized or incorporated, and owned, by accredited investors who are not natural persons, estates or trusts.

“Working Interest” means the interest granted to the Lessee under an oil and gas lease which entitles the Lessee and/or its successors and assigns to conduct such operations and pay such expenses for the drilling and production associated with the extraction of oil and/or natural gas from that certain property. The Working Interest Owners, unlike royalty and overriding royalty interest owners, are able to take advantage of certain tax advantages when involved in the drilling for oil and/or natural gas. The Working Interest Owners receive revenues from the sale of the oil and/or natural gas after the payment of capital expenditures, operating expenses, taxes and royalty and overriding royalty interests.

ARTICLE III

FINANCIAL MATTERS

(b) (4)



(b) (4)



ARTICLE IX

GENERAL PROVISIONS

9.1. **Addressees and Notices.** Any notice, demand, request or report required or permitted to be given or made to an Investing Member under this Agreement shall be in writing and shall be delivered in person, by first class mail, by nationally recognized overnight courier or by registered or certified mail, return receipt requested, to the Investing Member at his address as shown on the records of the Fund (regardless of any claim of any Person who may have an interest in any Membership Interest by reason of an assignment or otherwise).

9.2. **Titles and Captions.** All article and section titles and captions in this Agreement are for convenience only, shall not be deemed part of this Agreement, and in no way shall define, limit, extend, or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to "Articles" and "Sections" are to Articles and Sections of this Agreement.

9.3. **Pronouns and Plurals.** Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine, or neuter forms, and the singular form of nouns, pronouns, and verbs shall include the plural and vice versa.

9.4. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

9.5. **Integration.** This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

9.6. **Waiver.** No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or of any covenant, agreement, term or condition. Any Investing Member by an instrument in writing may, but shall be under no obligation to, waive any of its rights or any conditions to its obligations hereunder, or any duty, obligation or covenant of any other Investing Member, but no waiver shall be effective unless in writing and signed by the Investing Member making such waiver. No waiver shall affect or alter the remainder of the terms of this Agreement but each and every covenant, agreement, term and condition hereof shall continue in full force and effect with respect to any other then existing or subsequent breach.

9.7. **Counterparts.** This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart.

9.8. **DELAWARE LAW APPLICABLE.** ALL MATTERS IN CONNECTION WITH THE POWER, AUTHORITY AND RIGHTS OF THE MEMBERS AND ALL MATTERS PERTAINING TO THE OPERATION, CONSTRUCTION, INTERPRETATION OR ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED AND DETERMINED BY THE INTERNAL LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAWS.

9.9. **TEXAS JURISDICTION.** EACH MEMBER (A) HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF MONTGOMERY COUNTY, TEXAS, OR THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF THIS AGREEMENT WHICH IS BROUGHT BY OR AGAINST THE FUND OR ANY MEMBER, (B) HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH SUIT, ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND (C) TO THE EXTENT THAT IT HAS ACQUIRED, OR HEREAFTER MAY ACQUIRE, ANY IMMUNITY FROM THE JURISDICTION OF ANY SUCH COURT OR FROM ANY LEGAL PROCESS THEREIN, HEREBY WAIVES SUCH IMMUNITY TO THE FULLEST EXTENT PERMITTED BY LAW. EACH MEMBER HEREBY WAIVES, AND HEREBY AGREES NOT TO ASSERT, IN ANY SUCH SUIT, ACTION OR PROCEEDING, IN EACH CASE TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY CLAIM THAT (i) IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF ANY SUCH COURT, (ii) IT IS IMMUNE FROM ANY LEGAL PROCESS, (iii) ANY SUCH SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, (iv) VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING IS IMPROPER OR (v) THIS AGREEMENT MAY NOT BE ENFORCED IN OR BY SUCH COURT. EACH MEMBER AGREES THAT PROCESS AGAINST IT IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING FILED IN ANY SUCH REFERENCED COURT ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY BE SERVED ON IT, BY MAILING THE SAME TO SUCH MEMBER BY REGISTERED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO SUCH MEMBER AT ITS ADDRESS FOR NOTICES UNDER THIS AGREEMENT, WITH THE SAME EFFECT IN EITHER CASE AS THOUGH SERVED UPON SUCH PERSON PERSONALLY.

9.10. **Invalidity of Provisions.** If any provision of this Agreement is declared or found to be illegal, unenforceable, or void, in whole or in part, then the parties shall be relieved of all obligations arising under such provision, but only to the extent that it is illegal, unenforceable or void, it being the intent and agreement of the parties that this Agreement shall be deemed amended by modifying such provision to the extent necessary to make it legal and enforceable while preserving its intent or, if that is not possible, by substituting therefor another provision that is legal and enforceable and achieves the same objectives.

9.11. **Incorporation by Reference.** This Agreement has been executed by the Investing Members set forth on Schedule A by the signing of the Subscription Agreement as set forth in the Memorandum. It is agreed that the executed copy of such Subscription Agreement may be attached to an identical copy of this Agreement together with the Subscription Agreements which may be executed by other Investing Members, all of which shall be incorporated into this Agreement as if fully set forth herein.

9.12. **Ratification.** The Investing Member whose signature appears upon a true and correct copy of the Subscription Agreement as set forth in the Memorandum is hereby deemed to have specifically adopted, approved, and agreed to be legally bound by every provision in this Agreement.

9.13. **Incorporation by Reference.** Every exhibit, schedule, and other appendix attached to this Agreement and referred to herein is hereby incorporated into this Agreement by reference.

* * * * *

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

SPONSORING MEMBER:

Southern Star Regional Investment Center LLC
a Texas limited liability company

By: _____ Date: _____

Name: _____

Title: _____

INVESTING MEMBERS:

All Investing Members now and hereafter admitted as Investing Members, pursuant to powers now and hereafter executed in favor of, and granted and delivered to, the Sponsoring Member.

By: Southern Star Regional Investment Center LLC
a Texas limited liability company
as Agent

By: _____ Date: _____

Name: _____

Title: _____

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
SOUTHERN STAR ENERGY FUND LLC

EXHIBIT D

FINANCIAL STATEMENTS
OF
SOUTHERN STAR ENERGY FUND LLC

This section alone does not constitute an offer to sell Unit(s) in the Fund. An offer may be made only by an authorized representative of the Fund and the recipient must receive a complete original numbered Memorandum, including all exhibits.

BALANCE SHEET
(unaudited)

FOR

SOUTHERN STAR ENERGY FUND LLC
a Delaware limited liability company

(a development stage company)

(b) (4)



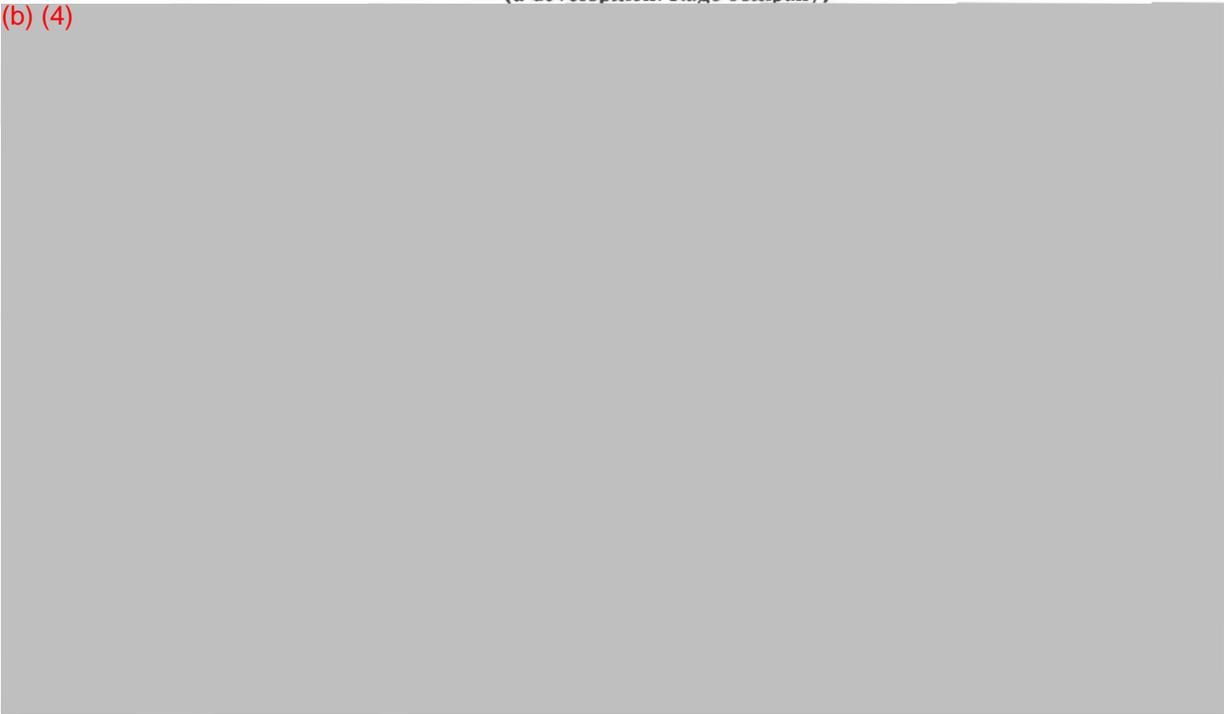
INCOME STATEMENT (PROFIT/LOSS)
(unaudited)

FOR

SOUTHERN STAR ENERGY FUND LLC
a Delaware limited liability company

(a development stage company)

(b) (4)



CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
SOUTHERN STAR ENERGY FUND LLC

EXHIBIT E

SUBSCRIPTION DOCUMENTS & INSTRUCTIONS
FOR
SOUTHERN STAR ENERGY FUND LLC

This section alone does not constitute an offer to sell Unit(s) in the Fund. An offer may be made only by an authorized representative of the Fund and the recipient must receive a complete original numbered Memorandum, including all exhibits.

HOW TO SUBSCRIBE FOR FUND UNITS

For Non-U.S. Persons Seeking EB-5 Visas:

To subscribe for Units, you must:

1. Read the Memorandum in its entirety;
2. Complete, date and sign the following documents:
 - (a) Escrow Control Agreement;
 - (b) Suitability Questionnaire; and
 - (c) Subscription Agreement and Power of Attorney.
3. Deliver the above documents to the following address:

SOUTHERN STAR ENERGY FUND
c/o Southern Star Regional Investment Center LLC
25511 Budde Road, Suite 101
The Woodlands, Texas 77380 USA
Telephone: (281) 940-7105
Facsimile: (xxx) xxx-xxxx
E-Mail: EB5@southernstaroil.com

4. Transmit USD \$500,000 per Unit to the following escrow account:

Bank Name: _____
Bank SWIFT Code: _____
Bank ABA Number: _____
For Further Credit to:
Southern Star Energy Fund LLC EB-5 Escrow
Account No. _____

5. Transmit non-refundable one-time USD \$25,000 (payable to the Sponsoring Member, not the Fund) Application Fee to:

(USE SAME BANK COORDINATES AS ABOVE,
EXCEPT FOR THE FOLLOWING:
For Further Credit to:
Southern Star Regional Investment Center LLC
Account No. _____

For all other subscribers:

To subscribe for Units, you must:

1. Read the Memorandum in its entirety;
2. Complete, date and sign the following documents:
 - (a) Suitability Questionnaire; and
 - (b) Subscription Agreement and Power of Attorney.
3. Deliver the above documents to the following address:

SOUTHERN STAR ENERGY FUND
c/o Southern Star Regional Investment Center LLC
25511 Budde Road, Suite 101
The Woodlands, Texas 77380 USA
Telephone: (281) 940-7105
Facsimile: (xxx) xxx-xxxx
E-Mail: EB5@southernstaroil.com

4. Transmit USD \$500,000 per Unit to the following coordinates:

Bank Name: _____
Bank SWIFT Code: _____
Bank ABA Number: _____
For Further Credit to:
Southern Star Energy Fund LLC Domestic Escrow
Account No. _____

**FORM OF
ESCROW CONTROL AGREEMENT**

NOTE: ONLY FOR USE BY PROSPECTIVE INVESTING MEMBERS WHO ARE NON-U.S. PERSONS SEEKING PERMANENT RESIDENCY IN THE UNITED STATES UNDER AN EB-5 VISA / FORM I-529 PETITION. ALL OTHER SUBSCRIBERS MAY OMIT EXECUTING THIS INSTRUMENT.

[ATTACH WELLS FARGO ESCROW CONTROL AGREEMENT HERE]



Acceptance Fee: **\$500**

Initial Fees as they relate to Wells Fargo Bank acting in the capacity of Escrow Agent – includes review of the Escrow Agreement; acceptance of the escrow appointment; setting up of Escrow Account(s) and accounting records; and coordination of receipt of funds for deposit to the Escrow Account(s). Acceptance Fee payable at time of Escrow Agreement execution.

Escrow Agent Administration Fee: **\$1,500 per investor**

For ordinary administrative services by Escrow Agent – includes daily routine account management; investment transactions; cash transactions processing (including wire and check processing); monitoring claim notices pursuant to the agreement; disbursement of funds in accordance with the agreement; and providing escrow account statements to all applicable parties. This fee is payable in advance, per investor, with the first installment due at the time of Escrow Agreement execution. Minimum annual fee per escrow account established: \$5,000. This fee covers a full year or any part thereof and will not be prorated or refunded in a year of early termination.

Tax Reporting, per investor, if required: **\$50**

Out-of-Pocket Expenses **At Cost**

We will charge for out-of-pocket expenses in response to specific tasks assigned by the client or provided for in the escrow agreement. Possible expenses would be, but are not limited to, express mail and messenger charges, travel expenses to attend closing or other meetings. There are no charges for indirect out-of-pocket expenses.

Account Administration:

If selected to provide escrow agent services, this account relationship will be managed in our Jacksonville, FL office by:

Christopher Tracy
Vice President and Relationship Manager
Wells Fargo Bank, N.A., Corporate Trust Services
225 Water Street, Suite 410, Jacksonville, FL 32202
Tel: 904.489.3800 Fax: 904.489.3759
Email: christopher.tracy@wellsfargo.com

On-Line Statements: **Included**

Web based access to PDF monthly account statements with email notification when new reports are available.

Together we'll go far





Wells Fargo's bid is based on the following assumptions:

- Number of Escrow Accounts to be established: Two (2)
- Number of Deposits to each Escrow Account: Not more Twenty (20)
- Number of Withdrawals from each Escrow Account: Not more Twenty (20)
- Term of Escrows: Not more than Two (2) years
- Appointment subject to receipt of requested due diligence information as per the USA Patriot Act
- This proposal assumes that balances in the account will be invested in the Wells Fargo Money Market Deposit Account (MMDA) to avoid tax withholding requirements, or held uninvested in cash to avoid tax reporting requirements
- All funds will be received from or distributed to a domestic or an approved foreign entity
- If the account(s) does not open within three (3) months of the date shown below, this proposal will be deemed to be null and void
- The charges for performing services not contemplated at the time of the execution of the governing documents, or not specifically covered elsewhere in this schedule, will be determined by appraisal in amounts commensurate with the service to be provided
- Should anticipated documentation change substantially or the transaction become increasingly complex prior to final closing, Wells Fargo reserves the right to adjust its fees
- Billings over 30 days past due are subject to a 1.5% per month late payment penalty on balance due.

This Schedule of Fees is subject to periodic review and adjustment by Wells Fargo. Nothing contained herein shall be deemed to be Wells Fargo's acceptance of appointment as escrow agent or such other related capacity, which is contingent upon final review, acceptance, and execution of governing documents. Appointment is subject to due diligence and conflict check.

Dated: November 1, 2010

BY: _____

Signature

Printed Name

Title

BY: Wells Fargo Bank, N.A.

Signature

Susan Thorpe

Printed Name

Vice President, Business Development

Title

Together we'll go far



This template was created and is intended to be used for discussion purposes only, is subject to further comment and modification, and is not intended and shall not be relied upon as legal, tax, or other professional advice. Please consult your own professional before using or otherwise relying on this template.

ESCROW AGREEMENT

This Escrow Agreement dated this ___ day of _____, _____ (the "Escrow Agreement"), is entered into by and among _____ [name and legal status] ("_____"), _____ [name and legal status] ("_____," and together with _____, the "Parties," and individually, a "Party"), and Wells Fargo Bank, National Association, as escrow agent ("Escrow Agent").

RECITALS

A. [STATE SPECIFIC PURPOSE OF ESCROW. WHAT IS THE BUSINESS REASON REQUIRING AN ESCROW AGENT TO HOLD THE PROPERTY?]

B. _____ agrees to place in escrow certain funds and the Escrow Agent agrees to hold and distribute such funds in accordance with the terms of this Escrow Agreement.

In consideration of the promises and agreements of the Parties and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties and the Escrow Agent agree as follows:

ARTICLE 1 ESCROW DEPOSIT

Section 1.1. Receipt of Escrow Property. Upon execution hereof, _____ shall deliver to the Escrow Agent the amount of \$_____ (the "Escrow Property") in immediately available funds.

Section 1.2. Investments.

(a) The Escrow Agent is authorized and directed to deposit, transfer, hold and invest the Escrow Property and any investment income thereon as set forth in Exhibit A hereto, or as set forth in any subsequent written instruction signed by _____. Any investment earnings and income on the Escrow Property [shall become part of the Escrow Property, and shall be disbursed in accordance with Section 1.3 or Section 1.5 of this Escrow Agreement] [or] [shall not become part of the Escrow Property and shall be disbursed to _____, as directed in writing by _____].

(b) The Escrow Agent is hereby authorized and directed to sell or redeem any such investments as it deems necessary to make any payments or distributions

required under this Escrow Agreement. The Escrow Agent shall have no responsibility or liability for any loss which may result from any investment or sale of investment made pursuant to this Escrow Agreement. The Escrow Agent is hereby authorized, in making or disposing of any investment permitted by this Escrow Agreement, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or any such affiliate is acting as agent of the Escrow Agent or for any third person or dealing as principal for its own account. The Parties acknowledge that the Escrow Agent is not providing investment supervision, recommendations, or advice.

Section 1.3. Disbursements. [Insert specific mechanics of escrow disbursement procedures. Please take care to draft clear and simple disbursement instructions that are capable of being followed by the Escrow Agent without any further inquiry. For example, "The Escrow Agent shall disburse the Escrow Property in accordance with the joint written instructions of the Parties."]

Section 1.4. Income Tax Allocation and Reporting.

(a) The Parties agree that, for tax reporting purposes, all interest and other income from investment of the Escrow Property shall, as of the end of each calendar year and to the extent required by the Internal Revenue Service, be reported as having been earned by _____, whether or not such income was disbursed during such calendar year.

(b) Prior to closing, the Parties shall provide the Escrow Agent with certified tax identification numbers by furnishing appropriate forms W-9 or W-8 and such other forms and documents that the Escrow Agent may request. The Parties understand that if such tax reporting documentation is not provided and certified to the Escrow Agent, the Escrow Agent may be required by the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, to withhold a portion of any interest or other income earned on the investment of the Escrow Property.

(c) To the extent that the Escrow Agent becomes liable for the payment of any taxes in respect of income derived from the investment of the Escrow Property, the Escrow Agent shall satisfy such liability to the extent possible from the Escrow Property. The Parties, jointly and severally, shall indemnify, defend and hold the Escrow Agent harmless from and against any tax, late payment, interest, penalty or other cost or expense that may be assessed against the Escrow Agent on or with respect to the Escrow Property and the investment thereof unless such tax, late payment, interest, penalty or other expense was directly caused by the gross negligence or willful misconduct of the Escrow Agent. The indemnification provided by this Section 1.4(c) is in addition to the indemnification provided in Section 3.1 and shall survive the resignation or removal of the Escrow Agent and the termination of this Escrow Agreement.

Section 1.5. Termination. This Escrow Agreement shall terminate on _____, 20___, at which time the Escrow Agent is authorized and directed to disburse the

Escrow Property in accordance with Section 1.3 and this Escrow Agreement shall be of no further force and effect except that the provisions of Sections 1.4(c), 3.1 and 3.2 hereof shall survive termination.

[or]

Upon the disbursement of all of the Escrow Property, including any interest and investment earnings thereon, this Escrow Agreement shall terminate and be of no further force and effect except that the provisions of Sections 1.4(c), 3.1 and 3.2 hereof shall survive termination.

**ARTICLE 2
DUTIES OF THE ESCROW AGENT**

(b) (4)



Section 4.2. Escheat. The Parties are aware that under applicable state law, property which is presumed abandoned may under certain circumstances escheat to the applicable state. The Escrow Agent shall have no liability to the Parties, their respective heirs, legal representatives, successors and assigns, or any other party, should any or all of the Escrow Property escheat by operation of law.

Section 4.3. Notices. All notices, requests, demands, and other communications required under this Escrow Agreement shall be in writing, in English, and shall be deemed to have been duly given if delivered (i) personally, (ii) by facsimile transmission with written confirmation of receipt, (iii) by overnight delivery with a reputable national overnight delivery service, or (iv) by mail or by certified mail, return receipt requested, and postage prepaid. If any notice is mailed, it shall be deemed given five business days after the date such notice is deposited in the United States mail. If notice is given to a party, it shall be given at the address for such party set forth below. It shall be the responsibility of the Parties to notify the Escrow Agent and the other Party in writing of any name or address changes. In the case of communications delivered to the Escrow Agent, such communications shall be deemed to have been given on the date received by the Escrow Agent.

If to []:

Attention:
Telephone:
Facsimile:

If to []:

Attention:
Telephone:
Facsimile:

If to the Escrow Agent:

Wells Fargo Bank, National Association

Attention: _____; Corporate, Municipal and Escrow Solutions
Telephone:
Facsimile:

Section 4.4. Governing Law. This Escrow Agreement shall be governed by and construed in accordance with the laws of the State of _____.

Section 4.5. Entire Agreement. This Escrow Agreement sets forth the entire agreement and understanding of the parties related to the Escrow Property.

Section 4.6. Amendment. This Escrow Agreement may be amended, modified, superseded, rescinded, or canceled only by a written instrument executed by the Parties and the Escrow Agent.

Section 4.7. Waivers. The failure of any party to this Escrow Agreement at any time or times to require performance of any provision under this Escrow Agreement shall in no manner affect the right at a later time to enforce the same performance. A waiver by any party to this Escrow Agreement of any such condition or breach of any term, covenant, representation, or warranty contained in this Escrow Agreement, in any one or more instances, shall neither be construed as a further or continuing waiver of any such condition or breach nor a waiver of any other condition or breach of any other term, covenant, representation, or warranty contained in this Escrow Agreement.

Section 4.8. Headings. Section headings of this Escrow Agreement have been inserted for convenience of reference only and shall in no way restrict or otherwise modify any of the terms or provisions of this Escrow Agreement.

Section 4.9. Counterparts. This Escrow Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original, and such counterparts shall together constitute one and the same instrument.

[The remainder of this page left intentionally blank.]

IN WITNESS WHEREOF, this Escrow Agreement has been duly executed as of the date first written above.

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Escrow Agent

By: _____

Name: _____

Title: _____

EXHIBIT A

**Agency and Custody Account Direction
For Cash Balances
Wells Fargo Money Market Deposit Accounts**

Direction to use the following Wells Fargo Money Market Deposit Accounts for Cash Balances for the escrow account or accounts (the "Account") established under the Escrow Agreement to which this Exhibit A is attached.

You are hereby directed to deposit, as indicated below, or as I shall direct further in writing from time to time, all cash in the Account in the following money market deposit account of Wells Fargo Bank, National Association:

Wells Fargo Money Market Deposit Account (MMDA)

I understand that amounts on deposit in the MMDA are insured, subject to the applicable rules and regulations of the Federal Deposit Insurance Corporation (FDIC), in the basic FDIC insurance amount of \$100,000 per depositor, per insured bank. This includes principal and accrued interest up to a total of \$100,000. *Note: On May 20, 2009, FDIC deposit insurance temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2013.*

I acknowledge that I have full power to direct investments of the Account.

I understand that I may change this direction at any time and that it shall continue in effect until revoked or modified by me by written notice to you.

Authorized Representative
[PARTY 1]

[Authorized Representative]
[PARTY 2]

Date

[Date]

EXHIBIT B-1

Certificate as to Authorized Signatures

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as authorized representatives of [PARTY 1] and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under the Escrow Agreement to which this Exhibit B-1 is attached, on behalf of [PARTY 1].

Name / Title	<u>Specimen Signature</u>
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	

EXHIBIT B-2

Certificate as to Authorized Signatures

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as authorized representatives of [PARTY 2] and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under the Escrow Agreement to which this Exhibit B-2 is attached, on behalf of [PARTY 2].

Name / Title	<u>Specimen Signature</u>
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	

EXHIBIT C

FEES OF ESCROW AGENT

SUITABILITY QUESTIONNAIRE

IMPORTANT NOTICE TO ALL SUBSCRIBERS:

The Units offered in SOUTHERN STAR ENERGY FUND LLC, a Delaware limited liability company (the "Fund") will not be registered under the Securities Act of 1933, as amended, nor under the laws of any state or foreign jurisdiction. Accordingly, in order to ensure that the offer and sale of Units are exempt from registration and in order to determine your suitability for this investment, Southern Star Regional Investment Center LLC (the "Sponsoring Member") must be reasonably satisfied after making reasonable inquiry that you, or your representative(s), if used, have such knowledge and experience in oil and gas development investing and/or financial and business matters that you are (or together with your representative(s) are) capable of evaluating the merits and risks of investing in the Fund. Also, we need adequate assurance that you are able to bear the economic risk of participating and that you meet the financial requirements to be suitable Investing Member. This confidential Suitability Questionnaire is designed to provide us with the information necessary to make a determination of whether you satisfy these suitability requirements. The information supplied in this confidential Suitability Questionnaire will be disclosed to no one without your consent other than to (i) the Sponsoring Member, its employees, agents, accountants and counsel, (ii) securities authorities or other regulatory organizations, if deemed necessary to use such information to support the exemption from registration under the Securities Act of 1933 and state law or the applicable law of other non-U.S. jurisdictions which it claims for the offering, or (iii) other Investing Members only to the extent it is necessary to vote or conduct Fund business. BECAUSE THE FUND AND THE MANAGING MEMBER WILL RELY ON YOUR ANSWERS IN ORDER TO COMPLY WITH SECURITIES LAWS, IT IS IMPORTANT FOR YOU TO CAREFULLY ANSWER EACH OF THE FOLLOWING QUESTIONS.

PLEASE TYPE OR PRINT THE FOLLOWING INFORMATION BELOW:**1. Subscriber Information:**

Full legal name(s) of Subscriber(s): _____

Address: _____

City: _____ State / Province: _____ Zip or Postal Code: _____

Current Country of Citizenship: _____

E-mail (mandatory)*: _____

*(NOTICE: By providing this e-mail address, you authorize us to transmit reports, updates and otherwise communicate with you exclusively using this e-mail address instead of sending paper copies to your physical or mailing address. If this e-mail address does not function or if it changes, you must provide us with an alternate e-mail address.)

Telephone: _____ Facsimile: _____

U.S. Taxpayer Identification Number(s) or Social Security Number(s)*: _____

*(NOTICE: Prospective Investing Members who do not have a social security number (SSN) or an individual tax identification number (ITIN) at the time of the investment must apply for and provide one in a timely manner after the investment. The Fund can be fined by the Internal Revenue Service if all of its Members do not have a SSN or ITIN. Investing Members who fail to provide such number upon the request of the Fund will be liable for any fines incurred. We will refer you to qualified professionals if you need assistance in this regard.)

Please describe any and all present or past litigation or similar proceedings involving securities or financial matters to which you are or were a party (if none, so state) (attach additional pages if necessary):

IF YOU ARE A NON-U.S. PERSON SEEKING AN EB-5 VISA IN CONNECTION WITH YOUR SUBSCRIPTION FOR FUND UNITS, PLEASE PROVIDE THE NAME AND CONTACT INFORMATION OF YOUR IMMIGRATION ATTORNEY, BELOW.* OTHERWISE, PLEASE SKIP AND PROCEED TO ITEM NO. 2. IF YOU NEED TO BE REFERRED TO AN IMMIGRATION ATTORNEY, PLEASE LEAVE BLANK AND CHECK THIS BOX:

Attorney Name(s): _____

Law Firm: _____

Address: _____

City: _____ State / Province: _____ Zip or Postal Code: _____

Telephone: _____ Facsimile: _____

E-mail: _____

*(NOTICE: By providing your attorney's information to us, above, you authorize said attorney to release to us such information as we may reasonably require to determine your suitability as an Investing Member (and board member, if applicable) of the Fund. If your attorney changes, you must provide us with your new attorney's address. You also authorize us to release to said attorney the information you provide us with in this questionnaire, together with all other information in our possession reasonably related to your EB-5 visa petition.)

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
SOUTHERN STAR ENERGY FUND LLC

2. **Subscriber Suitability:** (If applicable to you, please initial as appropriate)

INDIVIDUAL INVESTORS:

_____ I am a natural person whose individual net worth (exclusive, of the value of my primary residence), or joint net worth with my spouse, presently exceeds USD \$1,000,000.

_____ I am a natural person who had an individual income in excess of USD \$500,000 in each of the two most recent years or joint income with my spouse in excess of USD \$300,000 in each of those years and I reasonably expect reaching the same income level in the current year.

CORPORATIONS, PARTNERSHIPS, LIMITED LIABILITY COMPANIES, BUSINESS TRUSTS OR OTHER ENTITIES*:

_____ I am a corporation, partnership, limited liability company, or other entity in which all of the equity owners are "accredited investors" (meeting at least one of the suitability requirements for individual investors, above).

_____ I am a corporation, partnership, limited liability company, or a "Massachusetts" or similar business trust with total assets in excess of USD \$5,000,000 and was not formed for the specific purpose of acquiring Units, the executive officer, manager or trustee of which has such knowledge and experience in oil and gas development investing and/or financial and business matters that it is capable of evaluating the merits and risks of investing in the Units.

*(NOTE: If initialing one of the above two options, please state the JURISDICTION AND TYPE OF ENTITY here (for example, "XYZ, Inc., an Isle of Man corporation"):

GRANTOR OR FAMILY TRUSTS (NOTE: Please enclose a copy of the trust agreement):

_____ I am a revocable or family trust the settlor(s) or grantor(s) of which (i) may revoke the trust at any time and regain title to the trust assets; and (ii) meet(s) at least one of the suitability requirements for individual investors, above.

INDIVIDUAL RETIREMENT ACCOUNTS (NOTE: To be initialed by participant, not the IRA custodian):

_____ I am an individual retirement account administered in accordance with the U.S. Tax Code the participant of which meets at least one of the suitability requirements for individual investors, above.

OTHER:

_____ I am a director, executive officer, or manager of the Fund or am a director, executive officer or manager of the Fund's Sponsoring Member.

IF NONE OF THE ABOVE APPLY TO YOU (I.E., YOU ARE NOT "ACCREDITED"), PLEASE PROVIDE THE FOLLOWING INFORMATION (otherwise, please skip to item 3):

Occupation or position of individual filling out questionnaire: _____

Educational background: _____

Number of years of experience in occupation: _____ Number of years investment experience: _____ Age: _____

My current investment portfolio includes (check any boxes that apply):

- | | | | | |
|---|---|--|--|--|
| <input type="checkbox"/> Stocks – Large Cap | <input type="checkbox"/> Mutual Funds | <input type="checkbox"/> Options | <input type="checkbox"/> Real Estate | <input type="checkbox"/> REITs |
| <input type="checkbox"/> Stocks – Small Cap | <input type="checkbox"/> Hedge Funds | <input type="checkbox"/> Commodities | <input type="checkbox"/> Mortgages | <input type="checkbox"/> Real Estate LPs |
| <input type="checkbox"/> Stocks – Micro Cap | <input type="checkbox"/> Index Funds | <input type="checkbox"/> Annuities | <input type="checkbox"/> Money Markets | <input type="checkbox"/> Certificates of Deposit |
| <input type="checkbox"/> Bonds – Corporate | <input type="checkbox"/> Private equities | <input type="checkbox"/> U.S. Treasuries | <input type="checkbox"/> Precious Metals | <input type="checkbox"/> Foreign securities |
| <input type="checkbox"/> Bonds – Municipal | <input type="checkbox"/> Oil Drilling | <input type="checkbox"/> Oil Production | <input type="checkbox"/> Other: _____ | |

If applicable to you, please check only one of the following representations:

- I have such knowledge and experience in real estate investing and/or financial and business matters that I am capable of evaluating the merits and risks of investing in the Units and DO NOT desire a representative to advise me of such risks. I understand that the Fund's management, in their sole discretion, may nevertheless require me to be represented by a representative, or if required under applicable laws and regulations.

OR

I intend to use the services of the following named person(s): _____ as my representative(s) to evaluate the merits and risks of investing in the Units. I understand that such representative(s) cannot be an affiliate, director, officer, manager, employee or beneficial owner of the Fund or of the Sponsoring Member or their affiliates and that they must have such knowledge and experience in real estate investing and/or financial and business matters so as to be capable of evaluating alone, or together with my other representatives, or together with myself, the merits and risks of investing in the Units. By initialing above, I hereby acknowledge the above-referenced person(s) to be my representative(s) in connection with evaluating the merits and risks of investing in the Units. I realize that my representative(s) must disclose in writing prior to my contribution of capital to the Fund, any material relationship between other Members or the Fund and themselves or their affiliates that then exist, that is mutually understood to be contemplated, or that has existed at any time during the previous two years, and any compensation received or to be received as a result of such relationship. Such representative(s) address and telephone numbers are as follows (attach additional pages if necessary):

Please describe any other business, financial or real estate related experience that you have had that would allow the Fund to reasonably conclude that you are capable of protecting your interests in connection with your prospective investment in the Units. If none, so state: (attach additional sheets if necessary):

3. Subscriber Representation:

In order to further induce the Fund to accept this subscription, I represent and warrant the following to be true: (i) I QUALIFY AS AN "ACCREDITED INVESTOR" UNDER RULE 501(a) OF THE ACT; AND/OR (ii) I HAVE SUFFICIENT KNOWLEDGE AND EXPERIENCE IN BUSINESS AND FINANCIAL MATTERS THAT I AM CAPABLE (EITHER MYSELF OR TOGETHER WITH MY REPRESENTATIVES) TO EVALUATE THE RISKS OF INVESTING IN THE UNITS AND I AM NOT DEPENDENT UPON THE FUNDS I AM INVESTING; AND/OR (iii) I AM NOT A "U.S. PERSON" AND AM PURCHASING THESE UNITS IN AN "OFFSHORE TRANSACTION" AS DEFINED BY RULE 902 PROMULGATED UNDER REGULATION S OF THE ACT. I further represent that I satisfy any other minimum income and/or net worth standards imposed by the jurisdiction in which I reside, if different from any standards set forth by the Fund. I was not solicited by public means (e.g., cold-calling, e-mail, Internet, etc.) to subscribe for Units in the Fund and I have a pre-existing relationship with the Fund's management. If I am acting in a representative capacity for a corporation, partnership, LLC, trust or other entity, or as agent for any person or entity, I hereby represent and warrant that I have full authority to subscribe for Units in such capacity. If I am subscribing for Units in a fiduciary capacity, the representations and warranties herein shall be deemed to have been made on behalf of the person or persons for whom I am subscribing. Under penalties of perjury, I certify that (1) the number provided herein is my correct U.S. Taxpayer Identification Number or Social Security Number; and (2) I am not subject to backup withholding either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding. BY EXECUTING BELOW, I REPRESENT AND WARRANT THAT THE INFORMATION CONTAINED IN THIS QUESTIONNAIRE IS TRUE, ACCURATE AND COMPLETE.

X _____
Authorized Signature

X _____
Second Authorized Signature (if applicable)

Print Name

Print Name

Date

Date

Title (if applicable)

Title (if applicable)

Name of Entity (if applicable)

Name of Entity (if applicable)

SUBSCRIPTION AGREEMENT AND POWER OF ATTORNEY

TO: SOUTHERN STAR ENERGY FUND LLC
25511 Budde Road, Suite 101
The Woodlands, Texas 77380 USA

FROM: _____
Full legal name(s) of Subscriber(s)

Ladies and Gentlemen:

I hereby subscribe for _____ Units (USD \$500,000 per Unit) in SOUTHERN STAR ENERGY FUND LLC, a Delaware limited liability company (the "Fund") as an Investing Member.

I understand from reading the SOUTHERN STAR ENERGY FUND LLC Confidential Private Placement Memorandum dated January ____, 2011, as may be amended and supplemented from time to time (the "Memorandum"), that SOUTHERN STAR ENERGY FUND LLC, a Delaware limited liability company (the "Fund"), is offering up to 10 Units (expandable to 20 to 22 Units in the Sponsoring Member's sole discretion) of Investing Membership Interest (the "Units") in the Fund at a price of USD \$500,000 per Unit.

I understand the Fund is offering Units to non-U.S. Persons and/or others who also qualify as "accredited investors" in accordance with Sections 4(2), 4(6), Regulation D Rule 506, and/or Regulation S Rule 903 of the Securities Act of 1933, as amended (the "Act") and applicable state law or the applicable law of other non-U.S. jurisdictions. I also understand that the Fund is a private investment company claiming exemption from registration pursuant to Sections 3(c)(1) and/or 3(c)(7) of the Investment Company Act of 1940, as amended, and applicable state law or the applicable law of other non-U.S. jurisdictions.

To induce your acceptance of my subscription for Units, I hereby make the following representations:

I am an "accredited investor" as defined by Rule 501(a) of the Securities Act of 1933, as amended, and/or I have sufficient knowledge and experience in business and financial matters (or am represented by such persons) that I am capable of evaluating the merits and risks of investing in the Units as evidenced by my representations on my Suitability Questionnaire which is incorporated herein by reference. I have received the Memorandum and have had ample time and opportunity to review any documents and information incorporated by reference therein as well as the opportunity to ask questions of, and receive answers from, the Fund, its authorized representatives, and the Sponsoring Member. I acknowledge that Southern Star Regional Investment Center LLC, a Texas limited liability company, is the Sponsoring Member of the Fund.

Initials of
Subscriber

I am aware of the high degree of risk of investing in the Fund both generally and as more particularly described in the "Risk Factors" portion of the Memorandum. I understand that I may lose my entire investment. I understand that I will not have the opportunity to independently evaluate the property selected by the Fund for acquisition and development of its intended oil and gas / assisted living facility.

I am financially capable of bearing the possible loss of my entire investment and do not have a foreseeable need for the funds I am using. I (or my representatives) have such knowledge and experience in oil and gas development investing and/or financial and business matters to evaluating the merits and risks of this investment. I understand that the Units have not been registered under the Securities Act of 1933, as amended, or any applicable securities laws of applicable jurisdictions, and that no market exists for the Units. I understand that, if my subscription for Units is accepted by the Fund and the Units are sold to me, I cannot sell or otherwise dispose of the Units unless they are registered or exempt under the Securities Act of 1933 and applicable securities laws of applicable jurisdictions. Consequently, I understand that I must bear the economic risk of the investment for an indefinite period of time. I understand that the Fund has no obligation to register the Units and there is no assurance that the Units will be registered. I understand that the Fund will restrict the transfer of Units in accordance with the foregoing representations. I understand that these securities are being bought through a non-public, private placement offering. I am the only party in interest with respect to this Subscription Agreement and am acquiring the Units for investment for my own account for long-term investment only, and not with the intent to resell, fractionalize, divide or redistribute all or any part of the Units to any other person. If an individual, I am at least 21 years of age.

If I am a Non-U.S. Person Seeking Permanent Residency in the United States pursuant to an EB-5 visa, I agree as follows:

- *I certify that I am not a U.S. person and I am not acquiring the securities for the account or benefit of any U.S. person or I am a U.S. person who is purchasing the Units in a transaction that does not require registration under the Act. I further agree to resell such securities only in accordance with the provisions of Regulation S of the Act (Rule 901 through Rule 905, and Preliminary Notes), pursuant to registration under the Act, or pursuant to an available exemption from registration; and further agree not to engage in hedging transactions with regard to such Units unless in compliance with the Act. I understand that transfer of the Units will be restricted by the Fund and that if any certificates are issued for the Units that they will bear a restrictive legend.*

- *I shall hire my own independent counsel for immigration processing and other legal matters and I assume full responsibility for all professional fees and costs incurred, including, by way of illustration only, requests from USCIS for further evidence or appeals. I shall be responsible for payment of all legal fees and costs associated with my EB-5 visa application. I understand the Sponsoring Member reserves the right to approve my choice of counsel to insure that such counsel has significant experience processing EB-5 petitions.*
- *I hereby authorize my immigration attorney to provide copies of my I-526 and I-829 petitions and supporting documents to the Sponsoring Member upon its request.*
- *I understand that, while there can be no assurance or guarantee that I will be successful in obtaining a Green Card through this process, the Sponsoring Member shall use its best efforts to assist my counsel with the filing of my I-526 and I-829 petitions and verifying required expenditures and/or direct and/or indirect employment until the removal of my conditional Permanent Residency. Aside from the one-time non-refundable one-time Application Fee, I understand the Sponsoring Member shall not charge additional fees to assist me with my U.S. Permanent Residency application.*
- *I understand that if my I-526 petition, including adjustment of status or consular interview processing, is denied for whatever reason, my full escrowed Capital Contribution of \$500,000 per Unit will be returned to me by the Fund's escrow agent in cash within ninety (90) days of receipt of my written request. I understand that regardless of whether my petition for Permanent Residency is granted or denied, the full Application Fee of USD \$25,000 (payable to the Sponsoring Member, not the Fund) will be retained by the Sponsoring Member. The returned Capital Contribution is separate from any previously paid or currently due Fund distribution of revenue.*
- *I understand the Sponsoring Member will not sell the Fund's property or oil and gas assets and operations until the removal of my conditional Permanent Residency status. Provided, however, the Fund will not delay a possible sale of such assets to accommodate Investing Members who file their I-526 visa petitions more than one year from the date of my investment in the Fund.*
- *In addition to acknowledging all other transfer restrictions, including applicable holding periods under United States securities laws, I understand that I may not transfer my Units in the Fund unless and until I withdraw my EB-5 Immigrant Investor Petition (Form I-526 or Form I-829), or, as applicable, file with USCIS a Form I-407 Abandonment of Lawful Resident Status and sign a mutual release of claims agreement with the Sponsoring Member.*
- *I understand that in order to comply with applicable regulations, the Sponsoring Member may need to obtain an OFAC (Office of Foreign Asset Control) license to engage in transactions and activities with me for the purpose of facilitating my investment in the Fund. In such event, I will provide the necessary special OFAC questionnaire as requested by the Sponsoring Member together with a special OFAC USD \$2,000 processing fee (not included in and in addition to the Application Fee) payable in advance to the Sponsoring Member. Any and all fees or matters related to OFAC are my sole responsibility.*

Initials of
Subscriber

All the information I have provided to the Fund, either in questionnaires or otherwise, is truthful and complete to the best of my knowledge and should any of the information materially change I will immediately provide the Fund with updated information.

I understand that the Fund may reject my subscription for any or no reason. This agreement shall become binding upon the Fund only when accepted, in writing, by the Fund.

If my subscription is rejected, the funds I have submitted will be returned to me without interest or deduction except for the USD (b) (4) (payable to the Sponsoring Member, not the Fund) one-time Application Fee which is non-refundable.

I understand that I have no right to control or govern the affairs of the Fund other than the right to consent on certain limited matters as set forth in the Limited Liability Company Agreement. I understand that the Fund has entered into a sharing arrangement with the Sponsoring Member on terms set forth in the Memorandum as well as the Limited Liability Company Agreement. If the Fund accepts my subscription for Units, I agree to be bound by the same.

I hereby consent to exclusively receive information or other communications from the Sponsoring Member at my e-mail address as set forth in my Suitability Questionnaire and to promptly notify the Sponsoring Member if it changes.

I do hereby irrevocably constitute and appoint the Sponsoring Member and its duly appointed officers or managers with power of substitution, as my true and lawful attorney-in-fact, in its name, place and stead, to execute, acknowledge, swear to, and deliver as may be appropriate, on my behalf and file and record in the appropriate public offices and publish, as may be appropriate any and all necessary documents and to carry on any and all business on my behalf in accordance with the stated objectives of the Fund as set forth in the Memorandum. I further acknowledge that this Power of Attorney shall be irrevocable and deemed to be a power coupled with an interest and shall survive my incapacity or death. I agree to be bound by any representation made by the Sponsoring Member and by any successors thereto, acting in good faith pursuant to this Power of Attorney and in accordance with the Fund's objectives, and do hereby waive any and all defenses which may be available to contest, negate or disaffirm the action of the Sponsoring Member and any successors thereto, taken in good faith under this Power of Attorney.

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
SOUTHERN STAR ENERGY FUND LLC

In the event the Fund makes a distribution, please deliver to me as follows:

MAIL A CHECK to the following U.S. address:
(if left blank, check will go to Questionnaire address)

By signing below, I shall be deemed to have executed this Subscription Agreement and Power of Attorney, the Limited Liability Company Agreement as set forth in the Memorandum, which is incorporated by reference as if fully set forth herein, and to have subscribed to and affirmed the veracity of the foregoing statements.

X _____
Authorized Signature

X _____
Second Authorized Signature (if applicable)

Print Name

Print Name

Date

Date

Title (if applicable)

Title (if applicable)

Name of Entity (if applicable)

Name of Entity (if applicable)

SUBSCRIPTION ACCEPTANCE:

SOUTHERN STAR ENERGY FUND LLC
a Delaware limited liability company

By: Southern Star Regional Investment Center LLC
its Sponsoring Member

By: X _____

Name: _____

Title: _____

Date: _____

FOR MORE INFORMATION,

PLEASE CONTACT:



SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC

Brownstone-Anderson Building, 25511 Budde Road, Suite 101, The Woodlands, Texas 77380 USA
E-mail: EB5@southernstaroil.com Web: www.southernstaroil.com/EB5 Telephone: (281) 940-7105



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This template was created and is intended to be used for discussion purposes only, is subject to further comment and modification, and is not intended and shall not be relied upon as legal, tax, or other professional advice. Please consult your own professional before using or otherwise relying on this template.

ESCROW AGREEMENT

This Escrow Agreement dated this ____ day of _____, _____ (the "Escrow Agreement"), is entered into by and among _____ [name and legal status] ("_____"), _____ [name and legal status] ("_____," and together with _____, the "Parties," and individually, a "Party"), and Wells Fargo Bank, National Association, as escrow agent ("Escrow Agent").

RECITALS

A. [STATE SPECIFIC PURPOSE OF ESCROW. WHAT IS THE BUSINESS REASON REQUIRING AN ESCROW AGENT TO HOLD THE PROPERTY?]

B. _____ agrees to place in escrow certain funds and the Escrow Agent agrees to hold and distribute such funds in accordance with the terms of this Escrow Agreement.

In consideration of the promises and agreements of the Parties and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties and the Escrow Agent agree as follows:

ARTICLE 1 ESCROW DEPOSIT

Section 1.1. Receipt of Escrow Property. Upon execution hereof, _____ shall deliver to the Escrow Agent the amount of \$_____ (the "Escrow Property") in immediately available funds.

Section 1.2. Investments.

(a) The Escrow Agent is authorized and directed to deposit, transfer, hold and invest the Escrow Property and any investment income thereon as set forth in Exhibit A hereto, or as set forth in any subsequent written instruction signed by _____. Any investment earnings and income on the Escrow Property [shall become part of the Escrow Property, and shall be disbursed in accordance with Section 1.3 or Section 1.5 of this Escrow Agreement] [or] [shall not become part of the Escrow Property and shall be disbursed to _____, as directed in writing by _____].

(b) The Escrow Agent is hereby authorized and directed to sell or redeem any such investments as it deems necessary to make any payments or distributions

required under this Escrow Agreement. The Escrow Agent shall have no responsibility or liability for any loss which may result from any investment or sale of investment made pursuant to this Escrow Agreement. The Escrow Agent is hereby authorized, in making or disposing of any investment permitted by this Escrow Agreement, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or any such affiliate is acting as agent of the Escrow Agent or for any third person or dealing as principal for its own account. The Parties acknowledge that the Escrow Agent is not providing investment supervision, recommendations, or advice.

Section 1.3. Disbursements. [Insert specific mechanics of escrow disbursement procedures. Please take care to draft clear and simple disbursement instructions that are capable of being followed by the Escrow Agent without any further inquiry. For example, "The Escrow Agent shall disburse the Escrow Property in accordance with the joint written instructions of the Parties."]

Section 1.4. Income Tax Allocation and Reporting.

(a) The Parties agree that, for tax reporting purposes, all interest and other income from investment of the Escrow Property shall, as of the end of each calendar year and to the extent required by the Internal Revenue Service, be reported as having been earned by _____, whether or not such income was disbursed during such calendar year.

(b) Prior to closing, the Parties shall provide the Escrow Agent with certified tax identification numbers by furnishing appropriate forms W-9 or W-8 and such other forms and documents that the Escrow Agent may request. The Parties understand that if such tax reporting documentation is not provided and certified to the Escrow Agent, the Escrow Agent may be required by the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, to withhold a portion of any interest or other income earned on the investment of the Escrow Property.

(c) To the extent that the Escrow Agent becomes liable for the payment of any taxes in respect of income derived from the investment of the Escrow Property, the Escrow Agent shall satisfy such liability to the extent possible from the Escrow Property. The Parties, jointly and severally, shall indemnify, defend and hold the Escrow Agent harmless from and against any tax, late payment, interest, penalty or other cost or expense that may be assessed against the Escrow Agent on or with respect to the Escrow Property and the investment thereof unless such tax, late payment, interest, penalty or other expense was directly caused by the gross negligence or willful misconduct of the Escrow Agent. The indemnification provided by this Section 1.4(c) is in addition to the indemnification provided in Section 3.1 and shall survive the resignation or removal of the Escrow Agent and the termination of this Escrow Agreement.

Section 1.5. Termination. This Escrow Agreement shall terminate on _____, 20___, at which time the Escrow Agent is authorized and directed to disburse the

Escrow Property in accordance with Section 1.3 and this Escrow Agreement shall be of no further force and effect except that the provisions of Sections 1.4(c), 3.1 and 3.2 hereof shall survive termination.

[or]

Upon the disbursement of all of the Escrow Property, including any interest and investment earnings thereon, this Escrow Agreement shall terminate and be of no further force and effect except that the provisions of Sections 1.4(c), 3.1 and 3.2 hereof shall survive termination.

ARTICLE 2
DUTIES OF THE ESCROW AGENT

(b) (4)



Section 4.2. Escheat. The Parties are aware that under applicable state law, property which is presumed abandoned may under certain circumstances escheat to the applicable state. The Escrow Agent shall have no liability to the Parties, their respective heirs, legal representatives, successors and assigns, or any other party, should any or all of the Escrow Property escheat by operation of law.

Section 4.3. Notices. All notices, requests, demands, and other communications required under this Escrow Agreement shall be in writing, in English, and shall be deemed to have been duly given if delivered (i) personally, (ii) by facsimile transmission with written confirmation of receipt, (iii) by overnight delivery with a reputable national overnight delivery service, or (iv) by mail or by certified mail, return receipt requested, and postage prepaid. If any notice is mailed, it shall be deemed given five business days after the date such notice is deposited in the United States mail. If notice is given to a party, it shall be given at the address for such party set forth below. It shall be the responsibility of the Parties to notify the Escrow Agent and the other Party in writing of any name or address changes. In the case of communications delivered to the Escrow Agent, such communications shall be deemed to have been given on the date received by the Escrow Agent.

If to []:

Attention:
Telephone:
Facsimile:

If to []:

Attention:
Telephone:
Facsimile:

If to the Escrow Agent:

Wells Fargo Bank, National Association

Attention: _____; Corporate, Municipal and Escrow Solutions
Telephone:
Facsimile:

Section 4.4. Governing Law. This Escrow Agreement shall be governed by and construed in accordance with the laws of the State of _____.

Section 4.5. Entire Agreement. This Escrow Agreement sets forth the entire agreement and understanding of the parties related to the Escrow Property.

Section 4.6. Amendment. This Escrow Agreement may be amended, modified, superseded, rescinded, or canceled only by a written instrument executed by the Parties and the Escrow Agent.

Section 4.7. Waivers. The failure of any party to this Escrow Agreement at any time or times to require performance of any provision under this Escrow Agreement shall in no manner affect the right at a later time to enforce the same performance. A waiver by any party to this Escrow Agreement of any such condition or breach of any term, covenant, representation, or warranty contained in this Escrow Agreement, in any one or more instances, shall neither be construed as a further or continuing waiver of any such condition or breach nor a waiver of any other condition or breach of any other term, covenant, representation, or warranty contained in this Escrow Agreement.

Section 4.8. Headings. Section headings of this Escrow Agreement have been inserted for convenience of reference only and shall in no way restrict or otherwise modify any of the terms or provisions of this Escrow Agreement.

Section 4.9. Counterparts. This Escrow Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original, and such counterparts shall together constitute one and the same instrument.

[The remainder of this page left intentionally blank.]

IN WITNESS WHEREOF, this Escrow Agreement has been duly executed as of the date first written above.

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Escrow Agent

By: _____

Name: _____

Title: _____

EXHIBIT A

**Agency and Custody Account Direction
For Cash Balances
Wells Fargo Money Market Deposit Accounts**

Direction to use the following Wells Fargo Money Market Deposit Accounts for Cash Balances for the escrow account or accounts (the "Account") established under the Escrow Agreement to which this Exhibit A is attached.

You are hereby directed to deposit, as indicated below, or as I shall direct further in writing from time to time, all cash in the Account in the following money market deposit account of Wells Fargo Bank, National Association:

Wells Fargo Money Market Deposit Account (MMDA)

I understand that amounts on deposit in the MMDA are insured, subject to the applicable rules and regulations of the Federal Deposit Insurance Corporation (FDIC), in the basic FDIC insurance amount of \$100,000 per depositor, per insured bank. This includes principal and accrued interest up to a total of \$100,000. *Note: On May 20, 2009, FDIC deposit insurance temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2013.*

I acknowledge that I have full power to direct investments of the Account.

I understand that I may change this direction at any time and that it shall continue in effect until revoked or modified by me by written notice to you.

Authorized Representative
[PARTY 1]

[Authorized Representative]
[PARTY 2]

Date

[Date]

EXHIBIT B-1

Certificate as to Authorized Signatures

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as authorized representatives of [PARTY 1] and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under the Escrow Agreement to which this Exhibit B-1 is attached, on behalf of [PARTY 1].

Name / Title	<u>Specimen Signature</u>
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	

EXHIBIT B-2

Certificate as to Authorized Signatures

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as authorized representatives of [PARTY 2] and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under the Escrow Agreement to which this Exhibit B-2 is attached, on behalf of [PARTY 2].

Name / Title	<u>Specimen Signature</u>
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	

EXHIBIT C

FEES OF ESCROW AGENT



Acceptance Fee:	\$500
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Initial Fees as they relate to Wells Fargo Bank acting in the capacity of Escrow Agent – includes review of the Escrow Agreement; acceptance of the escrow appointment; setting up of Escrow Account(s) and accounting records; and coordination of receipt of funds for deposit to the Escrow Account(s). Acceptance Fee payable at time of Escrow Agreement execution.

Escrow Agent Administration Fee:	\$1,500 per investor
---	-----------------------------

For ordinary administrative services by Escrow Agent – includes daily routine account management; investment transactions; cash transactions processing (including wire and check processing); monitoring claim notices pursuant to the agreement; disbursement of funds in accordance with the agreement; and providing escrow account statements to all applicable parties. This fee is payable in advance, per investor, with the first installment due at the time of Escrow Agreement execution. Minimum annual fee per escrow account established: \$5,000. This fee covers a full year or any part thereof and will not be prorated or refunded in a year of early termination.

Tax Reporting, per investor, if required:	\$50
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Out-of-Pocket Expenses	At Cost
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We will charge for out-of-pocket expenses in response to specific tasks assigned by the client or provided for in the escrow agreement. Possible expenses would be, but are not limited to, express mail and messenger charges, travel expenses to attend closing or other meetings. There are no charges for indirect out-of-pocket expenses.

Account Administration:

If selected to provide escrow agent services, this account relationship will be managed in our Jacksonville, FL office by:

Christopher Tracy
Vice President and Relationship Manager
Wells Fargo Bank, N.A., Corporate Trust Services
225 Water Street, Suite 410, Jacksonville, FL 32202
Tel: 904.489.3800 Fax: 904.489.3759
Email: christopher.tracy@wellsfargo.com

On-Line Statements:	Included
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Web based access to PDF monthly account statements with email notification when new reports are available.

Together we'll go far





Wells Fargo's bid is based on the following assumptions:

- Number of Escrow Accounts to be established: Two (2)
- Number of Deposits to each Escrow Account: Not more Twenty (20)
- Number of Withdrawals from each Escrow Account: Not more Twenty (20)
- Term of Escrows: Not more than Two (2) years
- Appointment subject to receipt of requested due diligence information as per the USA Patriot Act
- This proposal assumes that balances in the account will be invested in the Wells Fargo Money Market Deposit Account (MMDA) to avoid tax withholding requirements, or held uninvested in cash to avoid tax reporting requirements
- All funds will be received from or distributed to a domestic or an approved foreign entity
- If the account(s) does not open within three (3) months of the date shown below, this proposal will be deemed to be null and void
- The charges for performing services not contemplated at the time of the execution of the governing documents, or not specifically covered elsewhere in this schedule, will be determined by appraisal in amounts commensurate with the service to be provided
- Should anticipated documentation change substantially or the transaction become increasingly complex prior to final closing, Wells Fargo reserves the right to adjust its fees
- Billings over 30 days past due are subject to a 1.5% per month late payment penalty on balance due.

This Schedule of Fees is subject to periodic review and adjustment by Wells Fargo. Nothing contained herein shall be deemed to be Wells Fargo's acceptance of appointment as escrow agent or such other related capacity, which is contingent upon final review, acceptance, and execution of governing documents. Appointment is subject to due diligence and conflict check.

Dated: November 1, 2010

BY: _____

Signature

Printed Name

Title

BY: Wells Fargo Bank, N.A.

Signature

Susan Thorpe

Printed Name

Vice President, Business Development

Title

Together we'll go far





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LIMITED LIABILITY COMPANY AGREEMENT

OF

SOUTHERN STAR ENERGY FUND LLC

(a Delaware limited liability company)

This Limited Liability Company Agreement (the "Agreement") of SOUTHERN STAR ENERGY FUND LLC, a Delaware limited liability company (the "Fund"), to be effective as of January ____, 2011 (the "Effective Date"), is by and among Southern Star Regional Investment Center LLC, a Texas limited liability company (the "Sponsoring Member"), and the persons whose names are set forth on Schedule A, attached hereto, as Investing Members (the "Investing Members"), pursuant to the provisions of the Delaware Limited Liability Company Act, as amended (the "Act"), on the terms and conditions set forth herein. The Sponsoring Member and the Investing Members shall collectively be referred to as the "Members".

ARTICLE I

GENERAL

1.1. **Formation.** The Sponsoring Member hereby forms the Fund as a limited liability company pursuant to the provisions of the Act. Except as expressly provided herein, the rights and obligations of the Members and the administration and termination of the Fund shall be governed by the Act.

1.2. **Name.** The name of the Fund shall be, and the business of the Fund shall be conducted under the name of, SOUTHERN STAR ENERGY FUND LLC and/or such other names or trademarks as may be deemed prudent.

1.3. **Purpose.** The purpose and business of the Fund shall be (i) to acquire real property and develop and construct thereon a oil and gas assisted living facility; (ii) to engage in any and all general and incidental activities related thereto and necessary for the operation of such activities for profits or losses; and (iii) to enter into any lawful transactions and engage in any lawful activities in furtherance of or incidental to the foregoing purpose.

1.4. **Term.** The term of the Fund shall commence on the Effective Date and shall continue in perpetuity, or until the earlier dissolution and termination of the Fund in accordance with the provisions of Section 7.1 of this Agreement.

1.5. **Registered Office and Principal Office of Fund.** The registered office of the Fund in the State of Delaware shall be 16192 Coastal Highway, Lewes, Delaware 19958, and its registered agent at that location is Harvard Business Services, Inc. The principal office of the Fund shall be located at 25511 Budde Road, Suite 101, The Woodlands, Texas 77380 USA, or such other place as the Sponsoring Member may from time to time designate. The Fund may maintain offices at such other place or places as the Sponsoring Member deems advisable.

1.6. **Certificate of Formation.** The Sponsoring Member shall cause the Certificate of Formation of the Fund to be filed with the Delaware Secretary of State (the "Secretary") as required by the Act and shall cause to be filed such other certificates or documents (including, without limitation, copies, amendments, or restatements of this Agreement) as may be determined by the Sponsoring Member to be reasonable and necessary or appropriate for the formation, qualification, or registration and operation of a limited liability company (or a partnership in which the Members have limited liability) in the State of Delaware and in any other state where the Fund may elect to do business.

1.7. **Power of Attorney.**

- (a) *Grant of Power.* Each Investing Member hereby constitutes and appoints the Sponsoring Member and their authorized representatives (and any successors thereto by assignment or otherwise and the authorized representatives thereof) with full power of substitution as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place, and stead, to execute, swear to, acknowledge, deliver, file, and record in the appropriate public offices, as applicable or appropriate: (i) all certificates and other instruments and all amendments or restatements thereof that the Sponsoring Member deems reasonable and appropriate or necessary to qualify or register, or continue the qualification or registration of, the Fund as a limited liability company (or a partnership in which the Investing Members have limited liability) in all jurisdictions in which the Fund may conduct business or own property; (ii) all instruments, including an amendment or restatement of this Agreement, that the Sponsoring Member deem appropriate or necessary to reflect any amendment, change, or modification of this Agreement in accordance with its terms; (iii) all conveyances and other instruments or documents that the Sponsoring Member deem appropriate or necessary to reflect the dissolution, liquidation and termination of the Fund pursuant to the terms of this Agreement; (iv) all instruments relating to the admission or substitution of any Investing Member; (v) all ballots, consents, approvals, waivers, certificates, and other instruments appropriate or necessary, in the sole discretion of the Sponsoring Member, to make, evidence, give, confirm, or ratify any vote, consent, approval, agreement, or other action that is made or given by the Investing Members hereunder, is deemed to be made or given by the Investing Members hereunder, or is consistent with the terms of this Agreement and appropriate or necessary, in the sole discretion of the Sponsoring Member, to effectuate the terms or intent of this Agreement; provided that, with respect to any action that requires the vote, consent, or approval of a stated percentage of the Investing Members under the terms of this Agreement, the Sponsoring Member may exercise the power of attorney granted in this subsection (v) only after the necessary vote, consent, or approval has been made or given. Nothing herein contained shall be construed as authorizing the Sponsoring Member to amend this Agreement except in accordance with Article VIII of this Agreement or as otherwise provided in this Agreement.
- (b) *Irrevocability.* The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive, and not be affected by, the death, incompetency, incapacity, disability, dissolution, bankruptcy or termination of any Investing Member, or the transfer of all or any portion of its Membership Interest and shall extend to such Investing Member's heirs, successors, assigns and legal representatives. Each Investing Member agrees to be bound by any representations made by the Sponsoring Member acting in good faith pursuant to such power of attorney; and each Investing Member hereby waives any and all defenses that may be available to contest, negate or disaffirm any action of the Sponsoring Member taken in good faith under such power of attorney. Each Investing Member shall execute and deliver to the Sponsoring Member within 15 days after receipt of the Sponsoring Member's request therefor, such further designations, powers of attorney, and other instruments as the Sponsoring Member deem necessary to effectuate this Agreement and the purposes of the Fund.

ARTICLE II

DEFINITIONS

The following definitions apply to the terms used in the Memorandum and the Fund's Limited Liability Company Agreement:

"Act" means the Delaware Limited Liability Company Act, as amended. In other contexts it may refer to the Securities Act of 1933, as amended.

“Accredited Investor” means (i) a natural person whose individual net worth (exclusive of the value of their primary residence), or joint net worth with your spouse, presently exceeds USD \$1,000,000; (ii) a natural person who had an individual income in excess of USD \$500,000 in each of the two most recent years or joint income with their spouse in excess of USD \$300,000 in each of those years and they reasonably expect reaching the same income level in the current year; (iii) a corporation, partnership, trust, limited liability company, or other entity in which all of the equity owners are “accredited investors”; (iv) a trust with total assets in excess of USD \$5,000,000 and was not formed for the specific purpose of acquiring Fund Units, the trustee of which has such knowledge and experience financial and business matters that it is capable of evaluating the merits and risks of investing in Fund Units; (v) a bank, savings and loan association or other financial institution, a registered securities broker or securities dealer, or an insurance company; (vi) a registered investment company or business development company, a licensed Small Business Investment Company, or a private business development company; (vii) a state-sponsored pension plan with total assets in excess of USD \$5,000,000; (viii) an employee benefit plan which either (a) has a fiduciary that is a bank, savings and loan association, insurance company, or registered investment adviser; (b) has total assets in excess of USD \$5,000,000; or (c) is a self-directed plan and investment decisions are made solely by persons that are “accredited investors”; (ix) a non-profit organization described in section 501(c)(3) of the Internal Revenue Code that was not formed for the specific purpose of acquiring Fund Units having total assets in excess of USD \$5,000,000; or (x) a director, executive officer, or manager of the Fund or a director, executive officer, or manager of the Fund’s Sponsoring Member.

“Administration Fee” means an amount payable to the Sponsoring Member upon the release of funds from escrow equal (b) (4)

Such monthly Administration Fee shall commence being paid on the first day of the calendar month following the closing date of the Offering.

“Affiliate” means any Person that directly or indirectly controls, is controlled by, or is under common control with the Person in question. As used in this definition, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise, or to hold or to control the holder of 10 percent or more of the outstanding voting securities of such Person.

“Agreement” means the Limited Liability Company Agreement as it may be amended, supplemented or restated from time to time.

“Alien” refers to a person in the United States who is not a citizen of the United States.

“Application Fee” means a one-time non-refundable fee (separate from Unit subscription funds) of USD (b) (4) (payable to the Sponsoring Member, not the Fund) due from non-U.S. Persons who elect to escrow funds pending approval of a Form I-526 petition with United States Citizenship and Immigration Services (USCIS) payable to the Sponsoring Member upon escrow of subscription funds regardless of the number of Units purchased.

“BCF” means billion cubic feet.

“BCFE” means billion cubic feet equivalent.

“BCPD” means barrels of condensate per day.

“BOPD” means barrels of oil per day.

“BOE” means barrels of oil equivalent.

“Capital Account” means the capital account maintained for an Investing Member pursuant to Section 3.2 of the Agreement.

“Capital Contribution”, as it relates to the Fund, means any asset or property of any nature contributed by an Investing Member to the capital of the Fund pursuant to the provisions of the Agreement. In the context of the Fund’s participation in a Program, it means an amount of money contributed to the Program by or on behalf of a Non-Operator.

“Certificate of Formation” means the certificate filed with the Secretary pursuant to Section 1.6 of the Agreement, as such Certificate may be amended or restated from time to time.

“Code” means the Internal Revenue Code of 1986, as from time to time amended and in effect.

“Commercial Well” is a drilled well which, based upon log and sample evaluations, is capable of producing oil and/or gas in sufficient quantities to exceed its expenses incurred once the completion is performed.

“Completion Assessments” occurs when a well drilled as part of a drilling Program is determined to have commercial capabilities of oil and/or natural gas production. The driller/Operator will then assess each Non-Operator for their pro-rata share of the completion cost,.

“Consent” means the written consent of a Person, or the affirmative vote of such Person at a meeting called and held pursuant to Article VIII of the Agreement, as the case may be, to do the act or thing for which the consent is solicited, or the act of granting such consent, as the context requires.

“Development Well” means a well drilled within the proved area of an oil or gas reservoir to the depth of a stratigraphic horizon determined by a professional petroleum engineer or petroleum geologist to be productive.

“Drilling and Completion Costs” means all costs, excluding operating costs, of drilling, completing, testing, equipping, and bringing a well into production or plugging and abandoning it, including all labor and other construction and installation costs incident thereto, location and surface damages, cementing, drilling mud and chemicals, drill stem tests and core analysis, engineering and well site geological expenses, electric logs, costs of plugging back, deepening, rework operations, repairing or performing remedial work of any type, costs of plugging and abandoning any well participated in by the Fund, and reimbursements and compensation to well operators, including charges paid to the Sponsoring Member as an operator during the drilling and completion phase of a well, plus the cost of the gathering system and of acquiring leasehold interests.

“Drill Site” is the minimum locale subject to an area no less than that stipulated by the statutes and regulations of the Texas Railroad Commission (or equivalent authority in other jurisdictions) for the drilling of a well to the desired depth.

“Dry Hole” means any well abandoned without having produced oil or gas in commercial quantities.

“EB-5” is a United States immigration visa created by the Immigration Act of 1990 providing a method of obtaining a Green Card for Foreign Nationals who invest money in the United States.

“Event of Withdrawal of the Sponsoring Member” means an event that causes a Sponsoring Member to cease to be a Sponsoring Member as provided in the Act.

“Exploratory Well” means a well drilled to find commercially productive hydrocarbons in an unproved area, to find a new commercially productive horizon in a field previously found to be productive of hydrocarbons at another horizon, or to significantly extend a known prospect.

“Farmout” means an agreement whereby the owner of a leasehold or working interest agrees to assign their interest in certain specific acreage to the assignees, retaining some interest such as an overriding royalty interest, an oil and gas payment, offset acreage or other type of interest, subject to the drilling of one or more specific wells or other performance as a condition of the assignment.

“Foreign National” refers to a Person born outside the jurisdiction of the United States who is a citizen of a foreign country and who has not become a naturalized U.S. citizen under U.S. law. Includes Aliens who have not obtained Permanent Residency within the United States.

“Form I-526” refers to the petition filed with USCIS by an Investing Member who is a Non-U.S. Person seeking Permanent Residency within the United States.

“Form I-829” refers to the petition filed at the end of a two year conditional period with USCIS by an Investing Member who is a Non-U.S. Person to remove conditions imposed by the EB-5 visa.

“Fund” means the limited liability company formed pursuant to the Agreement.

“Green Card” is a United States Permanent Resident Card (known informally as a “green card” because it is green in color) which is an identification card attesting to the Permanent Residency status of an Alien in the United States.

“IDC” means intangible drilling and development costs.

“Investing Member” means any Person other than the Sponsoring Member or a Non-sponsoring Member (i) whose name is set forth on Schedule A of the Agreement, attached hereto, as an Investing Member, or who has been admitted as an additional or substituted Investing Member pursuant to the terms of the Agreement, and (ii) who is the owner of a Unit. In its plural form it means all such Persons.

“Investing Membership Interest” means the interest acquired by an Investing Member in the Fund by purchasing a Unit including, without limitation, such Investing Member’s right: (i) to a distributive share of the income, gain, loss, deduction, and credit of the Fund; (ii) to a distributive share of the assets of the Fund; (iii) if an Investing Member, to Consent on those matters described in the Agreement.

“Investment” means an asset acquired by the Fund, which may include, but not be limited to, working interests, net revenue interests, overriding royalty interests, and/or royalty interests in oil and gas wells or properties within the United States, as well as proven, probable, possible and potential hydrocarbon reserves in the ground, and/or the leases on which such wells and/or reserves are located. It may also include partnership, LLC, or other forms of equity or revenue interests in joint ventures or other forms of oil and gas ownership. It may also include equipment, supplies and other material in connection with such assets.

“Indemnitee” means any Sponsoring Member, any Person who is or was an affiliate of a Sponsoring Member, any Person who is or was an officer, director, employee, agent, trustee, partner, member, manager, or shareholder of a Sponsoring Member or any such affiliate, or any Person who is or was serving at the request of a Sponsoring Member or any such affiliate as a director, officer, employee, partner, member, manager, agent or trustee of another Person; provided that a Person shall constitute an “Indemnitee” only with respect to acts, omissions or matters deriving from or relating to the business, operations or investments of the Fund.

“Lease” is the right granted by the Lessor to the Lessee to extract minerals, specifically oil and/or natural gas, from a certain property owned by the Lessor with the expense of said extraction lying with the Lessee. The Lessor retains a certain percentage of the revenues received from the sale of the oil and/or natural gas, which is known as royalty interest. A Lessor receiving a royalty interest does not have any obligation to pay any of the lease operating expenses associated with the production of such minerals. However, depending on lease terms, the Lessor normally pays his share of production or severance taxes and may pay his share of some costs associated with processing or treating the produced oil and gas. The lease will remain in effect so long as production is maintained.

“Leasebank” means one or more mineral Leases organized by prospect, project or production.

“Lessee” means the purchaser of a Lease.

“Lessor” means the grantor of a Lease.

“Limited Liability Company Agreement” means the Agreement which governs the internal affairs of the Fund.

“Liquidator” has the meaning specified in Section 7.2 of the Agreement.

“Majority in Interest of the Investing Members” means Investing Members whose Membership Interests aggregate to greater than fifty percent (50%) of the Membership Interests of all Investing Members.

“MCF” means one thousand cubic feet of natural gas.

“Memorandum” means the confidential private placement memorandum utilized by the Fund to disclose risks, describe its proposed activities, and explain the terms of the offering of Units to prospective Investing Members.

“Members” means the Sponsoring Member, the Non-Sponsoring Members, and the Investing Members. In its singular form it means any one of the Investing Members, Non-Sponsoring Members or the Sponsoring Member, as the case may be.

“Membership Interest” means a Member’s right, together with such other rights as provided in the Agreement, to receive distributions of Fund revenue, capital, and other disposition of Fund assets in accordance with the Agreement.

“Metropolitan Statistical Area” refers to a geographical area with high population density (i.e., typically greater than 20,000 persons) as may be designated by the governor of a state or other designated authority.

“Net Revenue Interest” means the revenues received by a Working Interest Owner before expenses and after the payment of royalty interest and overriding royalty interests.

“Non-sponsoring Member” means any Person holding a Membership Interest other than the Sponsoring Member or an Investing Member.

“Non-sponsoring Membership Interest” refers to a Sponsoring Membership Interest conveyed from the Sponsoring Member to a third party pursuant to this Agreement upon which event it is stripped of any and all management rights, consent rights, and entitlement to share in any Administration Fees, Organizational Fees, or the like.

“Non-Operator” is a person who acquires a Working Interest in a Program but who is not charged with the responsibility of field operations.

“Non-U.S. Person” means any Alien or Foreign National and includes (i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States; (ii) any estate of which any professional fiduciary acting as executor or administrator is a U.S. person if another executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate and such estate is governed by foreign law; (iii) any trust of which any professional fiduciary acting as trustee is a U.S. person, if a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person; (iv) any employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country; (v) any agency or branch of a U.S. person located outside the United States if such agency or branch operates for valid business reasons and is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; or (vi) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans.

“Offering” refers to the offering of Units for sale to prospective Investing Members via delivery of the Memorandum.

“Operator” means either Southern Star Operating LLC or a Person charged with conducting field operations in connection with a Program.

“Overriding Royalty” means an interest in the gross revenues received from the sale of the oil and/or natural gas from a certain property as a result of assisting in the acquisition of a lease or in consideration of a farmout of a lease. The owner of an overriding royalty does not bear any of the lease operating costs associated with the production, development, operation or maintenance of the leasehold. However, the holder of an overriding royalty normally pays his share of production or severance taxes and his share of some costs associated with processing or treating the produced oil and gas.

“Organizational Fee” refers to a fee equal (b) (4) of the aggregate Capital Contributions of the Investing Members payable to the Sponsoring Member upon release of funds from escrow as compensation for organizing the Fund and the Offering.

“Person” means an individual or a corporation, limited liability company, partnership, trust, estate, unincorporated organization, association or other business enterprise.

“Permanent Residency” refers to the officially granted immigration status of a Non-U.S. Person by USCIS of permission to reside and take employment in the United States, evidenced by the issuance of a Green Card, subject to removal from the United States if such status is not maintained or if certain conditions of such status are not met.

“Program” means a series of oil and gas-related Investments or Prospects.

“Prospect” means an oil and gas leasehold estate, or lesser interest therein, upon which drilling operations may or may not be conducted. In general, a Prospect is an area in which the Fund owns or intends to own one or more oil and gas interests, which is geographically defined on the basis of geological data and which is reasonably anticipated to contain at least one reservoir of hydrocarbons; an area covering lands which are believed to contain subsurface structural or stratigraphic conditions making it susceptible to the accumulations of hydrocarbons in commercially productive quantities at one or more horizons.

“Record Date” means the date established by the Sponsoring Member for determining the identity of Investing Members entitled to give Consent to Fund action or entitled to exercise rights in respect of any other lawful action of Investing Members.

“Regulations” means the income tax regulations promulgated under the Code, as from time to time amended and in effect (including corresponding provisions of succeeding regulations).

“Reservoir” means a separate structural or stratigraphic trap containing an accumulation of oil or gas.

“Roll-Up” means a transaction involving the acquisition, merger, conversion, or consolidation, either directly or indirectly, of the Fund and the issuance of securities of a roll-up entity.

“Roll-Up Entity” means a partnership, trust, corporation or other entity that would be created or survive after the successful completion of a proposed Roll-Up transaction.

“Royalty Interest” means an interest received by a Lessor in the gross revenues from the sale of the oil and/or natural gas from a certain property for which the Lessor does not bear any of the lease operating costs associated with the production, development, operation or maintenance of the leasehold aside from applicable production or severance taxes and sometimes a share of the costs associated with processing or treating the produced oil and gas. This percentage of revenue is in consideration of the Lessor signing the oil and gas lease with the Lessee.

“Rural Area” means a geographical area typically outside of a Metropolitan Statistical Area as further defined by USCIS.

“Sponsor” means any Person directly or indirectly instrumental in organizing, wholly or in part, a partnership, limited liability company or program to facilitate investment or who will manage or is entitled to manage or participate in the management or control of such partnership, limited liability company or program. “Sponsor” includes the Sponsoring Member. “Sponsor” does not include attorneys, accountants, engineers or other consultants whose compensation is for professional services rendered in connection with the offering of Units.

“Sponsoring Member” means Southern Star Regional Investment Center LLC, a Texas limited liability company, its successors or designated agents or assigns.

“Sponsoring Membership Interest” means the Sponsoring Member’s right to (i) participate in the management and operation of the Fund; (ii) receive to a distributive share of the income, gain, loss, deduction, and credit of the Fund; and (iii) to a distributive share of the assets of the Fund in accordance with the Agreement.

“Subscription” means the amount indicated on the Subscription Agreement that an Investing Member has agreed to pay to the Fund as their Capital Contribution.

“Subscription Agreement” means the agreement attached to the Memorandum by way of exhibit whereby prospective Investing Members subscribe for Units. With respect to a Non-Operator, is the agreement executed and delivered by a Non-Operator in connection with his or her subscription to purchase interest in a Program and contains certain representations, warranties, covenants and agreements of such Non-Operator.

“Targeted Employment Area” means a Rural Area or an area that is experiencing an unemployment rate of at least 150 percent of the U.S. national average or as otherwise defined by USCIS or federal law.

“TCFE” means trillion cubic feet equivalent.

“Turnkey Cost” typically means the costs incurred in the drilling and testing of a well or wells. If negotiated, the driller/Operator will agree to provide all services and materials specified for the drilling of wells in a Program for a fixed cost. Under a “turnkey” contract, the Non-Operators will be obligated to pay a one-time charge, based upon their pro-rata Working Interest Ownership, for the drilling portion of the wells with no additional assessment for the drilling portion of the wells. Any additional or unexpected costs encountered while drilling the well is absorbed by the driller/Operator. It is important to note that not all wells are drilled pursuant to “turnkey” contracts.

“Transfer” has the meaning set forth in Section 6.1(a) of the Agreement.

“Unanimous Vote” means the affirmative vote of all Investing Members, including the Sponsoring Member, whose combined Membership Interests aggregate one-hundred percent (100%) of the Membership Interests.

“Unit”, as it pertains to the offering of Investing Membership Interests as described in the Memorandum, means an undivided interest of the Investing Members in the aggregate interest in the capital and profits of the Fund. Each Unit of Investing Membership Interest represents a Capital Contribution of USD \$500,000 to the Fund. In the context of the Sponsoring Member, “Unit” means the Sponsoring Membership Interest.

“United States” or “U.S.” mean the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

“USCIS” means United States Citizenship and Immigration Services, an agency of the U.S. Department of Homeland Security.

“U.S. Person” means (i) a natural person resident in the United States; (ii) a partnership or corporation organized or incorporated under the laws of the United States; (iii) an estate of which any executor or administrator is a U.S. person; (iv) a trust of which any trustee is a U.S. person; (v) an agency or branch of a foreign entity located in the United States; (vi) a non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person; (vii) a discretionary account or similar account (other than an estate or trust)

held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; or (viii) a partnership or corporation organized or incorporated under the laws of any foreign jurisdiction which was formed by a U.S. person principally for the purpose of investing in unregistered securities unless it is organized or incorporated, and owned, by accredited investors who are not natural persons, estates or trusts.

“Working Interest” means the interest granted to the Lessee under an oil and gas lease which entitles the Lessee and/or its successors and assigns to conduct such operations and pay such expenses for the drilling and production associated with the extraction of oil and/or natural gas from that certain property. The Working Interest Owners, unlike royalty and overriding royalty interest owners, are able to take advantage of certain tax advantages when involved in the drilling for oil and/or natural gas. The Working Interest Owners receive revenues from the sale of the oil and/or natural gas after the payment of capital expenditures, operating expenses, taxes and royalty and overriding royalty interests.

ARTICLE III

FINANCIAL MATTERS

(b) (4)



8.6. **Quorum; Adjournments.** A Majority in Interest of the Investing Members represented in person or by proxy shall constitute a quorum at a meeting of Investing Members; provided that any action requiring approval of a specified vote of Investing Members hereunder shall require at least such specified affirmative vote. In the absence of a quorum, any meeting of Investing Members may be adjourned from time to time by the affirmative Consent of Investing Members who are holders of a majority of the Membership Interests represented either in person or by proxy. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting and a new Record Date need not be fixed, if the time and place thereof are announced at the meeting at which the adjournment is taken, unless such adjournment shall be for more than forty-five (45) days. At the adjourned meeting, the Fund may transact any business which might have been transacted at the original meeting. If the adjournment is for more than forty-five (45) days or if a new Record Date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given in accordance with this Article VIII.

8.7. **Action Without a Meeting.** Any action that may be taken at a meeting of the Investing Members may be taken without a meeting if Consents in writing setting forth the action so taken are signed by Investing Members who are record holders of not less than the minimum Membership Interests that would be necessary to authorize or take such action at a meeting at which all the Investing Members were present and voted. Prompt notice of the taking of action without a meeting shall be given to all Investing Members who have not consented in writing. Whether Consents are solicited by or on behalf of the Sponsoring Member or by any other Person, the Sponsoring Member may specify that any written ballot submitted to Investing Members for the purpose of taking any action without a meeting shall be returned to the Fund within the time, not less than fifteen (15) calendar days, specified by the Sponsoring Member. Further the Sponsoring Member in any such circumstance may identify a Record Date for determining Investing Members entitled to consent in writing. If Consent to the taking of any action by the Investing Members is solicited by any Person other than by or on behalf of the Sponsoring Member, the written Consents shall have no force and effect unless and until (i) they are deposited with the Fund in care of the Sponsoring Member and (ii) such person shall have coordinated such solicitation with the Sponsoring Member so that the Sponsoring Member shall have had the opportunity to make determinations of policies, regulations, procedures, Record Dates and the like with respect to such solicitation and such matters shall have been complied with (it being understood that such actions by the Sponsoring Member shall be taken in a timely manner and shall be exercised in the interest of the Fund and the Investing Members for the purpose of achieving the orderly and balanced conduct of a Consent solicitation process).

ARTICLE IX

GENERAL PROVISIONS

9.1. **Addressees and Notices.** Any notice, demand, request or report required or permitted to be given or made to an Investing Member under this Agreement shall be in writing and shall be delivered in person, by first class mail, by nationally recognized overnight courier or by registered or certified mail, return receipt requested, to the Investing Member at his address as shown on the records of the Fund (regardless of any claim of any Person who may have an interest in any Membership Interest by reason of an assignment or otherwise).

9.2. **Titles and Captions.** All article and section titles and captions in this Agreement are for convenience only, shall not be deemed part of this Agreement, and in no way shall define, limit, extend, or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to "Articles" and "Sections" are to Articles and Sections of this Agreement.

9.3. **Pronouns and Plurals.** Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine, or neuter forms, and the singular form of nouns, pronouns, and verbs shall include the plural and vice versa.

9.4. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

9.5. **Integration.** This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

9.6. **Waiver.** No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or of any covenant, agreement, term or condition. Any Investing Member by an instrument in writing may, but shall be under no obligation to, waive any of its rights or any conditions to its obligations hereunder, or any duty, obligation or covenant of any other Investing Member, but no waiver shall be effective unless in writing and signed by the Investing Member making such waiver. No waiver shall affect or alter the remainder of the terms of this Agreement but each and every covenant, agreement, term and condition hereof shall continue in full force and effect with respect to any other then existing or subsequent breach.

9.7. **Counterparts.** This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart.

9.8. **DELAWARE LAW APPLICABLE.** ALL MATTERS IN CONNECTION WITH THE POWER, AUTHORITY AND RIGHTS OF THE MEMBERS AND ALL MATTERS PERTAINING TO THE OPERATION, CONSTRUCTION, INTERPRETATION OR ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED AND DETERMINED BY THE INTERNAL LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAWS.

9.9. **TEXAS JURISDICTION.** EACH MEMBER (A) HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF MONTGOMERY COUNTY, TEXAS, OR THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF THIS AGREEMENT WHICH IS BROUGHT BY OR AGAINST THE FUND OR ANY MEMBER, (B) HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH SUIT, ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND (C) TO THE EXTENT THAT IT HAS ACQUIRED, OR HEREAFTER MAY ACQUIRE, ANY IMMUNITY FROM THE JURISDICTION OF ANY SUCH COURT OR FROM ANY LEGAL PROCESS THEREIN, HEREBY WAIVES SUCH IMMUNITY TO THE FULLEST EXTENT PERMITTED BY LAW. EACH MEMBER HEREBY WAIVES, AND HEREBY AGREES NOT TO ASSERT, IN ANY SUCH SUIT, ACTION OR PROCEEDING, IN EACH CASE TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY CLAIM THAT (i) IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF ANY SUCH COURT, (ii) IT IS IMMUNE FROM ANY LEGAL PROCESS, (iii) ANY SUCH SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, (iv) VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING IS IMPROPER OR (v) THIS AGREEMENT MAY NOT BE ENFORCED IN OR BY SUCH COURT. EACH MEMBER AGREES THAT PROCESS AGAINST IT IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING FILED IN ANY SUCH REFERENCED COURT ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY BE SERVED ON IT, BY MAILING THE SAME TO SUCH MEMBER BY REGISTERED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO SUCH MEMBER AT ITS ADDRESS FOR NOTICES UNDER THIS AGREEMENT, WITH THE SAME EFFECT IN EITHER CASE AS THOUGH SERVED UPON SUCH PERSON PERSONALLY.

9.10. **Invalidity of Provisions.** If any provision of this Agreement is declared or found to be illegal, unenforceable, or void, in whole or in part, then the parties shall be relieved of all obligations arising under such provision, but only to the extent that it is illegal, unenforceable or void, it being the intent and agreement of the parties that this Agreement shall be deemed amended by modifying such provision to the extent necessary to make it legal and enforceable while preserving its intent or, if that is not possible, by substituting therefor another provision that is legal and enforceable and achieves the same objectives.

9.11. **Incorporation by Reference.** This Agreement has been executed by the Investing Members set forth on Schedule A by the signing of the Subscription Agreement as set forth in the Memorandum. It is agreed that the executed copy of such Subscription Agreement may be attached to an identical copy of this Agreement together with the Subscription Agreements which may be executed by other Investing Members, all of which shall be incorporated into this Agreement as if fully set forth herein.

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
SOUTHERN STAR ENERGY FUND LLC

9.12. **Ratification.** The Investing Member whose signature appears upon a true and correct copy of the Subscription Agreement as set forth in the Memorandum is hereby deemed to have specifically adopted, approved, and agreed to be legally bound by every provision in this Agreement.

9.13. **Incorporation by Reference.** Every exhibit, schedule, and other appendix attached to this Agreement and referred to herein is hereby incorporated into this Agreement by reference.

* * * * *

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SIGNATURES

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

SPONSORING MEMBER:

Southern Star Regional Investment Center LLC
a Texas limited liability company

By: _____ Date: _____

Name: _____

Title: _____

INVESTING MEMBERS:

All Investing Members now and hereafter admitted as Investing Members, pursuant to powers now and hereafter executed in favor of, and granted and delivered to, the Sponsoring Member.

By: Southern Star Regional Investment Center LLC
a Texas limited liability company
as Agent

By: _____ Date: _____

Name: _____

Title: _____



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HOW TO SUBSCRIBE FOR FUND UNITS

For Non-U.S. Persons Seeking EB-5 Visas:

To subscribe for Units, you must:

1. Read the Memorandum in its entirety;
2. Complete, date and sign the following documents:
 - (a) Escrow Control Agreement;
 - (b) Suitability Questionnaire; and
 - (c) Subscription Agreement and Power of Attorney.
3. Deliver the above documents to the following address:

SOUTHERN STAR ENERGY FUND
 c/o Southern Star Regional Investment Center LLC
 25511 Budde Road, Suite 101
 The Woodlands, Texas 77380 USA
 Telephone: (281) 940-7105
 Facsimile: (xxx) xxx-xxxx
 E-Mail: EB5@southernstaroil.com

4. Transmit USD \$500,000 per Unit to the following escrow account:

Bank Name: _____
 Bank SWIFT Code: _____
 Bank ABA Number: _____
 For Further Credit to:
Southern Star Energy Fund LLC EB-5 Escrow
Account No. _____

5. Transmit non-refundable one-time USD \$25,000 (payable to the Sponsoring Member, not the Fund) Application Fee to:

(USE SAME BANK COORDINATES AS ABOVE, **EXCEPT FOR THE FOLLOWING**):
 For Further Credit to:
Southern Star Regional Investment Center LLC
 Account No. _____

For all other subscribers:

To subscribe for Units, you must:

1. Read the Memorandum in its entirety;
2. Complete, date and sign the following documents:
 - (a) Suitability Questionnaire; and
 - (b) Subscription Agreement and Power of Attorney.
3. Deliver the above documents to the following address:

SOUTHERN STAR ENERGY FUND
 c/o Southern Star Regional Investment Center LLC
 25511 Budde Road, Suite 101
 The Woodlands, Texas 77380 USA
 Telephone: (281) 940-7105
 Facsimile: (xxx) xxx-xxxx
 E-Mail: EB5@southernstaroil.com

4. Transmit USD \$500,000 per Unit to the following coordinates:

Bank Name: _____
 Bank SWIFT Code: _____
 Bank ABA Number: _____
 For Further Credit to:
Southern Star Energy Fund LLC Domestic Escrow
Account No. _____

FORM OF

ESCROW CONTROL AGREEMENT

NOTE: ONLY FOR USE BY PROSPECTIVE INVESTING MEMBERS WHO ARE NON-U.S. PERSONS SEEKING PERMANENT RESIDENCY IN THE UNITED STATES UNDER AN EB-5 VISA / FORM I-529 PETITION. ALL OTHER SUBSCRIBERS MAY OMIT EXECUTING THIS INSTRUMENT.

[ATTACH WELLS FARGO ESCROW CONTROL AGREEMENT HERE]

SUITABILITY QUESTIONNAIRE

IMPORTANT NOTICE TO ALL SUBSCRIBERS:

The Units offered in SOUTHERN STAR ENERGY FUND LLC, a Delaware limited liability company (the "Fund") will not be registered under the Securities Act of 1933, as amended, nor under the laws of any state or foreign jurisdiction. Accordingly, in order to ensure that the offer and sale of Units are exempt from registration and in order to determine your suitability for this investment, Southern Star Regional Investment Center LLC (the "Sponsoring Member") must be reasonably satisfied after making reasonable inquiry that you, or your representative(s), if used, have such knowledge and experience in oil and gas development investing and/or financial and business matters that you are (or together with your representative(s) are) capable of evaluating the merits and risks of investing in the Fund. Also, we need adequate assurance that you are able to bear the economic risk of participating and that you meet the financial requirements to be suitable Investing Member. This confidential Suitability Questionnaire is designed to provide us with the information necessary to make a determination of whether you satisfy these suitability requirements. The information supplied in this confidential Suitability Questionnaire will be disclosed to no one without your consent other than to (i) the Sponsoring Member, its employees, agents, accountants and counsel, (ii) securities authorities or other regulatory organizations, if deemed necessary to use such information to support the exemption from registration under the Securities Act of 1933 and state law or the applicable law of other non-U.S. jurisdictions which it claims for the offering, or (iii) other Investing Members only to the extent it is necessary to vote or conduct Fund business. BECAUSE THE FUND AND THE MANAGING MEMBER WILL RELY ON YOUR ANSWERS IN ORDER TO COMPLY WITH SECURITIES LAWS, IT IS IMPORTANT FOR YOU TO CAREFULLY ANSWER EACH OF THE FOLLOWING QUESTIONS.

PLEASE TYPE OR PRINT THE FOLLOWING INFORMATION BELOW:**1. Subscriber Information:**

Full legal name(s) of Subscriber(s): _____

Address: _____

City: _____ State / Province: _____ Zip or Postal Code: _____

Current Country of Citizenship: _____

E-mail (mandatory)*: _____

*(NOTICE: By providing this e-mail address, you authorize us to transmit reports, updates and otherwise communicate with you exclusively using this e-mail address instead of sending paper copies to your physical or mailing address. If this e-mail address does not function or if it changes, you must provide us with an alternate e-mail address.)

Telephone: _____ Facsimile: _____

U.S. Taxpayer Identification Number(s) or Social Security Number(s)*: _____

*(NOTICE: Prospective Investing Members who do not have a social security number (SSN) or an individual tax identification number (ITIN) at the time of the investment must apply for and provide one in a timely manner after the investment. The Fund can be fined by the Internal Revenue Service if all of its Members do not have a SSN or ITIN. Investing Members who fail to provide such number upon the request of the Fund will be liable for any fines incurred. We will refer you to qualified professionals if you need assistance in this regard.)

Please describe any and all present or past litigation or similar proceedings involving securities or financial matters to which you are or were a party (if none, so state) (attach additional pages if necessary):

IF YOU ARE A NON-U.S. PERSON SEEKING AN EB-5 VISA IN CONNECTION WITH YOUR SUBSCRIPTION FOR FUND UNITS, PLEASE PROVIDE THE NAME AND CONTACT INFORMATION OF YOUR IMMIGRATION ATTORNEY, BELOW.* OTHERWISE, PLEASE SKIP AND PROCEED TO ITEM NO. 2. IF YOU NEED TO BE REFERRED TO AN IMMIGRATION ATTORNEY, PLEASE LEAVE BLANK AND CHECK THIS BOX:

Attorney Name(s): _____

Law Firm: _____

Address: _____

City: _____ State / Province: _____ Zip or Postal Code: _____

Telephone: _____ Facsimile: _____

E-mail: _____

*(NOTICE: By providing your attorney's information to us, above, you authorize said attorney to release to us such information as we may reasonably require to determine your suitability as an Investing Member (and board member, if applicable) of the Fund. If your attorney changes, you must provide us with your new attorney's address. You also authorize us to release to said attorney the information you provide us with in this questionnaire, together with all other information in our possession reasonably related to your EB-5 visa petition.)

2. **Subscriber Suitability:** (If applicable to you, please **initial** as appropriate)

INDIVIDUAL INVESTORS:

_____ I am a natural person whose individual net worth (exclusive, of the value of my primary residence), or joint net worth with my spouse, presently exceeds USD \$1,000,000.

_____ I am a natural person who had an individual income in excess of USD \$500,000 in each of the two most recent years or joint income with my spouse in excess of USD \$300,000 in each of those years and I reasonably expect reaching the same income level in the current year.

CORPORATIONS, PARTNERSHIPS, LIMITED LIABILITY COMPANIES, BUSINESS TRUSTS OR OTHER ENTITIES*:

_____ I am a corporation, partnership, limited liability company, or other entity in which all of the equity owners are "accredited investors" (meeting at least one of the suitability requirements for individual investors, above).

_____ I am a corporation, partnership, limited liability company, or a "Massachusetts" or similar business trust with total assets in excess of USD \$5,000,000 and was not formed for the specific purpose of acquiring Units, the executive officer, manager or trustee of which has such knowledge and experience in oil and gas development investing and/or financial and business matters that it is capable of evaluating the merits and risks of investing in the Units.

*(NOTE: If initialing one of the above two options, please state the JURISDICTION AND TYPE OF ENTITY here (for example, "XYZ, Inc., an Isle of Man corporation"):

GRANTOR OR FAMILY TRUSTS (NOTE: Please enclose a copy of the trust agreement):

_____ I am a revocable or family trust the settlor(s) or grantor(s) of which (i) may revoke the trust at any time and regain title to the trust assets; and (ii) meet(s) at least one of the suitability requirements for individual investors, above.

INDIVIDUAL RETIREMENT ACCOUNTS (NOTE: To be initialed by participant, not the IRA custodian):

_____ I am an individual retirement account administered in accordance with the U.S. Tax Code the participant of which meets at least one of the suitability requirements for individual investors, above.

OTHER:

_____ I am a director, executive officer, or manager of the Fund or am a director, executive officer or manager of the Fund's Sponsoring Member.

IF NONE OF THE ABOVE APPLY TO YOU (I.E., YOU ARE NOT "ACCREDITED"), PLEASE PROVIDE THE FOLLOWING INFORMATION (otherwise, please skip to item 3):

Occupation or position of individual filling out questionnaire: _____

Educational background: _____

Number of years of experience in occupation: _____ Number of years investment experience: _____ Age: _____

My current investment portfolio includes (check **any** boxes that apply):

- | | | | | |
|---|---|--|--|--|
| <input type="checkbox"/> Stocks – Large Cap | <input type="checkbox"/> Mutual Funds | <input type="checkbox"/> Options | <input type="checkbox"/> Real Estate | <input type="checkbox"/> REITs |
| <input type="checkbox"/> Stocks – Small Cap | <input type="checkbox"/> Hedge Funds | <input type="checkbox"/> Commodities | <input type="checkbox"/> Mortgages | <input type="checkbox"/> Real Estate LPs |
| <input type="checkbox"/> Stocks – Micro Cap | <input type="checkbox"/> Index Funds | <input type="checkbox"/> Annuities | <input type="checkbox"/> Money Markets | <input type="checkbox"/> Certificates of Deposit |
| <input type="checkbox"/> Bonds – Corporate | <input type="checkbox"/> Private equities | <input type="checkbox"/> U.S. Treasuries | <input type="checkbox"/> Precious Metals | <input type="checkbox"/> Foreign securities |
| <input type="checkbox"/> Bonds – Municipal | <input type="checkbox"/> Oil Drilling | <input type="checkbox"/> Oil Production | <input type="checkbox"/> Other: _____ | |

If applicable to you, please check only one of the following representations:

I have such knowledge and experience in real estate investing and/or financial and business matters that I am capable of evaluating the merits and risks of investing in the Units and DO NOT desire a representative to advise me of such risks. I understand that the Fund's management, in their sole discretion, may nevertheless require me to be represented by a representative, or if required under applicable laws and regulations.

OR

I intend to use the services of the following named person(s): _____ as my representative(s) to evaluate the merits and risks of investing in the Units. I understand that such representative(s) cannot be an affiliate, director, officer, manager, employee or beneficial owner of the Fund or of the Sponsoring Member or their affiliates and that they must have such knowledge and experience in real estate investing and/or financial and business matters so as to be capable of evaluating alone, or together with my other representatives, or together with myself, the merits and risks of investing in the Units. By initialing above, I hereby acknowledge the above-referenced person(s) to be my representative(s) in connection with evaluating the merits and risks of investing in the Units. I realize that my representative(s) must disclose in writing prior to my contribution of capital to the Fund, any material relationship between other Members or the Fund and themselves or their affiliates that then exist, that is mutually understood to be contemplated, or that has existed at any time during the previous two years, and any compensation received or to be received as a result of such relationship. Such representative(s) address and telephone numbers are as follows (attach additional pages if necessary):

Please describe any other business, financial or real estate related experience that you have had that would allow the Fund to reasonably conclude that you are capable of protecting your interests in connection with your prospective investment in the Units. If none, so state: (attach additional sheets if necessary):

3. Subscriber Representation:

In order to further induce the Fund to accept this subscription, I represent and warrant the following to be true: (i) I QUALIFY AS AN "ACCREDITED INVESTOR" UNDER RULE 501(a) OF THE ACT; AND/OR (ii) I HAVE SUFFICIENT KNOWLEDGE AND EXPERIENCE IN BUSINESS AND FINANCIAL MATTERS THAT I AM CAPABLE (EITHER MYSELF OR TOGETHER WITH MY REPRESENTATIVES) TO EVALUATE THE RISKS OF INVESTING IN THE UNITS AND I AM NOT DEPENDENT UPON THE FUNDS I AM INVESTING; AND/OR (iii) I AM NOT A "U.S. PERSON" AND AM PURCHASING THESE UNITS IN AN "OFFSHORE TRANSACTION" AS DEFINED BY RULE 902 PROMULGATED UNDER REGULATION S OF THE ACT. I further represent that I satisfy any other minimum income and/or net worth standards imposed by the jurisdiction in which I reside, if different from any standards set forth by the Fund. I was not solicited by public means (e.g., cold-calling, e-mail, Internet, etc.) to subscribe for Units in the Fund and I have a pre-existing relationship with the Fund's management. If I am acting in a representative capacity for a corporation, partnership, LLC, trust or other entity, or as agent for any person or entity, I hereby represent and warrant that I have full authority to subscribe for Units in such capacity. If I am subscribing for Units in a fiduciary capacity, the representations and warranties herein shall be deemed to have been made on behalf of the person or persons for whom I am subscribing. Under penalties of perjury, I certify that (1) the number provided herein is my correct U.S. Taxpayer Identification Number or Social Security Number; and (2) I am not subject to backup withholding either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding. BY EXECUTING BELOW, I REPRESENT AND WARRANT THAT THE INFORMATION CONTAINED IN THIS QUESTIONNAIRE IS TRUE, ACCURATE AND COMPLETE.

X _____
Authorized Signature

X _____
Second Authorized Signature (if applicable)

Print Name

Print Name

Date

Date

Title (if applicable)

Title (if applicable)

Name of Entity (if applicable)

Name of Entity (if applicable)

SUBSCRIPTION AGREEMENT AND POWER OF ATTORNEY

TO: SOUTHERN STAR ENERGY FUND LLC
25511 Budde Road, Suite 101
The Woodlands, Texas 77380 USA

FROM: _____
Full legal name(s) of Subscriber(s)

Ladies and Gentlemen:

I hereby subscribe for _____ Units (USD \$500,000 per Unit) in SOUTHERN STAR ENERGY FUND LLC, a Delaware limited liability company (the "Fund") as an Investing Member.

I understand from reading the SOUTHERN STAR ENERGY FUND LLC Confidential Private Placement Memorandum dated January _____, 2011, as may be amended and supplemented from time to time (the "Memorandum"), that SOUTHERN STAR ENERGY FUND LLC, a Delaware limited liability company (the "Fund"), is offering up to 10 Units (expandable to 20 to 22 Units in the Sponsoring Member's sole discretion) of Investing Membership Interest (the "Units") in the Fund at a price of USD \$500,000 per Unit.

I understand the Fund is offering Units to non-U.S. Persons and/or others who also qualify as "accredited investors" in accordance with Sections 4(2), 4(6), Regulation D Rule 506, and/or Regulation S Rule 903 of the Securities Act of 1933, as amended (the "Act") and applicable state law or the applicable law of other non-U.S. jurisdictions. I also understand that the Fund is a private investment company claiming exemption from registration pursuant to Sections 3(c)(1) and/or 3(c)(7) of the Investment Company Act of 1940, as amended, and applicable state law or the applicable law of other non-U.S. jurisdictions.

To induce your acceptance of my subscription for Units, I hereby make the following representations:

I am an "accredited investor" as defined by Rule 501(a) of the Securities Act of 1933, as amended, and/or I have sufficient knowledge and experience in business and financial matters (or am represented by such persons) that I am capable of evaluating the merits and risks of investing in the Units as evidenced by my representations on my Suitability Questionnaire which is incorporated herein by reference. I have received the Memorandum and have had ample time and opportunity to review any documents and information incorporated by reference therein as well as the opportunity to ask questions of, and receive answers from, the Fund, its authorized representatives, and the Sponsoring Member. I acknowledge that Southern Star Regional Investment Center LLC, a Texas limited liability company, is the Sponsoring Member of the Fund.

Initials of
Subscriber

I am aware of the high degree of risk of investing in the Fund both generally and as more particularly described in the "Risk Factors" portion of the Memorandum. I understand that I may lose my entire investment. I understand that I will not have the opportunity to independently evaluate the property selected by the Fund for acquisition and development of its intended oil and gas / assisted living facility.

I am financially capable of bearing the possible loss of my entire investment and do not have a foreseeable need for the funds I am using. I (or my representatives) have such knowledge and experience in oil and gas development investing and/or financial and business matters to evaluating the merits and risks of this investment. I understand that the Units have not been registered under the Securities Act of 1933, as amended, or any applicable securities laws of applicable jurisdictions, and that no market exists for the Units. I understand that, if my subscription for Units is accepted by the Fund and the Units are sold to me, I cannot sell or otherwise dispose of the Units unless they are registered or exempt under the Securities Act of 1933 and applicable securities laws of applicable jurisdictions. Consequently, I understand that I must bear the economic risk of the investment for an indefinite period of time. I understand that the Fund has no obligation to register the Units and there is no assurance that the Units will be registered. I understand that the Fund will restrict the transfer of Units in accordance with the foregoing representations. I understand that these securities are being bought through a non-public, private placement offering. I am the only party in interest with respect to this Subscription Agreement and am acquiring the Units for investment for my own account for long-term investment only, and not with the intent to resell, fractionalize, divide or redistribute all or any part of the Units to any other person. If an individual, I am at least 21 years of age.

If I am a Non-U.S. Person Seeking Permanent Residency in the United States pursuant to an EB-5 visa, I agree as follows:

- *I certify that I am not a U.S. person and I am not acquiring the securities for the account or benefit of any U.S. person or I am a U.S. person who is purchasing the Units in a transaction that does not require registration under the Act. I further agree to resell such securities only in accordance with the provisions of Regulation S of the Act (Rule 901 through Rule 905, and Preliminary Notes), pursuant to registration under the Act, or pursuant to an available exemption from registration; and further agree not to engage in hedging transactions with regard to such Units unless in compliance with the Act. I understand that transfer of the Units will be restricted by the Fund and that if any certificates are issued for the Units that they will bear a restrictive legend.*

- *I shall hire my own independent counsel for immigration processing and other legal matters and I assume full responsibility for all professional fees and costs incurred, including, by way of illustration only, requests from USCIS for further evidence or appeals. I shall be responsible for payment of all legal fees and costs associated with my EB-5 visa application. I understand the Sponsoring Member reserves the right to approve my choice of counsel to insure that such counsel has significant experience processing EB-5 petitions.*
- *I hereby authorize my immigration attorney to provide copies of my I-526 and I-829 petitions and supporting documents to the Sponsoring Member upon its request.*
- *I understand that, while there can be no assurance or guarantee that I will be successful in obtaining a Green Card through this process, the Sponsoring Member shall use its best efforts to assist my counsel with the filing of my I-526 and I-829 petitions and verifying required expenditures and/or direct and/or indirect employment until the removal of my conditional Permanent Residency. Aside from the one-time non-refundable one-time Application Fee, I understand the Sponsoring Member shall not charge additional fees to assist me with my U.S. Permanent Residency application.*
- *I understand that if my I-526 petition, including adjustment of status or consular interview processing, is denied for whatever reason, my full escrowed Capital Contribution of \$500,000 per Unit will be returned to me by the Fund's escrow agent in cash within ninety (90) days of receipt of my written request. I understand that regardless of whether my petition for Permanent Residency is granted or denied, the full Application Fee of USD \$25,000 (payable to the Sponsoring Member, not the Fund) will be retained by the Sponsoring Member. The returned Capital Contribution is separate from any previously paid or currently due Fund distribution of revenue.*
- *I understand the Sponsoring Member will not sell the Fund's property or oil and gas assets and operations until the removal of my conditional Permanent Residency status. Provided, however, the Fund will not delay a possible sale of such assets to accommodate Investing Members who file their I-526 visa petitions more than one year from the date of my investment in the Fund.*
- *In addition to acknowledging all other transfer restrictions, including applicable holding periods under United States securities laws, I understand that I may not transfer my Units in the Fund unless and until I withdraw my EB-5 Immigrant Investor Petition (Form I-526 or Form I-829), or, as applicable, file with USCIS a Form I-407 Abandonment of Lawful Resident Status and sign a mutual release of claims agreement with the Sponsoring Member.*
- *I understand that in order to comply with applicable regulations, the Sponsoring Member may need to obtain an OFAC (Office of Foreign Asset Control) license to engage in transactions and activities with me for the purpose of facilitating my investment in the Fund. In such event, I will provide the necessary special OFAC questionnaire as requested by the Sponsoring Member together with a special OFAC USD \$2,000 processing fee (not included in and in addition to the Application Fee) payable in advance to the Sponsoring Member. Any and all fees or matters related to OFAC are my sole responsibility.*

Initials of
Subscriber

All the information I have provided to the Fund, either in questionnaires or otherwise, is truthful and complete to the best of my knowledge and should any of the information materially change I will immediately provide the Fund with updated information.

I understand that the Fund may reject my subscription for any or no reason. This agreement shall become binding upon the Fund only when accepted, in writing, by the Fund.

If my subscription is rejected, the funds I have submitted will be returned to me without interest or deduction except for the USD (b) (4) (payable to the Sponsoring Member, not the Fund) one-time Application Fee which is non-refundable.

I understand that I have no right to control or govern the affairs of the Fund other than the right to consent on certain limited matters as set forth in the Limited Liability Company Agreement. I understand that the Fund has entered into a sharing arrangement with the Sponsoring Member on terms set forth in the Memorandum as well as the Limited Liability Company Agreement. If the Fund accepts my subscription for Units, I agree to be bound by the same.

I hereby consent to exclusively receive information or other communications from the Sponsoring Member at my e-mail address as set forth in my Suitability Questionnaire and to promptly notify the Sponsoring Member if it changes.

I do hereby irrevocably constitute and appoint the Sponsoring Member and its duly appointed officers or managers with power of substitution, as my true and lawful attorney-in-fact, in its name, place and stead, to execute, acknowledge, swear to, and deliver as may be appropriate, on my behalf and file and record in the appropriate public offices and publish, as may be appropriate any and all necessary documents and to carry on any and all business on my behalf in accordance with the stated objectives of the Fund as set forth in the Memorandum. I further acknowledge that this Power of Attorney shall be irrevocable and deemed to be a power coupled with an interest and shall survive my incapacity or death. I agree to be bound by any representation made by the Sponsoring Member and by any successors thereto, acting in good faith pursuant to this Power of Attorney and in accordance with the Fund's objectives, and do hereby waive any and all defenses which may be available to contest, negate or disaffirm the action of the Sponsoring Member and any successors thereto, taken in good faith under this Power of Attorney.

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

SOUTHERN STAR ENERGY FUND LLC

In the event the Fund makes a distribution, please deliver to me as follows:

MAIL A CHECK to the following U.S. address:
(if left blank, check will go to Questionnaire address)

By signing below, I shall be deemed to have executed this Subscription Agreement and Power of Attorney, the Limited Liability Company Agreement as set forth in the Memorandum, which is incorporated by reference as if fully set forth herein, and to have subscribed to and affirmed the veracity of the foregoing statements.

X _____
Authorized Signature

X _____
Second Authorized Signature (if applicable)

Print Name

Print Name

Date

Date

Title (if applicable)

Title (if applicable)

Name of Entity (if applicable)

Name of Entity (if applicable)

SUBSCRIPTION ACCEPTANCE:

SOUTHERN STAR ENERGY FUND LLC
a Delaware limited liability company

By: Southern Star Regional Investment Center LLC
its Sponsoring Member

By: X _____

Name: _____

Title: _____

Date: _____

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OPERATING AGREEMENT
OF
SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC
(a Texas limited liability company)

This Operating Agreement (this "Agreement"), to be effective as of August 6, 2010 (the "Effective Date"), is by and among SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC, a Texas limited liability company (the "Company"); Richard M. Muckleroy, Michael V. Jarman, Ronnie R. Kramer, and Southern Star Resources LLC, a Texas limited liability company ("SSR") (collectively, the initial or founding Members); and such persons whose names may be subsequently added from time to time to Schedule A, attached hereto, as admitted Members and/or subsequently appointed by the Members as Managers. The founding Members (and/or their assigns) and the admitted Members, regardless of Class, are collectively referred to herein as the "Members".

RECITALS

A. The Company is hereby formed pursuant to the provisions of the Texas Limited Liability Company Act, as amended (the "Act").

B. The Members wish to set out fully their respective rights, obligations and duties, including that of appointed Managers, regarding the Company and its affairs, assets, liabilities and the conduct of its business.

C. This Agreement supersedes all prior agreements, if any, between the parties hereto concerning the Company.

NOW, THEREFORE, in consideration of the mutual covenants expressed herein, the parties hereby agree as follows:

ARTICLE I
ORGANIZATION AND POWERS

Section 1.1 Organization. The Company shall be formed by the filing of its Certificate of Formation with the Secretary of State of the State of Texas pursuant to the Act. The Certificate of Formation may be restated by the Managers as provided in the Act or amended by the Managers with respect to the address of the registered office of the Company in Texas and the name and address of its registered agent in Texas or to make corrections authorized or required by the Act. The Certificate of Formation, as amended from time to time, is referred to herein as the "Certificate." In the event of a conflict between this Agreement and the Certificate, this Agreement shall control.

Section 1.2 Purposes. The principal business activity and purposes of the Company shall be (i) to facilitate investment into the United States in order to create American jobs in the petroleum industry and domestic energy sector; (ii) to operate as a designated "Regional Investment Center" pursuant to rules promulgated by the United States Citizenship and Immigration Services agency of the U.S. Department of Homeland Security ("USCIS"); (iii) to acquire, own, hold for investment, explore, develop, drill, market, maintain, operate, improve, sell, lease, farm out or plug and abandon oil and gas wells; (iv) to acquire, own, hold for investment or sell real and intellectual property interests including, but not limited to, securities and security interests related thereto; (v) to own or hold oil, gas, or other mineral royalties or leases, or fractional interests therein, or certificates of interest or participation in or investment contracts relative to such royalties, leases, or fractional interests; (vi) to engage in any and all general and incidental activities related to the foregoing and necessary for the operation of such activities for profits or losses; and (vii) to enter into any lawful transactions and engage in any lawful activities in furtherance of or incidental to the foregoing purposes. However, the business and purposes of the Company shall not be limited to

its initial principal business activity and, unless the Managers otherwise determine, it shall have authority to engage in any other lawful business, purpose or activity permitted by the Act, and it shall possess and may exercise all of the powers and privileges granted by the Act or which may be exercised by any person, together with any powers incidental thereto, so far as such powers or privileges are necessary or convenient to the conduct, promotion or attainment of the business purposes or activities of the Company.

Section 1.3 Principal Place of Business. The initial principal office and place of business of the Company shall be 25511 Budde Road, Suite 101, The Woodlands, Texas 77380 USA. The agent for service of process shall be as set forth in the Certificate. The Managers may change the principal office, place of business, and agent of process of the Company at any time and may cause the Company to establish other offices or places of business.

Section 1.4 Fiscal Year. Unless otherwise required under the Internal Revenue Code of 1986, as amended (the "Code"), the fiscal year of the Company shall end on December 31 in each year or such other date as the Managers may determine from time to time (the "Fiscal Year").

Section 1.5 Qualification in Other Jurisdictions. The Managers shall cause the Company to be qualified or registered under applicable laws of any jurisdiction in which the Company transacts business and shall be authorized to execute, deliver and file any certificates and documents necessary to effect such qualification or registration, including without limitation, the appointment of agents for service of process in such jurisdictions.

ARTICLE II MEMBERS

Section 2.1 Members. The Members of the Company and their addresses are listed on Schedule A, as such schedule shall be amended from time to time by the Managers to reflect the withdrawal of Members, the admission of additional Members, transfers of Units or the issuance of additional Units pursuant to this Agreement. Regardless of class, the Members shall constitute a single group of members of the Company for all purposes of the Act.

Section 2.2 Admission of New Members. Subject to Article IV, additional persons may be admitted to the Company as Members upon such terms as may be established by the Managers. New Members shall be admitted at the time when all conditions to their admission have been satisfied, as determined by the Managers, and their identity, Units and Contributions under Article IX have been established by amendment of Schedule A.

Section 2.3 Meetings of Members.

(a) Notice of Meetings. A written notice stating the place, date, and hour of all meetings of Members shall be given by the Secretary (or other person authorized by this Agreement or by law) not less than ten (10) nor more than fifty (50) days before the meeting to each Member entitled to vote thereat and to each Member who, under this Agreement is entitled to such notice, by delivering such notice to him or by mailing it, postage prepaid, and addressed to such Member at his or her address as it appears in the records of the Company. Notice need not be given to a Member if action is taken under Section 2.3(e), if a written waiver of notice is executed before or after the meeting by such Member, if communication with such Member is unlawful, or if such Member attends the meeting in question, unless such attendance was for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

(b) Quorum. The Members holding a majority of the Voting Units (as defined in Section 2.3(c)) at a meeting shall constitute a quorum.

(c) Voting and Proxies. For all purposes of this Agreement and under the Act, only Members holding Units designated as Voting Units (the "Voting Units") shall have the right to vote at a meeting or execute a written consent. Each Member holding Voting Units shall be entitled to a number of votes equal to the sum of his or its Voting Units. Members may vote either in person or by written proxy, but no proxy shall be voted or acted upon after one year from its date, unless the proxy provides for a longer period. Proxies shall be filed with the Secretary at

the meeting, or at any adjournment thereof. A proxy purporting to be executed by or on behalf of a Member shall be deemed valid unless challenged at or prior to its exercise and the burden of proving invalidity shall rest on the challenger.

(d) *Action at Meeting.* When a quorum is present, any matter before the meeting shall be decided by vote of the Members having a majority of the Voting Units represented at the meeting except where a larger or different vote is required by law or by this Agreement.

(e) *Action without a Meeting.* Notwithstanding anything contained in this Agreement to the contrary, any action required or permitted by law to be taken at any meeting of Members may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be taken by Members having a majority of the Voting Units or such larger or different percentage of Voting Units if required by law or by this Agreement. Prompt notice of the taking of the action without a meeting by less than unanimous written consent shall be given to those holders of Voting Units who have not consented in writing.

Section 2.4 Limitation of Liability of Members; Indemnity. Except as otherwise provided in the Act, no Member of the Company shall be obligated personally for any debt, obligation or liability of the Company or of any other Member, whether arising in contract, tort or otherwise, solely by reason of being a Member of the Company. Except as otherwise provided in the Act, by law or expressly in this Agreement, no Member shall have any fiduciary or other duty to another Member with respect to the business and affairs of the Company, and no Member shall be liable to the Company or any other Member for acting in good faith reliance upon the provisions of this Agreement. No Member shall have any responsibility to restore any negative balance in its Capital Account or to contribute to or in respect of the liabilities or obligations of the Company or to return distributions made by the Company except as required by the Act or other applicable law. The Company shall indemnify and hold harmless each of the Members acting on behalf of the Company pursuant to the terms of this Agreement from and against any claim by any third party seeking monetary damages against such Member arising out of such Member's performance of its duties in good faith consistent with the terms of this Agreement. Such indemnity shall continue unless and until a court of competent jurisdiction adjudicates that such conduct constituted gross negligence, willful misconduct or fraud of the Member. Notwithstanding the foregoing, no Member is authorized to act on behalf of the Company except in accordance with an express resolution of the Managers.

Section 2.5 Authority. Unless specifically authorized by the Managers, no Member that is not a Manager or officer of the Company shall be an agent of the Company or have any right, power or authority to act for or to bind the Company or to undertake or assume any obligation or responsibility of the Company or of any other Member.

Section 2.6 No Right to Withdraw. Except in connection with a transfer of all of a Member's Units in accordance with all applicable terms of this Agreement, no Member shall have any right to resign or withdraw from the Company without the consent of the other Members or to receive any distribution or the repayment of his Contribution except as provided in Articles XI and XIII upon dissolution and liquidation of the Company.

Section 2.7 Rights to Information. Members shall have the right to receive from the Company upon request a copy of the Certificate and of this Agreement, as amended from time to time, and such other information regarding the Company as is required by the Act, subject to reasonable conditions and standards established by the Managers, as permitted by the Act, which may include, without limitation, withholding or restrictions on the use of confidential information.

Section 2.8 No Appraisal Rights. No Member shall have any right to have his Units appraised paid for by the Company under any circumstances.

Section 2.9 Reports. Within 90 days after the end of each Fiscal Year, the Company shall (i) deliver to the Members unaudited financial statements of the Company, including a statement of each member's closing Capital Account balance, as of the end of such Fiscal Year; and (ii) furnish to all Members such information as may be needed to permit Members to file their federal income tax returns and any required state income tax returns. The cost of all reports delivered pursuant to this Section 2.9 shall be an expense of the Company. All reports provided to

Members by the Company shall be kept confidential by the Members and shall not be divulged, in whole or in part, to any third party other than the legal and accounting advisors of the Members, except as required by applicable law.

**ARTICLE III
CAPITAL STRUCTURE**

(b) (4)



(b) (4)

(c) *Power of Attorney.* Subject to Article IV, each person which now or hereafter is a Member of the Company, or serves as a Manager of the Company, by execution of this Agreement, an amendment hereto or an instrument acknowledging that such person is bound hereby, irrevocably constitutes and appoints the Board and any person designated by the Board to act on his behalf for the purposes of this Section 13.4, and each of them acting singly, such person's true and lawful agent and attorney-in-fact with full power and authority in such person's name, place, and stead to execute, acknowledge, deliver, swear to, file, and record at the appropriate public offices any and all agreements, instruments, and other documents (including, without limitation, the organizational documents of the corporation or corporations into which the Company may be converted as contemplated by this Section 13.4, the agreements among the shareholders of such corporation or corporations and/or such corporation or corporations referred to in this Section 13.4, and instruments of assignment and transfer assigning the assets of the Company or the Members' respective Units in the Company, as the case may be, to such corporation or corporations in order to effectuate such conversion as contemplated by Section 13.4) as are necessary or appropriate, in the reasonable opinion of the Board or such person designated by them, to implement and effectuate the provisions of this Section 13.4, which the power of attorney is hereby agreed and acknowledged to be irrevocable and coupled with an interest, in recognition of the fact that the Member will be relying upon the power of the Board or such person designated by them to act as contemplated by this Section 13.4 in connection with the conversion of the Company into a corporation or corporations and the other matters contemplated by this Section 13.4, and shall survive any death, retirement, resignation, withdrawal, expulsion, removal, bankruptcy, dissolution, or adjudication of incompetence or insanity of any Member or Manager until such time as the provisions of this Section 13.4 have been implemented and effectuated to the reasonable satisfaction of the Manager or its relevant designee.

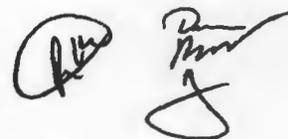
ARTICLE XIV GENERAL PROVISIONS

Section 14.1 Notices. Except as expressly set forth to the contrary in this Agreement, all notices, requests, or consents required or permitted to be given under this Agreement must be in writing and shall be deemed to have been given (i) three (3) days after the date mailed by registered or certified mail, addressed to the recipient, with return receipt requested, (ii) upon delivery to the recipient in person or by courier, or (iii) upon receipt of a facsimile or email transmission by the recipient. Such notices, requests, and consents shall be given (a) to Members at their address on Schedule A, or such other address or numbers as a Member may specify by notice to the Company, or (b) to the Company or the Managers at the address of the principal office of the Company specified in Section 1.3, or at such other location as the Company shall have specified in writing to the Members as its principal office. Whenever any notice is required to be given by law, the Certificate, or this Agreement, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Section 14.2 Entire Agreement. This Agreement constitutes the entire agreement of the Members and the Managers relating to the Company and supersedes all prior contracts or agreements with respect to the Company, whether oral or written.

Section 14.3 Governing Law; Consent to Jurisdiction. This Agreement is governed by and shall be construed in accordance with the law of the State of Texas, exclusive of its conflict-of-laws principles. The parties to this Agreement hereby consent to the exclusive jurisdiction of the courts of Texas in connection with any matter or dispute arising under this Agreement or between them regarding the affairs of the Company.

Section 14.4 Amendment or Modification. This Agreement may be amended or modified from time to time only by a written instrument signed by Members having a majority of the Voting Units and by the Board (or a Majority of Managers when applicable); except (a) that an amendment or modification increasing any liability of a Member to the Company or its Manager or Members, or adversely affecting the limitation of the liability of a Member with respect to the Company, shall be effective only with that Member's consent, or (b) as otherwise set forth in this Agreement, including without limitation as provided under Article II, Section 3.1, Article IV, and Article XIII.



Section 14.5 Binding Effect. Subject to the restrictions on Transfers set forth in this Agreement, this Agreement is binding on and inures to the benefit of the parties and their respective heirs, legal representatives, successors and assigns.

Section 14.6 Severability. In the event of a conflict between the provisions of this Agreement and any provision of the Certificate or the Act, the applicable provision of this Agreement shall control, to the extent permitted by law. If any provision of this Agreement or the application thereof to any person or circumstance is held invalid or unenforceable to any extent, the remainder of this Agreement and the application of that provision shall be enforced to the fullest extent permitted by law.

Section 14.7 Further Assurances. In connection with this Agreement and the transactions contemplated hereby, each Member shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and those transactions, as requested by the Managers.

Section 14.8 Waiver of Certain Rights. Each Member irrevocably waives any right it may have to maintain any action for dissolution of the Company, for an accounting, for appointment of a liquidator, or for partition of the property of the Company. The failure of any Member to insist upon strict performance of a covenant hereunder or of any obligation hereunder, irrespective of the length of time for which such failure continues, shall not be a waiver of such Member's right to demand strict compliance herewith in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation hereunder, shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation hereunder.

Section 14.9 Notice to Members of Provisions of this Agreement. By executing this Agreement (or any subscription or other agreement which incorporates this Agreement by reference), each Member acknowledges that such Member has actual notice of (a) all of the provisions of this Agreement and (b) all of the provisions of the Certificate. Each Member hereby agrees that this Agreement constitutes adequate notice of all such provisions, and each Member hereby waives any requirement that any further notice thereunder be given.

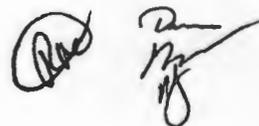
Section 14.10 Third Party Beneficiaries. The provisions of this Agreement are not intended to be for the benefit of any creditor or other person to whom any debts or obligations are owed by, or who may have any claim against, the Company or any of its Members, officers or Managers, except for Members, officers or Managers in their capacities as such. Notwithstanding any contrary provision of this Agreement, no such creditor or person shall obtain any rights under this Agreement or shall, by reason of this Agreement, be permitted to make any claim against the Company or any Member, officer, or Manager.

Section 14.11 Interpretation. For the purposes of this Agreement, terms not defined in this Agreement shall be defined as provided in the Act; and all nouns, pronouns and verbs used in this Agreement shall be construed as masculine, feminine, neuter, singular, or plural, whichever shall be applicable. Titles or captions of Articles and Sections contained in this Agreement are inserted as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

Section 14.12 Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all parties had signed the same document, and all counterparts shall be construed together and shall constitute the same instrument.

Section 14.13 Confidentiality. Each Manager and Member agrees that it will hold in strict confidence, and will not use, any confidential or proprietary data or information obtained from the Company with respect to the Company's business or financial condition or otherwise. Information generally known in the industry or which has been disclosed by third parties which have a right to do so shall not be deemed confidential or proprietary information for purposes of this Section 14.13.

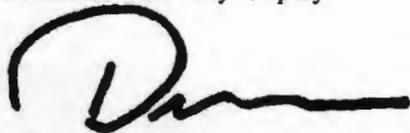
[signature page to follow]



IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date first set forth above.

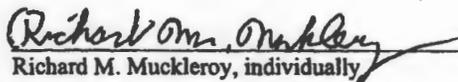
COMPANY:

SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC
a Texas limited liability company



By: _____ Date: August 6, 2010
Darin H. Mangum, Esq.
President

INITIAL / FOUNDING MEMBERS:



_____ Date: August 6, 2010
Richard M. Muckleroy, individually



_____ Date: August 6, 2010
Ronnie R. Kramer, individually

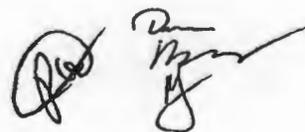


_____ Date: August 6, 2010
Michael V. Jarman, individually

SOUTHERN STAR RESOURCES LLC
a Texas limited liability company



By: _____ Date: August 6, 2010
Darin H. Mangum, Esq.
General Manager & Counsel



From: Origin ID: MMRA (512) 732-0555
Leah Wolf
Azamehr & Associates, P.C
2720 Bee Caves Road
Austin, TX 78746



Ship Date: 15NOV10
ActWgt: 3.0 LB
CAD: 3384660/NET3090

Delivery Address Bar Code



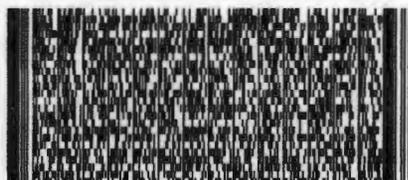
Ref # SSR Application
Invoice #
PO #
Dept #

SHIP TO: (512) 732-0555 **BILL SENDER**
Attn: EB5 Processing Unit
USCIS - California Service Center
24000 AVILA RD FL 2
2ND FLOOR
LAGUNA NIGUEL, CA 92677

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November 15, 2010

CONFIDENTIAL / FOIA PROTECTION REQUESTED PER EXEMPTION 9

VIA OVERNIGHT PRIVATE COURIER DELIVERY

U.S. Citizenship and Immigration Services
California Service Center
Attn: EB-5 Processing Unit
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

**Re: Application for Regional Center designation for
Southern Star Regional Investment Center LLC (the "Applicant")**

Ladies and Gentlemen:

Pursuant to Section 610 of Public Law 102-395 (October 6, 1992), as amended, the above-referenced Applicant hereby submits the enclosed proposal (contained in the enclosed two (2) duplicate 3-ring binders) seeking approval and designation by U.S. Citizenship and Immigration Services (USCIS) as a Regional Center within the Immigrant Investor Pilot Program.

If you have any questions, please do not hesitate to contact me.

Sincerely yours,



Mehron P. Azarmehr

Enclosure
MPA/cg

cc: Southern Star Regional Investment Center LLC
Darin H. Mangum, Esq.
Ketan U. Kharod, Esq.



SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC
Brownstone-Anderson Building, 25511 Budde Road, Suite 101, The Woodlands, Texas 77380 USA
E-mail: EB5@southernstaroil.com Web: www.southernstaroil.com/EB5 Telephone: (281) 940-7105

Website

REGIONAL CENTER APPLICATION

SUBMITTED TO:

UNITED STATES CITIZENSHIP AND IMMIGRATION SERVICES

November 15, 2010

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TAB M:	Applicant Operating Agreement



SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC
Brownstone-Anderson Building, 25511 Budde Road, Suite 101, The Woodlands, Texas 77380 USA
E-mail: EB5@southernstaroil.com Web: www.southernstaroil.com/EB5 Telephone: (281) 940-7105

BUSINESS PLAN

Overview

As our world economy becomes more intertwined than ever before, the United States' dependence upon foreign oil imports has reached critical levels. Long-term trend for energy prices remains high. Factors believed to play a role in this situation include:

- Volatile US dollar;
- Long-term global demand for oil and gas;
- Emerging economies of China and India as well as many other developing nations;
- Fewer major oil and gas discoveries;
- Changing weather patterns;
- International conflicts;
- International producing cartels (OPEC) and dictatorial regimes; and
- Political and/or legal uncertainty regarding offshore oil drilling in the Gulf of Mexico.

Oil and gas producing properties in the United States are unique among the world's hydrocarbon resources. While most nations have nationalized their oil and gas industries, the United States is the rare example where an individual investor may own producing oil and gas properties and/or fractional interests therein.

Southern Star Regional Investment Center LLC ("we", "our", "us", or the "Applicant") believes a window of opportunity has opened to develop America's remaining energy reserves. Twenty years ago, there was plenty of funding available for domestic energy projects and high quality projects were hard to find. Independent oil companies and the major oil companies were competing for leases. Today, however, the tables have turned. The major energy companies are currently spending most of their money offshore and overseas. They are selling their domestic production to the smaller independent oil companies and, with the exception of very large acreage blocks, they are allowing most of their domestic leases to expire. Usually, independent energy companies pick up acreage when the majors move out of an area, but those conditions no longer exist. Many small energy companies have either closed their doors or do not have sufficient cash to purchase the thousands of oil and gas productive leases and still operate the wells on their properties.

Due to the market conditions described above, we believe we can presently find relatively lower-risk, in-field developmental projects in the U.S. petroleum industry that were only dreamed of decades ago. With the major oil companies focusing on projects elsewhere, provided sufficient capital we are able to acquire, develop and operate prime oil and gas leases in the heart of America's energy producing areas.

Purpose / Focus and Form of Investment Activity

We are a Texas limited liability company whose intended principal business investment activity and purposes are, among other things:

- (i) to facilitate investment into the U.S. domestic on-shore petroleum industry to foster energy independence, job creation and economic stimulus;
- (ii) to operate as a designated "Regional Center" pursuant to rules promulgated by USCIS;
- (iii) to acquire, own, hold for investment, develop, drill, market, maintain, operate, improve, sell, lease, and/or otherwise administer U.S. domestic on-shore oil and gas leases and related assets with proved undeveloped and/or potential crude oil and/or natural gas reserves or production (including all forms of sub-surface commercial hydrocarbons existing a natural liquid or gaseous state) within the Geographic Area (defined below).

In addition to the above, we seek to help foreign nationals realize capital appreciation and income streams from investments in the U.S. petroleum industry while obtaining lawful permanent U.S. residency through the Immigrant Investor Pilot Program. We expect such investments will typically be in oil and gas leases, in-field development drilling opportunities, royalty interests, mineral rights, completion activities and other energy investments identified, sponsored and structured by us.

(b) (4)

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We intend to set the minimum capital investment threshold for any individual immigrant investment at USD \$500,000 if the investment target for the LP is located within a Targeted Employment Area (TEA) and/or Rural Area (RA) or \$1,000,000 if it is located outside of a TEA or RA or within a designated Metropolitan Statistical Area ("MSA"). No debt arrangements will be acceptable. A full capital investment must be made and placed at risk.

The LP offerings will be exempted from registration under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to Section 4(2), 4(6) and/or Rule 506 of Regulation D of the Securities Act and/or Regulation S promulgated thereunder. The LP's will be organized so as not to be deemed an "investment company" as that term is defined under the Investment

Company Act of 1940 (the "1940 Act"). Specifically, the LP will be structured so as to be excluded from the definition of "investment company" pursuant to Section 3(c)(9) exemption of the 1940 Act which exempts companies whose *"business consists of owning or holding oil, gas, or other mineral royalties or leases, or fractional interests therein, or certificates of interest or participation in or investment contracts relative to such royalties, leases, or fractional interests."*

(b) (4)



Geographic Area

The proposed contiguous Geographic Area (See *TAB C*) of we includes certain counties within the States of Texas and Oklahoma where there are known existing oil and gas fields.

The unique contour of the Geographic Area is based upon maps of current and historical oil and gas fields published by the Texas Railroad Commission Oil and Gas Division (See *TAB F*) and the Oklahoma Geological Survey (See *TAB G*).

(b) (4)



Counties included within the Geographical Area are:

TEXAS*

Sherman (10)
Moore (10)
Potter (10)
Hansford (10)
Hutchinson (10)
Carson (10)
Ochiltree (10)
Roberts (10)
Gray (10)
Lipscomb (10)
Hemphill (10)
Wheeler (10)
Collingsworth (10)
Cottle (8A)
King (8A)
Dickens (8A)
Crosby (8A)
Lubbock (8A)
Hockley (8A)
Cochran (8A)
Yoakum (8A)
Terry (8A)

OKLAHOMA†

Kay (I)
Noble (I)
Payne (I)
Lincoln (I)
Okfuskee (I)
Creek (I)
Pawnee (I)
Osage (I)
Washington (I)
Tulsa (I)
Okmulgee (I)
Muskogee (I)
Waggoner (I)
Rogers (I)
Nowata (I)
Craig (I)
Mayes (I)
Texas (II)
Beaver (II)
Harper (II)
Woods (II)
Alfalfa (II)

* Corresponding Texas Railroad Commission Oil and Gas Division District No. in parentheses.

† Corresponding Oklahoma Corporation Commission Oil and Gas Division District No. in parentheses.

Lynn (8A)
Garza (8A)
Kent (8A)
Scurry (8A)
Borden (8A)
Dawson (8A)
Gaines (8A)
Andrews (8)
Martin (8)
Howard (8)
Mitchell (8)
Sterling (8)
Glasscock (8)
Midland (8)
Ector (8)
Wrinkler (8)
Loving (8)
Reeves (8)
Ward (8)
Crane (8)
Pecos (8)
Terrell (7C)
Crockett (7C)
Upton (7C)
Reagan (7C)
Irion (7C)
Tom Green (7C)
Coke (7C)
Runnels (7C)
Concho (7C)
McCulloch (7C)
Menard (7C)
Schleicher (7C)
Sutton (7C)
Kimble (7C)
Edwards (1)
Stonewall (7B)
Haskell (7B)
Throckmorton (7B)
Fisher (7B)
Jones (7B)
Shackelford (7B)
Stephens (7B)
Palo Pinto (7B)
Parker (7B)
Nolan (7B)

Grant (II)
Garfield (II)
Major (II)
Woodward (II)
Ellis (II)
Roger Mills (II)
Dewey (II)
Custer (II)
Blaine (II)
Kingfisher (II)
Canadian (II)
Logan (II)
Oklahoma (II)
Beckham (III)
Washita (III)
Caddo (III)
Grady (III)
McClain (III)
Cleveland (III)
Garvin (III)
Stephens (III)
Carter (III)
Murray (III)
Jefferson (III)
Love (III)
Pottawatomie (IV)
Seminole (IV)
Pontotoc (IV)
Johnston (IV)
Marshall (IV)
Hughes (IV)
McIntosh (IV)
Pittsburg (IV)
Haskell (IV)
Latimer (IV)
Le Flore (IV)

Taylor (7B)
Callahan (7B)
Eastland (7B)
Erath (7B)
Hood (7B)
Somervell (7B)
Comanche (7B)
Brown (7B)
Coleman (7B)
Hardeman (9)
Foard (9)
Knox (9)
Wilbarger (9)
Baylor (9)
Wichita (9)
Archer (9)
Young (9)
Clay (9)
Jack (9)
Montague (9)
Wise (9)
Cooke (9)
Denton (9)
Grayson (9)
Tarrant (5)
Johnson (5)
Hill (5)
McLennan (5)
Falls (5)
Robertson (5)
Leon (5)
Limestone (5)
Freestone (5)
Navarro (5)
Van Zandt (5)
Marion (6)
Harrison (6)
Gregg (6)
Upshur (6)
Wood (6)
Smith (6)
Rusk (6)
Panola (6)
Shelby (6)
Nacogdoches (6)
Cherokee (6)

Anderson (6)
Houston (6)
Angelina (6)
San Augustine (6)
Sabine (6)
Milam (1)
Bastrop (1)
Caldwell (1)
Guadalupe (1)
Bexar (1)
Medina (1)
Frio (1)
Zavala (1)
Maverick (1)
Dimmit (1)
La Salle (1)
McMullen (1)
Atascosa (1)
Wilson (1)
Gonzales (1)
Lee (3)
Burlison (3)
Brazos (3)
Madison (3)
Grimes (3)
Walker (3)
Trinity (3)
San Jacinto (3)
Polk (3)
Tyler (3)
Jasper (3)
Newton (3)
Orange (3)
Jefferson (3)
Hardin (3)
Liberty (3)
Chambers (3)
Galveston (3)
Harris (3)
Montgomery (3)
Waller (3)
Washington (3)
Fayette (3)
Colorado (3)
Wharton (3)
Fort Bend (3)

Brazoria (3)
Matagorda (3)
Lavaca (2)
Dewitt (2)
Kames (2)
Live Oak (2)
Bee (2)
Goliad (2)
Victoria (2)
Jackson (2)
Calhoun (2)
Refugio (2)
Aransas (4)
San Patricio (4)
Nueces (4)
Kleberg (4)
Jim Wells (4)
Duval (4)
Webb (4)
Zapata (4)
Jim Hogg (4)
Brooks (4)
Kenedy (4)
Starr (4)
Hidalgo (4)
Willacy (4)
Cameron (4)

Also, as shown on the maps located in *TABS D and E*, portions or all of the following Metropolitan Statistical Areas (MSA) may be included within our Geographical Area.

However, as a Regional Center our policy will be for minimum investments by immigrant investors into the LP's to be set at \$1,000,000 if an LP project falls within a designated MSA (\$500,000 if outside a MSA) within the above-described Geographic Area:

TEXAS MSAs¹

Amarillo MSA
(Potter, Carson, Randall, and
Armstrong Counties)

Wichita Falls MSA
(Wichita, Archer and Clay Counties)

Sherman-Denison MSA
(Grayson County)

Texarkana MSA
(Bowie County)

Longview MSA
(Upshur, Gregg, and Rusk Counties)

Tyler MSA
(Smith County)

Dallas-Fort Worth-Arlington MSA
(Wise, Denton, Collin, Hunt, Delta,
Parker, Tarrant, Dallas, Rockwall,
Kaufman, Johnson and Ellis
Counties)

Abilene MSA
(Jones, Taylor and Callahan
Counties)

Lubbock MSA
(Lubbock and Crosby Counties)

El Paso MSA
(El Paso County)

Odessa MSA

OKLAHOMA MSAs²

Enid MSA
(Garfield County)

Lawton MSA
(Comanche County)

Oklahoma City MSA
(Logan, Canadian,
Oklahoma, Cleveland,
McClain, and
Pottawatomie Counties)

Tulsa MSA
(Osage, Creek, Tulsa,
Rogers, and Wagoner
Counties)

Ft. Smith MSA
(Sequoyah County)

¹ As determined and published by the Texas State Data Center and Office of the State Demographer at http://txsdc.utsa.edu/maps/reference/txmsa07_ref.php

² As determined and published by the Oklahoma Employment Security Commission at <http://www.oesc.state.ok.us/lmi/OKLFData2/MSAmap.htm>

(Ector County)

Midland MSA
(Midland County)

San Angelo MSA
(Irion and Tom Green Counties)

Killeen-Temple-Fort Hood MSA
(Lampasas, Coryell, and Bell
Counties)

Waco MSA
(McLennan County)

College-Station-Bryan MSA
(Robertson, Brazos and Burleson
Counties)

Houston-Sugar Land-Baytown MSA
(Montgomery, San Jacinto, Liberty,
Harris, Chambers, Galveston,
Brazoria, Fort Bend, Waller, and
Austin Counties)

Austin-Round Rock MSA
(Williamson, Travis, Hays, Caldwell
and Bastrop Counties)

San Antonio MSA
(Kendall, Comal, Guadalupe,
Bandera, Medina, Bexar, Wilson,
and Atascosa Counties)

Victoria MSA
(Goliad, Victoria, and Calhoun
Counties)

Corpus Christi MSA
(Aransas, San Patricio, and Nueces
Counties)

Laredo MSA
(Webb County)

McAllen-Edinburg-Mission MSA

(Hidalgo County)

Brownsville-Harlingen MSA

(Cameron County)

Our Geographical Area may contain some High Unemployment Targeted Employment Areas (TEAs) as designated by the States of Texas and Oklahoma, and rural TEAs as defined in 8 CFR 204.6(e). Therefore, we intend to set the minimum capital investment threshold for any individual immigrant investment at USD \$500,000 if the investment target is located within a TEA or is located within a rural area (RA) and \$1,000,000 if it is located inside a MSA. No debt arrangements will be acceptable. A full capital investment must be made and placed at risk.

Job Creation / Economic Impact and Analysis

The enclosed economic analysis by economists and Professors Dominique Halaby and Javier Oyakawa of University of Texas at San Antonio (See attached economic impact study in **TAB B** attached hereto) and our indirect job creation model and multipliers show, provided the activities described in the model are performed by we, a reasonable basis for projecting creation of (b) (4) new direct, indirect, or induced full time equivalent jobs to be achieved / realized within two (2) years pursuant to 8 CFR 204.6(j)(4)(B).

Professors Halaby's and Oyakawa's economic study also includes a detailed prediction of the job-creative effect of our intended business plan, within our Geographical Area.

Given the above, we believe the overall economic impact and job-creation effect within the Geographic Area due to our operations will be favorable and consistent with the spirit and intent of the Immigrant Investor Pilot Program.

Amount and Source of Capital

(b) (4)



Due Diligence Procedure to Establish Lawful Sources of Capital

We have retained the immigration law firm of Azarmehr & Associates, P.C. (and/or may employ others as needed), to conduct due diligence reviews of all prospective immigrant investors to ensure that all sources of capital can be fully explained and shown to have been lawfully obtained.

For each prospective immigrant investor, we will maintain a “due diligence file” prior to and subsequent to release of escrowed funds containing at least the following documentation:

- Proof of source of funds;
- Anti-money laundering OFIS verification;
- Tax returns (or their equivalent) from their country of origin for past three (3) years; and
- Other relevant due diligence information.

Description of Promotional Efforts

Due to our pending status as a Regional Center, only limited promotional or marketing activities have been undertaken to date. Once approval is obtained, we intends to market our first investment vehicle according to U.S. private placement guidelines or Regulation S by contacting immigration law firms who may have foreign national clients seeking to obtain permanent U.S. residency through the Immigrant Investor Pilot Program. We have budgeted approximately USD \$100,000 for marketing, all of which funds shall come from seed capital equity investments from our founders and/or their affiliates.

Corporate Structure of Applicant

We are a newly-formed Texas limited liability company whose intended principal business investment activity and purposes are, among other things: (i) to facilitate investment into the U.S. domestic on-shore petroleum industry to foster energy independence, job creation and economic stimulus; (ii) to operate as a designated “Regional Center” pursuant to rules promulgated by USCIS; and (iii) to acquire, own, hold for investment, develop, drill, market, maintain, operate, improve, sell, lease, and/or otherwise administer U.S. domestic on-shore oil and gas leases and related assets with proved undeveloped and/or potential crude oil and/or natural gas reserves or production (including all forms of sub-surface commercial hydrocarbons existing a natural liquid or gaseous state) within the Geographic Area.

Our *Operating Agreement* is attached hereto in *TAB M*.

The form of *Escrow Agreement, Partnership Agreement, Suitability Questionnaire and Subscription Agreement, and Escrow Agreement* for the proposed LP’s are included as exhibits to the *PPM* and are also attached hereto in *TABS J, K, and L*, respectively.

Plan of Administration and Management

We intend to retain administrative personnel to maintain the following records in order to

ensure compliance with USCIS rules and regulations:

1. Name, date of birth, petition receipt number, and alien registration number (if assigned by USCIS) of each principal immigrant investor who has made an investment and has filed an EB-5/I-526 Petition with USCIS, specifying whether the petition was filed, is pending, was approved, denied, or withdrawn by the petitioner, together with the date(s) of such event.
2. The total number of visas represented in each case for the principal alien investor identified above, plus his/her dependents (spouse and children) for whom immigrant status is sought or has been granted.
3. The country of nationality of each alien investor who has made an investment and filed an EB-5/I-526 petition with USCIS.
4. The U.S. city and state of residence (or intended residence) of each alien investor who has made an investment and filed an EB-5/I-526 petition with USCIS.
5. For each alien investor a record identifying the date(s) of their investment in one or more of our LPs, the amount(s) of such investment, and the date(s), nature, and amount(s) of any payment/remuneration/profit/return on investment made to the alien investor by our LP from when the investment was initiated to the present.
6. For each LP, a record of (i) received alien investors' capital, and in what aggregate amounts; (ii) received non-EB-5 domestic capital that has been combined and invested together, specifying the separate aggregate amounts of the domestic investment capital; and, (iii) as applicable, of the total investor capital (alien and domestic) identified above, a record identifying and listing (a) the name and address of each "direct" job creating commercial enterprise; and (b) the industry category for each indirect job creating investment activity.
7. A list of the total aggregate number of approved EB-5 alien investor I-526 petitions per each Federal Fiscal Year to date made through we.
8. A list of the total aggregate number of approved EB-5 alien investor I-829 petitions per each Federal Fiscal Year to date through Applicant.
9. An itemization of the total aggregate sum of EB-5 alien capital invested through Applicant for each Federal Fiscal Year to date since approval and designation.
10. A report of the combined total aggregate of "new" direct and/or indirect jobs created by EB-5 investors through Applicant for each Federal Fiscal Year to date since approval and designation.

11. If applicable, a list of the total aggregate of “preserved” or saved jobs by EB-5 alien investors into troubled businesses through Applicant for each Federal Fiscal Year to date since approval and designation.
12. For any given Federal Fiscal Year Applicant does not have investors to report, then a list providing a detailed written explanation for the inactivity and a specific plan which specifies the budget, timelines, milestones and critical steps to actively promote our Regional Center program, identify and recruit legitimate and viable alien investors, and a strategy to invest into job creating enterprises and/or investment activities within the Regional Center.
13. A hard copy of our website which represents fully what Applicant has posted thereon, as well as a current web address.
14. A file containing all of our hard copy promotional materials such as brochures, flyers, press articles, advertisements, etc.

In addition to the foregoing records, prior to acquisition of oil and gas related assets or deployment of LP funds, we intends to utilize the following *Due Diligence Checklist* to ensure it meets our general acquisition criteria and Geographic Area as outlined above:

(b) (4)



(b) (4)



Any questions regarding our record-keeping and administrative plan can be directed to:

Darin H. Mangum, Esq.
Director of Compliance
Southern Star Regional Investment Center LLC
Brownstone-Anderson Building
25511 Budde Road, Suite 101
The Woodlands, Texas 77380 USA

E-mail: EB5@southernstaroil.com
Telephone: (281) 940-7105

Southern Star Regional Investment Center LLC

Economic Impact Study

Performed by:

Center for Community and Business Research
Institute for Economic Development
The University of Texas at San Antonio

November 2010

Institute for  **Economic Development**
The University of Texas at San Antonio

This report presents the results and assumptions made in this economic impact analysis for Southern Star Regional Investment Center LLC. For the analysis we used the software IMPLAN version 3.¹ According to this model and based upon the information provided, we estimated the impacts of drilling, construction, and related operations of the project in several counties in the states of Texas and Oklahoma (See Appendix A).²

(b) (4)



APPENDIX A

Texas 187 counties				
Anderson	Dewitt	Howard	Menard	Starr
Andrews	Dickens	Hutchinson	Midland	Stephens
Angelina	Dimmit	Irion	Milam	Sterling
Aransas	Duval	Jack	Mitchell	Stonewall
Archer	Eastland	Jackson	Montague	Sutton
Atascosa	Ector	Jasper	Montgomery	Tarrant
Bastrop	Edwards	Jefferson	Moore	Taylor
Baylor	Erath	Jim Hogg	Nacogdoches	Terrell
Bee	Falls	Jim Wells	Navarro	Terry
Bexar	Fayette	Johnson	Newton	Throckmorton
Borden	Fisher	Jones	Nolan	Tom Green
Brazoria	Foard	Kames	Nueces	Trinity
Brazos	Fort Bend	Kenedy	Ochiltree	Tyler
Brooks	Freestone	Kent	Orange	Upshur
Brown	Frio	Kimble	Palo Pinto	Upton
Burleson	Gaines	King	Panola	Van Zandt
Caldwell	Galveston	Kleberg	Parker	Victoria
Calhoun	Garza	Knox	Pecos	Walker
Callahan	Glasscock	La Salle	Polk	Waller
Cameron	Goliad	Lavaca	Potter	Ward
Carson	Gonzales	Lee	Reagan	Washington
Chambers	Gray	Leon	Reeves	Webb
Cherokee	Grayson	Liberty	Refugio	Wharton
Clay	Gregg	Limestone	Roberts	Wheeler
Cochran	Grimes	Lipscomb	Robertson	Wichita
Coke	Guadalupe	Live Oak	Runnels	Wilbarger
Coleman	Hansford	Loving	Rusk	Willacy
Collingsworth	Hardeman	Lubbock	Sabine	Wilson
Colorado	Hardin	Lynn	San Augustine	Wise
Comanche	Harris	Madison	San Jacinto	Wood
Concho	Harrison	Marion	San Patricio	Wrinkler
Cooke	Haskell	Martin	Schleicher	Yoakum
Cottle	Hemphill	Matagorda	Scurry	Young
Crane	Hidalgo	Maverick	Shackelford	Zapata
Crockett	Hill	McCulloch	Shelby	Zavala
Crosby	Hockley	McLennan	Sherman	
Dawson	Hood	McMullen	Smith	
Denton	Houston	Medina	Somervell	

Oklahoma 58 counties	
Kay	Custer
Noble	Blaine
Payne	Kingfisher
Lincoln	Canadian
Okfuskee	Logan
Creek	Oklahoma
Pawnee	Beckham
Osage	Washita
Washington	Caddo
Tulsa	Grady
Okmulgee	McClain
Muskogee	Cleveland
Waggoner	Garvin
Rogers	Stephens
Nowata	Carter
Craig	Murray
Mayes	Jefferson
Texas	Love
Beaver	Pottawatomie
Harper	Seminole
Woods	Pontotoc
Alfalfa	Johnston
Grant	Marshall
Garfield	Hughes
Major	McIntosh
Woodward	Pittsburg
Ellis	Haskell
Roger Mills	Latimer
Dewey	Le Flore

APPENDIX B

Ranked from highest to lowest unemployment rate, the Oklahoma county employment rates for September 2010 are:

County Name	September-10			
	Employed	Labor Force	Unemployed	Rate
Latimer County, OK	3740	4180	440	10.4
Le Flore County, OK	18390	20330	1940	9.6
Okmulgee County, OK	14280	15770	1490	9.4
Hughes County, OK	5500	6050	560	9.2
Pawnee County, OK	6580	7200	620	8.6
Okfuskee County, OK	4460	4870	410	8.4
Mayes County, OK	17270	18830	1560	8.3
Nowata County, OK	4720	5140	430	8.3
Creek County, OK	28230	30740	2510	8.2
Seminole County, OK	10360	11290	930	8.2
McIntosh County, OK	8330	9070	740	8.2
Osage County, OK	18190	19770	1580	8
Blaine County, OK	4650	5050	400	7.9
Kay County, OK	21490	23240	1760	7.6
Muskogee County, OK	29120	31470	2350	7.5
Jefferson County, OK	2340	2520	190	7.5
Tulsa County, OK	267450	288360	20910	7.3
Rogers County, OK	36680	39500	2830	7.2
Wagoner County, OK	30290	32650	2370	7.2
Marshall County, OK	6110	6550	440	6.7
Haskell County, OK	5800	6210	420	6.7
Johnston County, OK	4840	5190	350	6.7
Stephens County, OK	20270	21700	1430	6.6
Oklahoma County, OK	306470	327380	20910	6.4
Pittsburg County, OK	22730	24270	1540	6.3
Grady County, OK	21630	23090	1460	6.3
Lincoln County, OK	13070	13940	860	6.2
Pottawatomie County, OK	32260	34340	2080	6.1
Caddo County, OK	12310	13100	800	6.1
Logan County, OK	16830	17890	1060	5.9
Payne County, OK	32000	33970	1970	5.8
Washington County, OK	26240	27830	1580	5.7
Craig County, OK	7350	7790	440	5.7
McClain County, OK	14180	15020	840	5.6
Noble County, OK	5490	5820	330	5.6
Canadian County, OK	49500	52370	2870	5.5
Garvin County, OK	14090	14920	830	5.5
Texas County, OK	6470	6850	380	5.5
Cleveland County, OK	113330	119750	6420	5.4
Woodward County, OK	10490	11070	590	5.3
Carter County, OK	25640	27060	1420	5.2

Alfalfa County, OK	2400	2520	130	5.1
Pontotoc County, OK	19790	20810	1020	4.9
Washita County, OK	5890	6190	300	4.8
Garfield County, OK	30940	32420	1480	4.6
Beckham County, OK	11200	11730	530	4.5
Love County, OK	5100	5350	240	4.5
Kingfisher County, OK	7400	7740	340	4.4
Custer County, OK	14810	15460	650	4.2
Major County, OK	4170	4360	190	4.2
Ellis County, OK	2240	2330	100	4.1
Dewey County, OK	2650	2760	110	3.9
Woods County, OK	4400	4580	170	3.8
Grant County, OK	2600	2710	100	3.8
Murray County, OK	9050	9400	350	3.7
Roger Mills County, OK	1830	1900	70	3.6
Harper County, OK	1990	2060	70	3.4
Beaver County, OK	3230	3330	100	3

Source: Oklahoma Employment Security Commission
http://www.ok.gov/oesc_web/Services/Find_Labor_Market_Statistics/LAUS

APPENDIX C

Ranked from highest to lowest unemployment rate, the Texas county employment rates for September 2010 are:

County Name	September-10			
	Employed	Labor Force	Unemployed	Rate
Starr County	20,859	24,867	4,008	16.1
Zavala County	3,262	3,872	610	15.8
Sabine County	3,040	3,588	548	15.3
Willacy County	7,330	8,419	1,089	12.9
Newton County	5,206	5,949	743	12.5
Maverick County	21,059	24,021	2,962	12.3
Dickens County	880	1,001	121	12.1
Hidalgo County	271,111	305,476	34,365	11.2
Jasper County	13,924	15,672	1,748	11.2
San Augustine County	3,166	3,564	398	11.2
Matagorda County	16,371	18,409	2,038	11.1
Cameron County	140,098	157,254	17,156	10.9
Duval County	4,675	5,245	570	10.9
Orange County	38,087	42,684	4,597	10.8
Jefferson County	104,945	117,377	12,432	10.6
Liberty County	29,065	32,448	3,383	10.4
Zapata County	4,725	5,276	551	10.4
Milam County	10,009	11,163	1,154	10.3
Reeves County	4,253	4,744	491	10.3
San Jacinto County	9,507	10,585	1,078	10.2
Terrell County	344	383	39	10.2
Marion County	4,548	5,045	497	9.9
Tyler County	7,809	8,670	861	9.9
Houston County	7,534	8,348	814	9.8
Loving County	37	41	4	9.8
Polk County	16,602	18,373	1,771	9.6
San Patricio County	28,438	31,467	3,029	9.6
Brooks County	3,089	3,412	323	9.5
Falls County	6,137	6,781	644	9.5
Runnels County	4,253	4,696	443	9.4
Bee County	10,977	12,104	1,127	9.3
Anderson County	19,289	21,235	1,946	9.2
Chambers County	13,480	14,847	1,367	9.2
Karnes County	4,932	5,433	501	9.2
Calhoun County	8,774	9,656	882	9.1
Dimmit County	3,951	4,344	393	9
Galveston County	134,047	146,979	12,932	8.8
Brazoria County	135,274	148,131	12,857	8.7
Cherokee County	19,011	20,815	1,804	8.7
Hardin County	24,438	26,764	2,326	8.7
La Salle County	2,552	2,796	244	8.7

Navarro County	19,958	21,848	1,890	8.7
Cochran County	1,405	1,534	129	8.4
Trinity County	5,536	6,044	508	8.4
Grimes County	11,043	12,045	1,002	8.3
Waller County	15,376	16,775	1,399	8.3
Coke County	1,215	1,323	108	8.2
Harris County	1,844,868	2,008,921	164,053	8.2
Harrison County	30,501	33,231	2,730	8.2
Mitchell County	3,211	3,498	287	8.2
Grayson County	53,325	58,005	4,680	8.1
Webb County	87,850	95,547	7,697	8.1
Wharton County	20,069	21,826	1,757	8.1
Aransas County	10,945	11,898	953	8
Concho County	1,247	1,356	109	8
DeWitt County	8,360	9,088	728	8
Schleicher County	1,332	1,448	116	8
Hill County	15,328	16,643	1,315	7.9
Shelby County	11,607	12,606	999	7.9
Tarrant County	842,467	914,860	72,393	7.9
Angelina County	36,341	39,422	3,081	7.8
Bastrop County	33,104	35,891	2,787	7.8
Caldwell County	15,059	16,328	1,269	7.8
Dawson County	5,083	5,514	431	7.8
Jim Wells County	20,694	22,448	1,754	7.8
Madison County	5,154	5,592	438	7.8
Wood County	17,499	18,974	1,475	7.8
Fort Bend County	254,096	275,372	21,276	7.7
Johnson County	70,107	75,948	5,841	7.7
Palo Pinto County	12,836	13,910	1,074	7.7
Eastland County	8,056	8,716	660	7.6
Nueces County	155,935	168,702	12,767	7.6
Upshur County	18,869	20,427	1,558	7.6
Robertson County	7,143	7,718	575	7.5
Wichita County	57,731	62,422	4,691	7.5
Atascosa County	18,302	19,771	1,469	7.4
Ector County	65,466	70,710	5,244	7.4
Hutchinson County	10,569	11,414	845	7.4
Montgomery County	203,654	219,956	16,302	7.4
Pecos County	7,715	8,329	614	7.4
Ward County	4,739	5,116	377	7.4
Wise County	26,448	28,560	2,112	7.4
Bexar County	724,982	781,980	56,998	7.3
Crosby County	2,540	2,740	200	7.3
Jones County	7,450	8,033	583	7.3
Medina County	19,018	20,525	1,507	7.3
Parker County	51,118	55,148	4,030	7.3
Rusk County	22,944	24,749	1,805	7.3
Smith County	95,124	102,663	7,539	7.3

Foard County	647	697	50	7.2
Frio County	7,095	7,646	551	7.2
Van Zandt County	25,031	26,964	1,933	7.2
Walker County	27,166	29,270	2,104	7.2
Denton County	329,675	355,034	25,359	7.1
Jim Hogg County	2,955	3,182	227	7.1
Winkler County	3,182	3,422	240	7
Colorado County	10,069	10,812	743	6.9
Crane County	1,686	1,811	125	6.9
Gregg County	61,177	65,741	4,564	6.9
Hardeman County	2,161	2,320	159	6.9
Hood County	25,423	27,320	1,897	6.9
Jackson County	6,562	7,046	484	6.9
Lavaca County	9,180	9,857	677	6.9
Victoria County	42,724	45,899	3,175	6.9
Wilson County	18,144	19,498	1,354	6.9
Brown County	18,338	19,676	1,338	6.8
Edwards County	981	1,053	72	6.8
McLennan County	110,719	118,801	8,082	6.8
Menard County	1,003	1,076	73	6.8
Panola County	12,863	13,803	940	6.8
Somervell County	4,123	4,423	300	6.8
Howard County	13,380	14,339	959	6.7
Kleberg County	16,442	17,629	1,187	6.7
Leon County	8,195	8,786	591	6.7
Limestone County	10,967	11,759	792	6.7
Live Oak County	4,686	5,022	336	6.7
Lynn County	2,742	2,939	197	6.7
McCulloch County	3,600	3,858	258	6.7
Goliad County	3,277	3,507	230	6.6
Gray County	10,588	11,334	746	6.6
Guadalupe County	56,136	60,113	3,977	6.6
Lee County	8,683	9,294	611	6.6
Refugio County	4,023	4,306	283	6.6
Stephens County	4,433	4,747	314	6.6
Terry County	5,612	6,010	398	6.6
Freestone County	9,664	10,331	667	6.5
Montague County	10,233	10,949	716	6.5
Young County	9,231	9,877	646	6.5
Fisher County	1,898	2,027	129	6.4
McMullen County	335	358	23	6.4
Nolan County	7,559	8,073	514	6.4
Coleman County	4,207	4,490	283	6.3
Nacogdoches County	30,387	32,434	2,047	6.3
Tom Green County	50,618	53,993	3,375	6.3
Wilbarger County	7,506	8,011	505	6.3
Burleson County	8,165	8,708	543	6.2
Clay County	5,762	6,141	379	6.2

Comanche County	6,616	7,054	438	6.2
Cooke County	20,789	22,165	1,376	6.2
Potter County	55,530	59,174	3,644	6.2
Scurry County	7,318	7,805	487	6.2
Taylor County	65,235	69,541	4,306	6.2
Cottle County	768	818	50	6.1
Erath County	18,089	19,269	1,180	6.1
Kimble County	1,975	2,104	129	6.1
Hockley County	11,452	12,187	735	6
Baylor County	1,843	1,958	115	5.9
Knox County	1,687	1,793	106	5.9
Washington County	16,472	17,497	1,025	5.9
Yoakum County	3,857	4,098	241	5.9
Lubbock County	136,945	145,370	8,425	5.8
Andrews County	6,470	6,863	393	5.7
Brazos County	95,482	101,257	5,775	5.7
Gaines County	6,705	7,113	408	5.7
Gonzales County	9,599	10,179	580	5.7
Martin County	2,137	2,265	128	5.7
Archer County	4,907	5,196	289	5.6
Callahan County	6,907	7,314	407	5.6
Crockett County	2,220	2,352	132	5.6
Fayette County	11,744	12,429	685	5.5
Garza County	2,309	2,444	135	5.5
Glasscock County	624	660	36	5.5
Borden County	410	433	23	5.3
Collingsworth County	1,434	1,514	80	5.3
King County	201	212	11	5.2
Reagan County	1,742	1,837	95	5.2
Sherman County	1,358	1,433	75	5.2
Throckmorton County	975	1,028	53	5.2
Jack County	5,429	5,720	291	5.1
Midland County	70,786	74,606	3,820	5.1
Kent County	460	484	24	5
Lipscomb County	1,612	1,697	85	5
Ochiltree County	5,204	5,474	270	4.9
Shackelford County	2,036	2,142	106	4.9
Stonewall County	842	885	43	4.9
Sutton County	3,214	3,380	166	4.9
Irion County	875	919	44	4.8
Carson County	3,246	3,407	161	4.7
Haskell County	3,048	3,197	149	4.7
Moore County	11,252	11,805	553	4.7
Upton County	1,766	1,854	88	4.7
Kenedy County	239	250	11	4.4
Hansford County	2,756	2,878	122	4.2
Roberts County	534	556	22	4
Wheeler County	3,210	3,345	135	4

Sterling County	827	860	33	3.8
Hemphill County	2,661	2,741	80	2.9

Source: Texas Workforce Commission, Tracer2.

OKLAHOMA - TEXAS OIL & GAS PRODUCTION

LEGEND

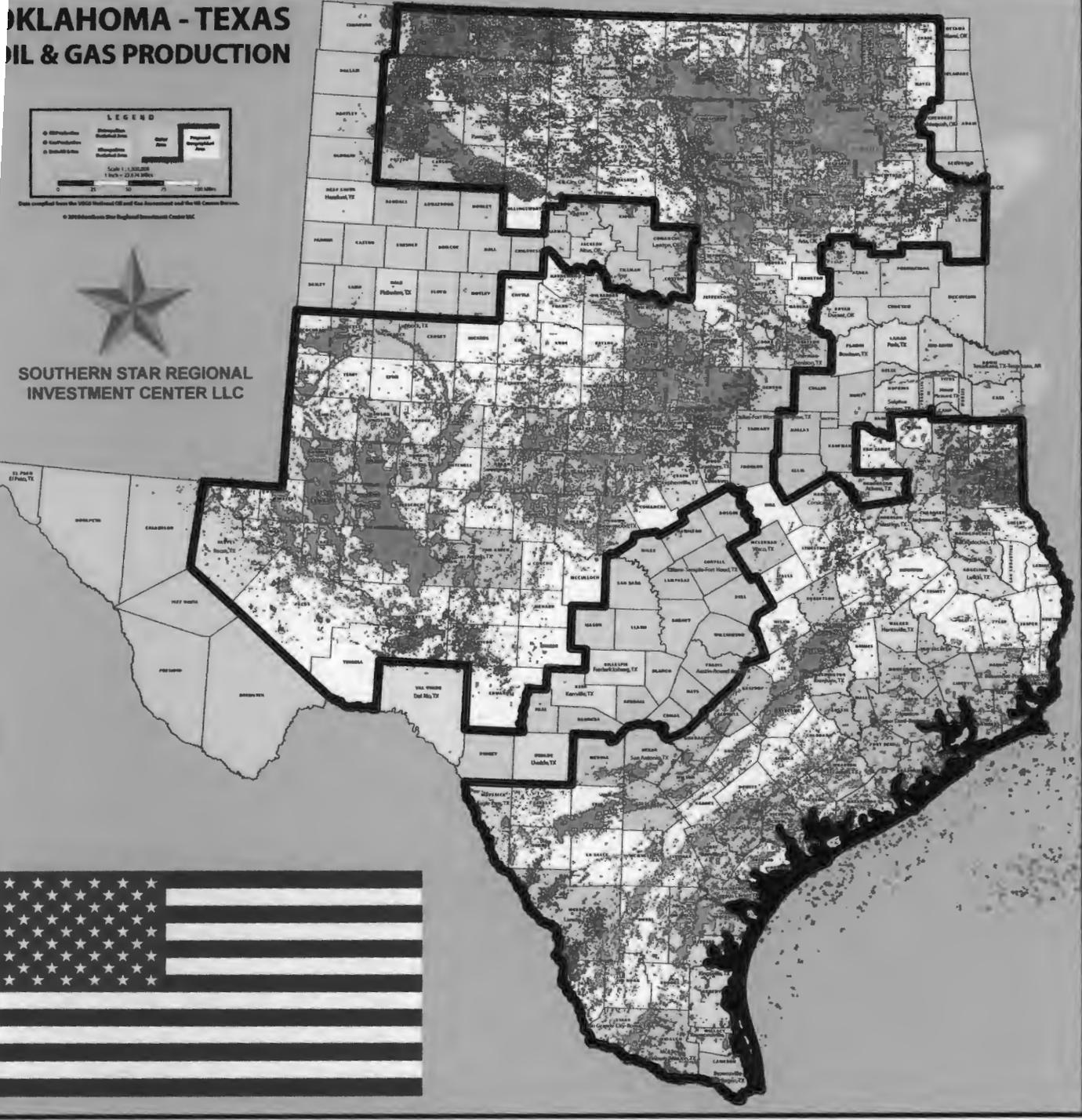
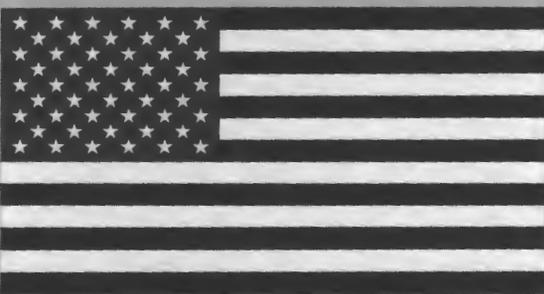
Oil Production	Oil Production	Oil Production	Oil Production
Gas Production	Gas Production	Gas Production	Gas Production
Oil & Gas Production			

Scale: 1:1,000,000
1 inch = 22.87 miles

Data compiled from the USGS National Oil and Gas Assessment and the US Census Bureau.
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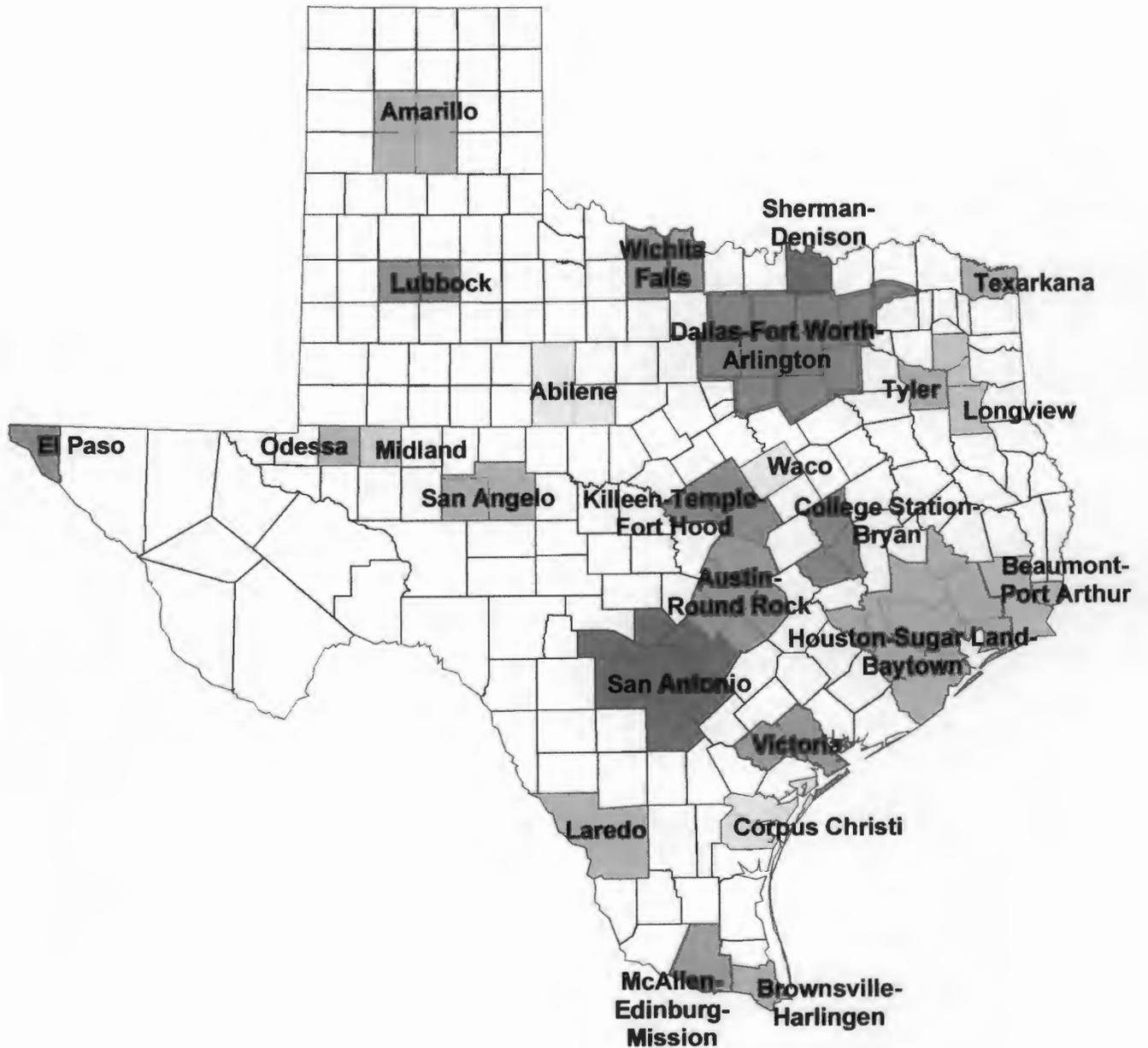
**SOUTHERN STAR REGIONAL
INVESTMENT CENTER LLC**



—See back of binder for enlargement of TAB C: Geographical Area Map—

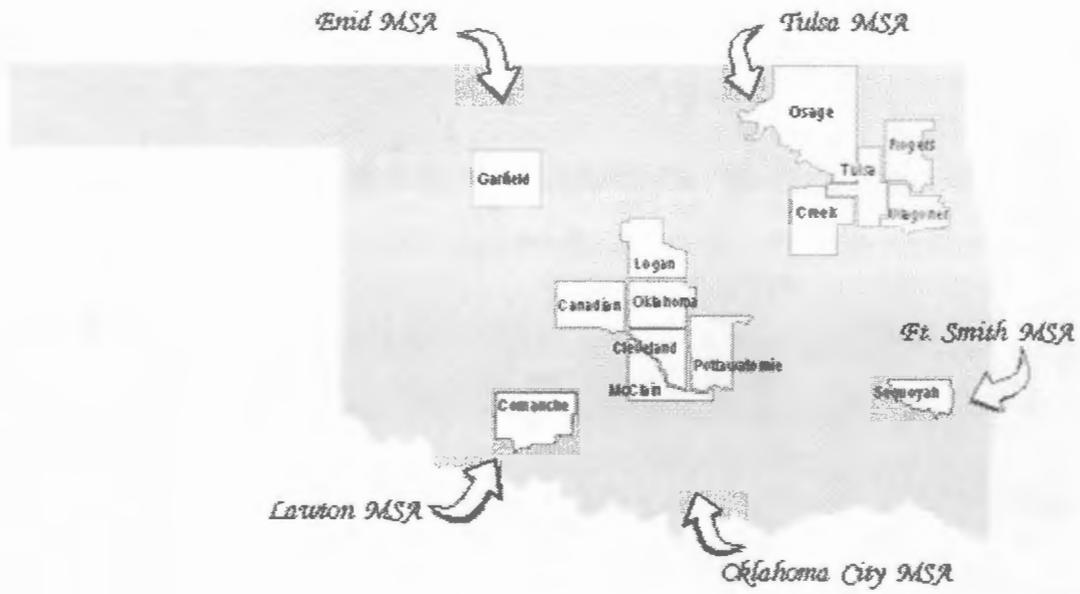
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Metropolitan Statistical Areas, 2004



Source: Texas State Data Center

OKLAHOMA METROPOLITAN STATISTICAL AREA

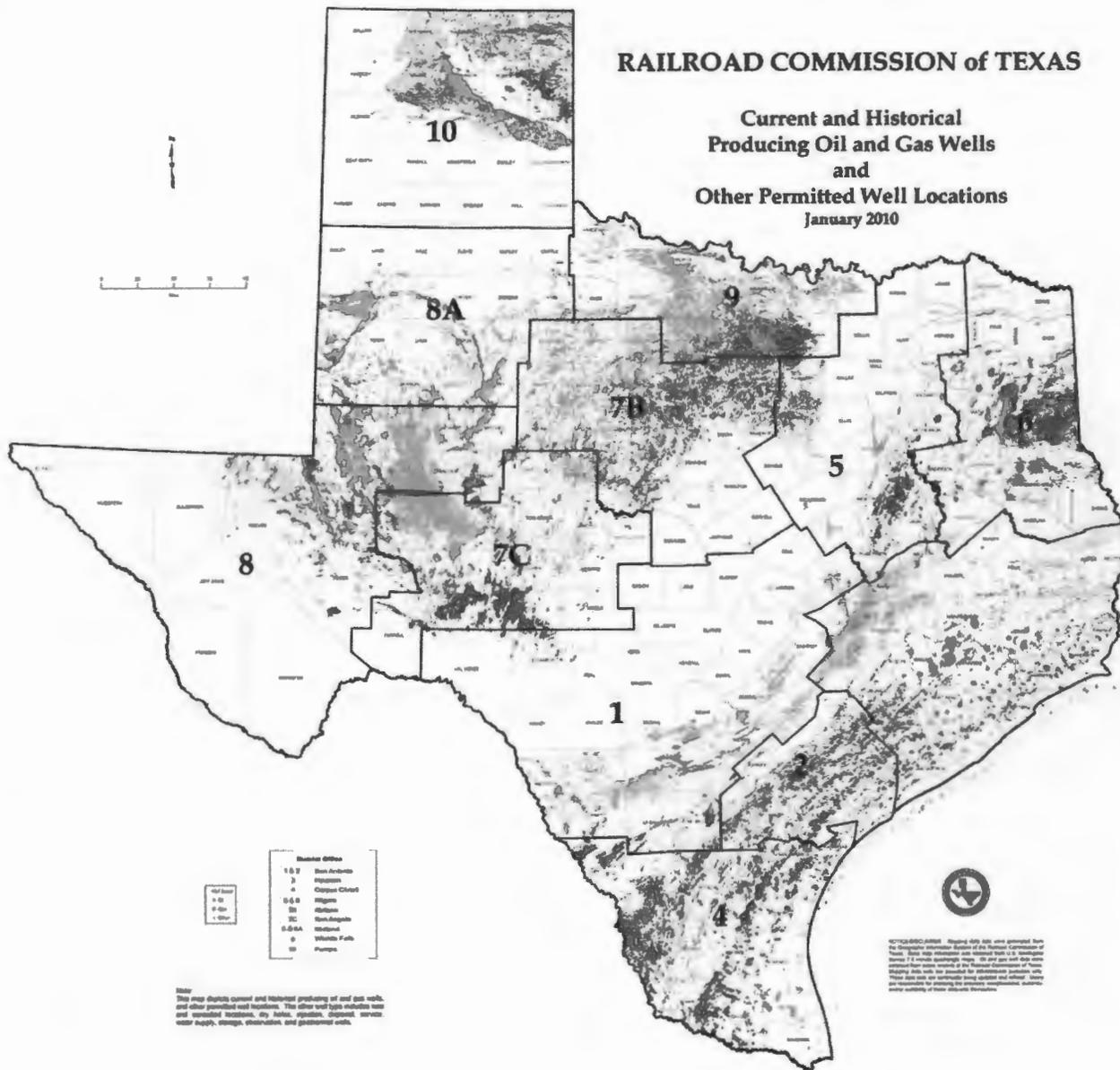


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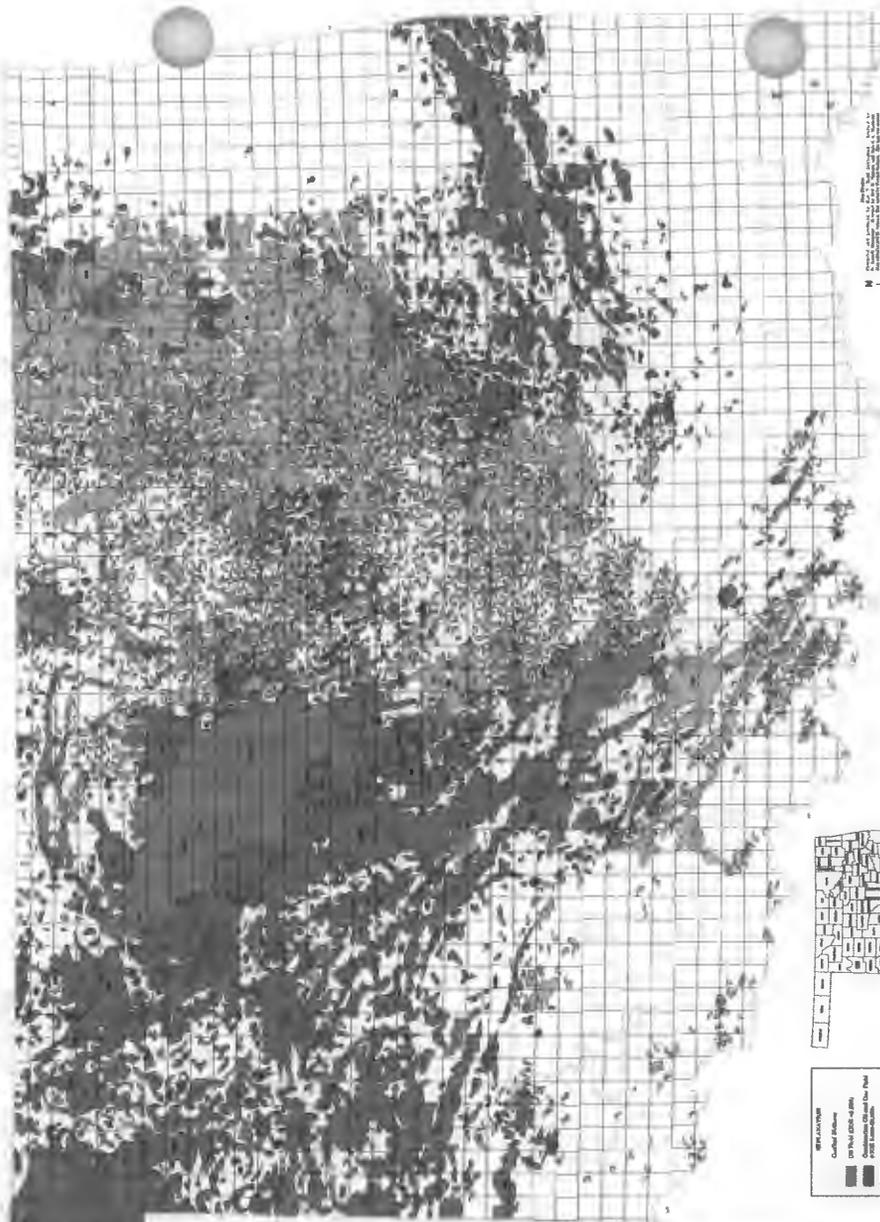
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RAILROAD COMMISSION of TEXAS

**Current and Historical
Producing Oil and Gas Wells
and
Other Permitted Well Locations
January 2010**



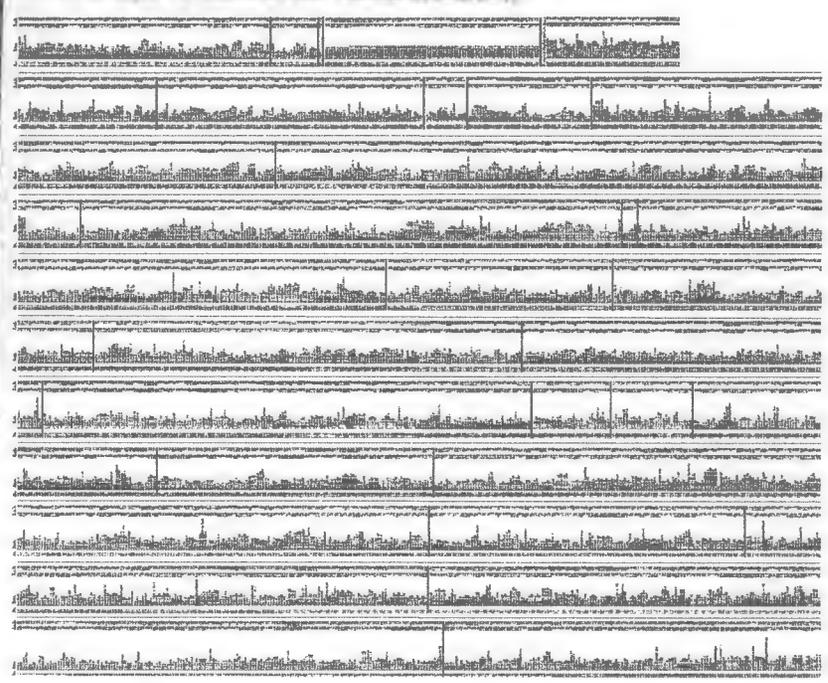
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MAP OF OKLAHOMA OIL AND GAS FIELDS
 (Continued from O.G.I. No. 1, October 1988)
 By David T. Reed
 1988



MAP SYMBOLS
 County Boundaries
 Oil and Gas Fields
 Production and/or Leasehold
 Oil and Gas Fields
 Oil and Gas Fields



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H



Biesinger & Kofford CPAs, PLLC

To the Members
Southern Star Regional Investment Center, LLC
Provo, UT

We have compiled the accompanying balance of Southern Star Regional Investment Center, LLC. (a Texas Limited Liability Company) as of September 30, 2010, the related profit and loss, and statement of cash flows for August 6, 2010 through September 30, 2010 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. These financial statements have been prepared in accordance with Generally Accepted Accounting Principles.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with generally accepted accounting principles. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's balance sheet, profit and loss, and statement of cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Southern Star Regional Investment Center, LLC.

Biesinger & Kofford, CPAs, PLLC

Biesinger & Kofford, CPAs, PLLC
October 11, 2010



SOUTHERN STAR ENERGY FUND LLC



***THIS MEMORANDUM IS FOR PROSPECTIVE INVESTING MEMBERS
AND THEIR FINANCIAL AND/OR LEGAL ADVISORS OR REPRESENTATIVES.***

FOR MORE INFORMATION, PLEASE CONTACT OUR MANAGING MEMBER:



SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC

Brownstone-Anderson Building, 25511 Budde Road, Suite 101, The Woodlands, Texas 77380 USA
E-mail: EB5@southernstaroil.com Telephone: (281) 940-7105

The date of this Memorandum
is
January ____, 2011

**FOR ACCREDITED AND/OR
OTHERWISE SOPHISTICATED
INVESTORS ONLY**

Memorandum No.:
SPECIMEN COPY

This cover page is continued on the following pages.

SOUTHERN STAR ENERGY FUND LLC

A Delaware Limited Liability Company

Units of Investing Membership Interest**USD \$500,000 per Unit¹****Minimum investment:** (b) (4)**Minimum Offering:** U**Maximum Offering:** U**Expandable to USD**

SOUTHERN STAR ENERGY FUND LLC (“we”, “our”, “us”, or the “Fund”) is a Delaware limited liability company formed to make investments (the “Investments”) in various oil and gas mineral rights, oil and gas leases, royalty interests, and/or interests in oil and gas drilling and well completion projects in the continental United States - with emphasis in certain Targeted Employment Areas (TEAs) or Rural Areas (RAs) within select counties within the States of Oklahoma and/or Texas - as more particularly described herein.

Our objective is to realize capital appreciation and income streams from our Investments in the energy sector. We expect that our Investments will typically be in oil and gas leases and leasebanks, drilling opportunities, royalty interests, mineral rights, completion activities and other energy investments identified by the Managing Member in its sole discretion. We intend to invest only in projects where at least ten (10) or more U.S. jobs, either direct or indirect, can be either created. (See “Objectives, Strategies and Proposed Activities”). There can be no assurance these objectives will be achieved.

We are organized as a “private investment company” claiming exemptions from registration under Section 3(c)(9) of the Investment Company Act of 1940, as amended, and applicable state law or the applicable law of other non-U.S. jurisdictions. We are offering Units of Investing Membership Interest (the “Units”) to non-U.S. Persons and/or others who also qualify as “accredited investors” in accordance with Sections 4(2), 4(6), Regulation D Rule 506, and/or Regulation S Rule 903 of the Securities Act of 1933, as amended (the “Act”) and applicable state law or the applicable law of other non-U.S. jurisdictions. This document is our confidential private placement memorandum (this “Memorandum”). This is not a public offering.

The Units have not been registered under the Act and may not be offered or sold in the United States or to U.S. persons³ unless the securities are registered under the Act, or an exemption from the registration requirements of the Act is available. Hedging transactions involving the Units may not be conducted unless in compliance with the Act.

FOOTNOTES:

¹ In addition, for non-U.S. Persons who elect to escrow funds pending approval of a Form I-526 Immigrant Petition with the United States Citizenship and Immigration Service (USCIS), a non-refundable one-time Application Fee of USD (b) (4) (payable to the Sponsoring Member, not the Fund) is due upon escrow of subscription funds regardless of the number of Units purchased.

² Minimum investment for non-U.S. Persons seeking an EB-5 immigration visa from USCIS may be reduced to one (1) Unit (USD \$500,000) in the event our Sponsoring Member elects to reduce such minimum upon receipt of approval as a regional center by USCIS and if the facility is located within a Targeted Employment Area (TEA) or a Rural Area (RA). Units may also be otherwise fractionalized in our Sponsoring Member’s sole and absolute discretion.

This investment involves a high degree of risk further described in the “Risk Factors” section of this Memorandum. Subscription of these securities should be considered only if you can afford a possible total loss of your investment.

Neither the U.S. Securities and Exchange Commission nor any state securities commission nor any other jurisdiction authority has approved or disapproved of this offering or determined if this Memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

(b) (4)



FOOTNOTES:

(b) (4)



³ We may elect to forego reliance upon the exemption available under Regulation S and offer Units to U.S. Persons in reliance upon other available exemptions.

- (6) In addition, for non-U.S. Persons who elect to escrow funds pending approval of a Form I-526 Immigrant Petition with United States Citizenship and Immigration Services (USCIS), a non-refundable one-time Application Fee of (b) (4) (payable to the Sponsoring Member, not the Fund) is due upon escrow of subscription funds regardless of the number of Units purchased.
- (7) Minimum investment for non-U.S. Persons seeking an EB-5 immigration visa from USCIS may be reduced to one (1) Unit (USD \$500,000) in the event our Sponsoring Member receives approval as a regional center by United States Citizenship and Immigration Services (USCIS) and the facility is located within a Targeted Employment Area (TEA) or a Rural Area (RA). Units may also be otherwise fractionalized in our Sponsoring Member's sole and absolute discretion.

IMPORTANT NOTICE ABOUT INFORMATION PRESENTED IN THIS MEMORANDUM

No dealer, salesman or other person unaffiliated with the Fund has been authorized to give you any information or make any representations other than those contained in this Memorandum. If so given or made, you must not rely upon such information or representations as having been authorized by us.

The information contained in this Memorandum is confidential and is furnished for your use only as a potential Investing Member. By receiving this Memorandum, you agree that you will not transmit, reproduce or make available this Memorandum or any related exhibits or documents to any other person or entity. Any action to the contrary may place you in violation of U.S. or other international securities laws.

Investment in our Units of Investing Membership Interest involves significant risks due to, among other things, the nature of the Fund's intended activities as described herein. There can be no assurance that our objectives will be realized or that there will be any return of your invested capital or that you will be able to obtain U.S. immigration or residency status for which you may seek.

Investment in our Fund is suitable only for sophisticated investors. You should have the financial ability and willingness to accept the risks (including the risk of total loss of your investment and lack of liquidity) that are characteristic of the investment described herein. You should consult your financial advisors regarding the appropriateness of investing in the Units.

The Units are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act of 1933 and applicable securities laws of applicable jurisdictions, pursuant to registration or exemption therefrom. You should be aware that you will be required to bear the financial risks of this investment for an indefinite period of time. The securities offered hereby involve a high degree of risk and should only be purchased if you can afford a total loss of your investment.

These securities have not been registered under the Securities Act of 1933 nor any other applicable securities law. These securities have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "Commission") or any equivalent national, provincial, or state securities regulator having authority in the jurisdiction in which you reside, nor has any such authority passed upon the accuracy or truthfulness of this confidential private placement memorandum. Any representation to the contrary is a criminal offense.

These securities can only be offered to you pursuant to a private non-public offering exemption from registration with the Commission provided by Sections 4(2), 4(6), Regulation D Rule 506, and/or Regulation S Rule 903 of the Securities Act of 1933, as amended, and applicable state law or the applicable law of other non-U.S. jurisdictions. Accordingly, you must meet certain minimum qualifications pursuant such rules and statutes as they may be applicable.

This Memorandum does not constitute an offer to sell any Units in any jurisdiction or to any person to whom it is unlawful to make such an offer in such jurisdiction. An offer may be made only by an authorized representative of the Fund and/or Sponsoring Member and must be accompanied by an original numbered and dated copy of this Memorandum.

The Units will be offered and placed by the Fund through FINRA-licensed broker-dealers or registered investment advisors, registered investment advisors, its own management (in which case no remuneration will be paid as consideration for such activities) and/or others where permitted by law on a "best efforts" basis. Payment for the Units offered hereby should be made payable to the order of "SOUTHERN STAR ENERGY FUND LLC".

This Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The Commission does not pass upon the merits of any securities offered or the terms of this offering, nor does it pass upon the accuracy or completeness of or give its approval to any offering memorandum or other selling literature. These securities are offered pursuant to an exemption from registration with the Commission. However, the Commission has not made an independent determination that the securities offered hereunder are exempt from registration. The Units purchased in this offering may not be transferred in the absence of an effective registration statement unless the prospective transferee establishes, to the satisfaction of the Fund, that an exemption from registration is available.

Investment in these securities may not be suitable for you if you do not meet the suitability requirements established by the Fund or if you cannot afford a total loss of your investment.

U.S. federal, state, local and foreign tax treatment of the Fund and its investments may be extremely complex and may involve, among other things, significant issues as to the timing and character of the realization of income, gain and losses. Although this Memorandum touches briefly on U.S. tax considerations of investing, it does not set forth specific individual tax consequences that may be applicable to you. Accordingly, you are urged to consult your own tax advisor concerning the U.S. federal, state, local and foreign tax consequences of an investment in the Fund in light of the your own particular situation. You are not to treat the contents of this Memorandum as advice relating to legal, taxation or investment matters. You are advised to consult your own professional advisors concerning your investment in the Fund.

We will make available to you and/or your advisors or representatives the opportunity to ask us questions and to receive answers concerning the terms and conditions of this offering, and to obtain any additional information, to the extent that we possess such information or can acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information set forth in this Memorandum.

IF YOU OR YOUR REPRESENTATIVE(S) DESIRE ADDITIONAL INFORMATION,

PLEASE CONTACT:



SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC

Brownstone-Anderson Building, 25511 Budde Road, Suite 101, The Woodlands, Texas 77380 USA

E-mail: EB5@southernstaroil.com Telephone: (281) 940-7105

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SPECIAL NOTICE TO FOREIGN INVESTORS OR NON-U.S. PERSONS

IF YOU LIVE OUTSIDE THE UNITED STATES, IT IS YOUR RESPONSIBILITY TO FULLY OBSERVE THE LAWS OF ANY RELEVANT TERRITORY OR JURISDICTION OUTSIDE THE UNITED STATES IN CONNECTION WITH ANY PURCHASE OF OUR SECURITIES, INCLUDING OBTAINING REQUIRED GOVERNMENTAL OR OTHER CONSENTS OR OBSERVING ANY OTHER REQUIRED LEGAL OR OTHER FORMALITIES.

FOR ANY PERSONS WHO ARE NEITHER NATIONALS, CITIZENS, RESIDENTS NOR ENTITIES OF THE UNITED STATES: THESE SECURITIES HAVE NOT AND WILL NOT BE REGISTERED UNDER THE UNITED STATES' SECURITIES ACT OF 1933, AS AMENDED, AND, INsofar AS SUCH SECURITIES ARE OFFERED AND SOLD TO PERSONS WHO ARE NEITHER NATIONALS, CITIZENS, RESIDENTS NOR ENTITIES OF THE UNITED STATES, THEY MAY NOT BE TRANSFERRED OR RESOLD DIRECTLY OR INDIRECTLY IN THE UNITED STATES, ITS TERRITORIES OR POSSESSIONS, RESIDENTS OR ENTITIES NORMALLY RESIDENT THEREIN (OR TO ANY PERSON ACTING FOR THE ACCOUNT OF ANY SUCH NATIONAL, CITIZEN, ENTITY OR RESIDENT). FURTHER RESTRICTIONS ON TRANSFER WILL BE IMPOSED TO PREVENT SUCH SECURITIES FROM BEING HELD BY UNITED STATES PERSONS.

NOTICE TO UNITED KINGDOM OFFEREES OR U.K. RESIDENTS: THE CONTENT OF THIS PROMOTION HAS NOT BEEN APPROVED BY AN AUTHORIZED PERSON WITHIN THE MEANING OF THE FINANCIAL SERVICES AND MARKETS ACTS 2000. RELIANCE ON THIS PROMOTION FOR THE PURPOSE OF ENGAGING IN ANY INVESTMENT ACTIVITY MAY EXPOSE AN INDIVIDUAL TO SIGNIFICANT RISK OF LOSING ALL OF THE PROPERTY OR OTHER ASSETS INVESTED.

NOTICE TO INVESTORS IN U.S. JURISDICTIONS

ALTHOUGH THE ISSUER INTENDS TO OFFER THE UNITS PRIMARILY, IF NOT EXCLUSIVELY, TO RESIDENTS OF FOREIGN COUNTRIES OR NON-U.S. JURISDICTIONS, IN THE EVENT THE ISSUER ELECTS TO MAKE OFFERS TO U.S. PERSONS, THE FOLLOWING LEGENDS ARE REQUIRED BY THE LAWS OF THE STATES INDICATED IF OFFERED TO PERSONS IN SUCH STATES, ALTHOUGH THE PRESENCE OF A LEGEND ONLY REFLECTS THAT A LEGEND MAY BE REQUIRED BY THAT STATE AND SHOULD NOT BE CONSTRUED TO MEAN AN OFFER OR SALE MAY BE MADE IN ANY PARTICULAR STATE.

FOR ALABAMA RESIDENTS: THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE ALABAMA SECURITIES ACT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ALABAMA SECURITIES COMMISSION. THE COMMISSION DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS PRIVATE PLACEMENT MEMORANDUM ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE PURCHASE PRICE OF THE INTEREST ACQUIRED BY A NON-ACCREDITED INVESTOR RESIDING IN THE STATE OF ALABAMA MAY NOT EXCEED 20% OF THE PURCHASER'S NET WORTH.

FOR ALASKA RESIDENTS: THE SECURITIES OFFERED HAVE NOT BEEN REGISTERED WITH THE ADMINISTRATOR OF SECURITIES OF THE STATE OF ALASKA UNDER PROVISIONS OF 3 AAC 08.500-3 AAC 08,506. THE INVESTOR IS ADVISED THAT THE ADMINISTRATOR HAS MADE ONLY A CURSORY REVIEW OF THE REGISTRATION STATEMENT AND HAS NOT REVIEWED THIS DOCUMENT SINCE THE DOCUMENT IS NOT REQUIRED TO BE FILED WITH THE ADMINISTRATOR. THE FACT OF REGISTRATION DOES NOT MEAN THAT THE ADMINISTRATOR HAS PASSED IN ANY WAY UPON THE MERITS, RECOMMENDED, OR APPROVED THE SECURITIES. ANY REPRESENTATION TO THE CONTRARY IS A VIOLATION OF A.S. 45.55.170. THE INVESTOR MUST RELY ON THE INVESTOR'S OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED, IN MAKING AN INVESTMENT DECISION ON THESE SECURITIES.

FOR ARIZONA RESIDENTS: THE SECURITIES OFFERED HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF ARIZONA, AS AMENDED, AND ARE OFFERED IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION PURSUANT TO A.R.S. SECTION 44-1844(1). THE SECURITIES CANNOT BE RESOLD UNLESS REGISTERED UNDER THE ACT OR PURSUANT TO AN EXEMPTION FROM REGISTRATION.

FOR ARKANSAS RESIDENTS: THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER SECTION 14(b)(14) OF THE ARKANSAS SECURITIES ACT AND SECTION 4(2) OF THE SECURITIES ACT OF 1933. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ARKANSAS SECURITIES DEPARTMENT OR WITH THE SECURITIES AND EXCHANGE COMMISSION. NEITHER THE DEPARTMENT NOR THE COMMISSION HAS PASSED UPON THE VALUE OF THESE SECURITIES, MADE ANY RECOMMENDATIONS AS TO THEIR PURCHASE, APPROVED OR DISAPPROVED THE OFFERING, OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE PURCHASE PRICE OF THE INTEREST ACQUIRED BY AN UNACCREDITED INVESTOR RESIDING IN THE STATE OF ARKANSAS MAY NOT EXCEED 20% OF THE PURCHASER'S NET WORTH.

FOR CALIFORNIA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE CALIFORNIA CORPORATE SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR COLORADO RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE COLORADO SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR CONNECTICUT RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER SECTION 36-485 OF THE CONNECTICUT UNIFORM SECURITIES ACT AND THEREFORE CANNOT BE RESOLD UNLESS THEY ARE REGISTERED UNDER SUCH ACT OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR DELAWARE RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE DELAWARE SECURITIES ACT AND ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER SECTION 7309(b)(9) OF THE DELAWARE SECURITIES ACT AND RULE 9(b)(9)(I) THEREUNDER. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER THE ACT OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR DISTRICT OF COLUMBIA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE DISTRICT OF COLUMBIA SECURITIES ACT SINCE SUCH ACT DOES NOT REQUIRE REGISTRATION OF SECURITIES ISSUES. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR FLORIDA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE FLORIDA SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE UNITS REFERRED TO HEREIN WILL BE SOLD TO, AND ACQUIRED BY, THE HOLDER IN A TRANSACTION EXEMPT UNDER SECTION 517.061 OF THE FLORIDA SECURITIES ACT. THE UNITS HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF FLORIDA. IN ADDITION, ALL FLORIDA RESIDENTS SHALL HAVE THE PRIVILEGE OF VOIDING THE PURCHASE WITHIN THREE (3) DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY SUCH PURCHASER TO THE ISSUER, AN AGENT OF THE ISSUER, OR AN ESCROW AGENT OR WITHIN 3 DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH PURCHASER, WHICHEVER OCCURS LATER.

FOR GEORGIA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR SECTION 10-5-5 OF THE GEORGIA SECURITIES ACT OF 1973 AND ARE BEING SOLD IN RELIANCE UPON EXEMPTIONS THEREFROM. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 20% OF THE INVESTOR'S NET WORTH.

FOR HAWAII RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE HAWAII UNIFORM SECURITIES ACT (MODIFIED), BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR IDAHO RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE IDAHO SECURITIES ACT (THE "ACT") AND MAY BE TRANSFERRED OR RESOLD BY RESIDENTS OF IDAHO ONLY IF REGISTERED PURSUANT TO THE PROVISIONS OF THE ACT OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 10% OF THE INVESTOR'S NET WORTH.

FOR ILLINOIS RESIDENTS: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECRETARY OF STATE OF ILLINOIS OR THE STATE OF ILLINOIS, NOR HAS THE SECRETARY OF STATE OF ILLINOIS OR THE STATE OF ILLINOIS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

FOR INDIANA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER SECTION 3 OF THE INDIANA BLUE SKY LAW AND ARE OFFERED PURSUANT TO AN EXEMPTION PURSUANT TO SECTION 23-2-1-2(b)(10) THEREOF AND MAY BE TRANSFERRED OR RESOLD ONLY IF SUBSEQUENTLY REGISTERED OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. INDIANA REQUIRES INVESTOR SUITABILITY STANDARDS OF A NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS, AND AUTOMOBILES) OF THREE TIMES THE INVESTMENT BUT NOT LESS THAN \$75,000 OR A NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS, AND AUTOMOBILES) OF TWICE THE INVESTMENT BUT NOT LESS THAN \$30,000 AND GROSS INCOME OF \$30,000.

FOR IOWA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE IOWA UNIFORM SECURITIES ACT (THE "ACT") AND ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER SECTION 502.203(9) OF THE ACT. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

FOR KANSAS RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE KANSAS SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR KENTUCKY RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT OF KENTUCKY, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR LOUISIANA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE LOUISIANA SECURITIES LAW, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 25% OF THE INVESTOR'S NET WORTH.

FOR MAINE RESIDENTS: THESE SECURITIES ARE BEING SOLD PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE BANK SUPERINTENDENT OF THE STATE OF MAINE UNDER SECTION 10502(2)(R) OF TITLE 32 OF THE MAINE REVISED STATUTES. THESE SECURITIES MAY BE DEEMED RESTRICTED SECURITIES AND AS SUCH THE HOLDER MAY NOT BE ABLE TO RESELL THE SECURITIES UNLESS PURSUANT TO REGISTRATION UNDER STATE OR FEDERAL SECURITIES LAWS OR UNLESS AN EXEMPTION UNDER SUCH LAWS EXISTS.

FOR MARYLAND RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE MARYLAND SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR MASSACHUSETTS RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE MASSACHUSETTS UNIFORM SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR MICHIGAN RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER SECTION 451.701 OF THE MICHIGAN UNIFORM SECURITIES ACT (THE "ACT") AND MAY BE TRANSFERRED OR RESOLD BY RESIDENTS OF MICHIGAN ONLY IF REGISTERED PURSUANT TO THE PROVISIONS OF THE ACT OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 10% OF THE INVESTOR'S NET WORTH.

FOR MINNESOTA RESIDENTS: THE SECURITIES REPRESENTED BY THIS MEMORANDUM HAVE NOT BEEN REGISTERED UNDER CHAPTER 80A OF THE MINNESOTA SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO REGISTRATION, OR AN EXEMPTION THEREFROM.

FOR MISSISSIPPI RESIDENTS: THESE SECURITIES ARE OFFERED PURSUANT TO A CERTIFICATE OF REGISTRATION ISSUED BY THE SECRETARY OF STATE OF MISSISSIPPI PURSUANT TO RULE 477, WHICH PROVIDES A LIMITED REGISTRATION PROCEDURE FOR CERTAIN OFFERINGS. THE SECRETARY OF STATE DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES THE SECRETARY OF STATE PASS UPON THE TRUTH, MERITS OR COMPLETENESS OF ANY OFFERING MEMORANDUM FILED WITH THE SECRETARY OF STATE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

FOR MISSOURI RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE MISSOURI UNIFORM SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR MONTANA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT OF MONTANA, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR NEBRASKA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT OF NEBRASKA, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR NEVADA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE NEVADA SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR NEW HAMPSHIRE RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE NEW HAMPSHIRE UNIFORM SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 10% OF THE INVESTOR'S NET WORTH

FOR NEW JERSEY RESIDENTS: THE ATTORNEY GENERAL OF THE STATE OF NEW JERSEY HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. THE FILING OF THE WITHIN OFFERING WITH THE BUREAU OF SECURITIES DOES NOT CONSTITUTE APPROVAL OF THE ISSUE OR THE SALE THEREOF BY THE BUREAU OF SECURITIES OR THE DEPARTMENT OF LAW AND PUBLIC SAFETY OF THE STATE OF NEW JERSEY. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

FOR NEW MEXICO RESIDENTS: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES BUREAU OF THE NEW MEXICO DEPARTMENT OF REGULATION AND LICENSING, NOR HAS THE SECURITIES BUREAU PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

FOR NEW YORK RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE NEW YORK FRAUDULENT PRACTICES ("MARTIN") ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE NEW YORK FRAUDULENT PRACTICES ("MARTIN") ACT, IF SUCH REGISTRATION IS REQUIRED. THIS PRIVATE OFFERING MEMORANDUM HAS NOT BEEN FILED WITH OR REVIEWED BY THE ATTORNEY GENERAL PRIOR TO ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. PURCHASE OF THESE SECURITIES INVOLVES A HIGH DEGREE OF RISK. THIS PRIVATE OFFERING MEMORANDUM DOES NOT CONTAIN AN UNTRUE STATEMENT OF A MATERIAL FACT OR OMIT TO STATE A MATERIAL FACT NECESSARY TO MAKE THE STATEMENTS MADE, IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY WERE MADE, NOT MISLEADING. IT CONTAINS A FAIR SUMMARY OF THE MATERIAL TERMS OF DOCUMENTS PURPORTED TO BE SUMMARIZED HEREIN.

FOR NORTH CAROLINA RESIDENTS: THESE SECURITIES ARE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE NORTH CAROLINA SECURITIES ACT. THE NORTH CAROLINA SECURITIES ADMINISTRATOR NEITHER RECOMMENDS NOR ENDORSES THE PURCHASE OF ANY SECURITY, NOR HAS THE ADMINISTRATOR PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION PROVIDED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 10% OF THE INVESTOR'S NET WORTH.

FOR NORTH DAKOTA RESIDENTS: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA, NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

FOR OHIO RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE OHIO SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR OKLAHOMA RESIDENTS: THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE OKLAHOMA SECURITIES ACT. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE SOLD OR TRANSFERRED FOR VALUE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION OF THEM UNDER THE SECURITIES ACT OF 1933, AS AMENDED AND/OR THE OKLAHOMA SECURITIES ACT, OR AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER THAT SUCH REGISTRATION IS NOT REQUIRED UNDER SUCH ACT OR ACTS.

FOR OREGON RESIDENTS: THE SECURITIES OFFERED HAVE BEEN REGISTERED WITH THE CORPORATION COMMISSIONER OF THE STATE OF OREGON UNDER PROVISIONS OF O.A.R. 815 DIVISION 36. THE INVESTOR IS ADVISED THAT THE COMMISSIONER HAS MADE ONLY A CURSORY REVIEW OF THE REGISTRATION STATEMENT AND HAS NOT REVIEWED THIS DOCUMENT SINCE THE DOCUMENT IS NOT REQUIRED TO BE FILED WITH THE COMMISSIONER. THE INVESTOR MUST RELY ON THE INVESTOR'S OWN EXAMINATION OF THE COMPANY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED IN MAKING AN INVESTMENT DECISION ON THESE SECURITIES.

FOR PENNSYLVANIA RESIDENTS: THE UNITS OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER SECTION 201 OF THE PENNSYLVANIA SECURITIES ACT OF 1972 (THE "ACT") AND MAY BE RESOLD BY RESIDENTS OF PENNSYLVANIA ONLY IF REGISTERED PURSUANT TO THE PROVISIONS OF THAT ACT OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE. EACH PERSON WHO ACCEPTS AN OFFER TO PURCHASE SECURITIES EXEMPTED FROM REGISTRATION BY SECTION 203(d), (f), (p), or (r), DIRECTLY FROM AN ISSUER OR AFFILIATE OF AN ISSUER, SHALL HAVE THE RIGHT TO WITHDRAW HIS ACCEPTANCE WITHOUT INCURRING ANY LIABILITY TO THE SELLER, UNDERWRITER (IF ANY), OR ANY OTHER PERSON WITHIN TWO BUSINESS DAYS FROM THE DATE OF RECEIPT BY THE ISSUER OF HIS WRITTEN BINDING CONTRACT OF PURCHASE OR, IN THE CASE OF A TRANSACTION IN WHICH THERE IS NO WRITTEN BINDING CONTRACT OF PURCHASE, WITHIN TWO BUSINESS DAYS AFTER HE MAKES THE INITIAL PAYMENT FOR THE SECURITIES BEING OFFERED. NEITHER THE PENNSYLVANIA SECURITIES COMMISSION NOR ANY OTHER AGENCY HAS PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING, AND ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. PENNSYLVANIA SUBSCRIBERS MAY NOT SELL THEIR SECURITIES INTERESTS FOR ONE YEAR FROM THE DATE OF PURCHASE IF SUCH A SALE WOULD VIOLATE SECTION 203(d) OF THE PENNSYLVANIA SECURITIES ACT.

FOR RHODE ISLAND RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE BLUE SKY LAW OF RHODE ISLAND, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR SOUTH CAROLINA RESIDENTS: IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

FOR SOUTH DAKOTA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER CHAPTER 47-31 OF THE SOUTH DAKOTA SECURITIES LAWS AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF FOR VALUE EXCEPT PURSUANT TO REGISTRATION, EXEMPTION THEREFROM, OR OPERATION OF LAW. EACH SOUTH DAKOTA RESIDENT PURCHASING ONE OR MORE WHOLE OR FRACTIONAL UNITS MUST WARRANT THAT HE HAS EITHER (1) A MINIMUM NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES) OF \$30,000 AND A MINIMUM ANNUAL GROSS INCOME OF \$30,000 OR (2) A MINIMUM NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES) OF \$75,000. ADDITIONALLY, EACH INVESTOR WHO IS NOT AN ACCREDITED INVESTOR OR WHO IS AN ACCREDITED INVESTOR SOLELY BY REASON OF HIS NET WORTH, INCOME OR AMOUNT OF INVESTMENT, SHALL NOT MAKE AN INVESTMENT IN THE PROGRAM IN EXCESS OF 20% OF HIS NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS AND AUTOMOBILES).

FOR TENNESSEE RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE TENNESSEE SECURITIES ACT OF 1800, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR TEXAS RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE TEXAS SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE INVESTMENT IS SUITABLE IF IT DOES NOT EXCEED 10% OF THE INVESTOR'S NET WORTH.

FOR UTAH RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE UTAH UNIFORM SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR VERMONT RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE VERMONT SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR VIRGINIA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE VIRGINIA SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR WASHINGTON RESIDENTS: THIS OFFERING HAS NOT BEEN REVIEWED OR APPROVED BY THE WASHINGTON SECURITIES ADMINISTRATOR, AND THE SECURITIES OFFERED HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT (THE "ACT") OF WASHINGTON CHAPTER 21.20 RCW AND MAY BE TRANSFERRED OR RESOLD BY RESIDENTS OF WASHINGTON ONLY IF REGISTERED PURSUANT TO THE PROVISIONS OF THE ACT OR IF AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THE INVESTOR MUST RELY ON THE INVESTOR'S OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED, IN MAKING AN INVESTMENT DECISION ON THESE SECURITIES.

FOR WEST VIRGINIA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE WEST VIRGINIA UNIFORM SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR WISCONSIN RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE WISCONSIN UNIFORM SECURITIES LAW, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

FOR WYOMING RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE WYOMING UNIFORM SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR AN EXEMPTION FROM REGISTRATION IS AVAILABLE. WYOMING REQUIRES INVESTOR SUITABILITY STANDARDS OF A \$250,000 NET WORTH (EXCLUSIVE OF HOME, FURNISHINGS, AND AUTOMOBILES), AND AN INVESTMENT THAT DOES NOT EXCEED 20% OF THE INVESTOR'S NET WORTH.

NOTICE TO RESIDENTS OF OTHER U.S. JURISDICTIONS: THE INTERESTS OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE 1933 ACT, OR THE SECURITIES LAWS OF CERTAIN STATES AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SAID ACT AND SUCH LAWS. THE INTERESTS ARE SUBJECT TO RESTRICTION ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER SAID ACT AND SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. THE INTERESTS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ("SEC" OR "COMMISSION"), ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

WHO MAY INVEST

A purchase of the Units in this offering involves a high degree of risk and is suitable for you only if you have adequate resources and if you understand the long-term nature and risk factors associated with investing in oil and gas development projects. You must be able to bear the economic risk of this investment for an indefinite period of time and can, at the present time, afford to lose your entire investment.

To subscribe you must complete in full and sign the Confidential Suitability Questionnaire (the "Questionnaire") attached to this Memorandum. The purpose of the Questionnaire is to provide us with sufficient information that we may determine, in light of Sections 4(2), 4(6), Regulation D Rule 506, and/or Regulation S Rule 903 promulgated under the Securities Act of 1933, as amended, your suitability to invest in the Units being offered. Also, such information is used to determine our own compliance with the provisions of the Investment Company Act of 1940, as amended, if applicable. You must demonstrate your suitability by completing the Questionnaire accurately and truthfully in your legal name. All information provided in the Questionnaire shall be considered confidential, subject to the conditions noted therein.

General Suitability Standards

Regulations promulgated under the Securities Act of 1933, as amended (the "Act"), and the securities laws of various jurisdictions in which this offering may be made, require that you have such knowledge and experience in financial and business matters that you are capable of evaluating the merits and risks of an investment in the Fund or that you retain the services of a representative to advise you in evaluating the merits and risks of an investment in the Fund.

Accordingly, you will be required to represent, agree, and certify in writing all of the following:

1. You are acquiring the Units for investment, for your own account, and not with a view to resale or distribution;
2. Your overall commitment to investments which are not readily marketable is not disproportionate to your net worth, and your investment in the Units will not cause such overall commitment to become excessive;
3. You have thoroughly evaluated the merits and risks of investing in the Units;
4. You or your representative) have sufficient knowledge and experience in financial matters, that you are capable of evaluating the merits and risks of the investment, can bear the economic risk of this investment for an indefinite period of time and can at the present time afford a substantial or complete loss of your investment (i.e., you are "sophisticated"), or you are an "accredited investor" as that term is defined in Rule 501(a) of Regulation D of the Securities Act of 1933, as amended.

You are deemed "accredited" if you are:

- (i) a natural person whose individual net worth (exclusive of the value of your primary residence), or joint net worth with your spouse, presently exceeds USD \$1,000,000;
- (ii) a natural person who had an individual income in excess of USD \$500,000 in each of the two most recent years or joint income with your spouse in excess of USD \$300,000 in each of those years and you reasonably expect reaching the same income level in the current year;
- (iii) a corporation, partnership, trust, limited liability company, or other entity in which all of the equity owners are "accredited investors";

- (iv) a trust with total assets in excess of USD \$5,000,000 and was not formed for the specific purpose of acquiring Fund Units, the Trustee of which has such knowledge and experience in oil and gas development investing and/or financial and business matters that it is capable of evaluating the merits and risks of investing in Fund Units;
 - (v) a bank, savings and loan association or other financial institution, a registered securities broker or securities dealer, or an insurance company
 - (vi) a registered investment company or business development company, a licensed Small Business Investment Company, or a private business development company;
 - (vii) a state-sponsored pension plan with total assets in excess of USD \$5,000,000;
 - (viii) an employee benefit plan which either (a) has a fiduciary that is a bank, savings and loan association, insurance company, or registered investment adviser; (b) has total assets in excess of USD \$5,000,000; or (c) is a self-directed plan and investment decisions are made solely by persons that are "accredited investors";
 - (ix) a non-profit organization described in section 501(c)(3) of the Internal Revenue Code that was not formed for the specific purpose of acquiring Fund Units having total assets in excess of USD \$5,000,000; or
 - (x) a director, executive officer, or manager of the Fund or a director, executive officer, or manager of the Fund's Sponsoring Member.
5. Unless this condition is waived in our sole discretion, you are not a "U.S. Person" as defined in Rule 902(k) of Regulation S of the Act or as otherwise determined by the Fund and are not acquiring the securities for the account or benefit of any U.S. person or a U.S. person who purchased securities in a transaction that did not require registration under the Act;

You are a "U.S. Person" if you are either

- (i) a natural person resident in the United States;
- (ii) a partnership or corporation organized or incorporated under the laws of the United States;
- (iii) an estate of which any executor or administrator is a U.S. person;
- (iv) a trust of which any trustee is a U.S. person;
- (v) an agency or branch of a foreign entity located in the United States;
- (vi) a non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person;
- (vii) a discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; or
- (viii) a partnership or corporation organized or incorporated under the laws of any foreign jurisdiction which was formed by a U.S. person principally for the purpose of investing in securities not registered under the Act, unless it is organized or incorporated, and owned, by accredited investors (as defined in Rule 501(a)) who are not natural persons, estates or trusts.

The following are NOT considered "U.S. Persons" under the Act:

-
- (i) a discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States;
 - (ii) an estate of which any professional fiduciary acting as executor or administrator is a U.S. person if another executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate and such estate is governed by foreign law;
 - (iii) a trust of which any professional fiduciary acting as trustee is a U.S. person, if a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person;
 - (iv) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country;
 - (v) an agency or branch of a U.S. person located outside the United States if such agency or branch operates for valid business reasons and is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; or
 - (vi) The International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans.

The Fund also considers the following as a non-“U.S. Person” for purposes of determining your suitability to invest in the Fund:

- (i) “Foreign National”, meaning a person born outside the jurisdiction of the United States who is citizen of a foreign country and who has not become a naturalized U.S. citizen under U.S. law; and
 - (ii) “Alien”, meaning a person in the United States who is not a citizen of the United States who has not obtained permanent residency within the United States.
6. You agree to resell such securities only in accordance with either (a) the provisions of Regulation S (Rule 901 through Rule 905, and Preliminary Notes), (b) pursuant to registration under the Act, or (c) pursuant to an available exemption from registration. You further agree not to engage in hedging transactions with regard to such securities unless in compliance with the Act.

For purposes of the foregoing standards, and as otherwise referenced in this Memorandum, the terms “U.S.” or “United States” mean the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.

These general standards represent various minimum requirements and do not necessarily mean that these securities are a suitable investment for you even if you meet these requirements.

The Questionnaire that accompanies this Memorandum is designed to elicit information necessary to enable us to determine your suitability and to assure that we comply with applicable securities laws. The information supplied in the Questionnaire will be reviewed to determine your suitability in light of the above-stated standards. We have the right to refuse your subscription if we believe, in our sole discretion, that you do not

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meet the applicable suitability standards or that the Units may otherwise be an unsuitable investment for you. We also have the right to refuse your subscription for any or no reason.

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**PRINCIPAL FEATURES
OF
SOUTHERN STAR ENERGY FUND LLC**

This term sheet is a summary of the principal terms and conditions for investment in SOUTHERN STAR ENERGY FUND LLC, a Delaware limited liability company (“we”, “our”, “us”, or the “Fund”). The terms and conditions set forth hereafter are qualified in their entirety by their more thorough treatment in the Memorandum.

Today’s Oil Economics As our world economy becomes more intertwined than ever before, we have an unprecedented opportunity for potentially optimal yields in today’s increasingly volatile world energy markets. We believe the long-term trend for energy prices is positive. Factors believed to play a role in this situation include:

- Volatile US dollar;
- Long-term global demand for oil and gas;
- Emerging economies of China and India as well as many other developing nations;
- Fewer major oil and gas discoveries;
- Changing weather patterns;
- International conflicts;
- International producing cartels (OPEC) and dictatorial regimes; and
- Political and/or legal uncertainty regarding offshore oil drilling in the Gulf of Mexico.

Oil and gas producing properties in the United States are unique among the world’s hydrocarbon resources. While most nations have nationalized their oil and gas industries, the United States is the rare example where an individual may own producing oil and gas properties.

The Fund The Fund is a limited liability company (LLC) formed to make investments (the “Investments”) in various oil and gas mineral rights, oil and gas leases, royalty interests, and/or interests in oil and gas drilling and well completion projects in the continental United States - with emphasis in certain Targeted Employment Areas (TEAs) or Rural Areas (RAs) within select counties within the States of Oklahoma and/or Texas - as more particularly described herein.

Objectives Our objective is to realize capital appreciation and income streams from our Investments in the energy sector. We expect that our Investments will typically be in leasebanks, drilling opportunities, royalty interests, mineral rights, completion activities and other energy investments identified by the Managing Member in its sole discretion. We intend to invest only in projects where at least ten (10) or more U.S. jobs (direct or indirect) can be created. (See “Objectives, Strategies and Proposed Activities”). There can be no assurance these objectives will be achieved.

Market Environment A window of opportunity has opened for the private investor in developing America’s remaining energy reserves. Twenty years ago, there was plenty of funding available for domestic energy projects and high quality projects were hard to find. Independent oil companies and the major oil companies were competing for leases. Today, however, the tables have turned. The major energy companies are currently spending most of their money offshore and overseas. They are selling their domestic production to the smaller independent oil companies and, with the exception of very large acreage blocks, they are allowing most of their domestic leases to expire. Usually, independent energy companies pick up acreage when the majors move out of an area, but those conditions no longer exist. Many small energy companies have either closed their doors or do not have sufficient cash to

purchase the thousands of oil and gas productive leases and still operate the wells on their properties.

Investors can presently find opportunities in the petroleum industry that were only dreamed of decades ago. With the major oil companies focusing on projects elsewhere, independent investors are able to acquire prime leases in the heart of America's energy producing areas.

Proposed Activities

The Fund presently anticipates acquiring interests in the following oil and gas projects (or alternative projects in the event these become unavailable) (the "Projects" or "Prospects"):

(b) (4)



(b) (4)



Our Sponsoring Member may exercise its sole discretion and substitute alternative prospects, including, but not limited to, secondary recovery or well production or enhancement projects, if deemed to be in the best interest of the Fund. The Fund may also add prospects and projects – including the leasing and/or purchase of technology and equipment associated with its objectives – to its portfolio as opportunities present themselves.

Economic Impact / Job
Creation

According to the economic analysis by economists and Professors Dominique Halaby and Javier Oyakawa of University of Texas at San Antonio (See Exhibit section of this Memorandum) a reasonable basis exists for the creation of 10 new direct, indirect, or induced full time equivalent jobs per USD \$500,000 of investment in the Fund. Professors Halaby's and Oyakawa's economic study also includes a detailed prediction of the job-creative effect of our intended business plan, within our Geographical Area.

Structure The Fund is a new limited liability company (LLC) formed under the laws of the State of Delaware, United States of America. Our Sponsoring Member is Southern Star Regional Investment Center LLC, a Texas limited liability company.

Units of Membership Interest We are offering for sale up to (b) (4) oversubscription allotment if necessary) at USD \$500,000 per Unit, aggregating (b) (4). "Unit" means an Investing Membership Interest in the Fund purchased by an investor. This interest is the right and obligation to share a proportional part of the Fund's income, expense, assets and liabilities. The Sponsoring Member reserves the right to accept subscriptions of fractional Units from qualified persons in its sole discretion.

Potential Board Seats (b) (4)

Investment Objective and Policies We seek to capitalize on the present market environment that exists today in the U.S. domestic energy sector. The Fund will focus on acquiring oil, gas, and mineral interests in oil and gas properties and interests in direct-participation opportunities involving drilling or leasing working, royalty or other mineral interests in oil and natural gas properties, enhancement of existing or past production and/or re-working of existing wells where the project's probability of success is relatively high. The Fund also intends to expend funds to acquire conventional and unconventional geophysical studies and equipment to mitigate risk, to the extent possible, in the selection process inherent in its proposed activities.

Potential Holdings (b) (4)

Life of Fund The Fund will exist in perpetuity from the date of its formation or will be wound up shortly after all the Fund's investments have been liquidated or upon depletion of the Fund's last oil and gas reserve assets. The life of the Fund may be extended at the discretion of the Managing Member in order to rework, re-drill or otherwise extend the life of the Fund's oil and gas assets.

Exit Strategy (b) (4)

Distribution Policy

(b) (4)



Short-Term assets

Capital Commitments

Management

Distributions

Voting / Consent Rights

Placement

Minimum investment

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Escrow; Application Fee	(b) (4)
Closing	(b) (4)
U.S. Federal Income Taxation	<p>We will be treated as a partnership for U.S. federal income tax purposes. As such, we will not be subject to U.S. federal income taxation on income and gain realized from its investments. You will be required to take into account, in determining your own income tax liability, your allocable share of the Fund's income, gains, losses, deductions, and credits, whether or not such items are actually received by you. On the other hand, we intend to seek certain favorable tax treatment whenever possible in order to improve the overall bottom line returns to Fund investors. HOWEVER, THIS IS NOT A TAX SHELTER.</p>
Transfer of Units	(b) (4)
Redemption/Retraction	(b) (4)
Administration Fees	(b) (4)
Organizational Fee	(b) (4)
Operating Expenses	(b) (4)

(b) (4)

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Reports

You may expect to receive regular reports and accounts of the Fund's activities promptly after these are available and will be notified of important developments concerning the Fund and the progress of our intended development of a oil and gas assets and operations.

* * * * *

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RISK FACTORS

You should rely only on the information contained in this Memorandum. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it.

Please carefully consider the risk factors set forth below, as well as the other information contained in this Memorandum, in evaluating an investment in the Units offered hereby. This Memorandum contains certain forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth below and elsewhere in this Memorandum.

Investing in Oil and Gas is Highly Speculative

Oil and gas ventures are highly speculative in nature. Although there have been significant advances in technology regarding the determination of the potential success of oil and gas ventures, there is no sure way to predict if a well, prospect, lease or mineral interest will be economically viable. Likewise, oil and gas exploration is a very speculative venture that has been marked by unprofitable efforts since the days of its infancy in the early twentieth century, not only resulting from the drilling of “dry holes,” but also from the drilling of wells which, though productive, do not produce oil or gas in sufficient quantities to return a profit on the costs expended. Because participation in the Fund is highly speculative, you should be prepared for the possibility of a total loss of your capital. You should only participate if you are able to absorb such a total loss.

There are Numerous Unavoidable Natural Hazards Associated With Oil and Gas Property Exploration and Field Development

Certain conditions are beyond our control, such as unexpected pressures, blowouts or unusual formations. Other conditions encountered in drilling or well enhancement may cause hazards, pollution, or other damages which may result in the loss of a portion or all of a well or project. Additionally, circumstances may occur that would prevent production from a well that would otherwise be productive or would cause production from a well to be deemed prohibitively expensive, as in the case of excessive water or paraffin buildup. Also, extreme weather conditions may sometimes impede or delay drilling, completion, or production of a well.

We Face Possible Operating and Environmental Hazards

Certain operating and environmental hazards such as spillage of petroleum liquids, discharge of toxic gases or wastes, contamination of water sources, and other unforeseen conditions may be encountered. As a result of such hazards, it is possible that we may incur substantial liabilities to third parties or governmental agencies, the payment of which could reduce or eliminate the funds available for distribution from producing properties, or could result in the complete loss of projects or wells in which we own an interest. Also, future governmental regulations relating to environmental matters could increase the cost of doing business, or require the alteration or cessation of operations. Such actions could substantially affect both the return on our capital and our liabilities.

The Oil and Gas Industry is Highly Competitive

We will be competing with numerous other companies, both major oil companies as well as independents, many of which have greater financial resources and technical staff expertise than may be available to us.

Volatile World Commodity Prices for Crude Oil and its Derivative Products Have a Direct Effect on Our Chances for Profitability

Historically, oil and gas prices have been highly volatile as supply and demand manifest themselves in the market for hydrocarbons. At times, production from productive oil and gas wells in many geographic areas of the United States

has been curtailed due to lack of market demand, and it is possible that such curtailments may arise in the future. If such an event should occur in the areas in which we intend to be engaged, it is possible that our wells may be shut-in or that the oil and gas produced therefrom may be sold at prices or on terms that are less favorable than might otherwise be obtained in times of greater demand. It is also possible that the oil and gas interests we intend to invest in may not be profitable.

Also, although the Organization of Petroleum Exporting Countries (OPEC) exerts a great deal of control over market prices based on their efforts to curtail production in order to keep the price of oil at certain levels, not always are they successful in their cartel efforts.

In addition, the major oil companies are always seeking larger and larger oil fields offshore and in the remote areas of the world. The discovery of another highly productive field (e.g., North Slope of Alaska, etc.) could have a significant impact on the price for oil or natural gas.

Also, violence and instability in the Middle East have been shown to have a correlation to the price of oil. It is unlikely that such political instability will cease in the near future.

All of these factors may cause our oil and gas drilling, development, leasing and/or oil and gas interest acquisition activities to become unprofitable due to lower-than-expected prices.

We are Reliant on the Expertise of Our Sponsoring Member

We will depend to a great extent on the experience and expertise of our Sponsoring Member and other persons as further described elsewhere in this Memorandum (See "Key Personnel"). The death, resignation, or disability of any of these persons may have a materially adverse effect on the conduct of our activities and on our ability to successfully execute our business plan.

The Sponsoring Member and its Consultants May Have Conflicts of Interest

There are conflicts of interest inherent in the activities of the Fund. The Sponsoring Member and/or its Affiliates may act in a similar capacity for other LLCs or partnerships involved in the oil and gas industry. The Sponsoring Member and/or its Affiliates intends to manage other oil and gas LLCs or partnerships and plans to own and operate other oil and gas properties on its own behalf and on behalf of others. For example, the Fund intends to purchase assets, which may include equipment and/or technology and/or data derived therefrom, from Southern Star Regional Investment Center LLC and/or its Affiliates, which is/are owned and controlled by certain key personnel of the Sponsoring Member. (See "Key Personnel"). Also, although we do not currently anticipate problems, any additional responsibilities taken on by the Sponsoring Member or its Affiliates may cause it to devote less time to the business of the Fund than is necessary for optimal performance. In addition, the Sponsoring Member may hold Units in the Fund as an Investing Member.

Certain services to be provided to the Fund, such as legal, accounting, marketing, transportation, well operations, maintenance, project origination and technical or consulting services, may be performed by our Affiliates or related parties under common control. Also, some officers of the Sponsoring Member may be registered representatives of FINRA-member firms who may receive sales commissions from the placement of Units. In any case, we will strive to ensure that such services will be performed at rates believed to be comparable to rates charged by other independent non-affiliated companies for similar services. Bear in mind there is the possibility that if prospects acquired by the Fund produce only marginal amounts of oil or gas our Affiliates or related parties may still realize a profit even though you do not realize a profit on your investment.

Conflicts of interest for the individual members of our Sponsoring Member and others associated with this Fund by way of contract may also arise. Such individuals, either directly or indirectly, may provide services to other oil and gas related programs and may engage in oil and gas exploration and development for their own account and the account of others. Also, Southern Star Regional Investment Center LLC and/or its Affiliates may retain carried interests (e.g., working interest, overriding royalty interest, etc.) in the leases acquired by the Fund. Such persons may also be involved

with other oil and gas companies and in other aspects of the petroleum industry. All of these activities may result in conflicts of interest.

There Is No Assurance That The Projects Selected By Our Sponsoring Member Will Be Productive.

Our Sponsoring Member will attempt to select wells or projects that are in historically productive geological areas or areas of new potential. However, there can be no assurance that the wells or projects chosen will be economically viable or will yield financial results similar to other wells or projects producing oil and gas in the same geological area or that the wells, leases, or oil and gas interests acquired by the Fund will produce oil and gas in quantities sufficient to return the cost of acquisition. Therefore, there can be no assurance that your investment in the Fund will be profitable or that you will recover all or any part of your contributed capital.

There Can Be No Assurance of Adequate Liability Insurance Coverage.

Oil and gas field operators, including drilling contractors, such as will be retained by the Fund to manage the day-to-day drilling and/or servicing of wells on a given property (who may be Affiliates of the Sponsoring Member), are usually required by state law to carry and maintain certain performance bonds in order to continue as operators in good standing. Further, field operators usually maintain liability insurance coverage. However, there is no mandatory requirement for a field operator to maintain a specific amount of liability insurance or to maintain insurance coverage altogether. The absence of insurance coverage for a particular field operator would expose the Fund to greater liability and risk than if insurance were continued in force. This, of course, could also cause a material negative impact on the Fund's profitability.

We will endeavor to require all of the Fund's field operators to provide proof of liability insurance under each of their respective operating agreements and economic protection via contract. Although we will endeavor to cause such insurance to be carried, there is no guarantee that the amount of coverage, terms, or conditions of the insurance will not be materially changed in the future. Such insurance is usually intended to cover certain natural hazards such as blowouts. However, the field operators may not be able to insure or may elect not to insure against certain other hazards due to premium costs or other reasons. We will endeavor to ensure that all agreements with field operators and drilling contractors will require them to secure and maintain an insurance policy for bodily injury liability and to maintain such insurance coverage thereafter as is deemed appropriate. Such insurance coverage would apply to new, producing, plugged and abandoned wells in which the Fund has an interest.

You Should Seek Out Independent Legal Advice

Neither we nor our attorneys intend to give you any legal advice or counsel whatsoever. We strongly recommend you consult with your legal advisors regarding the inherent risks of the Fund before investing.

We Are Subject to Fluctuating Market Prices

Although many oil and gas industry analysts feel that an undersupply, rather than an oversupply of oil and gas may be prevalent in future markets, there is the possibility that restrictions on market access may occur in the future, which could result in a reduction in the amount of oil and gas marketed from the wells drilled or acquired by the Fund or in the price paid to third parties for oil and gas delivered, or both. The Fund may or may not enter into any futures contracts for the sale of production from its wells. Oil and gas produced by the Fund's wells may be sold on the "spot market" in order to take advantage of higher seasonal prices. However, there can be no assurances that this technique will protect the Fund from seasonal price drops.

Our Leases May Have Title Defects

We will not obtain title insurance on leasehold interests or other oil, gas and mineral interests, including royalty interests which the Fund acquires and develops. While we will exercise normal procedures and take all prudent precautions in the acquisition and assignment of the leases or interests acquired by the Fund, there is no assurance that losses will not result from title defects or from defects in the assignment of rights.

Broad Diversification of Oil and Gas Holdings May Be Difficult To Achieve

Since the Fund is closed-ended, it may commence operations without this offering being fully subscribed and without diluting the pro-rata ownership of any underlying Fund investor. As a result, the Fund may be limited in its ability to acquire or participate in numerous projects due to lack of funds. Fund operations will be conducted only on specific subject leases which may be acquired with limited funds. As a result, we may be less able to diversify the Fund's operations and spread the risks of oil and gas exploration and development over a broad range of projects on behalf of the Fund.

There Is No Liquid Market for Fund Units

You must assume the risks of purchasing an illiquid asset. Transferability of interests is limited and there is no guarantee of any market for the interests. Consequently, you should not expect to be able to readily liquidate your interest.

Consistent Revenue Distributions May Not Be Possible Due To Unavoidable Delays

There are a number of factors that could cause a delay in the beginning or continuance of revenue distributions to you, including, but not limited to, title defects, completion problems, problems with well production equipment, compression problems, pipeline space availability, availability of oil and gas markets, acceptable price considerations, and regulatory or environmental concerns.

The amount and frequency of distributions will depend primarily on the cash receipts from the sale of production, and upon the expenses involved in the production thereof.

Assuming that production is established from interests in wells acquired and/or serviced by the Fund, it is our intention to distribute revenues to you on at least a quarterly basis. However, there are no guarantees or assurances of when cash distributions will commence or as to the amount of such distributions, if any.

Our Forecasts Are Reliant Upon Hypothetical Projections and Lack Independent Review

Projections contained in this Memorandum are based on assumptions believed to be reasonable by our Sponsoring Member. Such projections are strictly hypothetical in nature, and there is no assurance or guarantee expressed or implied that results of the wells acquired, drilled or reworked by the Fund will be similar to the projections, or that the wells will produce oil and gas in commercial quantities, if at all.

There has been no independent economic review made of the merits of an investment in Fund Units. If you acquire Units without independent evaluation of the Fund Units or the hypothetical projections and their underlying assumptions, you assume the risk that the actual results of the Fund's activities may be significantly different than those shown in the projections, and the risk that you may lose your entire capital contribution.

This Offering Is Not Registered Under State and Federal Securities Laws

This offering has not been registered under the Securities Act of 1933, as amended, nor registered under the securities laws of any state. We do not intend to register this offering at any time in the future. Thus, you will not enjoy any benefits that may have been derived from such a registration and corresponding review by regulatory officials. You or your representatives must make your own decision as to investing in the Fund with the knowledge that regulatory

officials have not commented on the adequacy of the disclosures contained in this memorandum or on the fairness of this Fund's offering. The lack of registration of the offering may also significantly restrict the transferability of the Units.

Estimated Costs Are Not Certain

Costs to be borne by the Fund for the projects selected by our Sponsoring Member cannot be ascertained with certainty. Estimates of such costs per well and per mineral acre have not been determined by an independent process, but are believed to be reasonable and consistent with such costs available from other operators for similar services.

Due to the competitive nature of the oil and gas industry and to the dependence on the resources of the selected contractors or other independent contractors, there is no assurance that such services might be obtained at costs either higher or lower than those paid by the Fund.

If difficulties are experienced, cost overruns will be borne by the Fund. While we intend for the Fund to have adequate contingency reserves on hand to cover cost overruns that result from complications, there can be no assurance that this contingency reserve will be sufficient to cover such costs. However, excessive costs of completion due to complications may cause a well to become commercially unproductive, necessitating its eventual abandonment.

We may assume risks associated with participating in joint ventures or other partnerships

There is a chance we may acquire partial or fractional ownership in the intended property and/or in the intended oil and gas assets and operations in joint venture, joint tenancy, or in partnership relationship between the Fund (as either a general or limited partner or as a member of a LLC) and other real estate development companies or investors who may or may not be affiliated with the Fund's Management. Such relationships may involve risks not otherwise present. These include risks associated with the possibility that the Fund's co-venturer(s) or partner(s) might become bankrupt, that such co-venturer(s) or partner(s) may at any time have economic or business interests or goals that are inconsistent with those of the Fund, or that such co-venturer(s) or partner(s) may be in a position to take action contrary to the instructions or the requests of the Fund or contrary to the Fund's policies or objectives. We may relinquish control of such a joint venture or partnership and the Fund may receive a disproportionate share of profits from such a relationship. Actions by a co-venturer or partner might have the result of subjecting assets owned by the joint venture or partnership (which may include the property and the intended oil and gas assets and operations) to liabilities in excess of those contemplated by the terms of the joint venture or partnership or might have other adverse consequences for the Fund.

"Green card"-seeking Investing Members are at risk of not obtaining it and face other immigration risks

There is no guarantee nor can there be any assurance that Investing Members who are non-U.S. Persons or who are foreign nationals seeking immigration to the United States or permanent U.S. residency through the "EB-5 Immigrant Investor Program" by utilizing their investment in the Fund Units will be successful in obtaining that which they seek. Although our Sponsoring Member intends to seek designation by United States Citizenship and Immigration Services ("USCIS") as a "regional center" pursuant to the provisions of Section 610 of the Appropriations Act of 1993, as amended, and relevant USCIS rules and guidelines, as of the date of this Memorandum such status or designation has not been obtained. While investing in a "regional center" is not a guarantee that you will obtain a "green card", there can be no assurance that such designation will be obtained by our Sponsoring Member. Due to regulations and USCIS oversight, there is a general presumption (though no assurance) that investing in a "regional center" may make it more likely than not that you will be able to meet your burden of proof during the visa application process. Consequently, there is a risk your burden of proof may be more difficult investing in the Fund than if you invested in an existing regional center. Moreover, the United States Congress, the U.S. Department of Homeland Security and/or USCIS may change the law, regulations, or interpretations of the law without notice and in a manner that may be detrimental to an Investing Member seeking to obtain an EB-5 visa.

It is impossible to predict visa-processing times. EB-5 visa-seeking Investing Members should not physically move to the United States until their visa has been issued. Investing Members who obtain U.S. permanent residence status must

intend to make the United States their primary residence. Permanent U.S. residents who continue to live abroad risk revocation of their permanent residence status.

Since our Sponsoring Member may not be an approved "regional center" as of the date of this Memorandum, removal of your "conditional status" (which must be granted prior to the release of your escrowed funds) will depend upon the Fund creating at least 10 *direct* jobs within two (2) years of the date of your investment per each USD \$1,000,000 you invest (or per each USD \$500,000 you invest if our facility is located within a Targeted Employment Area (TEA) or a Rural Area (RA) as those terms are defined by law – See "Definitions"). This must be contrasted with the advantage afforded investors in USCIS-designated regional centers where both direct and *indirect* job creation is considered in review of their EB-5 visa application.

While we believe we will, in fact, create at least 10 *direct and indirect* jobs per USD \$500,000 of capital investment once our oil and gas assets and operations become operational and fully staffed (See Economic Impact Study and/or Economic Report in the Exhibit section of this Memorandum), due to the risks discussed elsewhere in this Memorandum we can give no assurance that we will be successful in creating a sufficient number of jobs as may be required for each immigrant investor. Estimates of future direct and indirect employment are based upon economic projections prepared by economists. While their utility cannot be denied, economists are rarely correct in their predictions of actual market results. Market or other factors may make it difficult or impossible to achieve projected employment creation. Section 216.6 of Title 8 of the U.S. Code of Federal Regulations (C.F.R.) requires the foreign national EB-5 applicant entrepreneur to create or show they can be expected to create within a reasonable period of time 10 full-time jobs to qualifying employees. In the event of delay or in the event it is impossible to achieve predicted employment at the time of filing to remove conditional status, an immigrant investor's removal of conditional status petition may be delayed or possibly altogether denied.

Also, while it is highly unlikely that our oil and gas assets, or the Fund itself will be sold prior to removal of conditional permanent residence status in connection with your I-526 visa petition, prompt prosecution of the petition remains your responsibility. We will not delay a possible sale to accommodate those who have filed their I-526 visa petitions later than two (2) years from the date of their investment in the Fund.

U.S. TAX RISKS

The following is a brief summary of what we believe are the most significant U.S. tax risks involved in an investment by the Investing Members in the Units. Numerous changes in the tax laws of the United States federal government and of the several States have increased the tax risk and uncertainty associated with investments in U.S. domestic limited liability companies. An unfavorable outcome with respect to any tax risk factor may have an adverse effect on an investment in the Units. THEREFORE, NONE OF THE FOLLOWING SHOULD BE CONSIDERED TAX ADVICE FROM THE FUND, ITS MANAGEMENT, COUNSEL, ACCOUNTANTS, AFFILIATES, ETC. YOU ARE EXPECTED TO CONSULT WITH YOUR OWN PERSONAL TAX ADVISOR BEFORE MAKING A DECISION TO SUBSCRIBE FOR UNITS.

We have not obtained a tax opinion

We have not obtained an opinion of counsel as to the tax treatment of certain material federal tax issues potentially affecting the Fund or its Members. Moreover, any such opinion, if we obtained one, would not be binding upon the U.S. Internal Revenue Service ("IRS"), and the IRS could challenge our position on such issues. Also, rulings on such a challenge by the IRS, if made, could have a negative effect on the tax results of ownership of the Fund's Units.

Tax audits are possible

The IRS has announced, and for several years has implemented, a policy which attempts to locate and select for audit the information returns of partnerships having tax loss benefits. Although we do not believe that the Fund is the type that would be subject to such greater IRS scrutiny, the federal income tax information return of the Fund will still be subject to audit. If the Fund's information return is audited, such audit may cause corresponding adjustments to, and may increase the probability of an audit of, an Investing Member's federal income tax return. If such audits occur, no

assurance can be given that adjustments in the tax treatment of certain items of deduction or credit will not be made, or that certain items of deduction or credit will not be disallowed. Any such adjustments could increase the probability of audits of an Investing Member's personal return, which, in turn, could result in adjustments of any items of income, gain, loss, deduction, or credit included in your personal return, regardless of whether or not those items relate to the Fund.

Tax laws are subject to change

Tax laws are continually being introduced, changed, or amended, and there is no assurance that the tax treatment presently potentially available with respect to the Fund's proposed activities will not be modified in the future by legislative, judicial, or administrative action. Proposals having an adverse tax impact on our activities could be adopted by Congress at any time, and such proposals could have a severe economic impact on us.

Passive Activity Rules

Unless you are an active participant in the governance of Fund affairs as a member of our board of directors, any Fund losses you incur may be treated as losses generated in a passive activity. Losses from passive activities generally may only be deducted against income from the same or other passive activities.

Tax Liabilities in Excess of Cash Distributions

Each Fund Member will be required to pay federal and state income taxes at his individual rate on his allocable share of the Fund's taxable income. No assurance can be given that cash will be available for distribution or will be distributed at any specific time. Generally, the allocation of profits is likely to be disproportionate to distributions to the Members. Therefore, distributions may be insufficient to pay income taxes with respect to allocations in a particular fiscal year. Accordingly, there is a risk that the Members will incur tax liabilities resulting from an investment in the Fund without receiving cash from the Fund in an amount sufficient to pay for any part of that liability.

Reduction in Tax Basis

Cash distributions by the Fund to an Investing Member will result in taxable gain to the Investing Member to the extent those distributions exceed the Investing Member's basis for his Unit. Initially, an Investing Member's basis for his Unit will be the amount of his cash contributions to the Fund increased by the portion of any Fund indebtedness for which that Member may bear the burden of economic loss.

Unrelated Business Taxable Income

Organizations generally exempt from federal income taxation (including qualified pension, profit-sharing and stock-bonus plans, Keogh plans and individual retirement accounts (IRAs)) may be taxable on their allocable share of Fund income to the extent such income constitutes "unrelated business taxable income" ("UBTI"). For example, a portion of income from an interest in real property and gain upon sale of such real property may be treated as UBTI if the property is subject to "acquisition indebtedness." Such portion is approximately equal to the ratio of the acquisition indebtedness to the aggregate basis of the property. Tax-exempt entities, other than IRAs, may qualify for an exception that would allow them to avoid the recognition of UBTI if the Fund meets certain disproportionate allocation rules; however, it is unclear whether the Fund satisfies these rules, and therefore all tax-exempt entities may be required to recognize UBTI by reason of their investment in the Fund. The receipt of UBTI by a charitable remainder trust results in taxation of all trust income for the taxable year, and therefore this is not a suitable investment for a charitable remainder trust.

Risk of Characterization

The IRS could characterize a particular Investment to be or consist of property held primarily for sale to customers in the ordinary course of business of the Fund. Under such characterization, any gain recognized by the Fund on the sale of the Investment would be ordinary income and any loss on such sale would be ordinary loss.

Factual Determinations by Sponsoring Member

The determination of the correct amount of certain deductions and their availability and timing to the Fund depend on factual determinations to be made by the Sponsoring Member. Counsel for the Sponsoring Member has specifically declined to give an opinion on such matters. Although the Sponsoring Member will exercise its best judgment regarding the facts when preparing the Fund's information return, the IRS may assert that the Sponsoring Member's judgment of the facts is not correct, which could result in the disallowance or deferral of deductions in whole or part. Such adjustments could result in the assessment of additional tax liability to the Members.

Changes in U.S. Tax Law

Significant changes have been made in the Code in recent years. The Treasury Department's position regarding many of those changes remains unclear pending publication of interpretive and legislative regulations, some of which may not be forthcoming for some time. Additionally, the Code is subject to change by the United States Congress, and existing interpretations of the Code may be reversed, modified or otherwise affected by judicial decisions, by the Treasury Department through changes in its regulations, and by the Service through its audit policy, announcements and published and private rulings. No assurance can be given that any changes in the tax law will be given only prospective application to the Fund or its Members.

The Fund Will Likely Be Treated as a Tax Partnership

We believe we will each be treated for federal income tax purposes as a partnership and not as an association taxable as a corporation. However, no tax opinion has been sought or obtained as to the availability of tax benefits to individual Fund investors due to the Fund's likely classification as a partnership for tax purposes. While we believe the Fund will likely be treated as a partnership for tax purposes, we do not intend to request a ruling of such treatment from the IRS. Should the IRS challenge this issue and obtain a contrary ruling regarding partnership status, the Fund may be required to pay taxes on the amount of taxable income deductions previously obtained, and may be liable for additional interest and/or penalties in connection with those deductions. Such adverse tax treatment would invariably have a material impact on the Fund's profitability and on your actual return on invested capital.

ERISA ASPECTS OF THE OFFERING

Introduction

The purchase of Units may not be appropriate for various tax deferred retirement plans, including any pension, profit sharing, Keogh plan or other employee retirement benefit plans qualified under Section 401(a) of the U.S. Tax Code (the "Code") or any IRA qualified under Code Section 408 (hereinafter referred to as a "Qualified Plan" or "Qualified Plans"). Before purchasing Units, the trustee or other responsible fiduciary of a plan contemplating investment should consider: (a) whether the Qualified Plan is considered an employee benefit plan subject to certain fiduciary standards of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"); (b) whether the investment is in accordance with the documents and instruments governing such Qualified Plan; (c) whether the investment will result in unrelated business taxable income to the Qualified Plan; (d) whether the investment provides sufficient distributions to permit benefit payments to be made as they become due; (e) any requirement that the fiduciary annually value the assets of the Qualified Plan; and (f) whether the investment is prudent, since no public market is expected to develop in which the Units may be sold or otherwise transferred. An employee benefit plan is defined in Section 3(3) of ERISA and includes all Qualified Plans defined above except (1) plans covering only a partner or partners of a partnership and their spouses, (2) plans covering only sole proprietors or sole owners and their spouses, or (3) most IRAs ("ERISA Plans").

"Plan Asset" Regulations

As discussed below, due to a favorable exemption provided under regulations (the "DOL Regulations"), issued by the United States Department of Labor (the "DOL"), it is expected that the assets of the Fund will not be treated, under current law, as "plan assets" of the ERISA plans which purchase Units. However, as further discussed below, if the assets of the Fund are considered for whatever reason to be "plan assets" under ERISA, then (a) the fiduciary

responsibility standards of ERISA would extend to investments made by the Fund; and (b) certain transactions in which the Fund might seek to engage might constitute "prohibited transactions" under ERISA and the Code. Furthermore, notwithstanding the DOL Regulations, even if the Fund assets are not "plan assets," the responsible fiduciaries of each investing ERISA Plan still must make an independent determination on a case by case basis as to whether the purchase of Units would comply with the fiduciary standards of ERISA and whether the purchase of Units would be considered a "prohibited transaction" under Section 4975(c) of the Code or Section 406(a) of ERISA.

In 1986, the DOL published as a final regulation Reg. Section 2510.3-101, which describes what constitutes "plan assets" with respect to an ERISA Plan investment in another entity (such as a partnership or corporation) for purposes of Title I of ERISA and Code Section 4975. Unless one of the exemptions provided in the DOL Regulations is met, the assets of a corporation, partnership or other entity in which a Qualified Plan makes an equity investment could be deemed to be assets of the investing plan. This would subject those persons who exercise discretionary control or authority over such entity's assets to certain ERISA fiduciary standards. If a Qualified Plan acquires an equity interest in an entity that is neither a publicly-offered security nor a security issued by certain registered investment companies, its assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless (i) the equity interests of certain ERISA Plan investors are not significant or (ii) the entity is an operating company. The Units will be neither publicly-offered nor issued by a prescribed investment company. Thus, one of the two exceptions must apply in order for an undivided interest in the assets owned by the Fund not to be treated under the DOL Regulations as a plan asset of Qualified Plans or ERISA Plans holding Units.

Exception for Insignificant Participation by Benefit Plan Investing Members

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Prohibited Transactions Under Section 4975 of the Code

Notwithstanding the exemption available under section 2510.3-101 of the DOL Regulations discussed above, and the likelihood that the Fund's assets would not be considered "plan assets," a fiduciary of an investing Qualified Plan in Units is still subject to the prohibited transaction rules of Code Section 4975 (and ERISA Section 406(a) for ERISA Plans). If the Service determines that an investment in the Units constitutes a prohibited transaction, an excise tax may be imposed on any disqualified person (as defined in Section 4975(e)(2) of the Code) who participates in the prohibited transaction. Furthermore, the transaction may have to be reversed. With respect to IRAs, the tax-exempt status of the IRA will be lost if the Service determines that the acquisition of Units by the IRA constitutes a "prohibited transaction" under 4975(c) of the Code.

Prohibited transactions are defined in Section 4975(c) of the Code and Section 406(a) of ERISA. These prohibitions are imposed upon fiduciaries and parties in interest to deter them from exercising the authority, control or responsibility which makes such persons fiduciaries when they have interests which may conflict with the interest of the plans for which they act. AS A RESULT, EACH FIDUCIARY OF AN INVESTING QUALIFIED PLAN INVESTING IN UNITS MUST INDEPENDENTLY DETERMINE WHETHER SUCH INVESTMENT CONSTITUTES A PROHIBITED TRANSACTION UNDER SECTION 4975(c) OF THE CODE OR SECTION 406(a) OF ERISA.

U.S. TAX AND ESTATE DISCLOSURE TO NON-U.S. PERSONS

YOU SHOULD CONSULT WITH YOUR OWN LEGAL AND TAX ADVISORS TO DETERMINE THE TAX IMPACT AN INVESTMENT IN THE FUND WILL HAVE IN YOUR JURISDICTION OF RESIDENCE.

Overview

As a general rule, non-U.S. Persons who receive U.S. source income are subject to U.S. tax. In order to satisfy U.S. Internal Revenue Service (IRS) tax reporting requirements, non-U.S. Persons must declare their country of residence and to verify their status as a non-U.S. citizen or resident to the IRS and the Fund on IRS Form W-8BEN. We will then withhold U.S. taxes from non-U.S. Persons based on customer's country of residence as declared on the IRS Form W-8BEN.

In the absence of a valid IRS Form W-8BEN along with required supporting documents on file we are required to withhold 28% of all sales proceeds and of certain other transactions that result in a distribution to you. Without a valid IRS Form W-8BEN, we are also required to withhold tax on your capital account at the maximum tax rate of 30%, which is generally higher than rates available to residents of countries that have a tax treaty with the United States. Information included in the IRS Form W-8BEN will be reported annually by the Fund to the IRS and to you on IRS Form 1042-S.

This disclosure is based on the U.S. tax laws in effect as of the date of this Memorandum, which are subject to change, possibly retroactively, and no assurance can be given that the U.S. Internal Revenue Service (IRS) may not take a position contrary to the positions described herein. This disclosure of certain U.S. tax and estate considerations is not meant to be legal or tax advice, and you should consult with your own personal estate planning or tax advisors before making any investment.

U.S. Tax Documentation

You must have on file with us one of the four versions of IRS Form W-8 (either W-8BEN, W-8IMY, W-8ECI or W-8EXP). These forms are used to verify your status as a non-U.S. citizen or resident and, when properly completed, can minimize withholding taxes on distributions you receive. We will do our best to assist you in determining which version of the form is appropriate for you. However, this determination ultimately depends on your own particular tax situation and may necessitate consulting your own tax advisor. You may also want to visit the IRS website for more information (www.irs.gov).

U.S. Tax Reporting

We will be required to report to the U.S. Internal Revenue Service once a year on Form 1042-S all U.S. source income for each Investing Member who is a non-U.S. Person. "U.S. source income" is, in general terms, defined under U.S. tax regulations as dividend and interest income earned on securities issued by U.S. issuers. In addition, interest earned on U.S. Treasury and U.S. government agency securities is U.S. source income. Therefore, to the extent that you receive distributions or are attributed income from the Fund, that amount will be included in the annual report we are required to send to the IRS.

Generally, foreign source income is not reported to the IRS. "Foreign source income" is dividends and interest earned on securities issued by non-U.S. companies and non-U.S.-registered mutual funds. Also, gain from the sale or redemption of securities (such as the sale of Fund Units) held by non-U.S. citizens or residents is generally not reportable. Special tax rules apply to income and gains from shares in real estate investment trusts, interests in certain partnerships (such as the Fund) and certain other securities.

U.S. Tax Withholding

Any distributions by the Fund to a non-U.S. Person will automatically be subject to 30% tax withholding (which means that 30% of any distribution payment would be deducted by us and sent to the IRS). However, please note that this tax rate may be reduced if you can claim the benefit of an income tax treaty between the jurisdiction of your residence and the United States and you have claimed such treaty benefit on IRS Form W-8BEN. You should consult with your own tax advisor to determine whether any U.S. tax withheld from any income credited to your capital account may qualify for a foreign tax credit in your jurisdiction of residence.

U.S. Estate Proceedings

In the event of your death, disposition of your Units will depend upon how title to your Units are held. If, for example, title to your Units is held in joint tenancy with another person, title will pass automatically to the surviving joint tenant (although the tax clearance described below will still be required). Similarly, if title to your Units is held in trust, disposition of the Units will be in accordance with the terms of the trust instrument. If title to your Units does not pass automatically, an estate proceeding will be required before we can distribute the Units to your heirs. The executor or personal representative of your estate in your country of residence will need to contact an attorney in the United States for assistance in filing for appointment with the probate court in the appropriate state to conduct an ancillary administration of your Units. Your U.S. personal representative will then be entitled to collect the proceeds of any distributions attributed to your Units for disposition in accordance with your will (or the applicable laws of intestate succession if you die without a will) after the tax clearance described below has been obtained. Upon the death of the beneficial owner of the Units we would be forbidden under U.S. tax law from transferring the Units from the decedent's name until the IRS has concluded its estate tax audit.

We generally may only transfer or release the Units after the executor, surviving joint tenant, trust beneficiary or other person legally entitled to receive the decedent's Units provides us an original "Transfer Certificate" (IRS Form 5173) received from the Internal Revenue Service. Transfer Certificates are issued after an investigation when the IRS is satisfied that the tax imposed upon the estate, if any, has been fully discharged or provided for. Requestors will likely be asked to provide the IRS with copies of the estate tax return and corroborating documentation. In addition, the IRS will typically require copies of the decedent's last will and testament and codicils thereto, if any, with English translations if appropriate, as well as copies of any death or inheritance tax returns and corrective statements filed with a tax or regulatory authority outside the U.S., and a copy of the decedent's death certificate. In addition, state inheritance tax laws may also require filings before a transfer of Units will be permitted. You should consult with your estate planner and tax advisor to determine how title to your Units should be held. Advance planning can save you and your family or heirs significant time and cost in the event of your death.

U.S. Estate Tax

Certain assets located in the United States which are beneficially owned by non-U.S. citizens or residents are subject to estate tax at graduated rates. Such assets include certain types of securities such as Fund Units beneficially owned by the deceased person at the time of death. As for joint tenants, the surviving joint tenant will have the burden of proving his/her respective contributions in order to determine the amount subject to tax.

WE BELIEVE YOU SHOULD BE AWARE OF THE BASICS OF CERTAIN U.S. TAX AND ESTATE CONSIDERATIONS THAT YOU SHOULD TAKE INTO ACCOUNT AS PART OF YOUR INVESTMENT DECISION MAKING PROCESS. AGAIN, THE FOREGOING IS NOT U.S. LEGAL OR TAX ADVICE. YOU SHOULD CONSULT WITH YOUR OWN LEGAL AND TAX ADVISOR PRIOR TO MAKING AN INVESTMENT IN THE FUND. PURSUANT TO IRS CIRCULAR 230, THE ABOVE INFORMATION, AND THAT WHICH IS CONTAINED ELSEWHERE IN THIS MEMORANDUM, IS NOT INTENDED TO AND CANNOT BE USED TO AVOID IRS PENALTIES.

RISKS RELATING TO THE USA PATRIOT ACT, MONEY LAUNDERING, AND TERRORISM PREVENTION

The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the "USA Patriot Act"), signed into law on and effective as of October 26, 2001, requires "financial

institutions”, a term that includes banks, broker dealers and investment companies, establish and maintain compliance programs to guard against money laundering activities. The USA Patriot Act requires the Secretary of the U.S. Treasury (the “Treasury”) to prescribe regulations in connection with anti-money laundering policies of financial institutions. The Federal Reserve Board, the Treasury, and the SEC are currently studying what types of investment vehicles should be required to adopt anti-money laundering procedures, and it is unclear at this time whether such procedures will apply to the Fund. It is possible that there could be promulgated legislation or regulations that would require the Fund or other service providers to the Fund, in connection with the establishment of anti money laundering procedures, to share information with governmental authorities with respect to purchasers of Fund Units. Such legislation and/or regulations could require the Fund to implement additional restrictions on the transfer of Units. The Fund reserves the right to request such information as may be necessary to verify the identity of Investing Members and the source of the payment of subscription monies, or as may be necessary to comply with any customer identification programs required by the Financial Crimes Enforcement Network and/or the SEC, or as may be required under any anti-money laundering legislation and regulation of the United States. In the event of delay or failure by any Unit holder to produce any information required for verification purposes, an application for or transfer of Units and the subscription monies relating thereto may be refused.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the information in this Memorandum may contain forward-looking statements. Such statements include, in particular, statements about our plans, strategies and prospects. You can generally identify forward-looking statements by our use of forward-looking terminology such as “may”, “will”, “expect”, “intend”, “anticipate”, “estimate”, “believe”, “continue”, or other similar words. Although we believe that our plans, intentions and expectations reflected in such forward-looking statements are reasonable, you should not rely upon our forward-looking statements because the matters they describe are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond our control. These forward-looking statements are subject to various risks and uncertainties, including, but not limited to, those discussed above under “Risk Factors”, that could cause our actual results to differ materially from those projected in any forward-looking statement we make. We do not anticipate to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

OBJECTIVES, STRATEGIES, AND PROPOSED ACTIVITIES

The discussion that follows contains numerous forward-looking statements. Actual results could differ materially from those anticipated. Many factors have the potential to substantially and materially affect the Fund’s prospects for profitability. Some but not all of these factors are discussed in the “Risk Factors” portion of this Memorandum and elsewhere in this document. Because of these reasons, you should be aware that your entire investment is at risk and that it is very possible that you may lose your entire investment.

Today’s Oil and Gas Market

As our world economy becomes more intertwined than ever before, we have an unprecedented opportunity for potentially optimal yields in today’s increasingly volatile world energy markets. We believe the long-term trend for energy prices is positive. Factors believed to play a role in this situation include:

- Volatile US dollar;
- Long-term global demand for oil and gas;
- Emerging economies of China and India as well as many other developing nations;
- Fewer major oil and gas discoveries;
- Changing weather patterns;
- International conflicts;
- International producing cartels (OPEC) and dictatorial regimes; and
- Political and/or legal uncertainty regarding offshore oil drilling in the Gulf of Mexico.

Oil and gas producing properties in the United States are unique among the world’s hydrocarbon resources. While most nations have nationalized their oil industries, the United States is the rare example where an individual may own interests in oil and gas programs as well as leases, mineral and royalty interests.

Proposed Activities

The Fund is a limited liability company (LLC) formed to make investments (the "Investments") in various oil and gas mineral rights, oil and gas leases, royalty interests, and/or interests in oil and gas drilling and well completion projects in the continental United States - with emphasis in certain Targeted Employment Areas (TEAs) or otherwise rural areas within the State of Oklahoma - as more particularly described herein. Our objective is to realize capital appreciation and income streams from our Investments in the energy sector. We expect that our Investments will typically be in leasebanks, drilling opportunities, royalty interests, mineral rights, completion activities and other energy investments identified by the Sponsoring Member in its sole discretion. We intend to invest only in projects where at least ten (10) or more U.S. jobs can be created per USD \$500,000 of capital investment. We also may engage in conducting geophysical studies utilizing seismic or enhanced or alternative exploration and completion technologies prior to or after acquisition of the Fund's Investments. We may also invest in secondary recovery or well production or enhancement projects. There can be no assurance these objectives will be achieved.

Current Acquisition Targets

The Fund presently anticipates acquiring interests in the following oil and gas projects (or substantially similar projects) further details of which will be made available upon request:

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(b) (4)



Alternative or Additional Acquisition Targets

The Sponsoring Member may exercise its sole discretion and substitute alternative prospects, including, but not limited to, secondary recovery or well production or enhancement projects, if deemed in the best interest of the Fund.

Staffing / U.S. Job Creation

As discussed in further detail in our economic impact study / report (See Exhibit "B" of this Memorandum), we expect our facility will create at least 10 new direct or indirect U.S. jobs per USD \$500,000 of investment. While no guarantee or assurance can be given, we will endeavor to ensure that at least 10 *direct* jobs per individual investment of USD \$1,000,000 or more by an EB-5 visa-seeking Investing Member will be created by our new enterprise (unless, of course, (a) our facility is located within a Targeted Employment Area (TEA) or a Rural Area (RA), as those terms are defined by law, and (b) our Sponsoring Member receives designation by the USCIS as an approved "regional center", in which case we will endeavor to ensure the creation of said number of direct and/or *indirect* jobs per individual investment of USD \$500,000 or more by an EB-5 visa-seeking Investing Member in accordance with either the jobs model or expenditure model as utilized or adopted by our economists to prepare our economic impact study (See Exhibit "B" of this Memorandum)).

FUND ORGANIZATION & STRUCTURE

SOUTHERN STAR ENERGY FUND LLC ("we", "our", "us", or the "Fund") is a new limited liability company (LLC) formed under the laws of the State of Delaware by Southern Star Regional Investment Center LLC, a Texas limited liability company that serves as its Sponsoring Member. The Fund was formed to make investments (the "Investments") in various oil and gas mineral rights, oil and gas leases, royalty interests, and/or interests in oil and gas drilling and well completion projects in the continental United States - with emphasis in certain Targeted Employment Areas (TEAs) or

Rural Areas (RAs) within the States of Texas and Oklahoma - as more particularly described herein. Our objective is to realize capital appreciation and income streams from our Investments in the energy sector.

We expect that our Investments will typically be in leasebanks, drilling opportunities, royalty interests, mineral rights, completion activities and other energy investments identified by the Sponsoring Member in its sole discretion. We intend to invest only in projects where at least ten (10) or more U.S. jobs can be either created or sustained. The Fund may also participate in the drilling of new wells in order to achieve further diversification and higher yields. The Fund may own or hold oil, gas, or other mineral royalties or leases, or fractional interests therein, or certificates of interest or participation in or investment contracts relative to such royalties, leases, or fractional interests. The Fund may also own, lease, finance or control equipment, machinery, and supplies related to such activities.

We are governed by a board of directors who oversee our managers, officers, and general affairs and who, acting collectively, have policy-making authority in connection with the Fund's stated objectives.

Our seven (7) initial directors on the board are Rick Muckleroy, Ron Kramer, Mike Jarman, Darin Mangum, Joey Gabaldon, Grant Lowey, and David Mangum (See "Key Personnel"), who are all control persons and/or affiliates of our Sponsoring Member and/or Southern Star Operating LLC, our operating affiliate.

(b) (4)



The Fund will attempt to place its Units with only "accredited investors" as such term is defined in Rule 501 of Regulation D of the Securities Act of 1933, as amended (the "1933 Act"), pursuant to an exemption from registration under Rule 506 of the same. In any case, the Fund will attempt to limit participation to "sophisticated" investors who have a fundamental understanding of the oil and gas business.

KEY PERSONNEL AND CONSULTANTS

Southern Star Regional Investment Center LLC – Sponsoring Member

Our sponsor, Southern Star Regional Investment Center LLC ("SSRIC"), is a Texas limited liability company that holds voting equity and controlling interest in the Fund as its Sponsoring Member. SSRIC is responsible for managing the business and legal affairs of the Fund and for administering the Fund's assets, such as our intended oil and gas assets and operations and underlying property. SSRIC also is presently seeking designation as a "regional center" pursuant to USCIS rules, regulations and guidelines.

Darin H. Mangum, Esq. – President, General Counsel and Director

Mr. Mangum has over 18 years experience in business and venture finance. His experience ranges from practicing attorney to executive and boardroom responsibilities. He is the managing member of Darin H. Mangum PLLC, a boutique business law firm with offices in Texas and Utah, and its sister law firm Mangum & Associates PLLC which handles trust work and public company reporting issues. Mr. Mangum also serves on the board of directors of three privately-held energy companies: Well Enhancement Service Group LLC (The Woodlands, Texas), Integrative Energy Ltd. (Calgary, Alberta, Canada), and Southern Star Resources LLC (Enid, Oklahoma). He recently was asked to join the board of Mid-American Retirement Communities LLC, another potential "regional center" focused on oil and gas

facility development in Indiana, Ohio, and Michigan. His law practice includes oil and gas law, real estate, corporate finance, mergers and acquisitions, and securities law compliance. His clients include private issuers, start-up companies, FINRA broker/dealers, venture capitalists, and individual entrepreneurs. Mr. Mangum received his law degree from Brigham Young University and he is an active member of both the Texas and Utah State Bar professional associations.

Michael V. Jarman – Manager of Business Development; Director

Mr. Jarman graduated with a Bachelor's Degree in International Business and Spanish from St. Edward's University in Austin, Texas. Mr. Jarman has over 22 years experience with business development systems with a variety of enterprises from specialty finance to sports facility and real estate management. Mr. Jarman is the founder of the Austin Indoor Soccer Center and serves as a member of the board of directors of Let's Play Sports Inc., the largest owner of indoor soccer prospects in North America (www.letsplaysoccer.com). Mr. Jarman was a co-founder of E.S.A. Auto Finance which was subsequently sold to Miami National Bank after a 20-year career in the automotive and banking industries. Mr. Jarman has recently focused his endeavors toward real estate, commodities, and oil and gas. Toward that end, Mr. Jarman co-founded Southern Star Regional Investment Center LLC in order to pursue the window of opportunity that exists in today's USA on-shore petroleum industry.

Rick Muckleroy – Investor Relations Manager; Director

An accomplished residential and commercial real estate builder, developer, investor and entrepreneur, Mr. Muckleroy attended the University of Texas at Austin. He has developed real estate all over Texas ranging from apartment complexes to single family homes to light commercial. He was involved in one of the largest lease plays in Texas generating several millions in profits for the participants. He also sold commercial real estate and ranches for years in the Austin, Texas, area. He was a co-founder of Jetstream Flight & Management LLC, an aviation management company, and was a key player in raising capital for Sonera Resources, a successful independent oil and gas company. Having recently joined Southern Star Regional Investment Center LLC, his current focus is connecting quality oil and gas projects with financial sources.

Ronnie R. Kramer – Investment Banking Manager; Director

A Native of Waco, Texas, Mr. Kramer's experience includes being the founder of Banner Holding Company ("BHC"), the first non-prime automotive finance company in Texas. Banner was acquired by Consumer Portfolio Services in 1995. Mr. Kramer also served as the President of the NYSE 10 Bank Holding Company (United Bank). After selling BHC, Mr. Kramer co-founded Consumer Auto Finance which was subsequently sold to J-Hawk Holdings. Mr. Kramer is currently involved in multiple investments including real estate, commodities, start-up technology firms and oil and gas prospects. He also is a co-founder of Southern Star Regional Investment Center LLC.

Joseph L. Gabaldon – General Manager; Director

Mr. Gabaldon graduated with a Bachelor of Science degree at NMSU in Las Cruces, New Mexico in 1989. He "retired" in 1999, ending a successful ten-year career trading in the stock market utilizing various techniques and trading methodologies he developed. Since then he has devoted his time and resources into the field of health research. He has travelled extensively and dedicated his time towards research and developing devices, techniques and therapies for treating diseases to be used in a modern day futuristic health center. His current noteworthy investment is in Genelux, a relatively new bio pharmaceutical company that he believes offers a paradigm shift for the cure/treatment of disease, the first one being cancer. Having recently joined Southern Star Resources LLC to develop and finance its Bolenbaugh Prospect, he also is currently developing a novel energy business model that may prove to be attractive to both investors and charitable recipients.

Grant Lowey, P.Geol. – Petroleum Geologist Consultant; Director

Mr. Lowey has over 20 years experience as a Petroleum Geologist. He has been associated with ERCO for three years, and has most recently been on a consulting assignment with The Kuwait Oil Company modeling fractured reservoirs prior to founding Sand Dollar Energy USA LLC where he serves as a principal. He began his career 20 years ago with Saskoil in the exploitation of Exxon/Mobil assets with horizontal drilling programs, and outpost exploitation. His areas of expertise include integration of reservoir models, 3D & 4D seismic attributes, structural, reservoir properties, and fracture modeling. Mr. Lowey has worked in both exploration and development of the Bakken Shale. He has also worked in the Gulf of Mexico, Permian Basin, and South America. He has extensive experience in 3D modeling applied to exploitation of non-conventional source rock reservoirs, and complex carbonate/clastic reservoirs, with horizontal

well 4D Enhanced Oil Recovery Projects, such as the Bakken Shale in the Williston Basin. Mr. Lowey received his degree in Advanced Petroleum Geology from the University of Regina, Canada, business school.

David H. Mangum, P.E., M.B.A. – Petroleum Engineering Consultant; Director

Mr. Mangum is a registered petroleum engineer and geologist with over 35 years experience in the petroleum industry. Prior to founding the Energy Exchange in 1983, he worked as a geologist and engineer with five Fortune 100 companies, including Mobil, Shell, Coastal, Xerox and Schlumberger. He also served as an Intelligence Officer with Strategic Air Command during the Vietnam-Cold War. Mr. Mangum studied Geology at Mississippi State University, received a B.S. in Petroleum Engineering from the University of Texas and obtained an M.B.A. Degree from Pepperdine University.

Kenneth W. Biesinger, CPA – Accountant & Controller

Mr. Biesinger received his Master's Degree in Accounting-Tax Emphasis from Brigham Young University in 1997 and became licensed as a CPA the following year. In 2000 he started his own accounting firm. He merged with another accounting firm in 2006 to form Biesinger & Kofford, CPAs, PLLC. His firm specializes in small business tax and accounting, and the firm now has a staff of 8, including 5 CPAs. An oil and gas investor himself, Mr. Biesinger has worked with numerous oil and gas companies preparing tax returns and accounting for them for the past several years. He presently lives with his wife and two children in Orem, Utah.

FUND CAPITALIZATION & USE OF PROCEEDS

(b) (4)



FOOTNOTES:

(b) (4)



- (6) In addition, for non-U.S. Persons who elect to escrow funds pending approval of a Form I-526 Immigrant Petition with United States Citizenship and Immigration Services (USCIS), a non-refundable one-time Application Fee of (b) (4) (payable to the Sponsoring Member, not the Fund) – in addition to their Capital Contribution (not credited to their capital account) – is due upon escrow of subscription funds regardless of the number of Units purchased.

(b) (4)



Application of Fund Proceeds

(b) (4)



(b) (4)

CONFLICTS OF INTEREST

The Sponsoring Member is subject to various conflicts of interest.

Relationships

Our Sponsoring Member is controlled, either directly or indirectly, by Rick Muckleroy, Ron Kramer, Mike Jarman, Darin Mangum, and Joey Gabaldon, who all presently serve on our initial board of directors (See "Key Personnel"). Also, of such persons, Darin Mangum and Joey Gabaldon control our operating affiliate, Southern Star Operating LLC. Also, Darin Mangum is the son of David Mangum. Such persons may also be involved with other oil and gas development enterprises and in other aspects of the oil and gas industry. Also, Darin Mangum's law firm provides legal services to the Sponsoring Member and the Fund and other USCIS "regional centers" who may compete with the Fund for immigrant investors. All of these activities or relationships may result in conflicts of interest. The Sponsoring Member believes the inherent conflict between such persons and the Fund is minimal (See "Risk Factors").

Competition with affiliates

The Sponsoring Member or its affiliates may sponsor or manage other entities or ventures which may have an interest in the oil and gas development and exploitation market. The Sponsoring Member or its affiliates may acquire or develop other oil and gas development and exploitation prospects or related properties for its own account. The Sponsoring Member or its affiliates will seek to achieve any operating efficiency or similar savings which may result from affiliated management of competitive properties. For example, Southern Star Operating LLC, our operating affiliate, may manage or operate other oil and gas prospects that may or may not be related to the Fund. To the extent affiliates own or acquire properties or oil and gas prospects which are adjacent to or in close proximity with the facility being developed by the Fund, the potential revenues or property value captured by the Fund may be diminished.

Provision by affiliates of Services to the Fund or to Persons Dealing With the Fund

The Sponsoring Member and its affiliates will not be prohibited from providing services to, and otherwise dealing or doing business with, persons that deal with the Fund.

Competition for Services

The Sponsoring Member believes it has sufficient time and resources to discharge fully its responsibilities to the Fund and to other business activities in which it is or may become involved. The Fund will not have independent management and will rely exclusively on the board of directors appointed by the Sponsoring Member (and other lower level officers or managers as may be appointed from time to time) for its management and operation. However, the Sponsoring Member and its affiliates may be engaged in substantial other activities apart from the Fund. Accordingly, the Sponsoring Member will devote only so much of its time to the business of the Fund as is reasonably required in its judgment. The Sponsoring Member and its affiliates will have conflicts of interest in allocating time, services and functions among the Fund and any other oil and gas development enterprise they have organized or may organize in the future, as well as among the Fund and other business ventures in which it or they are or may become involved.

Compensation and Reimbursements

(b) (4)



Legal Representation

Counsel to the Fund and the Sponsoring Member also may serve as legal counsel to affiliates, advisors, service providers and consultants. Moreover, our counsel, Darin Mangum, who serves on our board of directors and who is a control person of our Sponsoring Member (as a managing director and a manager of one of its beneficial owners) also serves as both counsel to and a control person of other fund sponsors who may compete with us in the EB-5 visa immigrant investor capital marketplace. In the event that any controversy arises following the termination of the Offering in which the interests of the Fund appear to be in conflict with those of the Sponsoring Member or its affiliates or the Fund's consultants, service providers, legal counsel or advisors, it may be necessary to retain other counsel.

Non-Arm's Length Agreements

Certain agreements and arrangements, including those relating to compensation between and/or among the Sponsoring Member and the Fund, consultants, service providers, advisors and/or affiliates, have been established solely by the Sponsoring Member and may not be the result of arm's length negotiations.

Tax Matters Member

Pursuant to our Limited Liability Company Agreement, the Sponsoring Member is designated as the "tax matters partner" of the Fund and is authorized and empowered to act independently and exclusively on behalf of the Fund and its members with respect to tax audits or tax litigation arising from or in connection with all "partnership items" within the meaning of the Code. Acting in such capacity, it will be in a position to enter into agreements with the Internal Revenue Service pursuant to which the Sponsoring Member and the Investing Members' tax liabilities will be affected. Accordingly, a conflict of interest may arise with respect to the Fund's representation.

Policies With Respect to Conflicts of Interest

Competition by Affiliates. The Sponsoring Member and its affiliates will be free to compete with the Fund including the right to acquire other oil and gas development interests that may compete with the those held by the Fund now or in the future in addition to any existing properties that may compete directly or indirectly with the those held by the Fund.

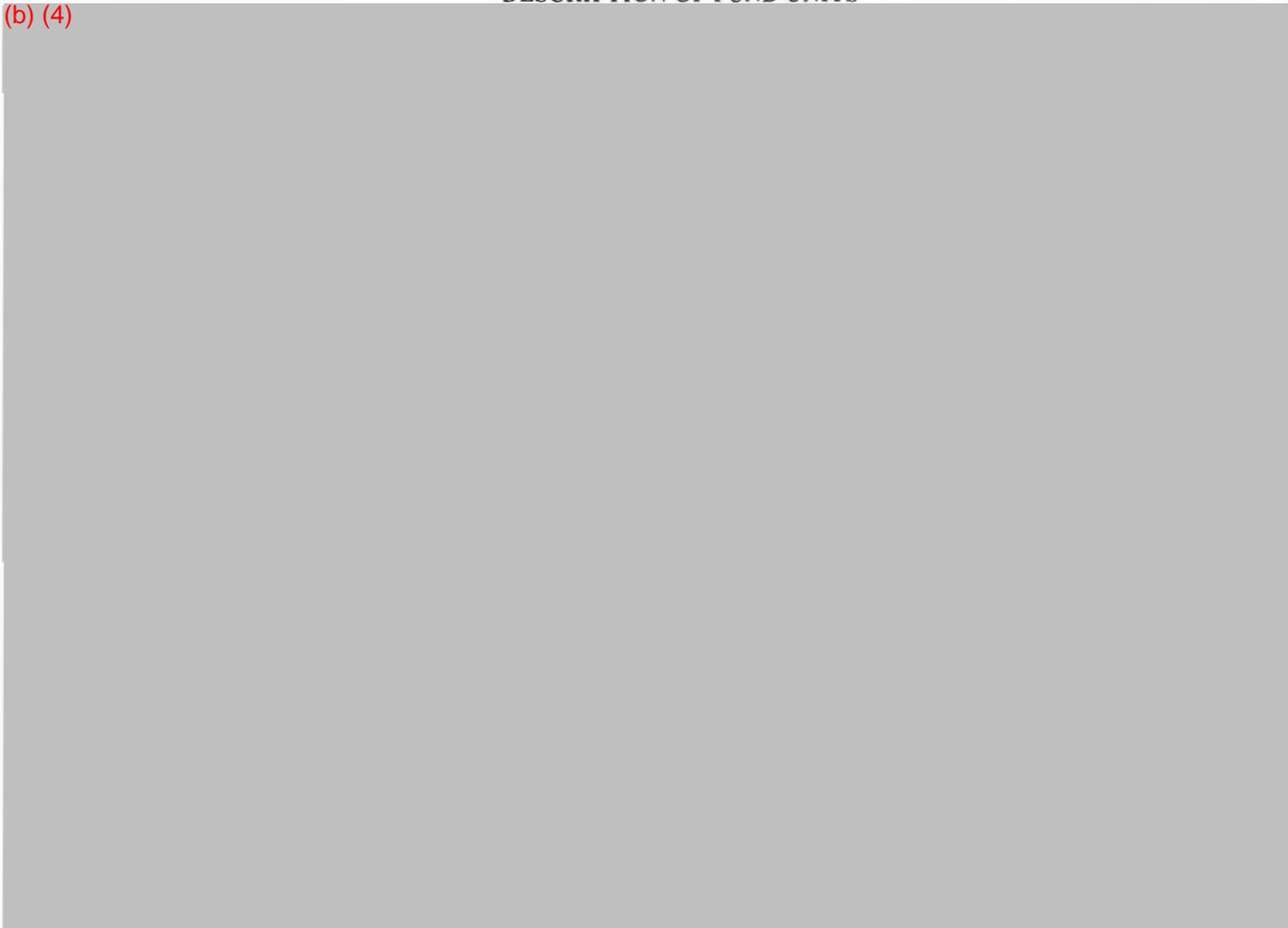
Transactions with Affiliates. The terms on which the Fund's relationships are conducted with the Sponsoring Member, any of its affiliates or persons employed by the same, shall be on terms and conditions no less favorable to the Fund than can be obtained from independent third parties for comparable services in the same county in which the Fund is conducting business. In the event the Fund acquires properties or other assets from an affiliate, the purchase price and terms of such acquisition shall be in accordance with fair market value as determined by the prevailing market.

LEGAL PROCEEDINGS

We expect to be involved in various lawsuits and claims arising in the normal course of business. However, we are presently unaware of any material legal proceedings, regulatory or otherwise, that would have a material impact on the Fund's prospective activities. For the sake of disclosure, in 2009 Darin Mangum was named as a co-defendant in a civil action brought by a single individual plaintiff in Utah's Fourth Judicial District Court against Corpus Freedom Pointe Townhomes LLC, et al., a former real estate development concern where he previously served as a principal. Mr. Mangum believes the suit, as it relates to him personally, is without merit and that he will be dismissed personally from the case.

DESCRIPTION OF FUND UNITS

(b) (4)



Sponsoring Membership Interest

(b) (4)

Restrictions on Transfer

We are offering Units of Investing Membership Interest (the "Units") to non-U.S. Persons and/or others pursuant to Sections 4(2), 4(6), Regulation D Rule 506, and/or Regulation S Rule 903 of the Securities Act of 1933, as amended (the "Act") and applicable state law or the applicable law of other non-U.S. jurisdictions. We may elect, in our sole discretion, to also offer Units to U.S. residents who are "accredited" and/or otherwise "sophisticated" investors.

Accordingly, the Units have not been registered under the Act and may not be offered or sold in the United States or to U.S. persons⁴ unless the securities are registered under the Act, or an exemption from the registration requirements of the Act is available. Hedging transactions involving the Units may not be conducted unless in compliance with the Act.

The Units being offered hereby are considered "Restricted Securities" as that term is defined under state and federal securities laws. The Act provides that all securities must be registered with the U.S. Securities and Exchange Commission before they may be offered or sold, or such offer and sale must be exempt from registration. Accordingly, the Units you purchase in the Fund cannot be resold by you unless they are registered or are otherwise exempt from registration. We have no current plans to register the Units offered in this private placement.

Redemption

The Fund may compulsorily redeem the Units of any investor to ensure compliance by the Fund with U.S. law.

PLAN OF UNIT DISTRIBUTION

We are offering for sale up to (b) (4) of Investing Membership Interest (expandable to (b) (4) additional Units as an oversubscription allotment if necessary) at USD \$500,000 per Unit, aggregating (b) (4) necessary to cover oversubscriptions).

(b) (4)

For non-U.S. Persons who elect to escrow funds pending approval of a Form I-526 Immigrant Petition with United States Citizenship and Immigration Services (USCIS), an additional non-refundable one-time Application Fee of USD (b) (4) (payable to the Sponsoring Member, not the Fund) – in addition to the subscription amount of USD \$500,000 per Unit – is due upon escrow of subscription funds regardless of the number of Units purchased.

In the event we elect to make this offering available to U.S. Persons, no Application Fee will be assessed on U.S. Persons or others who are not seeking an EB-5 visa from USCIS.

This Offering will begin on the date on the cover page of this Memorandum (the "Effective Date") and will continue until all of the Units are sold or until the offering is terminated by the Sponsoring Member or until the number of investors in the Fund reaches 499 persons.

We reserve the right to sell fractional Units to qualified persons in our sole discretion.

⁴ We may elect to forego reliance upon the exemption available under Regulation S and offer Units to U.S. Persons in reliance upon other available exemptions.

The Units are available only to accredited and/or otherwise sophisticated investors who meet the qualification criteria set forth in this Memorandum (See "Who May Invest"). This offering is not available, nor will it be offered, to the public.

We reserve the right to reject any subscription in its entirety for any or no reason and/or to accept any subscription in whole or in part. If your subscription is rejected, your funds will be returned to you without interest earned, without deduction for expenses.

Within fifteen (15) days of receiving your paperwork and your funds, we will send you written confirmation. This will notify you of the extent, if any, to which your subscription has been accepted by the Fund.

TAX DISCUSSION

YOU SHOULD CONSULT WITH YOUR OWN LEGAL AND TAX ADVISORS TO DETERMINE THE TAX IMPACT AN INVESTMENT IN THE FUND WILL HAVE IN YOUR JURISDICTION OF RESIDENCE.

The following discussion summarizes the significant federal income tax considerations in connection with an investment in the Fund by individuals who are United States citizens or resident aliens. It is not feasible to comment on all of the federal, state, and local income tax consequences resulting from the organization of the Fund and the conduct of their contemplated operations.

TAX CONSEQUENCES CAN VARY SIGNIFICANTLY WITH THE PARTICULAR SITUATION OF EACH INVESTOR. MOREOVER, THE RELEVANT TAX PROVISIONS ARE COMPLEX AND SUBJECT TO CHANGE. EACH PROSPECTIVE INVESTING MEMBER SHOULD CONSULT SUCH INVESTOR'S OWN TAX ADVISORS TO DETERMINE THE INCOME AND OTHER TAX CONSEQUENCES TO SUCH INVESTOR OF AN INVESTMENT IN THE FUND.

While the Sponsoring Member believes that this discussion addresses the significant federal income tax aspects of an investment in the Fund, it is by no means complete. The Sponsoring Member has not sought an opinion of tax counsel on these items. Neither the Sponsoring Member, its affiliates, management, nor its counsel or tax advisors have rendered an opinion regarding the outcome of any of the following tax-related issues.

This discussion is based on the relevant provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and on the applicable Treasury regulations thereunder (including proposed regulations), administrative rulings and procedures and judicial decisions. There is no assurance that the present federal income tax laws or regulations affecting the Fund and its proposed operations will not be changed by new legislation or regulations that could affect Investing Members adversely or that the IRS will agree with the interpretation of the current federal income tax laws and regulations summarized below.

REGARDING THE DISCUSSION BELOW REGARDING POSSIBLE TAX ADVANTAGES THAT MAY BE REALIZED DEPENDING ON THE SPECIFIC ACTIVITIES UNDERTAKEN BY THE FUND, PLEASE BEAR IN MIND **THIS IS NOT A TAX SHELTER**. DEPENDING ON YOUR INDIVIDUAL SITUATION, YOU MAY OR MAY NOT QUALIFY FOR SUCH TAX ADVANTAGES. CONSEQUENTLY, THE DISCUSSION BELOW SHOULD NOT BE CONSTRUED AS TAX ADVICE. YOU SHOULD CONSULT WITH YOUR OWN TAX ADVISORS TO DETERMINE THE EFFECT AN INVESTMENT IN THE FUND WILL HAVE ON YOUR OWN INDIVIDUAL TAX SITUATION.

The following discussion contains a summary of the tax aspects considered by the Sponsoring Member to be of material interest to prospective Investing Members of Units in the Fund. The summary, below, is directed primarily to individual taxpayers who are citizens of the United States and does not discuss in detail the income tax consequences peculiar to nonresident alien individuals, foreign corporations, insurance companies, banking institutions, regulated investment companies, real estate investment trusts, exempt organizations or other persons or entities to which special rules apply by virtue of the nature of their specific form or activities. **NON-U.S. PERSONS OR EB-5 VISA-SEEKING INVESTING MEMBERS SHOULD REFER TO THE "U.S. TAX AND ESTATE DISCLOSURE TO NON-U.S.**

PERSONS" SECTION OF THIS MEMORANDUM. The Federal tax considerations discussed below are necessarily general and may vary depending upon individual circumstances.

Substantial Federal income tax risks are associated with the intended business of the Fund, which affect the advisability of investing in the Fund. Risk results, at least in part, from uncertainties as to the application of provisions in the Internal Revenue Code of 1986 as amended (the "Code"). In addition, many of the provisions of the Code and subsequent acts are complex, unclear or both, while still others leave to the Treasury Department, through the issuance of Regulations, the implementation of Congressional intent. Furthermore, the resolution of certain material tax issues are largely dependent upon questions of fact upon which counsel cannot opine.

No rulings have been sought from the Internal Revenue Service (the "Service" or the "IRS") with respect to any of the tax matters described in this Memorandum. Each prospective Investor should consult his tax advisor as to the relevant tax considerations, how those considerations may affect his investment, and whether participation in the Fund is a suitable investment. There is no assurance that the intended tax benefits of this Offering will, in fact, be realized, nor is there any assurance that any one or more of the considerations otherwise relevant to the investment will not be adversely affected by subsequent legislation or other legal authority. Certain tax benefits may result from ownership of our Units. However, such benefits as afforded under the Code are, in some aspects, uncertain in their application and availability with respect to specific transactions by the Fund. There can be no assurance that some or all of the deductions claimed by the Fund may not be challenged by the IRS. Disallowance of deductions would adversely affect the Investing Members involved. The extent to which any individual Investing Member may realize tax savings because of deductions from our activities will vary according to their personal tax situation.

IT IS EMPHASIZED THAT PROSPECTIVE INVESTING MEMBERS ARE NOT TO CONSTRUE ANY OF THE CONTENTS OF THIS MEMORANDUM AS TAX ADVICE AND ARE URGED TO CONSULT THEIR TAX ADVISORS CONCERNING THE TAX ASPECTS RELATING TO AN INVESTMENT IN THE FUND.

THIS DISCUSSION ASSUMES THAT EACH INVESTING MEMBER PURCHASES HIS UNITS TO MAKE A PROFIT, ASIDE FROM ANY TAX BENEFITS THE INVESTING MEMBER MIGHT REALIZE. EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN, NEITHER THE FUND, ITS MANAGING MEMBER, COUNSEL, OR OTHER AFFILIATES OR MANAGEMENT HAS RENDERED AN OPINION AS TO THE ACTUAL OR INTENDED TAX CONSEQUENCES OF PARTICIPATION FOR ANY INVESTING MEMBER.

Additional facts or circumstances applicable to any particular Investing Member may give rise to federal income tax consequences not addressed in this discussion. Investment in the Fund may also have state and local tax consequences, which are also not addressed in this discussion. State and local taxes could include estate taxes, income taxes, inheritance taxes, sales taxes, etc.

The federal income tax consequences of an investment in the Fund, and the ramifications of those consequences to the Investing Members, will in some instances, depend upon determinations of fact according to interpretations of provisions of federal income tax law. When making these determinations and interpretations, the Sponsoring Member, as the Sponsoring Member of the Fund, intends to act in the best interest of the Fund. The Sponsoring Member, as the Sponsoring Member of the Fund, intends to consult, when appropriate, legal counsel or other professional tax advisors on these types of matters.

The Service has announced that it is paying increased attention to the proper application of the tax laws to partnerships and LLCs. An audit of the Fund's information returns may precipitate an audit of the individual income tax returns of each of the Investing Members. Prospective Investing Members should also be aware that, if the Service proposes to adjust any items of income, gain, deduction, loss or credit reported on the Fund information return, corresponding adjustments would be proposed with respect to the individual income tax returns of the Investing Members. Further, any such audit might result in the Service making adjustments to items of non-Fund income or loss. Moreover, even if the Service is unsuccessful in its challenge, the Investing Members should recognize that they might incur substantial legal and accounting costs in defending a challenge by the Service.

It is not feasible to present in this Memorandum a detailed explanation of partnership tax treatment or the resulting tax consequences to Investing Members. Each prospective Investing Member is strongly urged to consult his own tax advisor, attorney or accountant with specific reference to his own tax situation in order to be satisfied as to the tax consequences of an investment in the Fund.

Prospective Changes to Tax Laws

The following discussion is based upon existing provisions of the Code, Treasury Regulations thereunder, current IRS published rulings and existing court decisions, any of which could be changed at any time. Any such changes may or may not be retroactive with respect to transactions prior to the date of such changes and could significantly modify the statements and opinions expressed herein.

In addition to current law, Investing Members should evaluate the impact pending and proposed legislation may have on the tax treatment of Fund activities. Furthermore, tax law as it applies to the Fund is continually evolving through ongoing administrative and judicial interpretations of the Code. Accordingly, an Investing Member's evaluation of tax implications should include a specific review of recent and likely changes in the applicable laws. As previously noted, Investing Members should be advised that future changes in the law, or in the interpretation of the law, might substantially change the taxability of Fund activities.

The IRS has recently issued regulations to simplify the rules relating to classification of unincorporated businesses and other entities. Generally, the IRS will allow taxpayers to affirmatively elect to treat certain unincorporated domestic organizations as either partnerships or associations taxed as corporations for federal tax purposes.

Tax Treatment of Foreign Investing Members

The federal income tax treatment of nonresident foreign individuals and foreign corporations is complex and will vary according to each such Investing Member's particular circumstances. Prospective foreign investors are urged to consult their tax advisors with regard to (i) the tax treatment by their country of residence and (ii) the impact of United States federal, state, and local income, estate, and gift tax laws on an investment in the Fund.

U.S. Tax Code Section 1441: Withholding and Reporting Requirements for Non-U.S. Persons

Enforcement of the tax withholding and reporting obligations imposed upon U.S. entities, with respect to payments to non-U.S. citizens, has without doubt become one of the hottest topics at the Internal Revenue Service (IRS). As evidence of the importance the IRS is placing on this issue, withholding tax has now been designated as a Tier I issue. At issue, is Section 1441 of the tax code which stipulates that payments made to a non-U.S. citizen for services performed in the United States are subject to withholding tax. Many U.S. companies, however, are yet either unfamiliar with the applicable rules, or are unaware of the significant risks of non-compliance. This legal alert reviews the IRS protocols relating to withholding tax and outlines key points that U.S. entities making payments to non-U.S. citizens should review to assess their level of compliance.

Section 1441 generally requires a U.S. entity to withhold and deposit 30 percent of payments made to non-U.S. citizens. For the purpose of Section 1441, payments made to a non-U.S. citizen need not be made annually or at regular intervals, as long as they are paid from time to time. Common examples of payments include interests, dividends, salaries, wages, premiums and annuities. Even scholarships, fellowships, grants, prizes or awards made to non-U.S. citizens in connection with activities the non-U.S. citizens have performed must withhold U.S. tax from such payments. Often, U.S. entities that are subject to section 1441 are financial institutions, but they can include any individual, business, partnership, trust, estate or other entity paying U.S. source income to a non-U.S. citizen or entity in exchange for services. Entertainment, technology, energy, and pharmaceutical industries could all be especially vulnerable, as well as law and accounting firms and universities.

U.S. entities making payments to non-U.S. citizens also have reporting requirements. They must annually file Form 1042 to report their total withholding tax liability, amounts withheld, reportable amounts paid to foreign persons and other relevant information. Any U.S. person who fails to withhold or properly document why they did not withhold can

be personally liable for the under withheld tax, as well as for interests and penalties. The standard 30-percent withholding rate may be reduced or eliminated based on an applicable treaty or provision but there are stringent documentation requirements associated with claiming those exemptions.

The IRS is now in the process of increasing its enforcement activity surrounding payments to non-U.S. citizens. Given the IRS's current focus to ensure compliance with the section 1441 rules, every U.S. entity making payments to non-U.S. citizens has reason to be concerned about this increased enforcement activity. While financial institutions typically have a better understanding of their tax compliance obligations because they have many other related rules to follow, companies outside the banking sector can struggle with compliance. Many companies are unaware that they must file Form 1042 with the IRS, which reports the tax withheld to those persons. Such companies need to take a hard look at their cross-border withholding procedures and act quickly to correct any deficiencies. That means conducting internal "health check" to determine whether they are making payments to non-U.S. citizens, and if so, whether they are in compliance with their withholding and reporting obligations.

Withholding of Tax on Dispositions of United States Real Property Interests

The disposition of a U.S. real property interest by a foreign person (the transferor) is subject to the Foreign Investment in Real Property Tax Act of 1980 (FIRPTA) income tax withholding. FIRPTA authorized the United States to tax foreign persons on dispositions of U.S. real property interests. A disposition means "disposition" for any purpose of the Internal Revenue Code. This includes but is not limited to a sale or exchange, liquidation, redemption, gift, transfers, etc. A U.S. real property interest includes sales of interests in parcels of real property as well as sales of shares in certain U.S. corporations that are considered U.S. real property holding corporations. Persons purchasing U.S. real property interests (transferee) from foreign persons, certain purchasers' agents, and settlement officers are required to withhold 10 percent of the amount realized (special rules for foreign corporations). Withholding is intended to ensure U.S. taxation of gains realized on disposition of such interests. If the transferor is a foreign person and you fail to withhold, you may be held liable for the tax. For cases in which a U.S. business entity (such as the Fund) disposes of a U.S. real property interest, the Fund itself is the withholding agent.

Taxable Income

Revenue received from our operations may constitute taxable income, fully taxable to the Investing Members, reduced only by the amount of deductions properly allocable to them. As a result, the Investing Members may have little or no basis so that a sale or disposition thereof could produce a gain to the full extent of the amount realized. Each Investing Member would recognize such gain to the extent of their distributive share of the income from sale or distribution. As a result of the recapture rules, a substantial portion of the gain resulting from the sale or other disposition of property or from the sale or disposition of a Membership Interest may be ordinary income.

Classification of the Fund

Under IRS regulations, the Fund will be classified as a partnership and not as an association taxable as a corporation for federal income tax purposes. If the Fund were treated as a corporation for federal income tax purposes, there would be potentially adverse consequences to the Investing Members unless the Fund elected, and was qualified, to be treated as a regulated investment company ("RIC"). Such adverse consequences would include the following: (i) an Investing Member's share of the income, gain, losses, deductions, and tax credits of the Fund would not be includable in that Investing Member's federal income tax return; (ii) any income or gain of the Fund would be subject to federal income tax at the rates applicable to corporations; and (iii) distributions by the Fund to the Investing Members, other than liquidating distributions, would generally constitute dividend income to the extent of the current or accumulated earnings and profits of the Fund. Distributions reclassified as dividends would be taxed as dividend income to the Investing Members and the payment would not be deductible by the Fund in computing its taxable income.

Publicly Traded Funds

Under the Revenue Act of 1987, certain publicly traded partnerships will be treated as corporations for federal income tax purposes. Since the Fund will be treated as a partnership for federal income tax purposes, this provision is applicable

to it. A “publicly traded partnership” is defined as “any partnership if... (1) interests in such partnership are traded on an established securities market, or (2) interests in such partnership are readily tradable on a secondary market (or the substantial equivalent thereof).” The Units do not and are not intended to trade on an established securities market.

Under IRS Regulations, interests in a partnership are considered to be readily tradable on a secondary market or the substantial equivalent thereof if:

- (i) interests in the partnership are regularly quoted by any person, such as a broker or dealer, making a market in the interests;
- (ii) any person regularly makes available to the public (including customers or subscribers) bid or offer quotes with respect to interests in the partnership and stands ready to effect buy or sell transactions at the quoted prices for itself or on behalf of others;
- (iii) the holder of an interest in the partnership has a readily available, regular and ongoing opportunity to sell or exchange the interest through a public means of obtaining or providing information of offers to buy, sell, or exchange interests in the partnership; or
- (iv) prospective buyers and sellers otherwise have the opportunity to buy, sell or exchange interests in the partnership in a time frame and with the regularity and continuity that is comparable to that described in the other provisions of this paragraph.

The Sponsoring Member will not allow any transfer of Units that, in the opinion of its counsel, will cause the Fund’s Units to be treated as readily tradable on such market without the consent of a majority of the Investing Members. If the Units were in the future to become readily tradable as defined above, or in subsequent Regulations, rulings or other relevant authority, the Fund could for this reason become taxable as a corporation for federal income tax purposes.

Federal Income Taxation of the Fund and Investing Members Generally

Under present law, a limited liability company which is treated for federal income tax purposes as a partnership incurs no federal income tax liability. Instead, each Investor is required to report on such Investing Member’s federal income tax return, such Investing Member’s distributive share of his or her Fund’s income, gains, losses, deductions and credits for the taxable year of the Fund ending with or within such Investing Member’s taxable year, without regard to any Fund distributions. It is possible that an Investor could recognize income from Fund operations but not receive any cash distributions from the Fund to pay the tax with respect to that income. The receipt of a cash distribution from the Fund by an Investor results in the recognition of gain to the Investor only to the extent the cash distributed exceeds the Investing Member’s adjusted tax basis for that Investing Member’s interest in the Fund.

Allocations of Profit and Loss

(b) (4)



(b) (4)



Taxation of Gain

General. In the event the Fund or its assets are ever sold, such a transaction is expected to result in long-term capital gain or loss to investors. Net capital gains of individual taxpayers currently are taxed at a maximum statutory rate (generally this is 15% for capital assets held for more than one year) that is significantly less than the maximum statutory rate applicable to other income (currently 35%). Net capital gains mean the excess of net long-term gain over net short-term capital loss.

Potential Deductions

Depreciation. The costs of acquiring tangible property will be capitalized and recovered through the deduction for cost recovery. The depreciation method currently in effect is the Modified Accelerated Cost Recovery System (MACRS). Where tangible property is physically and irrevocably abandoned, loss will be recognized in the year of abandonment measured by the amount of the adjusted basis of the property at the time of the abandonment. In general, such loss would be treated as an ordinary loss. MACRS classifies tangible personal property into numerous groups. In general, most of the tangible property will qualify as "five or seven year property," the cost of which should be recoverable through deductions over a five or seven year period commencing with the year the property is placed in service. Depreciation deductions allowable with respect to equipment may be subject to recapture as ordinary income upon disposition of the property or upon the disposition by an Investing Member of a Unit in the Fund.

Election to Expense Certain Depreciable Business Assets. Code Section 179 allows an expense deduction to taxpayers (other than trusts, estates, or certain non-corporate lessors) who elect to treat the cost of certain qualifying property as an expense rather than a capital expenditure. No depreciation deduction is allowed regarding such costs. An annual dollar limitation applies on the aggregate costs that may be expensed under Code Section 179. For 2008, up to USD \$128,000 of property may be deducted. However, Code Section 179 deductions are limited, in each year, to the aggregate amount of taxable income of the taxpayer from the trade or business. Code Section 179 deductions are also phased out for

taxpayers who place in service in excess of USD \$500,000 worth of property in a year. Unused losses may be carried over to succeeding taxable years.

Restrictions on Passive Losses. Revisions to the federal tax laws in recent years were enacted to reduce investment in "tax shelters." I.R.C. §469 provides that certain taxpayers may not currently deduct net losses from passive investments. The statute creates three classes of income and loss - "passive," "active" and "portfolio" - and provides that passive losses can be applied to offset passive income, but not active or portfolio income. For this purpose the term "passive activity" means any activity involving the conduct of a trade or business in which the taxpayer in question does not materially participate, and includes the interests of Investing Members in the Fund (unless, for example, they also serve as an officer or director of the Fund in which case such participation may be considered "active"). Portfolio income is investment income, such as interest, dividends, and royalties. Active income or loss is income or loss, which does not fall into either of the other categories. The effect of these rules is to prohibit the use of passive losses to shelter income from salaries, investments, and other non-passive sources, and thus to reduce the economic value of such losses.

Organization Expenses. Expenses have been and will be incurred in organizing the Fund and in issuing and marketing the Units. In general, such Organization Costs must be capitalized by the Fund. Organization fees are amortized and deducted. Organization expenses are expenses that (i) are incident to the creation of the Fund, (ii) are chargeable to the capital account and (iii) are of a character which, if expended incident to the creation of a limited liability company having an ascertainable life, would be amortized over such life. Such organization expenses are amortized over a period of not less than 60 months. Any syndication fees (fees incurred to promote or sell interests in the Fund) which are incurred by the Fund are not deductible and are not subject to the 60-month write-off. Treasury Regulation § 1-709-2(b) takes the position that syndication expenses include tax advice pertaining to the adequacy of the disclosure in a private placement memorandum for securities law purposes as well as accounting fees for preparation of representations to be included in offering materials. The Fund intends to amortize or currently deduct when paid certain legal and accounting fees. Although the Fund will seek to deduct all items at such time and over such periods which conform to the Code, the allowance and timing of such deductions by the Service is predicated upon the factual circumstances as they relate to the applicable provisions of the Code.

Operating Expenses and Administrative Costs. Amounts paid for operating an Investment are deductible as ordinary and necessary business expenses. Ordinary and necessary business expenses such as general and administrative costs will generally qualify for deduction in the year paid to the extent such expenditures do not result in the creation of assets having useful lives in excess of one year.

Management Interests, Fees, and Certain Other Expenses. The Sponsoring Member has represented that, in its opinion, the Membership Interest held by the Sponsoring Member, the Administration Fee, and other fees and expenses are reasonable in view of the services to be rendered. Nonetheless, the IRS may take the position that the fees are unreasonable in amount. If the tax return is audited by the IRS, it is possible that various fee expense in the current year could be disallowed unless The Sponsoring Member can provide records of services rendered for payment of such fees which prove that such fees were reasonable in amount and paid for services rendered in the current year which were not capital or amortizable in nature.

Investment Interest. Section 163(d) of the Code limits the amount of an individual's deduction for investment interest to the amount of net investment income. Investment interest is interest paid or accrued on indebtedness incurred or continued to purchase or carry property held for investment. Property held for investment includes an interest in a trade or business in which the taxpayer does not materially participate and which is not a passive activity. The amount of disallowed investment interest for any taxable year is treated as investment interest paid or accrued in the succeeding taxable year. Interest on a loan incurred to purchase or carry an investment in the Fund will constitute investment interest subject to the limitation on its deductibility. The deductibility, by an Investing Member, of interest could be adversely affected if an Investing Member owns tax exempt bonds, since the incurring of the debt may be construed to be for the purpose of acquiring or continuing to carry the tax exempt bonds under Code Section 265(2). The IRS has issued temporary and proposed regulations that require actual tracing of funds in order to determine if borrowed funds are used to purchase any property held for investment.

Limitations on Fund Deductions

Adjusted Basis. An Investing Member is entitled to deduct on their federal income tax return his or her distributive share of the Fund loss, but not in excess of the Investing Member's adjusted basis for his or her interest in the Fund (and subject to the other loss limitations discussed below). The adjusted basis in an Investing Member's Fund interest is equal to the amount of cash and the adjusted basis of any property net of liabilities which that Investor contributed to the Fund, decreased (but not below zero) by distributions to the Investor from the Fund (including constructive cash distributions resulting from a decrease in the Investing Member's share of Fund liabilities), decreased by the Investing Member's distributive share of Fund losses, and increased by that Investing Member's distributive share of Fund taxable income.

If an Investing Member's distributive share of the Fund loss for any Fund taxable year exceeds the adjusted basis in the Investing Member's Fund interest at the end of that taxable year, such excess may not be deducted at that time but may be carried over and deducted in any later year if, and to the extent, the adjusted basis in the Investing Member's Fund interest at the end of the later taxable year otherwise exceeds zero (and subject to the other loss limitations discussed below).

Passive Losses. Code Section 469 provides, in part, that losses from trade or business and related activities in which the taxpayer does not materially participate -- so-called "passive losses" -- are deductible only up to the aggregate income generated by those types of activities -- so-called "passive income." Losses allocated to the Investing Members that are attributable to trade or business expenses or losses of the Fund may constitute passive losses. These losses will not be available to offset an Investing Member's income from wages, portfolio investments (including interest on the Fund's un-invested funds), or active trade or business activities in which such Investor materially participates. Unused passive losses of an Investor can be carried over to offset passive income received in future years. In addition, upon a fully taxable disposition of a taxpayer's entire interest in a passive activity to an unrelated party, the amount of any deferred losses will be allowed against income that is not from a passive activity, after first being applied to passive income in the year of disposition. See, however, the "**Capital Loss**" rules discussed below.

Gain or loss from the sale or disposition of equity investments held by the Fund likely will not constitute passive income or loss; thus, gain, if any, may not be offset by an Investing Member's prior or current passive losses. Instead, such gain or loss likely will be considered attributable to property held for investment.

Capital Losses. Capital losses of individuals are deductible only against capital gains, plus USD \$3,000 of other income in any one taxable year, although the excess capital losses may be carried forward indefinitely.

Non-Trade or Business Expenses. Expenses incurred in connection with an investment that is not considered a trade or business are deductible by individuals, if at all, under Code Section 212. Under Code Section 67, Code Section 212 expenses are deductible by an individual Investor only to the extent such deductions (along with other so-called "miscellaneous itemized deductions") exceed 2% of such Investing Member's adjusted gross income. The Fund expenses (including fees) passed through to the Investing Members would be subject to this limitation if they were considered not to be incurred in a trade or business.

There is substantial uncertainty whether the activities of the Fund will constitute a trade or business as that concept has been interpreted by the IRS and the courts. Because of the factual nature of this determination, we have no opinion on the extent to which the Fund's expenses would be considered incurred in a trade or business. Potential investors should be aware that all or a substantial portion of the Fund's expenses may be subject to the limits of Code Section 67; if so, such expenses would be deductible only to the extent that the Investing Member's aggregate miscellaneous itemized deductions (including such expenses) exceeded 2% of such Investing Member's adjusted gross income.

Investment Interest Expense. Code Section 163(d) generally limits the amount of investment interest (i.e., interest incurred to purchase or carry property held for investment) that a non-corporate taxpayer can deduct. The deduction is limited to the amount of such taxpayer's investment income. However, the investment interest deduction is not a miscellaneous itemized deduction under Code Section 67, and thus, is not subject to the limitation that it exceed 2% of a taxpayer's adjusted gross income in order to be deductible. Investment interest that cannot be deducted for federal

income tax purposes for any year because of the foregoing limitation may, subject to further limitations, be carried over and treated as investment interest paid in succeeding taxable years.

It should be anticipated that interest paid by the Fund on any borrowings, as well as any interest paid by an Investor on borrowings incurred to purchase Units, will be considered "investment interest." Any investment income from the Fund passed through to the Investing Members would increase the amount of investment interest that each Investor would be able to deduct.

The foregoing rules will not apply to the extent losses from the Fund constitute "passive losses" as described above. In such case, interest expense (either of the Fund or of an Investor) attributable to the passive activity in question will be treated as a passive activity deduction and not as investment interest.

Sale of an Interest in the Fund. The sale or exchange of an interest in the Fund ordinarily results in a capital gain or loss, but can result in the recognition of ordinary income under certain circumstances. Code Section 751 treats gain on the sale of the Fund interest that is attributable to either (i) unrealized receivables of the Fund or (ii) substantially appreciated Fund inventory as ordinary income. It is not anticipated that the Fund will have significant amounts, if any, of unrealized receivables or inventory.

Fund Organizational and Syndication Expenditures. Expenses of organizing the Fund (organizational expenses) and expenses incurred in connection with the offering of the Units (syndication expenses) are not deductible by the Fund or any Investor. The Fund may elect to amortize organizational expenses over a period of 15 years.

Administration Fee. The Limited Liability Company Agreement provide for payment to the Sponsoring Member of an Administration Fee (See "Glossary" and the Fund's Limited Liability Company Agreement). If the Administration Fee is deductible only under Code Section 212, Investing Members would be subject to the limitations under Code Section 67 described above under "Limitations on Fund Deductions -- Non-Trade or Business Expenses." The IRS could also contend that a portion of the Administration Fee represents a nondeductible syndication cost or an amortizable organizational expense or a capitalized cost of acquiring Portfolio Companies. If the IRS were successful in this argument, the deductions allocated to the Investing Members would be decreased.

Alternative Minimum Tax. The Code provides for an alternative minimum tax to be paid by corporate and individual taxpayers to the extent such tax exceeds the taxpayer's regular federal income tax liability. Alternative minimum taxable income is generally the taxpayer's taxable income as recomputed using certain adjustments plus the amount of the taxpayer's items of tax preference. Among the adjustments used in determining alternative minimum taxable income, passive activity losses, as recomputed, are not deductible. In addition, investment interest in excess of investment income is not allowable as a deduction against alternative minimum taxable income even if deductible in computing regular tax liability.

In addition, 27% of the amount of gain excluded from the taxpayer's gross income on the sale of QSBS under the 50% exclusion discussed above is treated as an item of tax preference and thus increases alternative minimum taxable income. Otherwise, an investment in the Fund is not expected to generate material items of tax preference for individuals.

The application of the alternative minimum tax depends on the facts and circumstances of each taxpayer's situation and the computation of such tax is complicated. Each prospective investor is urged to consult his or her tax advisor to determine whether he or she will be subject to the alternative minimum tax and the potential effects thereof on an investment in the Fund.

Capital Costs

Tangible Costs. The costs of acquiring tangible personal property may be capitalized and recovered through deductions for depreciation (see prior "Depreciation" section).

Real Property Acquisition Costs. Property acquisition costs must be capitalized.

Basis and "At Risk" Rules

Basis. A Member's basis in their Membership Interest is used to determine the gain or loss to a Member on the disposition of an interest and to determine whether a gain is recognized when cash is distributed from the Fund. Furthermore, a Member may only deduct their share of Fund losses to the extent of adjusted basis in their Membership Interest. Generally, each Investing Member's beginning basis will equal the sum of (i) their initial contributions to capital and (ii) their proportionate share of Fund liabilities. Each Investing Member's basis in the Units will be increased by the allocable share of Fund income, any subsequent capital contributions, and increases in their proportionate share of Fund liabilities. An Investing Member's basis in the Fund will be decreased (but not below zero) by their share of losses and Member distributions with respect to such Membership Interest. A decrease in an Investing Member's share of liabilities is treated for tax purposes as a distribution of cash to the Investing Member even though no cash was actually received. Such a decrease will occur, for example through amortization or other discharge of liabilities, reduction of the Investing Member's share of liability resulting from the sale of or foreclosure on property subject to debt, or upon the sale or other disposition of the Units.

"At-Risk" Limitations. Section 465 of the Code provides that, with respect to an activity, the amount of any losses (otherwise allowable for the year in question) which may be deducted by individuals, Subchapter S corporations, or "closely held corporations" (i.e., one in which five or fewer individuals own, with the application of constructive ownership rules, more than 50% of the outstanding stock) cannot exceed the aggregate amount with respect to which such taxpayer is "at risk" in such activity at the close of the tax year. The amount of loss that an investor can deduct is limited to his amount "at risk." A taxpayer is generally to be considered "at risk" with respect to an activity to the extent of cash, and the adjusted basis of other property contributed to the activity with respect to which the taxpayer has personal liability for payment from its personal assets. However, if the taxpayer borrows money to contribute to the activity and the lender's only recourse is either the taxpayer's interests in the activity or property used in the activity, the amount of the proceeds of the borrowing are to be considered amounts financed on a non-recourse basis which do not increase the taxpayer's amount "at risk". A taxpayer will not be considered to be "at risk", even as to the equity capital which such taxpayer has contributed to the activity, to the extent that the taxpayer is protected against economic loss of all or part of such capital by reason of an agreement or arrangement (guaranties, stop loss agreements or other similar arrangements) for compensation or reimbursement of any loss which the taxpayer may suffer. Any Investing Member who borrows the cash contributed to the Fund or who has other similar arrangements with respect to the interest should consult a tax advisor as to the application of the "at risk" limitation. An Investing Member's amount "at risk" will be increased by his distributive share of any Fund taxable income; and decreased (but not below zero) by distributions from the Fund, by his share of allowable Fund losses, by his share of non-deductible Fund expenditures which are not capital expenditures, and by the amount of the Investing Members deduction for depletion. The amount of any loss that is not allowable in a taxable year can be carried over to succeeding taxable years and deducted if and to the extent an Investing Member becomes "at risk," provided the Investing Member has sufficient tax basis. An Investing Member's "at risk" amount would be reduced by that portion of the loss which then becomes allowable as a deduction in succeeding taxable years. If an Investing Member receives distributions which exceed his "at risk" amount, or if his "at risk" amount is for any reason reduced below zero, losses previously claimed by the Investing Member from the activity will be "recaptured" and will be taxable to the Investing Member to the extent of such excess distributions or to the extent that his "at risk" amount is reduced below zero.

Sale or Other Disposition of Assets

(b) (4)



(b) (4)

Alternative Minimum Tax

Non-corporate taxpayers are subject to the alternative minimum tax to the extent it exceeds their regular tax. The Alternative Minimum Tax ("AMT") is not imposed on the Fund. Investing Members, however, may be subject to the tax. Alternative minimum taxable income is generally computed by adding or subtracting adjustments and tax preference items to income determined for regular tax purposes. The tax may equal up to 28% of alternative minimum taxable income which exceeds the applicable exemption amount.

The adjustments and tax preference items may include, among other things; the excess of accelerated over straight-line depreciation on real property and on leased personal property.

The Taxpayer Relief Act of 1997 exempts certain small corporations from Alternative Minimum Tax. The exemption for small corporations is effective for tax years beginning after 1997.

The extent, if any, to which the tax preference items of any Investing Member would be subject to the alternative minimum tax will depend on that Investing Member's overall tax situation. If an Investing Member is liable for the alternative minimum tax, the net effect may be that some or all of the tax losses being generated by an investment in the Fund will result in a tax reduction at the alternative minimum tax rate, while the income generated from our operations eventually may be subject to higher marginal tax rates.

Deferral of Taxes

It is expected that the Fund will incur tax losses from operations in the current year and that such tax losses may offset income of the Investing Members from other sources. In subsequent tax years, however, the taxable income from Fund operations may not be offset by any allowable income tax deductions. In addition, as a result of such deductions, the Fund's basis in real property and in any oil and gas assets and operations thereon (and the basis of each Investing Member in his Membership Interest) will be substantially reduced. Because of low tax basis, in the year in which an Investing Member sells or disposes of his Membership Interest, a substantial part of amounts realized most likely will constitute taxable gain. Thus, the tax benefit afforded in early years may defer to later years, but will not eliminate an Investing Member's overall Federal income tax liability. The tax benefit which any particular Investor may derive from investment in the Fund will depend in part on the value of such tax deferral to him. In order to determine the benefit of the deferral, the Investor must analyze the amount of potential tax savings which can be utilized in the early years of the Fund.

Miscellaneous Provisions

No Section 754 Election. Due to the tax accounting burden such election imposes, the Fund do not intend to file an election under Code Section 754 to adjust the basis of Fund Property in the case of a transfer of a Unit or the distribution of property by the Fund (although in some circumstances, such treatment may be mandatory under the Code). As a consequence, a transferee might be subject to tax upon the portion of the proceeds of a sale or disposition of Fund equity securities that represents, as to that transferee, a return of capital. This decision not to file an election may adversely affect the price that potential transferees would be willing to pay for the Units.

Interest and Penalties. If Fund income or loss is subsequently adjusted by the IRS, the Investing Members will be subject to interest on any deficiency from the due date of the original return. Additionally, a penalty equal to 20% (or, in some cases, 40%) of the understatement may be imposed on any "substantial understatement" of tax liability even if the

taxpayer was not negligent or fraudulent in filing the taxpayer's tax return. A "substantial understatement" is defined as an understatement for the taxable year that exceeds the greater of 10% of the required tax or USD \$5,000 (USD \$10,000 for most corporations).

Fund Audit Rules. The tax treatment of Fund items of income and deduction generally will be determined at the Fund level. Investing Members will be required to file their tax returns in a manner consistent with the information returns filed by their Fund, unless the Investor files a statement with such Investing Member's tax return describing any inconsistency. In addition, the Sponsoring Member will be the Fund's "Tax Matters Member" and as such will have authority to make certain decisions with respect to any IRS audit and any court litigation relating to the Fund. In general, the law limits the rights of less than one percent partners to participate in such proceedings without notifying the IRS and the Tax Matters Member.

Possible Changes in Federal Income Tax Laws. The federal income tax matters discussed herein are based on the laws in effect on the date of the Fund's Offering Memorandum; however, tax laws are subject to frequent changes. When these changes occur, the adopted statutes, regulations, rulings, and judicial decisions may also be made retroactive. Accordingly, there can be no assurance that future changes in the Code, Treasury regulations, IRS rulings, or judicial decisions will not adversely affect an Investing Member's investment in the Fund. The content of any future tax legislation is impossible to predict; therefore, prospective investors are urged to consult their own tax advisors regarding the possible tax consequences of future legislation on their investment in the Fund.

Penalties and Audit Procedures with IRS

Audit of Fund and Returns, and Determination Procedures. Returns filed by the Fund are subject to audit by the IRS. The IRS has announced a national tax shelter audit program, which could include the Fund, and which make audit of the Investing Member's returns more probable. Any such audit may lead to adjustments, in which event the Investing Member may be required to file amended personal federal income tax returns. Any such audit could also lead to an audit of an Investing Member's tax return which may result in adjustments other than those relating to investment in the Fund, costs of challenging such adjustments, and if such challenge is unsuccessful, payment of additional tax. Should this occur, the Investing Member may be required to pay interest and penalties plus the additional tax. Interest payable on deficiencies under the Internal Revenue laws will be compounded daily. A penalty of 20 percent may be imposed on substantial understatements of income tax. Code Section 6662 imposes a penalty equal to 20% of the amount of the underpayment attributable to a substantial understatement of tax liability. A substantial understatement of tax liability exists if a taxpayer's reported liability in a taxable year understates the amount required to be reported for such year by the greater of 10% of the total tax due or USD \$5,000 (except with respect to certain corporations). Generally, the Code Section 6662 penalty will not be imposed upon that portion of the understatement attributable to the tax treatment of any item if (a) the taxpayers acted in good faith and there was reasonable cause for the understatement, (b) the understatement was based on substantial authority, or (c) there was a reasonable basis for the tax treatment and the treatment of such items was disclosed on the taxpayer's return. The Code provides that tax adjustments will generally be made in a unified proceeding at the Fund level, rather than at the Member level. The Code requires, with certain exceptions, that the reporting of items by individual Members correspond to the treatment of such items on the Fund return. In addition, any resolution of the appropriate tax treatment of an item of income, deduction or credit will be accomplished through the appointment of a "Tax Matters Member", (as defined in the Code), who will usually be the Sponsoring Member and who will act as the primary liaison between the IRS and the Fund and its Members. The Tax Matters Member is empowered to receive notice of the commencement of administrative proceedings and adjustments, may extend the statute of limitations for assessments of deficiencies with respect to all Members regarding Fund items and may pursue judicial review of administrative determinations or make requests for administrative adjustments on behalf of the Fund. The Code also provides for situations when other Members may participate in the Fund proceedings or may commence administrative and judicial proceedings on their own behalf. For this purpose, the Sponsoring Member shall serve as the Tax Matters Member.

Tax Audit Risks. Investment in our Units may increase the possibility that an Investing Member's tax returns for years in which the program is in existence will be examined by the Service. The cost of any such examination, and of any legal proceeding instituted to contest the results of any such examination, must be borne by the investor subject thereto, even if the examination is triggered by or limited to items associated with investment in this Program.

Investment by Qualified Plans and Other Tax Exempt Entities

General. The following entities are generally exempt from federal income taxation: (1) trusts forming part of a stock bonus, pension, or profit sharing plan (including a Keogh plan) meeting the requirements of Section 401(a); (2) trusts meeting the requirements for an Individual Retirement Account ("IRA"), under Section 408(a) (referred to herein, along with trusts described in (1), as "Qualified Plans"); and (3) organizations described in Sections 501(c) and 501(d) (collectively with Qualified Plans, "Tax Exempt Entities").

This exemption does not apply to the extent that taxable income is derived by the above entities from the conduct of any trade or business that is not substantially related to the exempt function of the entity ("unrelated business taxable income"). If an entity is subject to tax on its "unrelated business taxable income," it may also be subject to the alternative minimum tax on related tax preference items.

In the case of a charitable remainder trust, the receipt of any "unrelated business taxable income" during any taxable year will cause all income of the trust for that year to be subject to federal income tax. Although in some circumstances taxability under the ordinary trust rules may not be disadvantageous to a charitable remainder trust, the Fund intends to structure all of their assets so as to avoid any "unrelated business taxable income" to a charitable remainder trust. "Unrelated business taxable income" is generally taxable only to the extent the Tax Exempt Entity's "unrelated business taxable income" from all sources exceeds USD \$1,000 in any year. The receipt of "unrelated business taxable income" by a Tax Exempt Entity in an amount less than USD \$1,000 per year will, however, require the Tax Exempt Entity (except an IRA), to file a federal income tax return to claim the benefit of the USD \$1,000 per year exemption. Fiduciaries of Tax Exempt Entities considering investing in Units are urged to consult their own tax advisors concerning the rules governing "unrelated business taxable income."

Most of the income from the Fund will be derived from gains or losses from the sale, exchange or other disposition of capital assets and interest income, both of which are generally excluded from the computation of "unrelated business taxable income." "Unrelated business taxable income" includes, however, income derived from "debt-financed property."

Debt-Financed Property. Even though certain types of income, such as capital gains, interest and dividends, generally may be considered passive and excluded from unrelated business income tax, such income when derived from an investment in property which is "debt-financed" can still result in income subject to taxation. "Debt-financed property" is defined in the Code as any property which is held to produce income and with respect to which there is "acquisition indebtedness." "Acquisition Indebtedness" includes indebtedness incurred by a Tax Exempt Entity to acquire Units and indebtedness incurred by the Fund. Each Tax Exempt Entity should consult with its own counsel regarding whether it may have incurred "acquisition indebtedness" to acquire the Units.

In the event the Fund invests in and owns property on which there is "acquisition indebtedness," a portion of each Tax Exempt Entity's distributive share of the Fund's taxable income (including capital gain) may constitute "unrelated business taxable income." This portion would be approximately equivalent to the ratio of the Fund's debt to the basis of the Fund's property. Therefore, a Tax Exempt Entity that purchases Units may be required to report such portion of its pro rata share of its Fund's taxable income as "unrelated business taxable income." It should be noted that in computing the "unrelated business taxable income" of a Tax Exempt Entity for this purpose, the deduction for depreciation is limited to the amount computed under the straight-line method.

The Fund may incur "acquisition indebtedness" in its assets which is allocable to any Tax Exempt Entity, thus resulting in "unrelated business taxable income" to such entity, but the Fund will strive to avoid incurring such indebtedness in any material amount.

ERISA Considerations. In considering an investment in Units, fiduciaries of Qualified Plans should consider (i) whether the investment is in accordance with the documents and instruments governing such Qualified Plan; (ii) whether the investment satisfies the diversification requirements of Section 404(a)(1)(C) of the Employee Retirement Income Security Act of 1974 ("ERISA"), if applicable; (iii) the fact that the investment may result in "unrelated

business taxable income” to the Qualified Plan (including IRAs and Keogh plans); (iv) whether the investment provides sufficient liquidity; (v) their need to value the assets of the Qualified Plan annually; and (vi) whether the investment is prudent.

ERISA generally requires that the assets of employee benefit plans be held in trust and that the trustee, or a duly authorized investment manager (within the meaning of Section 3(38) of ERISA), have exclusive authority and discretion to manage and control the assets of the plan. ERISA also imposes certain duties on persons who are fiduciaries of employee benefit plans subject to ERISA and prohibits certain transactions between an employee benefit plan and the parties in interest with respect to such plan (including fiduciaries). Under the Code, similar prohibitions apply to all Qualified Plans, including IRAs and Keogh plans covering only self-employed individuals which are not subject to ERISA. Under ERISA and the Code, any person who exercises any authority or control respecting the management or disposition of the assets of a Qualified Plan is considered to be a fiduciary of such Qualified Plan. Furthermore, ERISA and the Code prohibit “parties in interest” (including fiduciaries) of a Qualified Plan from engaging in various acts of self-dealing such as dealing with the assets of a Qualified Plan for his own account or his own interest. To prevent a possible violation of these self-dealing rules, neither the Fund, the Sponsoring Member nor its affiliates will purchase assets with the funds of any Qualified Plan (including a Keogh plan or IRA) if they (i) have investment discretion with respect to such assets, or (ii) regularly give individualized investment advice which serves as the primary basis for the investment decisions with respect to such assets.

If the assets of the Fund were deemed to be “plan assets” under ERISA, (i) the prudence standards and other provisions of Title 1 of ERISA applicable to investments by Qualified Plans and their fiduciaries would extend (as to all plan fiduciaries) to investments made by the Fund and (ii) certain transactions that the Fund might seek to enter into might constitute “prohibited transactions” under ERISA and the Code.

The Department of Labor has published a regulation defining what constitutes the assets of a Qualified Plan with respect to its investment in another entity (the “ERISA Regulation”). Section 2510.3-101(a)(2) of the ERISA Regulation provides as follows: “Generally, when a plan invests in another entity, the plan’s assets include its investment, but do not, solely, by reason of such investment, include any of the underlying assets of the entity. However, in the case of a plan’s investment in an equity interest of an entity that is neither a publicly-offered security nor a security issued by an investment company registered under the Investment Company Act of 1940, its assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless it is established that: (i) the entity is an operating company, or (ii) equity participation in the entity by benefit plan investors is not significant.”

Under Section 2510.3-101(f)(1) of the ERISA Regulation, equity participation in an entity by Qualified Plans is “significant” on any date, if, immediately after the most recent acquisition of any equity interest in an entity, 25% or more of the value of any class of equity interests in the entity is held by Qualified Plans. Recently enacted legislation provides that in determining whether this 25% test is met, governmental pension plans and certain church and foreign pension plans which are not subject to ERISA (collectively, “Non-ERISA Plans”) need not be included within the category of Qualified Plans which is subject to the 25% limit.

Unless another exemption under the Regulation is available, the Fund will not admit any Qualified Plan as an Investor or consent to an assignment of Units if such admission or assignment will cause 25% or more of the value of any class of Units in the Fund to be held by Qualified Plans other than Non-ERISA Plans. Accordingly, the assets of a Qualified Plan investing in the Fund should not, solely by reason of such investment, include any of the underlying assets of the Fund.

The other exemption under the ERISA Regulation that might become available is the “venture capital operating company” exemption. Under the ERISA Regulation, when a Qualified Plan invests in another entity and such entity is a venture capital operating company, the plan assets include its investment, but do not, solely by reason of such investment, include any of the underlying assets of the entity. If at least 50% of the assets of an entity (excluding short-term investments pending long-term commitment) are invested in “venture capital investments,” during certain relevant periods, the entity will be considered a “venture capital operating company.” For this purpose, a “venture capital investment” is an interest or investment in an operating company as to which the entity has or obtains management

rights. Under the ERISA Regulation, an "operating company" is an entity that is primarily engaged, directly or through a majority owned subsidiary or subsidiaries, in the production or sale of a product or service other than the investment of capital. In an advisory opinion, the Department of Labor has taken the position that an entity may only be a "venture capital operating company" starting on the day it makes its first "venture capital investment," thus placing the Fund in jeopardy until it has made substantial venture capital investments. It is not expected that the Fund will attempt to qualify as a "venture capital operating company" because of this and other technical impediments to assuring this exemption. Each fiduciary of a Qualified Plan (and any other person subject to ERISA) should consult his tax advisor and counsel regarding the effect of the plan asset rules on an investment in the Fund by a Qualified Plan.

State law or the applicable law of other non-U.S. jurisdictions

The Fund may operate in states and localities that impose a tax on the Fund's assets or income based on the Fund's activities in those jurisdictions. An Investing Member may be subject to an obligation to file tax returns and pay income taxes (including, in some jurisdictions, a minimum tax) and estate or inheritance taxes in states and localities in which the Fund do business as well as in the Investing Member's own state of domicile. Depending on applicable state and local laws, deductions that are available to the Fund and the Investing Members for federal income tax purposes may not be available for state and local income tax purposes. States and localities may also require the Fund to withhold tax on income allocable to an investor from any Fund distributions. In addition, corporations investing in the Fund may become subject to a corporate income tax, including a corporate minimum tax, in those states in which the Fund conduct business as a result of their investments in the Fund. Investing Members are urged to consult their tax advisors with respect to these matters.

State and Local Income Taxes

An investment in the Fund may subject an Investing Member to income taxes imposed by the states and localities in which the Fund operates as well as any other jurisdictions in which an Investing Member resides or does business, and accordingly, may require an Investing Member to file one or more state or local income tax returns reflecting income from the operations of the Fund.

Accountants

Tax returns will be prepared by such accounting firm as may be designated by the Sponsoring Member.

Reports to Investing Members

As soon as reasonably practicable after the end of each fiscal year, each Investing Member shall be furnished a copy of a statement of income or loss for the Fund and another statement showing the amounts allocated to or against such Investing Member pursuant to the Fund Agreement during or in respect of such year (i.e., an IRS "Schedule K-1"). These statements will also show all items of income, expense or credit allocated to such Investing Member for federal income tax purposes. These statements will be prepared in accordance with the accounting method adopted by the Fund and will be reflected in the Fund's tax return. The Sponsoring Member shall also deliver to each Investing Member by the first day of April following the close of each fiscal year of the Fund all of the information necessary for the completion of that portion of their federal income tax return relating to their investment in the Fund. The Fund will maintain its accounts on a basis deemed by the Sponsoring Member to be in the best interests of the Investing Members. The fiscal year of the Fund shall begin on the first day of January and end on the thirty-first day of December each year. Any Investing Member may request that the books and records of the Fund be audited at the end of any fiscal year, and any such audit shall be conducted by an independent certified public accountant selected by the Investing Member requesting the audit. If such request is made, the audit shall be conducted at the expense of the Investing Member requesting the audit. In the event an audit is not made within two (2) years from the date a statement of revenues and expenses of the Fund properties is mailed, such revenues and expenses shall be conclusively presumed correct.

EXPERTS

Financial statements (unaudited) for the Fund have been prepared by the Sponsoring Member and are included in the Exhibit section of this Memorandum.

SALES LITERATURE

We may utilize various literature (e.g., executive summary in bullet format, flip-charts, slide presentations, forecasts, etc.) which summarizes certain aspects of the Fund's objectives and proposed activities. FINRA registered broker-dealers or registered investment advisors, investment advisors, and licensed issuer-agents may also utilize such literature to briefly describe the Fund. Such sales material may not contain information contrary to that which is set forth in this Memorandum. If you receive such contrary material, do not rely upon it. The offering of Units will be made only by means of this Memorandum.

DEFINITIONS

The following definitions apply to the terms (whether capitalized or not) used in the Memorandum and/or the Fund's Limited Liability Company Agreement:

"Act" means the Delaware Limited Liability Company Act, as amended. In other contexts it may refer to the Securities Act of 1933, as amended.

"Accredited Investor" means (i) a natural person whose individual net worth (exclusive of the value of their primary residence), or joint net worth with your spouse, presently exceeds USD \$1,000,000; (ii) a natural person who had an individual income in excess of USD \$500,000 in each of the two most recent years or joint income with their spouse in excess of USD \$300,000 in each of those years and they reasonably expect reaching the same income level in the current year; (iii) a corporation, partnership, trust, limited liability company, or other entity in which all of the equity owners are "accredited investors"; (iv) a trust with total assets in excess of USD \$5,000,000 and was not formed for the specific purpose of acquiring Fund Units, the trustee of which has such knowledge and experience financial and business matters that it is capable of evaluating the merits and risks of investing in Fund Units; (v) a bank, savings and loan association or other financial institution, a registered securities broker or securities dealer, or an insurance company; (vi) a registered investment company or business development company, a licensed Small Business Investment Company, or a private business development company; (vii) a state-sponsored pension plan with total assets in excess of USD \$5,000,000; (viii) an employee benefit plan which either (a) has a fiduciary that is a bank, savings and loan association, insurance company, or registered investment adviser; (b) has total assets in excess of USD \$5,000,000; or (c) is a self-directed plan and investment decisions are made solely by persons that are "accredited investors"; (ix) a non-profit organization described in section 501(c)(3) of the Internal Revenue Code that was not formed for the specific purpose of acquiring Fund Units having total assets in excess of USD \$5,000,000; or (x) a director, executive officer, or manager of the Fund or a director, executive officer, or manager of the Fund's Sponsoring Member.

"Administration Fee" means an amount payable to the Sponsoring Member upon the release of funds from escrow equal (b) (4) the total Investing Members' Capital Contributions. It also means a monthly fee payable to the Sponsoring Member equal (b) (4) of the Fund's aggregate initial capitalization (i.e., the total Capital Contributions of the Investing Members). Such monthly Administration Fee shall commence being paid on the first day of the calendar month following the closing date of the Offering.

"Affiliate" means any Person that directly or indirectly controls, is controlled by, or is under common control with the Person in question. As used in this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise, or to hold or to control the holder of 10 percent or more of the outstanding voting securities of such Person.

"Agreement" means the Limited Liability Company Agreement as it may be amended, supplemented or restated from time to time.

"Alien" refers to a person in the United States who is not a citizen of the United States.

“Application Fee” means a one-time non-refundable fee (separate from Unit subscription funds) of (b) (4) (payable to the Sponsoring Member, not the Fund) due from non-U.S. Persons who elect to escrow funds pending approval of a Form I-526 petition with United States Citizenship and Immigration Services (USCIS) payable to the Sponsoring Member upon escrow of subscription funds regardless of the number of Units purchased.

“BCF” means billion cubic feet.

“BCFE” means billion cubic feet equivalent.

“BCPD” means barrels of condensate per day.

“BOPD” means barrels of oil per day.

“BOE” means barrels of oil equivalent.

“Capital Account” means the capital account maintained for an Investing Member pursuant to Section 3.2 of the Agreement.

“Capital Contribution”, as it relates to the Fund, means any asset or property of any nature contributed by an Investing Member to the capital of the Fund pursuant to the provisions of the Agreement. In the context of the Fund’s participation in a Program, it means an amount of money contributed to the Program by or on behalf of a Non-Operator.

“Certificate of Formation” means the certificate filed with the Secretary pursuant to Section 1.6 of the Agreement, as such Certificate may be amended or restated from time to time.

“Code” means the Internal Revenue Code of 1986, as from time to time amended and in effect.

“Commercial Well” is a drilled well which, based upon log and sample evaluations, is capable of producing oil and/or gas in sufficient quantities to exceed its expenses incurred once the completion is performed.

“Completion Assessments” occurs when a well drilled as part of a drilling Program is determined to have commercial capabilities of oil and/or natural gas production. The driller/Operator will then assess each Non-Operator for their pro-rata share of the completion cost.

“Consent” means the written consent of a Person, or the affirmative vote of such Person at a meeting called and held pursuant to Article VIII of the Agreement, as the case may be, to do the act or thing for which the consent is solicited, or the act of granting such consent, as the context requires.

“Development Well” means a well drilled within the proved area of an oil or gas reservoir to the depth of a stratigraphic horizon determined by a professional petroleum engineer or petroleum geologist to be productive.

“Drilling and Completion Costs” means all costs, excluding operating costs, of drilling, completing, testing, equipping, and bringing a well into production or plugging and abandoning it, including all labor and other construction and installation costs incident thereto, location and surface damages, cementing, drilling mud and chemicals, drill stem tests and core analysis, engineering and well site geological expenses, electric logs, costs of plugging back, deepening, rework operations, repairing or performing remedial work of any type, costs of plugging and abandoning any well participated in by the Fund, and reimbursements and compensation to well operators, including charges paid to the Sponsoring Member as an operator during the drilling and completion phase of a well, plus the cost of the gathering system and of acquiring leasehold interests.

“Drill Site” is the minimum locale subject to an area no less than that stipulated by the statutes and regulations of the Texas Railroad Commission (or equivalent authority in other jurisdictions) for the drilling of a well to the desired depth.

“Dry Hole” means any well abandoned without having produced oil or gas in commercial quantities.

"EB-5" is a United States immigration visa created by the Immigration Act of 1990 providing a method of obtaining a Green Card for Foreign Nationals who invest money in the United States.

"Event of Withdrawal of the Sponsoring Member" means an event that causes a Sponsoring Member to cease to be a Sponsoring Member as provided in the Act.

"Exploratory Well" means a well drilled to find commercially productive hydrocarbons in an unproved area, to find a new commercially productive horizon in a field previously found to be productive of hydrocarbons at another horizon, or to significantly extend a known prospect.

"Farmout" means an agreement whereby the owner of a leasehold or working interest agrees to assign their interest in certain specific acreage to the assignees, retaining some interest such as an overriding royalty interest, an oil and gas payment, offset acreage or other type of interest, subject to the drilling of one or more specific wells or other performance as a condition of the assignment.

"Foreign National" refers to a Person born outside the jurisdiction of the United States who is a citizen of a foreign country and who has not become a naturalized U.S. citizen under U.S. law. Includes Aliens who have not obtained Permanent Residency within the United States.

"Form I-526" refers to the petition filed with USCIS by an Investing Member who is a Non-U.S. Person seeking Permanent Residency within the United States.

"Form I-829" refers to the petition filed at the end of a two year conditional period with USCIS by an Investing Member who is a Non-U.S. Person to remove conditions imposed by the EB-5 visa.

"Fund" means the limited liability company formed pursuant to the Agreement.

"Green Card" is a United States Permanent Resident Card (known informally as a "green card" because it is green in color) which is an identification card attesting to the Permanent Residency status of an Alien in the United States.

"IDC" means intangible drilling and development costs.

"Investing Member" means any Person other than the Sponsoring Member or a Non-sponsoring Member (i) whose name is set forth on Schedule A of the Agreement, attached hereto, as an Investing Member, or who has been admitted as an additional or substituted Investing Member pursuant to the terms of the Agreement, and (ii) who is the owner of a Unit. In its plural form it means all such Persons.

"Investing Membership Interest" means the interest acquired by an Investing Member in the Fund by purchasing a Unit including, without limitation, such Investing Member's right: (i) to a distributive share of the income, gain, loss, deduction, and credit of the Fund; (ii) to a distributive share of the assets of the Fund; (iii) if an Investing Member, to Consent on those matters described in the Agreement.

"Investment" means an asset acquired by the Fund, which may include, but not be limited to, working interests, net revenue interests, overriding royalty interests, and/or royalty interests in oil and gas wells or properties within the United States, as well as proven, probable, possible and potential hydrocarbon reserves in the ground, and/or the leases on which such wells and/or reserves are located. It may also include partnership, LLC, or other forms of equity or revenue interests in joint ventures or other forms of oil and gas ownership. It may also include equipment, supplies and other material in connection with such assets.

“Indemnatee” means any Sponsoring Member, any Person who is or was an affiliate of a Sponsoring Member, any Person who is or was an officer, director, employee, agent, trustee, partner, member, manager, or shareholder of a Sponsoring Member or any such affiliate, or any Person who is or was serving at the request of a Sponsoring Member or any such affiliate as a director, officer, employee, partner, member, manager, agent or trustee of another Person; provided that a Person shall constitute an “Indemnatee” only with respect to acts, omissions or matters deriving from or relating to the business, operations or investments of the Fund.

“Lease” is the right granted by the Lessor to the Lessee to extract minerals, specifically oil and/or natural gas, from a certain property owned by the Lessor with the expense of said extraction lying with the Lessee. The Lessor retains a certain percentage of the revenues received from the sale of the oil and/or natural gas, which is known as royalty interest. A Lessor receiving a royalty interest does not have any obligation to pay any of the lease operating expenses associated with the production of such minerals. However, depending on lease terms, the Lessor normally pays his share of production or severance taxes and may pay his share of some costs associated with processing or treating the produced oil and gas. The lease will remain in effect so long as production is maintained.

“Leasebank” means one or more mineral Leases organized by prospect, project or production.

“Lessee” means the purchaser of a Lease.

“Lessor” means the grantor of a Lease.

“Limited Liability Company Agreement” means the Agreement which governs the internal affairs of the Fund.

“Liquidator” has the meaning specified in Section 7.2 of the Agreement.

“Majority in Interest of the Investing Members” means Investing Members whose Membership Interests aggregate to greater than fifty percent (50%) of the Membership Interests of all Investing Members.

“MCF” means one thousand cubic feet of natural gas.

“Memorandum” means the confidential private placement memorandum utilized by the Fund to disclose risks, describe its proposed activities, and explain the terms of the offering of Units to prospective Investing Members.

“Members” means the Sponsoring Member, the Non-Sponsoring Members, and the Investing Members. In its singular form it means any one of the Investing Members, Non-Sponsoring Members or the Sponsoring Member, as the case may be.

“Membership Interest” means a Member’s right, together with such other rights as provided in the Agreement, to receive distributions of Fund revenue, capital, and other disposition of Fund assets in accordance with the Agreement.

“Metropolitan Statistical Area” refers to a geographical area with high population density (i.e., typically greater than 20,000 persons) as may be designated by the governor of a state or other designated authority.

“Net Revenue Interest” means the revenues received by a Working Interest Owner before expenses and after the payment of royalty interest and overriding royalty interests.

“Non-sponsoring Member” means any Person holding a Membership Interest other than the Sponsoring Member or an Investing Member.

“Non-sponsoring Membership Interest” refers to a Sponsoring Membership Interest conveyed from the Sponsoring Member to a third party pursuant to this Agreement upon which event it is stripped of any and all management rights, consent rights, and entitlement to share in any Administration Fees, Organizational Fees, or the like.

“Non-Operator” is a person who acquires a Working Interest in a Program but who is not charged with the responsibility of field operations.

“Non-U.S. Person” means any Alien or Foreign National and includes (i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States; (ii) any estate of which any professional fiduciary acting as executor or administrator is a U.S. person if another executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate and such estate is governed by foreign law; (iii) any trust of which any professional fiduciary acting as trustee is a U.S. person, if a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person; (iv) any employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country; (v) any agency or branch of a U.S. person located outside the United States if such agency or branch operates for valid business reasons and is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; or (vi) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans.

“Offering” refers to the offering of Units for sale to prospective Investing Members via delivery of the Memorandum.

“Operator” means either Southern Star Operating LLC or a Person charged with conducting field operations in connection with a Program.

“Overriding Royalty” means an interest in the gross revenues received from the sale of the oil and/or natural gas from a certain property as a result of assisting in the acquisition of a lease or in consideration of a farmout of a lease. The owner of an overriding royalty does not bear any of the lease operating costs associated with the production, development, operation or maintenance of the leasehold. However, the holder of an overriding royalty normally pays his share of production or severance taxes and his share of some costs associated with processing or treating the produced oil and gas.

“Organizational Fee” refers to a fee equal to 1.7% of the aggregate Capital Contributions of the Investing Members payable to the Sponsoring Member upon release of funds from escrow as compensation for organizing the Fund and the Offering.

“Person” means an individual or a corporation, limited liability company, partnership, trust, estate, unincorporated organization, association or other business enterprise.

“Permanent Residency” refers to the officially granted immigration status of a Non-U.S. Person by USCIS of permission to reside and take employment in the United States, evidenced by the issuance of a Green Card, subject to removal from the United States if such status is not maintained or if certain conditions of such status are not met.

“Program” means a series of oil and gas-related Investments or Prospects.

“Prospect” means an oil and gas leasehold estate, or lesser interest therein, upon which drilling operations may or may not be conducted. In general, a Prospect is an area in which the Fund owns or intends to own one or more oil and gas interests, which is geographically defined on the basis of geological data and which is reasonably anticipated to contain at least one reservoir of hydrocarbons; an area covering lands which are believed to contain subsurface structural or stratigraphic conditions making it susceptible to the accumulations of hydrocarbons in commercially productive quantities at one or more horizons.

“Record Date” means the date established by the Sponsoring Member for determining the identity of Investing Members entitled to give Consent to Fund action or entitled to exercise rights in respect of any other lawful action of Investing Members.

“Regulations” means the income tax regulations promulgated under the Code, as from time to time amended and in effect (including corresponding provisions of succeeding regulations).

“Reservoir” means a separate structural or stratigraphic trap containing an accumulation of oil or gas.

“Roll-Up” means a transaction involving the acquisition, merger, conversion, or consolidation, either directly or indirectly, of the Fund and the issuance of securities of a roll-up entity.

“Roll-Up Entity” means a partnership, trust, corporation or other entity that would be created or survive after the successful completion of a proposed Roll-Up transaction.

“Royalty Interest” means an interest received by a Lessor in the gross revenues from the sale of the oil and/or natural gas from a certain property for which the Lessor does not bear any of the lease operating costs associated with the production, development, operation or maintenance of the leasehold aside from applicable production or severance taxes and sometimes a share of the costs associated with processing or treating the produced oil and gas. This percentage of revenue is in consideration of the Lessor signing the oil and gas lease with the Lessee.

“Rural Area” means a geographical area typically outside of a Metropolitan Statistical Area as further defined by USCIS.

“Sponsor” means any Person directly or indirectly instrumental in organizing, wholly or in part, a partnership, limited liability company or program to facilitate investment or who will manage or is entitled to manage or participate in the management or control of such partnership, limited liability company or program. “Sponsor” includes the Sponsoring Member. “Sponsor” does not include attorneys, accountants, engineers or other consultants whose compensation is for professional services rendered in connection with the offering of Units.

“Sponsoring Member” means Southern Star Regional Investment Center LLC, a Texas limited liability company, its successors or designated agents or assigns.

“Sponsoring Membership Interest” means the Sponsoring Member’s right to (i) participate in the management and operation of the Fund; (ii) receive to a distributive share of the income, gain, loss, deduction, and credit of the Fund; and (iii) to a distributive share of the assets of the Fund in accordance with the Agreement.

“Subscription” means the amount indicated on the Subscription Agreement that an Investing Member has agreed to pay to the Fund as their Capital Contribution.

“Subscription Agreement” means the agreement attached to the Memorandum by way of exhibit whereby prospective Investing Members subscribe for Units. With respect to a Non-Operator, is the agreement executed and delivered by a Non-Operator in connection with his or her subscription to purchase interest in a Program and contains certain representations, warranties, covenants and agreements of such Non-Operator.

“Targeted Employment Area” means a Rural Area or an area that is experiencing an unemployment rate of at least 150 percent of the U.S. national average or as otherwise defined by USCIS or federal law.

“TCFE” means trillion cubic feet equivalent.

“Turnkey Cost” typically means the costs incurred in the drilling and testing of a well or wells. If negotiated, the driller/Operator will agree to provide all services and materials specified for the drilling of wells in a Program for a fixed cost. Under a “turnkey” contract, the Non-Operators will be obligated to pay a one-time charge, based upon their pro-rata Working Interest Ownership, for the drilling portion of the wells with no additional assessment for the drilling portion of the wells. Any additional or unexpected costs encountered while drilling the well is absorbed by the driller/Operator. It is important to note that not all wells are drilled pursuant to “turnkey” contracts.

“Transfer” has the meaning set forth in Section 6.1(a) of the Agreement.

“Unanimous Vote” means the affirmative vote of all Investing Members, including the Sponsoring Member, whose combined Membership Interests aggregate one-hundred percent (100%) of the Membership Interests.

“Unit”, as it pertains to the offering of Investing Membership Interests as described in the Memorandum, means an undivided interest of the Investing Members in the aggregate interest in the capital and profits of the Fund. Each Unit of Investing Membership Interest represents a Capital Contribution of USD \$500,000 to the Fund. In the context of the Sponsoring Member, “Unit” means the Sponsoring Membership Interest.

“United States” or “U.S.” mean the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

“USCIS” means United States Citizenship and Immigration Services, an agency of the U.S. Department of Homeland Security.

“U.S. Person” means (i) a natural person resident in the United States; (ii) a partnership or corporation organized or incorporated under the laws of the United States; (iii) an estate of which any executor or administrator is a U.S. person; (iv) a trust of which any trustee is a U.S. person; (v) an agency or branch of a foreign entity located in the United States; (vi) a non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person; (vii) a discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; or (viii) a partnership or corporation organized or incorporated under the laws of any foreign jurisdiction which was formed by a U.S. person principally for the purpose of investing in unregistered securities unless it is organized or incorporated, and owned, by accredited investors who are not natural persons, estates or trusts.

“Working Interest” means the interest granted to the Lessee under an oil and gas lease which entitles the Lessee and/or its successors and assigns to conduct such operations and pay such expenses for the drilling and production associated with the extraction of oil and/or natural gas from that certain property. The Working Interest Owners, unlike royalty and overriding royalty interest owners, are able to take advantage of certain tax advantages when involved in the drilling for oil and/or natural gas. The Working Interest Owners receive revenues from the sale of the oil and/or natural gas after the payment of capital expenditures, operating expenses, taxes and royalty and overriding royalty interests.

ADDITIONAL INFORMATION

For more information regarding the Fund or this Offering, please contact:



SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC
Brownstone-Anderson Building, 25511 Budde Road, Suite 101, The Woodlands, Texas 77380 USA
E-mail: EB5@southernstaroil.com Telephone: (281) 940-7105

EXHIBIT A

MAP OF GEOGRAPHIC FOCUS AREA
OF
SOUTHERN STAR ENERGY FUND LLC

This section alone does not constitute an offer to sell Unit(s) in the Fund. An offer may be made only by an authorized representative of the Fund and the recipient must receive a complete original numbered Memorandum, including all exhibits.

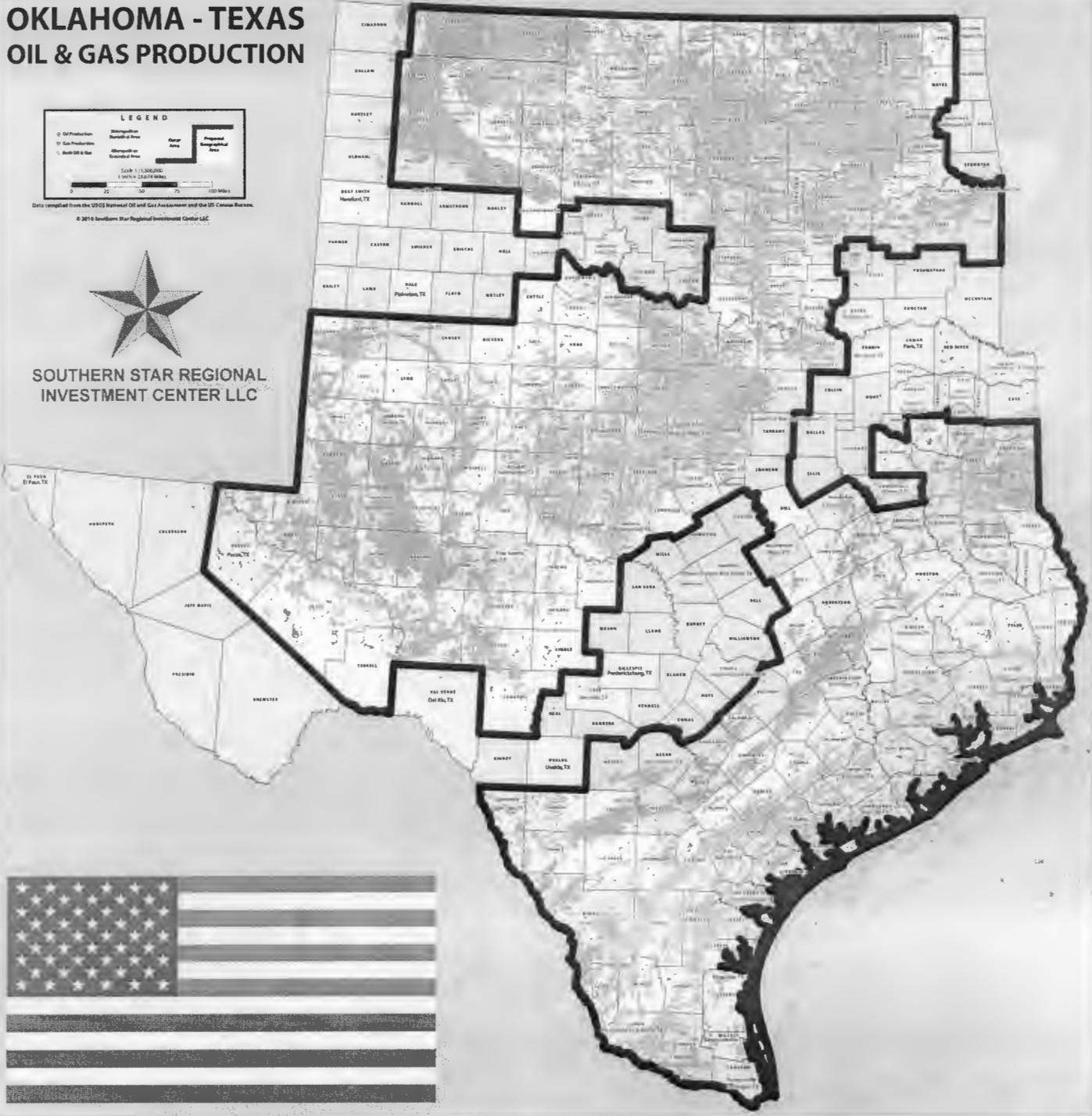
OKLAHOMA - TEXAS OIL & GAS PRODUCTION



Data compiled from the USGS National Oil and Gas Assessment and the US Census Bureau.
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**SOUTHERN STAR REGIONAL
INVESTMENT CENTER LLC**



CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
SOUTHERN STAR ENERGY FUND LLC

EXHIBIT B

ECONOMIST REPORT / IMPACT STUDY
OF
SOUTHERN STAR ENERGY FUND LLC

This section alone does not constitute an offer to sell Unit(s) in the Fund. An offer may be made only by an authorized representative of the Fund and the recipient must receive a complete original numbered Memorandum, including all exhibits.

Southern Star Regional Investment Center LLC

Economic Impact Study

Performed by:

Center for Community and Business Research
Institute for Economic Development
The University of Texas at San Antonio

November 2010

Institute for  **Economic Development**
The University of Texas at San Antonio

This report presents the results and assumptions made in this economic impact analysis for Southern Star Regional Investment Center LLC. For the analysis we used the software IMPLAN version 3.¹ According to this model and based upon the information provided, we estimated the impacts of drilling, construction, and related operations of the project in several counties in the states of Texas and Oklahoma (See Appendix A).²

Regional Overview

(b) (4)



APPENDIX A

Texas 187 counties				
Anderson	Dewitt	Howard	Menard	Starr
Andrews	Dickens	Hutchinson	Midland	Stephens
Angelina	Dimmit	Irion	Milam	Sterling
Aransas	Duval	Jack	Mitchell	Stonewall
Archer	Eastland	Jackson	Montague	Sutton
Atascosa	Ector	Jasper	Montgomery	Tarrant
Bastrop	Edwards	Jefferson	Moore	Taylor
Baylor	Erath	Jim Hogg	Nacogdoches	Terrell
Bee	Falls	Jim Wells	Navarro	Terry
Bexar	Fayette	Johnson	Newton	Throckmorton
Borden	Fisher	Jones	Nolan	Tom Green
Brazoria	Foard	Kames	Nueces	Trinity
Brazos	Fort Bend	Kenedy	Ochiltree	Tyler
Brooks	Freestone	Kent	Orange	Upshur
Brown	Frio	Kimble	Palo Pinto	Upton
Burleson	Gaines	King	Panola	Van Zandt
Caldwell	Galveston	Kleberg	Parker	Victoria
Calhoun	Garza	Knox	Pecos	Walker
Callahan	Glasscock	La Salle	Polk	Waller
Cameron	Goliad	Lavaca	Potter	Ward
Carson	Gonzales	Lee	Reagan	Washington
Chambers	Gray	Leon	Reeves	Webb
Cherokee	Grayson	Liberty	Refugio	Wharton
Clay	Gregg	Limestone	Roberts	Wheeler
Cochran	Grimes	Lipscomb	Robertson	Wichita
Coke	Guadalupe	Live Oak	Runnels	Wilbarger
Coleman	Hansford	Loving	Rusk	Willacy
Collingsworth	Hardeman	Lubbock	Sabine	Wilson
Colorado	Hardin	Lynn	San Augustine	Wise
Comanche	Harris	Madison	San Jacinto	Wood
Concho	Harrison	Marion	San Patricio	Wrinkler
Cooke	Haskell	Martin	Schleicher	Yoakum
Cottle	Hemphill	Matagorda	Scurry	Young
Crane	Hidalgo	Maverick	Shackelford	Zapata
Crockett	Hill	McCulloch	Shelby	Zavala
Crosby	Hockley	McLennan	Sherman	
Dawson	Hood	McMullen	Smith	
Denton	Houston	Medina	Somervell	

Oklahoma 58 counties	
Kay	Custer
Noble	Blaine
Payne	Kingfisher
Lincoln	Canadian
Okfuskee	Logan
Creek	Oklahoma
Pawnee	Beckham
Osage	Washita
Washington	Caddo
Tulsa	Grady
Okmulgee	McClain
Muskogee	Cleveland
Waggoner	Garvin
Rogers	Stephens
Nowata	Carter
Craig	Murray
Mayes	Jefferson
Texas	Love
Beaver	Pottawatomie
Harper	Seminole
Woods	Pontotoc
Alfalfa	Johnston
Grant	Marshall
Garfield	Hughes
Major	McIntosh
Woodward	Pittsburg
Ellis	Haskell
Roger Mills	Latimer
Dewey	Le Flore

APPENDIX B

Ranked from highest to lowest unemployment rate, the Oklahoma county employment rates for September 2010 are:

County Name	September-10			
	Employed	Labor Force	Unemployed	Rate
Latimer County, OK	3740	4180	440	10.4
Le Flore County, OK	18390	20330	1940	9.6
Okmulgee County, OK	14280	15770	1490	9.4
Hughes County, OK	5500	6050	560	9.2
Pawnee County, OK	6580	7200	620	8.6
Okfuskee County, OK	4460	4870	410	8.4
Mayes County, OK	17270	18830	1560	8.3
Nowata County, OK	4720	5140	430	8.3
Creek County, OK	28230	30740	2510	8.2
Seminole County, OK	10360	11290	930	8.2
McIntosh County, OK	8330	9070	740	8.2
Osage County, OK	18190	19770	1580	8
Blaine County, OK	4650	5050	400	7.9
Kay County, OK	21490	23240	1760	7.6
Muskogee County, OK	29120	31470	2350	7.5
Jefferson County, OK	2340	2520	190	7.5
Tulsa County, OK	267450	288360	20910	7.3
Rogers County, OK	36680	39500	2830	7.2
Wagoner County, OK	30290	32650	2370	7.2
Marshall County, OK	6110	6550	440	6.7
Haskell County, OK	5800	6210	420	6.7
Johnston County, OK	4840	5190	350	6.7
Stephens County, OK	20270	21700	1430	6.6
Oklahoma County, OK	306470	327380	20910	6.4
Pittsburg County, OK	22730	24270	1540	6.3
Grady County, OK	21630	23090	1460	6.3
Lincoln County, OK	13070	13940	860	6.2
Pottawatomie County, OK	32260	34340	2080	6.1
Caddo County, OK	12310	13100	800	6.1
Logan County, OK	16830	17890	1060	5.9
Payne County, OK	32000	33970	1970	5.8
Washington County, OK	26240	27830	1580	5.7
Craig County, OK	7350	7790	440	5.7
McClain County, OK	14180	15020	840	5.6
Noble County, OK	5490	5820	330	5.6
Canadian County, OK	49500	52370	2870	5.5
Garvin County, OK	14090	14920	830	5.5
Texas County, OK	6470	6850	380	5.5
Cleveland County, OK	113330	119750	6420	5.4
Woodward County, OK	10490	11070	590	5.3
Carter County, OK	25640	27060	1420	5.2

Alfalfa County, OK	2400	2520	130	5.1
Pontotoc County, OK	19790	20810	1020	4.9
Washita County, OK	5890	6190	300	4.8
Garfield County, OK	30940	32420	1480	4.6
Beckham County, OK	11200	11730	530	4.5
Love County, OK	5100	5350	240	4.5
Kingfisher County, OK	7400	7740	340	4.4
Custer County, OK	14810	15460	650	4.2
Major County, OK	4170	4360	190	4.2
Ellis County, OK	2240	2330	100	4.1
Dewey County, OK	2650	2760	110	3.9
Woods County, OK	4400	4580	170	3.8
Grant County, OK	2600	2710	100	3.8
Murray County, OK	9050	9400	350	3.7
Roger Mills County, OK	1830	1900	70	3.6
Harper County, OK	1990	2060	70	3.4
Beaver County, OK	3230	3330	100	3

Source: Oklahoma Employment Security Commission

http://www.ok.gov/oesc_web/Services/Find_Labor_Market_Statistics/LAUS

APPENDIX C

Ranked from highest to lowest unemployment rate, the Texas county employment rates for September 2010 are:

County Name	September-10			
	Employed	Labor Force	Unemployed	Rate
Starr County	20,859	24,867	4,008	16.1
Zavala County	3,262	3,872	610	15.8
Sabine County	3,040	3,588	548	15.3
Willacy County	7,330	8,419	1,089	12.9
Newton County	5,206	5,949	743	12.5
Maverick County	21,059	24,021	2,962	12.3
Dickens County	880	1,001	121	12.1
Hidalgo County	271,111	305,476	34,365	11.2
Jasper County	13,924	15,672	1,748	11.2
San Augustine County	3,166	3,564	398	11.2
Matagorda County	16,371	18,409	2,038	11.1
Cameron County	140,098	157,254	17,156	10.9
Duval County	4,675	5,245	570	10.9
Orange County	38,087	42,684	4,597	10.8
Jefferson County	104,945	117,377	12,432	10.6
Liberty County	29,065	32,448	3,383	10.4
Zapata County	4,725	5,276	551	10.4
Milam County	10,009	11,163	1,154	10.3
Reeves County	4,253	4,744	491	10.3
San Jacinto County	9,507	10,585	1,078	10.2
Terrell County	344	383	39	10.2
Marion County	4,548	5,045	497	9.9
Tyler County	7,809	8,670	861	9.9
Houston County	7,534	8,348	814	9.8
Loving County	37	41	4	9.8
Polk County	16,602	18,373	1,771	9.6
San Patricio County	28,438	31,467	3,029	9.6
Brooks County	3,089	3,412	323	9.5
Falls County	6,137	6,781	644	9.5
Runnels County	4,253	4,696	443	9.4
Bee County	10,977	12,104	1,127	9.3
Anderson County	19,289	21,235	1,946	9.2
Chambers County	13,480	14,847	1,367	9.2
Karnes County	4,932	5,433	501	9.2
Calhoun County	8,774	9,656	882	9.1
Dimmit County	3,951	4,344	393	9
Galveston County	134,047	146,979	12,932	8.8
Brazoria County	135,274	148,131	12,857	8.7
Cherokee County	19,011	20,815	1,804	8.7
Hardin County	24,438	26,764	2,326	8.7
La Salle County	2,552	2,796	244	8.7

Navarro County	19,958	21,848	1,890	8.7
Cochran County	1,405	1,534	129	8.4
Trinity County	5,536	6,044	508	8.4
Grimes County	11,043	12,045	1,002	8.3
Waller County	15,376	16,775	1,399	8.3
Coke County	1,215	1,323	108	8.2
Harris County	1,844,868	2,008,921	164,053	8.2
Harrison County	30,501	33,231	2,730	8.2
Mitchell County	3,211	3,498	287	8.2
Grayson County	53,325	58,005	4,680	8.1
Webb County	87,850	95,547	7,697	8.1
Wharton County	20,069	21,826	1,757	8.1
Aransas County	10,945	11,898	953	8
Concho County	1,247	1,356	109	8
DeWitt County	8,360	9,088	728	8
Schleicher County	1,332	1,448	116	8
Hill County	15,328	16,643	1,315	7.9
Shelby County	11,607	12,606	999	7.9
Tarrant County	842,467	914,860	72,393	7.9
Angelina County	36,341	39,422	3,081	7.8
Bastrop County	33,104	35,891	2,787	7.8
Caldwell County	15,059	16,328	1,269	7.8
Dawson County	5,083	5,514	431	7.8
Jim Wells County	20,694	22,448	1,754	7.8
Madison County	5,154	5,592	438	7.8
Wood County	17,499	18,974	1,475	7.8
Fort Bend County	254,096	275,372	21,276	7.7
Johnson County	70,107	75,948	5,841	7.7
Palo Pinto County	12,836	13,910	1,074	7.7
Eastland County	8,056	8,716	660	7.6
Nueces County	155,935	168,702	12,767	7.6
Upshur County	18,869	20,427	1,558	7.6
Robertson County	7,143	7,718	575	7.5
Wichita County	57,731	62,422	4,691	7.5
Atascosa County	18,302	19,771	1,469	7.4
Ector County	65,466	70,710	5,244	7.4
Hutchinson County	10,569	11,414	845	7.4
Montgomery County	203,654	219,956	16,302	7.4
Pecos County	7,715	8,329	614	7.4
Ward County	4,739	5,116	377	7.4
Wise County	26,448	28,560	2,112	7.4
Bexar County	724,982	781,980	56,998	7.3
Crosby County	2,540	2,740	200	7.3
Jones County	7,450	8,033	583	7.3
Medina County	19,018	20,525	1,507	7.3
Parker County	51,118	55,148	4,030	7.3
Rusk County	22,944	24,749	1,805	7.3
Smith County	95,124	102,663	7,539	7.3

Foard County	647	697	50	7.2
Frio County	7,095	7,646	551	7.2
Van Zandt County	25,031	26,964	1,933	7.2
Walker County	27,166	29,270	2,104	7.2
Denton County	329,675	355,034	25,359	7.1
Jim Hogg County	2,955	3,182	227	7.1
Winkler County	3,182	3,422	240	7
Colorado County	10,069	10,812	743	6.9
Crane County	1,686	1,811	125	6.9
Gregg County	61,177	65,741	4,564	6.9
Hardeman County	2,161	2,320	159	6.9
Hood County	25,423	27,320	1,897	6.9
Jackson County	6,562	7,046	484	6.9
Lavaca County	9,180	9,857	677	6.9
Victoria County	42,724	45,899	3,175	6.9
Wilson County	18,144	19,498	1,354	6.9
Brown County	18,338	19,676	1,338	6.8
Edwards County	981	1,053	72	6.8
McLennan County	110,719	118,801	8,082	6.8
Menard County	1,003	1,076	73	6.8
Panola County	12,863	13,803	940	6.8
Somervell County	4,123	4,423	300	6.8
Howard County	13,380	14,339	959	6.7
Kleberg County	16,442	17,629	1,187	6.7
Leon County	8,195	8,786	591	6.7
Limestone County	10,967	11,759	792	6.7
Live Oak County	4,686	5,022	336	6.7
Lynn County	2,742	2,939	197	6.7
McCulloch County	3,600	3,858	258	6.7
Goliad County	3,277	3,507	230	6.6
Gray County	10,588	11,334	746	6.6
Guadalupe County	56,136	60,113	3,977	6.6
Lee County	8,683	9,294	611	6.6
Refugio County	4,023	4,306	283	6.6
Stephens County	4,433	4,747	314	6.6
Terry County	5,612	6,010	398	6.6
Freestone County	9,664	10,331	667	6.5
Montague County	10,233	10,949	716	6.5
Young County	9,231	9,877	646	6.5
Fisher County	1,898	2,027	129	6.4
McMullen County	335	358	23	6.4
Nolan County	7,559	8,073	514	6.4
Coleman County	4,207	4,490	283	6.3
Nacogdoches County	30,387	32,434	2,047	6.3
Tom Green County	50,618	53,993	3,375	6.3
Wilbarger County	7,506	8,011	505	6.3
Burleson County	8,165	8,708	543	6.2
Clay County	5,762	6,141	379	6.2

Comanche County	6,616	7,054	438	6.2
Cooke County	20,789	22,165	1,376	6.2
Potter County	55,530	59,174	3,644	6.2
Scurry County	7,318	7,805	487	6.2
Taylor County	65,235	69,541	4,306	6.2
Cottle County	768	818	50	6.1
Erath County	18,089	19,269	1,180	6.1
Kimble County	1,975	2,104	129	6.1
Hockley County	11,452	12,187	735	6
Baylor County	1,843	1,958	115	5.9
Knox County	1,687	1,793	106	5.9
Washington County	16,472	17,497	1,025	5.9
Yoakum County	3,857	4,098	241	5.9
Lubbock County	136,945	145,370	8,425	5.8
Andrews County	6,470	6,863	393	5.7
Brazos County	95,482	101,257	5,775	5.7
Gaines County	6,705	7,113	408	5.7
Gonzales County	9,599	10,179	580	5.7
Martin County	2,137	2,265	128	5.7
Archer County	4,907	5,196	289	5.6
Callahan County	6,907	7,314	407	5.6
Crockett County	2,220	2,352	132	5.6
Fayette County	11,744	12,429	685	5.5
Garza County	2,309	2,444	135	5.5
Glasscock County	624	660	36	5.5
Borden County	410	433	23	5.3
Collingsworth County	1,434	1,514	80	5.3
King County	201	212	11	5.2
Reagan County	1,742	1,837	95	5.2
Sherman County	1,358	1,433	75	5.2
Throckmorton County	975	1,028	53	5.2
Jack County	5,429	5,720	291	5.1
Midland County	70,786	74,606	3,820	5.1
Kent County	460	484	24	5
Lipscomb County	1,612	1,697	85	5
Ochiltree County	5,204	5,474	270	4.9
Shackelford County	2,036	2,142	106	4.9
Stonewall County	842	885	43	4.9
Sutton County	3,214	3,380	166	4.9
Irion County	875	919	44	4.8
Carson County	3,246	3,407	161	4.7
Haskell County	3,048	3,197	149	4.7
Moore County	11,252	11,805	553	4.7
Upton County	1,766	1,854	88	4.7
Kenedy County	239	250	11	4.4
Hansford County	2,756	2,878	122	4.2
Roberts County	534	556	22	4
Wheeler County	3,210	3,345	135	4

Sterling County	827	860	33	3.8
Hemphill County	2,661	2,741	80	2.9

Source: Texas Workforce Commission, Tracer2.

EXHIBIT C

FORM OF
LIMITED LIABILITY COMPANY AGREEMENT
OF
SOUTHERN STAR ENERGY FUND LLC

This section alone does not constitute an offer to sell Unit(s) in the Fund. An offer may be made only by an authorized representative of the Fund and the recipient must receive a complete original numbered Memorandum, including all exhibits.

LIMITED LIABILITY COMPANY AGREEMENT

OF

SOUTHERN STAR ENERGY FUND LLC

(a Delaware limited liability company)

This Limited Liability Company Agreement (the "Agreement") of SOUTHERN STAR ENERGY FUND LLC, a Delaware limited liability company (the "Fund"), to be effective as of January ____, 2011 (the "Effective Date"), is by and among Southern Star Regional Investment Center LLC, a Texas limited liability company (the "Sponsoring Member"), and the persons whose names are set forth on Schedule A, attached hereto, as Investing Members (the "Investing Members"), pursuant to the provisions of the Delaware Limited Liability Company Act, as amended (the "Act"), on the terms and conditions set forth herein. The Sponsoring Member and the Investing Members shall collectively be referred to as the "Members".

ARTICLE I

GENERAL

1.1. **Formation.** The Sponsoring Member hereby forms the Fund as a limited liability company pursuant to the provisions of the Act. Except as expressly provided herein, the rights and obligations of the Members and the administration and termination of the Fund shall be governed by the Act.

1.2. **Name.** The name of the Fund shall be, and the business of the Fund shall be conducted under the name of, SOUTHERN STAR ENERGY FUND LLC and/or such other names or trademarks as may be deemed prudent.

1.3. **Purpose.** The purpose and business of the Fund shall be (i) to acquire real property and develop and construct thereon a oil and gas assisted living facility; (ii) to engage in any and all general and incidental activities related thereto and necessary for the operation of such activities for profits or losses; and (iii) to enter into any lawful transactions and engage in any lawful activities in furtherance of or incidental to the foregoing purpose.

1.4. **Term.** The term of the Fund shall commence on the Effective Date and shall continue in perpetuity, or until the earlier dissolution and termination of the Fund in accordance with the provisions of Section 7.1 of this Agreement.

1.5. **Registered Office and Principal Office of Fund.** The registered office of the Fund in the State of Delaware shall be 16192 Coastal Highway, Lewes, Delaware 19958, and its registered agent at that location is Harvard Business Services, Inc. The principal office of the Fund shall be located at 25511 Budde Road, Suite 101, The Woodlands, Texas 77380 USA, or such other place as the Sponsoring Member may from time to time designate. The Fund may maintain offices at such other place or places as the Sponsoring Member deems advisable.

1.6. **Certificate of Formation.** The Sponsoring Member shall cause the Certificate of Formation of the Fund to be filed with the Delaware Secretary of State (the "Secretary") as required by the Act and shall cause to be filed such other certificates or documents (including, without limitation, copies, amendments, or restatements of this Agreement) as may be determined by the Sponsoring Member to be reasonable and necessary or appropriate for the formation, qualification, or registration and operation of a limited liability company (or a partnership in which the Members have limited liability) in the State of Delaware and in any other state where the Fund may elect to do business.

1.7. **Power of Attorney.**

- (a) *Grant of Power.* Each Investing Member hereby constitutes and appoints the Sponsoring Member and their authorized representatives (and any successors thereto by assignment or otherwise and the authorized representatives thereof) with full power of substitution as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place, and stead, to execute, swear to, acknowledge, deliver, file, and record in the appropriate public offices, as applicable or appropriate: (i) all certificates and other instruments and all amendments or restatements thereof that the Sponsoring Member deems reasonable and appropriate or necessary to qualify or register, or continue the qualification or registration of, the Fund as a limited liability company (or a partnership in which the Investing Members have limited liability) in all jurisdictions in which the Fund may conduct business or own property; (ii) all instruments, including an amendment or restatement of this Agreement, that the Sponsoring Member deem appropriate or necessary to reflect any amendment, change, or modification of this Agreement in accordance with its terms; (iii) all conveyances and other instruments or documents that the Sponsoring Member deem appropriate or necessary to reflect the dissolution, liquidation and termination of the Fund pursuant to the terms of this Agreement; (iv) all instruments relating to the admission or substitution of any Investing Member; (v) all ballots, consents, approvals, waivers, certificates, and other instruments appropriate or necessary, in the sole discretion of the Sponsoring Member, to make, evidence, give, confirm, or ratify any vote, consent, approval, agreement, or other action that is made or given by the Investing Members hereunder, is deemed to be made or given by the Investing Members hereunder, or is consistent with the terms of this Agreement and appropriate or necessary, in the sole discretion of the Sponsoring Member, to effectuate the terms or intent of this Agreement; provided that, with respect to any action that requires the vote, consent, or approval of a stated percentage of the Investing Members under the terms of this Agreement, the Sponsoring Member may exercise the power of attorney granted in this subsection (v) only after the necessary vote, consent, or approval has been made or given. Nothing herein contained shall be construed as authorizing the Sponsoring Member to amend this Agreement except in accordance with Article VIII of this Agreement or as otherwise provided in this Agreement.
- (b) *Irrevocability.* The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive, and not be affected by, the death, incompetency, incapacity, disability, dissolution, bankruptcy or termination of any Investing Member, or the transfer of all or any portion of its Membership Interest and shall extend to such Investing Member's heirs, successors, assigns and legal representatives. Each Investing Member agrees to be bound by any representations made by the Sponsoring Member acting in good faith pursuant to such power of attorney; and each Investing Member hereby waives any and all defenses that may be available to contest, negate or disaffirm any action of the Sponsoring Member taken in good faith under such power of attorney. Each Investing Member shall execute and deliver to the Sponsoring Member within 15 days after receipt of the Sponsoring Member's request therefor, such further designations, powers of attorney, and other instruments as the Sponsoring Member deem necessary to effectuate this Agreement and the purposes of the Fund.

ARTICLE II

DEFINITIONS

The following definitions apply to the terms used in the Memorandum and the Fund's Limited Liability Company Agreement:

"Act" means the Delaware Limited Liability Company Act, as amended. In other contexts it may refer to the Securities Act of 1933, as amended.

“Accredited Investor” means (i) a natural person whose individual net worth (exclusive of the value of their primary residence), or joint net worth with your spouse, presently exceeds USD \$1,000,000; (ii) a natural person who had an individual income in excess of USD \$500,000 in each of the two most recent years or joint income with their spouse in excess of USD \$300,000 in each of those years and they reasonably expect reaching the same income level in the current year; (iii) a corporation, partnership, trust, limited liability company, or other entity in which all of the equity owners are “accredited investors”; (iv) a trust with total assets in excess of USD \$5,000,000 and was not formed for the specific purpose of acquiring Fund Units, the trustee of which has such knowledge and experience financial and business matters that it is capable of evaluating the merits and risks of investing in Fund Units; (v) a bank, savings and loan association or other financial institution, a registered securities broker or securities dealer, or an insurance company; (vi) a registered investment company or business development company, a licensed Small Business Investment Company, or a private business development company; (vii) a state-sponsored pension plan with total assets in excess of USD \$5,000,000; (viii) an employee benefit plan which either (a) has a fiduciary that is a bank, savings and loan association, insurance company, or registered investment adviser; (b) has total assets in excess of USD \$5,000,000; or (c) is a self-directed plan and investment decisions are made solely by persons that are “accredited investors”; (ix) a non-profit organization described in section 501(c)(3) of the Internal Revenue Code that was not formed for the specific purpose of acquiring Fund Units having total assets in excess of USD \$5,000,000; or (x) a director, executive officer, or manager of the Fund or a director, executive officer, or manager of the Fund’s Sponsoring Member.

“Administration Fee” means an amount payable to the Sponsoring Member upon the release of funds from escrow equal (b) (4) . Such monthly Administration Fee shall commence being paid on the first day of the calendar month following the closing date of the Offering.

“Affiliate” means any Person that directly or indirectly controls, is controlled by, or is under common control with the Person in question. As used in this definition, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise, or to hold or to control the holder of 10 percent or more of the outstanding voting securities of such Person.

“Agreement” means the Limited Liability Company Agreement as it may be amended, supplemented or restated from time to time.

“Alien” refers to a person in the United States who is not a citizen of the United States.

“Application Fee” means a one-time non-refundable fee (separate from Unit subscription funds) of USD (b) (4) (payable to the Sponsoring Member, not the Fund) due from non-U.S. Persons who elect to escrow funds pending approval of a Form I-526 petition with United States Citizenship and Immigration Services (USCIS) payable to the Sponsoring Member upon escrow of subscription funds regardless of the number of Units purchased.

“BCF” means billion cubic feet.

“BCFE” means billion cubic feet equivalent.

“BCPD” means barrels of condensate per day.

“BOPD” means barrels of oil per day.

“BOE” means barrels of oil equivalent.

“Capital Account” means the capital account maintained for an Investing Member pursuant to Section 3.2 of the Agreement.

"Capital Contribution", as it relates to the Fund, means any asset or property of any nature contributed by an Investing Member to the capital of the Fund pursuant to the provisions of the Agreement. In the context of the Fund's participation in a Program, it means an amount of money contributed to the Program by or on behalf of a Non-Operator.

"Certificate of Formation" means the certificate filed with the Secretary pursuant to Section 1.6 of the Agreement, as such Certificate may be amended or restated from time to time.

"Code" means the Internal Revenue Code of 1986, as from time to time amended and in effect.

"Commercial Well" is a drilled well which, based upon log and sample evaluations, is capable of producing oil and/or gas in sufficient quantities to exceed its expenses incurred once the completion is performed.

"Completion Assessments" occurs when a well drilled as part of a drilling Program is determined to have commercial capabilities of oil and/or natural gas production. The driller/Operator will then assess each Non-Operator for their pro-rata share of the completion cost.

"Consent" means the written consent of a Person, or the affirmative vote of such Person at a meeting called and held pursuant to Article VIII of the Agreement, as the case may be, to do the act or thing for which the consent is solicited, or the act of granting such consent, as the context requires.

"Development Well" means a well drilled within the proved area of an oil or gas reservoir to the depth of a stratigraphic horizon determined by a professional petroleum engineer or petroleum geologist to be productive.

"Drilling and Completion Costs" means all costs, excluding operating costs, of drilling, completing, testing, equipping, and bringing a well into production or plugging and abandoning it, including all labor and other construction and installation costs incident thereto, location and surface damages, cementing, drilling mud and chemicals, drill stem tests and core analysis, engineering and well site geological expenses, electric logs, costs of plugging back, deepening, rework operations, repairing or performing remedial work of any type, costs of plugging and abandoning any well participated in by the Fund, and reimbursements and compensation to well operators, including charges paid to the Sponsoring Member as an operator during the drilling and completion phase of a well, plus the cost of the gathering system and of acquiring leasehold interests.

"Drill Site" is the minimum locale subject to an area no less than that stipulated by the statutes and regulations of the Texas Railroad Commission (or equivalent authority in other jurisdictions) for the drilling of a well to the desired depth.

"Dry Hole" means any well abandoned without having produced oil or gas in commercial quantities.

"EB-5" is a United States immigration visa created by the Immigration Act of 1990 providing a method of obtaining a Green Card for Foreign Nationals who invest money in the United States.

"Event of Withdrawal of the Sponsoring Member" means an event that causes a Sponsoring Member to cease to be a Sponsoring Member as provided in the Act.

"Exploratory Well" means a well drilled to find commercially productive hydrocarbons in an unproved area, to find a new commercially productive horizon in a field previously found to be productive of hydrocarbons at another horizon, or to significantly extend a known prospect.

"Farmout" means an agreement whereby the owner of a leasehold or working interest agrees to assign their interest in certain specific acreage to the assignees, retaining some interest such as an overriding royalty interest, an oil and gas payment, offset acreage or other type of interest, subject to the drilling of one or more specific wells or other performance as a condition of the assignment.

"Foreign National" refers to a Person born outside the jurisdiction of the United States who is a citizen of a foreign country and who has not become a naturalized U.S. citizen under U.S. law. Includes Aliens who have not obtained Permanent Residency within the United States.

"Form I-526" refers to the petition filed with USCIS by an Investing Member who is a Non-U.S. Person seeking Permanent Residency within the United States.

"Form I-829" refers to the petition filed at the end of a two year conditional period with USCIS by an Investing Member who is a Non-U.S. Person to remove conditions imposed by the EB-5 visa.

"Fund" means the limited liability company formed pursuant to the Agreement.

"Green Card" is a United States Permanent Resident Card (known informally as a "green card" because it is green in color) which is an identification card attesting to the Permanent Residency status of an Alien in the United States.

"IDC" means intangible drilling and development costs.

"Investing Member" means any Person other than the Sponsoring Member or a Non-sponsoring Member (i) whose name is set forth on Schedule A of the Agreement, attached hereto, as an Investing Member, or who has been admitted as an additional or substituted Investing Member pursuant to the terms of the Agreement, and (ii) who is the owner of a Unit. In its plural form it means all such Persons.

"Investing Membership Interest" means the interest acquired by an Investing Member in the Fund by purchasing a Unit including, without limitation, such Investing Member's right: (i) to a distributive share of the income, gain, loss, deduction, and credit of the Fund; (ii) to a distributive share of the assets of the Fund; (iii) if an Investing Member, to Consent on those matters described in the Agreement.

"Investment" means an asset acquired by the Fund, which may include, but not be limited to, working interests, net revenue interests, overriding royalty interests, and/or royalty interests in oil and gas wells or properties within the United States, as well as proven, probable, possible and potential hydrocarbon reserves in the ground, and/or the leases on which such wells and/or reserves are located. It may also include partnership, LLC, or other forms of equity or revenue interests in joint ventures or other forms of oil and gas ownership. It may also include equipment, supplies and other material in connection with such assets.

"Indemnitee" means any Sponsoring Member, any Person who is or was an affiliate of a Sponsoring Member, any Person who is or was an officer, director, employee, agent, trustee, partner, member, manager, or shareholder of a Sponsoring Member or any such affiliate, or any Person who is or was serving at the request of a Sponsoring Member or any such affiliate as a director, officer, employee, partner, member, manager, agent or trustee of another Person; provided that a Person shall constitute an "Indemnitee" only with respect to acts, omissions or matters deriving from or relating to the business, operations or investments of the Fund.

"Lease" is the right granted by the Lessor to the Lessee to extract minerals, specifically oil and/or natural gas, from a certain property owned by the Lessor with the expense of said extraction lying with the Lessee. The Lessor retains a certain percentage of the revenues received from the sale of the oil and/or natural gas, which is known as royalty interest. A Lessor receiving a royalty interest does not have any obligation to pay any of the lease operating expenses associated with the production of such minerals. However, depending on lease terms, the Lessor normally pays his share of production or severance taxes and may pay his share of some costs associated with processing or treating the produced oil and gas. The lease will remain in effect so long as production is maintained.

"Leasebank" means one or more mineral Leases organized by prospect, project or production.

"Lessee" means the purchaser of a Lease.

"Lessor" means the grantor of a Lease.

"Limited Liability Company Agreement" means the Agreement which governs the internal affairs of the Fund.

"Liquidator" has the meaning specified in Section 7.2 of the Agreement.

“Majority in Interest of the Investing Members” means Investing Members whose Membership Interests aggregate to greater than fifty percent (50%) of the Membership Interests of all Investing Members.

“MCF” means one thousand cubic feet of natural gas.

“Memorandum” means the confidential private placement memorandum utilized by the Fund to disclose risks, describe its proposed activities, and explain the terms of the offering of Units to prospective Investing Members.

“Members” means the Sponsoring Member, the Non-Sponsoring Members, and the Investing Members. In its singular form it means any one of the Investing Members, Non-Sponsoring Members or the Sponsoring Member, as the case may be.

“Membership Interest” means a Member’s right, together with such other rights as provided in the Agreement, to receive distributions of Fund revenue, capital, and other disposition of Fund assets in accordance with the Agreement.

“Metropolitan Statistical Area” refers to a geographical area with high population density (i.e., typically greater than 20,000 persons) as may be designated by the governor of a state or other designated authority.

“Net Revenue Interest” means the revenues received by a Working Interest Owner before expenses and after the payment of royalty interest and overriding royalty interests.

“Non-sponsoring Member” means any Person holding a Membership Interest other than the Sponsoring Member or an Investing Member.

“Non-sponsoring Membership Interest” refers to a Sponsoring Membership Interest conveyed from the Sponsoring Member to a third party pursuant to this Agreement upon which event it is stripped of any and all management rights, consent rights, and entitlement to share in any Administration Fees, Organizational Fees, or the like.

“Non-Operator” is a person who acquires a Working Interest in a Program but who is not charged with the responsibility of field operations.

“Non-U.S. Person” means any Alien or Foreign National and includes (i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States; (ii) any estate of which any professional fiduciary acting as executor or administrator is a U.S. person if another executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate and such estate is governed by foreign law; (iii) any trust of which any professional fiduciary acting as trustee is a U.S. person, if a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person; (iv) any employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country; (v) any agency or branch of a U.S. person located outside the United States if such agency or branch operates for valid business reasons and is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; or (vi) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans.

“Offering” refers to the offering of Units for sale to prospective Investing Members via delivery of the Memorandum.

“Operator” means either Southern Star Operating LLC or a Person charged with conducting field operations in connection with a Program.

“Overriding Royalty” means an interest in the gross revenues received from the sale of the oil and/or natural gas from a certain property as a result of assisting in the acquisition of a lease or in consideration of a farmout of a lease. The owner of an overriding royalty does not bear any of the lease operating costs associated with the production, development, operation or maintenance of the leasehold. However, the holder of an overriding royalty normally pays his share of production or severance taxes and his share of some costs associated with processing or treating the produced oil and gas.

“Organizational Fee” refers to a fee equal (b) (4) of the aggregate Capital Contributions of the Investing Members payable to the Sponsoring Member upon release of funds from escrow as compensation for organizing the Fund and the Offering.

“Person” means an individual or a corporation, limited liability company, partnership, trust, estate, unincorporated organization, association or other business enterprise.

“Permanent Residency” refers to the officially granted immigration status of a Non-U.S. Person by USCIS of permission to reside and take employment in the United States, evidenced by the issuance of a Green Card, subject to removal from the United States if such status is not maintained or if certain conditions of such status are not met.

“Program” means a series of oil and gas-related Investments or Prospects.

“Prospect” means an oil and gas leasehold estate, or lesser interest therein, upon which drilling operations may or may not be conducted. In general, a Prospect is an area in which the Fund owns or intends to own one or more oil and gas interests, which is geographically defined on the basis of geological data and which is reasonably anticipated to contain at least one reservoir of hydrocarbons; an area covering lands which are believed to contain subsurface structural or stratigraphic conditions making it susceptible to the accumulations of hydrocarbons in commercially productive quantities at one or more horizons.

“Record Date” means the date established by the Sponsoring Member for determining the identity of Investing Members entitled to give Consent to Fund action or entitled to exercise rights in respect of any other lawful action of Investing Members.

“Regulations” means the income tax regulations promulgated under the Code, as from time to time amended and in effect (including corresponding provisions of succeeding regulations).

“Reservoir” means a separate structural or stratigraphic trap containing an accumulation of oil or gas.

“Roll-Up” means a transaction involving the acquisition, merger, conversion, or consolidation, either directly or indirectly, of the Fund and the issuance of securities of a roll-up entity.

“Roll-Up Entity” means a partnership, trust, corporation or other entity that would be created or survive after the successful completion of a proposed Roll-Up transaction.

“Royalty Interest” means an interest received by a Lessor in the gross revenues from the sale of the oil and/or natural gas from a certain property for which the Lessor does not bear any of the lease operating costs associated with the production, development, operation or maintenance of the leasehold aside from applicable production or severance taxes and sometimes a share of the costs associated with processing or treating the produced oil and gas. This percentage of revenue is in consideration of the Lessor signing the oil and gas lease with the Lessee.

“Rural Area” means a geographical area typically outside of a Metropolitan Statistical Area as further defined by USCIS.

"Sponsor" means any Person directly or indirectly instrumental in organizing, wholly or in part, a partnership, limited liability company or program to facilitate investment or who will manage or is entitled to manage or participate in the management or control of such partnership, limited liability company or program. "Sponsor" includes the Sponsoring Member. "Sponsor" does not include attorneys, accountants, engineers or other consultants whose compensation is for professional services rendered in connection with the offering of Units.

"Sponsoring Member" means Southern Star Regional Investment Center LLC, a Texas limited liability company, its successors or designated agents or assigns.

"Sponsoring Membership Interest" means the Sponsoring Member's right to (i) participate in the management and operation of the Fund; (ii) receive to a distributive share of the income, gain, loss, deduction, and credit of the Fund; and (iii) to a distributive share of the assets of the Fund in accordance with the Agreement.

"Subscription" means the amount indicated on the Subscription Agreement that an Investing Member has agreed to pay to the Fund as their Capital Contribution.

"Subscription Agreement" means the agreement attached to the Memorandum by way of exhibit whereby prospective Investing Members subscribe for Units. With respect to a Non-Operator, is the agreement executed and delivered by a Non-Operator in connection with his or her subscription to purchase interest in a Program and contains certain representations, warranties, covenants and agreements of such Non-Operator.

"Targeted Employment Area" means a Rural Area or an area that is experiencing an unemployment rate of at least 150 percent of the U.S. national average or as otherwise defined by USCIS or federal law.

"TCFE" means trillion cubic feet equivalent.

"Turnkey Cost" typically means the costs incurred in the drilling and testing of a well or wells. If negotiated, the driller/Operator will agree to provide all services and materials specified for the drilling of wells in a Program for a fixed cost. Under a "turnkey" contract, the Non-Operators will be obligated to pay a one-time charge, based upon their pro-rata Working Interest Ownership, for the drilling portion of the wells with no additional assessment for the drilling portion of the wells. Any additional or unexpected costs encountered while drilling the well is absorbed by the driller/Operator. It is important to note that not all wells are drilled pursuant to "turnkey" contracts.

"Transfer" has the meaning set forth in Section 6.1(a) of the Agreement.

"Unanimous Vote" means the affirmative vote of all Investing Members, including the Sponsoring Member, whose combined Membership Interests aggregate one-hundred percent (100%) of the Membership Interests.

"Unit", as it pertains to the offering of Investing Membership Interests as described in the Memorandum, means an undivided interest of the Investing Members in the aggregate interest in the capital and profits of the Fund. Each Unit of Investing Membership Interest represents a Capital Contribution of USD \$500,000 to the Fund. In the context of the Sponsoring Member, "Unit" means the Sponsoring Membership Interest.

"United States" or "U.S." mean the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

"USCIS" means United States Citizenship and Immigration Services, an agency of the U.S. Department of Homeland Security.

"U.S. Person" means (i) a natural person resident in the United States; (ii) a partnership or corporation organized or incorporated under the laws of the United States; (iii) an estate of which any executor or administrator is a U.S. person; (iv) a trust of which any trustee is a U.S. person; (v) an agency or branch of a foreign entity located in the United States; (vi) a non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person; (vii) a discretionary account or similar account (other than an estate or trust)

held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; or (viii) a partnership or corporation organized or incorporated under the laws of any foreign jurisdiction which was formed by a U.S. person principally for the purpose of investing in unregistered securities unless it is organized or incorporated, and owned, by accredited investors who are not natural persons, estates or trusts.

“Working Interest” means the interest granted to the Lessee under an oil and gas lease which entitles the Lessee and/or its successors and assigns to conduct such operations and pay such expenses for the drilling and production associated with the extraction of oil and/or natural gas from that certain property. The Working Interest Owners, unlike royalty and overriding royalty interest owners, are able to take advantage of certain tax advantages when involved in the drilling for oil and/or natural gas. The Working Interest Owners receive revenues from the sale of the oil and/or natural gas after the payment of capital expenditures, operating expenses, taxes and royalty and overriding royalty interests.

ARTICLE III

FINANCIAL MATTERS

(b) (4)



(b) (4)

ARTICLE IX

GENERAL PROVISIONS

9.1. **Addressees and Notices.** Any notice, demand, request or report required or permitted to be given or made to an Investing Member under this Agreement shall be in writing and shall be delivered in person, by first class mail, by nationally recognized overnight courier or by registered or certified mail, return receipt requested, to the Investing Member at his address as shown on the records of the Fund (regardless of any claim of any Person who may have an interest in any Membership Interest by reason of an assignment or otherwise).

9.2. **Titles and Captions.** All article and section titles and captions in this Agreement are for convenience only, shall not be deemed part of this Agreement, and in no way shall define, limit, extend, or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to "Articles" and "Sections" are to Articles and Sections of this Agreement.

9.3. **Pronouns and Plurals.** Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine, or neuter forms, and the singular form of nouns, pronouns, and verbs shall include the plural and vice versa.

9.4. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

9.5. **Integration.** This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

9.6. **Waiver.** No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or of any covenant, agreement, term or condition. Any Investing Member by an instrument in writing may, but shall be under no obligation to, waive any of its rights or any conditions to its obligations hereunder, or any duty, obligation or covenant of any other Investing Member, but no waiver shall be effective unless in writing and signed by the Investing Member making such waiver. No waiver shall affect or alter the remainder of the terms of this Agreement but each and every covenant, agreement, term and condition hereof shall continue in full force and effect with respect to any other then existing or subsequent breach.

9.7. **Counterparts.** This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart.

9.8. **DELAWARE LAW APPLICABLE.** ALL MATTERS IN CONNECTION WITH THE POWER, AUTHORITY AND RIGHTS OF THE MEMBERS AND ALL MATTERS PERTAINING TO THE OPERATION, CONSTRUCTION, INTERPRETATION OR ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED AND DETERMINED BY THE INTERNAL LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAWS.

9.9. **TEXAS JURISDICTION.** EACH MEMBER (A) HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF MONTGOMERY COUNTY, TEXAS, OR THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF THIS AGREEMENT WHICH IS BROUGHT BY OR AGAINST THE FUND OR ANY MEMBER, (B) HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH SUIT, ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND (C) TO THE EXTENT THAT IT HAS ACQUIRED, OR HEREAFTER MAY ACQUIRE, ANY IMMUNITY FROM THE JURISDICTION OF ANY SUCH COURT OR FROM ANY LEGAL PROCESS THEREIN, HEREBY WAIVES SUCH IMMUNITY TO THE FULLEST EXTENT PERMITTED BY LAW. EACH MEMBER HEREBY WAIVES, AND HEREBY AGREES NOT TO ASSERT, IN ANY SUCH SUIT, ACTION OR PROCEEDING, IN EACH CASE TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY CLAIM THAT (i) IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF ANY SUCH COURT, (ii) IT IS IMMUNE FROM ANY LEGAL PROCESS, (iii) ANY SUCH SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, (iv) VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING IS IMPROPER OR (v) THIS AGREEMENT MAY NOT BE ENFORCED IN OR BY SUCH COURT. EACH MEMBER AGREES THAT PROCESS AGAINST IT IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING FILED IN ANY SUCH REFERENCED COURT ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY BE SERVED ON IT, BY MAILING THE SAME TO SUCH MEMBER BY REGISTERED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO SUCH MEMBER AT ITS ADDRESS FOR NOTICES UNDER THIS AGREEMENT, WITH THE SAME EFFECT IN EITHER CASE AS THOUGH SERVED UPON SUCH PERSON PERSONALLY.

9.10. **Invalidity of Provisions.** If any provision of this Agreement is declared or found to be illegal, unenforceable, or void, in whole or in part, then the parties shall be relieved of all obligations arising under such provision, but only to the extent that it is illegal, unenforceable or void, it being the intent and agreement of the parties that this Agreement shall be deemed amended by modifying such provision to the extent necessary to make it legal and enforceable while preserving its intent or, if that is not possible, by substituting therefor another provision that is legal and enforceable and achieves the same objectives.

9.11. **Incorporation by Reference.** This Agreement has been executed by the Investing Members set forth on Schedule A by the signing of the Subscription Agreement as set forth in the Memorandum. It is agreed that the executed copy of such Subscription Agreement may be attached to an identical copy of this Agreement together with the Subscription Agreements which may be executed by other Investing Members, all of which shall be incorporated into this Agreement as if fully set forth herein.

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
SOUTHERN STAR ENERGY FUND LLC

9.12. **Ratification** . The Investing Member whose signature appears upon a true and correct copy of the Subscription Agreement as set forth in the Memorandum is hereby deemed to have specifically adopted, approved, and agreed to be legally bound by every provision in this Agreement.

9.13. **Incorporation by Reference** . Every exhibit, schedule, and other appendix attached to this Agreement and referred to herein is hereby incorporated into this Agreement by reference.

* * * * *

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SIGNATURES

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

SPONSORING MEMBER:

Southern Star Regional Investment Center LLC
a Texas limited liability company

By: _____ Date: _____

Name: _____

Title: _____

INVESTING MEMBERS:

All Investing Members now and hereafter admitted as Investing Members, pursuant to powers now and hereafter executed in favor of, and granted and delivered to, the Sponsoring Member.

By: Southern Star Regional Investment Center LLC
a Texas limited liability company
as Agent

By: _____ Date: _____

Name: _____

Title: _____

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
SOUTHERN STAR ENERGY FUND LLC

EXHIBIT D

FINANCIAL STATEMENTS
OF
SOUTHERN STAR ENERGY FUND LLC

This section alone does not constitute an offer to sell Unit(s) in the Fund. An offer may be made only by an authorized representative of the Fund and the recipient must receive a complete original numbered Memorandum, including all exhibits.

BALANCE SHEET
(unaudited)
FOR
SOUTHERN STAR ENERGY FUND LLC
a Delaware limited liability company
(a development stage company)

(b) (4)



INCOME STATEMENT (PROFIT/LOSS)
(unaudited)

FOR

SOUTHERN STAR ENERGY FUND LLC
a Delaware limited liability company

(a development stage company)

(b) (4)



CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
SOUTHERN STAR ENERGY FUND LLC

EXHIBIT E

SUBSCRIPTION DOCUMENTS & INSTRUCTIONS
FOR
SOUTHERN STAR ENERGY FUND LLC

This section alone does not constitute an offer to sell Unit(s) in the Fund. An offer may be made only by an authorized representative of the Fund and the recipient must receive a complete original numbered Memorandum, including all exhibits.

HOW TO SUBSCRIBE FOR FUND UNITS

For Non-U.S. Persons Seeking EB-5 Visas:

To subscribe for Units, you must:

1. Read the Memorandum in its entirety;
2. Complete, date and sign the following documents:
 - (a) Escrow Control Agreement;
 - (b) Suitability Questionnaire; and
 - (c) Subscription Agreement and Power of Attorney.
3. Deliver the above documents to the following address:

SOUTHERN STAR ENERGY FUND
c/o Southern Star Regional Investment Center LLC
25511 Budde Road, Suite 101
The Woodlands, Texas 77380 USA
Telephone: (281) 940-7105
Facsimile: (xxx) xxx-xxxx
E-Mail: EB5@southernstaroil.com

4. Transmit USD \$500,000 per Unit to the following escrow account:

Bank Name: _____
Bank SWIFT Code: _____
Bank ABA Number: _____
For Further Credit to:
Southern Star Energy Fund LLC EB-5 Escrow
Account No. _____

5. Transmit non-refundable one-time USD \$25,000 (payable to the Sponsoring Member, not the Fund) Application Fee to:

(USE SAME BANK COORDINATES AS ABOVE,
EXCEPT FOR THE FOLLOWING):
For Further Credit to:
Southern Star Regional Investment Center LLC
Account No. _____

For all other subscribers:

To subscribe for Units, you must:

1. Read the Memorandum in its entirety;
2. Complete, date and sign the following documents:
 - (a) Suitability Questionnaire; and
 - (b) Subscription Agreement and Power of Attorney.
3. Deliver the above documents to the following address:

SOUTHERN STAR ENERGY FUND
c/o Southern Star Regional Investment Center LLC
25511 Budde Road, Suite 101
The Woodlands, Texas 77380 USA
Telephone: (281) 940-7105
Facsimile: (xxx) xxx-xxxx
E-Mail: EB5@southernstaroil.com

4. Transmit USD \$500,000 per Unit to the following coordinates:

Bank Name: _____
Bank SWIFT Code: _____
Bank ABA Number: _____
For Further Credit to:
Southern Star Energy Fund LLC Domestic Escrow
Account No. _____

**FORM OF
ESCROW CONTROL AGREEMENT**

NOTE: ONLY FOR USE BY PROSPECTIVE INVESTING MEMBERS WHO ARE NON-U.S. PERSONS SEEKING PERMANENT RESIDENCY IN THE UNITED STATES UNDER AN EB-5 VISA / FORM I-529 PETITION. ALL OTHER SUBSCRIBERS MAY OMIT EXECUTING THIS INSTRUMENT.

[ATTACH WELLS FARGO ESCROW CONTROL AGREEMENT HERE]



Acceptance Fee: **\$500**

Initial Fees as they relate to Wells Fargo Bank acting in the capacity of Escrow Agent – includes review of the Escrow Agreement; acceptance of the escrow appointment; setting up of Escrow Account(s) and accounting records; and coordination of receipt of funds for deposit to the Escrow Account(s). Acceptance Fee payable at time of Escrow Agreement execution.

Escrow Agent Administration Fee: **\$1,500 per investor**

For ordinary administrative services by Escrow Agent – includes daily routine account management; investment transactions; cash transactions processing (including wire and check processing); monitoring claim notices pursuant to the agreement; disbursement of funds in accordance with the agreement; and providing escrow account statements to all applicable parties. This fee is payable in advance, per investor, with the first installment due at the time of Escrow Agreement execution. Minimum annual fee per escrow account established: \$5,000. This fee covers a full year or any part thereof and will not be prorated or refunded in a year of early termination.

Tax Reporting, per investor, if required: **\$50**

Out-of-Pocket Expenses **At Cost**

We will charge for out-of-pocket expenses in response to specific tasks assigned by the client or provided for in the escrow agreement. Possible expenses would be, but are not limited to, express mail and messenger charges, travel expenses to attend closing or other meetings. There are no charges for indirect out-of-pocket expenses.

Account Administration:

If selected to provide escrow agent services, this account relationship will be managed in our Jacksonville, FL office by:

Christopher Tracy
Vice President and Relationship Manager
Wells Fargo Bank, N.A., Corporate Trust Services
225 Water Street, Suite 410, Jacksonville, FL 32202
Tel: 904.489.3800 Fax: 904.489.3759
Email: christopher.tracy@wellsfargo.com

On-Line Statements: **Included**

Web based access to PDF monthly account statements with email notification when new reports are available.

Together we'll go far





Wells Fargo's bid is based on the following assumptions:

- Number of Escrow Accounts to be established: Two (2)
- Number of Deposits to each Escrow Account: Not more Twenty (20)
- Number of Withdrawals from each Escrow Account: Not more Twenty (20)
- Term of Escrows: Not more than Two (2) years
- Appointment subject to receipt of requested due diligence information as per the USA Patriot Act
- This proposal assumes that balances in the account will be invested in the Wells Fargo Money Market Deposit Account (MMDA) to avoid tax withholding requirements, or held uninvested in cash to avoid tax reporting requirements
- All funds will be received from or distributed to a domestic or an approved foreign entity
- If the account(s) does not open within three (3) months of the date shown below, this proposal will be deemed to be null and void
- The charges for performing services not contemplated at the time of the execution of the governing documents, or not specifically covered elsewhere in this schedule, will be determined by appraisal in amounts commensurate with the service to be provided
- Should anticipated documentation change substantially or the transaction become increasingly complex prior to final closing, Wells Fargo reserves the right to adjust its fees
- Billings over 30 days past due are subject to a 1.5% per month late payment penalty on balance due.

This Schedule of Fees is subject to periodic review and adjustment by Wells Fargo. Nothing contained herein shall be deemed to be Wells Fargo's acceptance of appointment as escrow agent or such other related capacity, which is contingent upon final review, acceptance, and execution of governing documents. Appointment is subject to due diligence and conflict check.

Dated: November 1, 2010

BY: _____

Signature

Printed Name

Title

BY: Wells Fargo Bank, N.A.

Signature

Susan Thorpe

Printed Name

Vice President, Business Development

Title

Together we'll go far



This template was created and is intended to be used for discussion purposes only, is subject to further comment and modification, and is not intended and shall not be relied upon as legal, tax, or other professional advice. Please consult your own professional before using or otherwise relying on this template.

ESCROW AGREEMENT

This Escrow Agreement dated this ___ day of _____, _____ (the "Escrow Agreement"), is entered into by and among _____ [name and legal status] ("_____"), _____ [name and legal status] ("_____," and together with _____, the "Parties," and individually, a "Party"), and Wells Fargo Bank, National Association, as escrow agent ("Escrow Agent").

RECITALS

A. [STATE SPECIFIC PURPOSE OF ESCROW. WHAT IS THE BUSINESS REASON REQUIRING AN ESCROW AGENT TO HOLD THE PROPERTY?]

B. _____ agrees to place in escrow certain funds and the Escrow Agent agrees to hold and distribute such funds in accordance with the terms of this Escrow Agreement.

In consideration of the promises and agreements of the Parties and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties and the Escrow Agent agree as follows:

ARTICLE 1 ESCROW DEPOSIT

Section 1.1. Receipt of Escrow Property. Upon execution hereof, _____ shall deliver to the Escrow Agent the amount of \$_____ (the "Escrow Property") in immediately available funds.

Section 1.2. Investments.

(a) The Escrow Agent is authorized and directed to deposit, transfer, hold and invest the Escrow Property and any investment income thereon as set forth in Exhibit A hereto, or as set forth in any subsequent written instruction signed by _____. Any investment earnings and income on the Escrow Property [shall become part of the Escrow Property, and shall be disbursed in accordance with Section 1.3 or Section 1.5 of this Escrow Agreement] [or] [shall not become part of the Escrow Property and shall be disbursed to _____, as directed in writing by _____].

(b) The Escrow Agent is hereby authorized and directed to sell or redeem any such investments as it deems necessary to make any payments or distributions

required under this Escrow Agreement. The Escrow Agent shall have no responsibility or liability for any loss which may result from any investment or sale of investment made pursuant to this Escrow Agreement. The Escrow Agent is hereby authorized, in making or disposing of any investment permitted by this Escrow Agreement, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or any such affiliate is acting as agent of the Escrow Agent or for any third person or dealing as principal for its own account. The Parties acknowledge that the Escrow Agent is not providing investment supervision, recommendations, or advice.

Section 1.3. Disbursements. [Insert specific mechanics of escrow disbursement procedures. Please take care to draft clear and simple disbursement instructions that are capable of being followed by the Escrow Agent without any further inquiry. For example, "The Escrow Agent shall disburse the Escrow Property in accordance with the joint written instructions of the Parties."]

Section 1.4. Income Tax Allocation and Reporting.

(a) The Parties agree that, for tax reporting purposes, all interest and other income from investment of the Escrow Property shall, as of the end of each calendar year and to the extent required by the Internal Revenue Service, be reported as having been earned by _____, whether or not such income was disbursed during such calendar year.

(b) Prior to closing, the Parties shall provide the Escrow Agent with certified tax identification numbers by furnishing appropriate forms W-9 or W-8 and such other forms and documents that the Escrow Agent may request. The Parties understand that if such tax reporting documentation is not provided and certified to the Escrow Agent, the Escrow Agent may be required by the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, to withhold a portion of any interest or other income earned on the investment of the Escrow Property.

(c) To the extent that the Escrow Agent becomes liable for the payment of any taxes in respect of income derived from the investment of the Escrow Property, the Escrow Agent shall satisfy such liability to the extent possible from the Escrow Property. The Parties, jointly and severally, shall indemnify, defend and hold the Escrow Agent harmless from and against any tax, late payment, interest, penalty or other cost or expense that may be assessed against the Escrow Agent on or with respect to the Escrow Property and the investment thereof unless such tax, late payment, interest, penalty or other expense was directly caused by the gross negligence or willful misconduct of the Escrow Agent. The indemnification provided by this Section 1.4(c) is in addition to the indemnification provided in Section 3.1 and shall survive the resignation or removal of the Escrow Agent and the termination of this Escrow Agreement.

Section 1.5. Termination. This Escrow Agreement shall terminate on _____, 20____, at which time the Escrow Agent is authorized and directed to disburse the

Escrow Property in accordance with Section 1.3 and this Escrow Agreement shall be of no further force and effect except that the provisions of Sections 1.4(c), 3.1 and 3.2 hereof shall survive termination.

[or]

Upon the disbursement of all of the Escrow Property, including any interest and investment earnings thereon, this Escrow Agreement shall terminate and be of no further force and effect except that the provisions of Sections 1.4(c), 3.1 and 3.2 hereof shall survive termination.

ARTICLE 2
DUTIES OF THE ESCROW AGENT

(b) (4)



Section 4.2. Escheat. The Parties are aware that under applicable state law, property which is presumed abandoned may under certain circumstances escheat to the applicable state. The Escrow Agent shall have no liability to the Parties, their respective heirs, legal representatives, successors and assigns, or any other party, should any or all of the Escrow Property escheat by operation of law.

Section 4.3. Notices. All notices, requests, demands, and other communications required under this Escrow Agreement shall be in writing, in English, and shall be deemed to have been duly given if delivered (i) personally, (ii) by facsimile transmission with written confirmation of receipt, (iii) by overnight delivery with a reputable national overnight delivery service, or (iv) by mail or by certified mail, return receipt requested, and postage prepaid. If any notice is mailed, it shall be deemed given five business days after the date such notice is deposited in the United States mail. If notice is given to a party, it shall be given at the address for such party set forth below. It shall be the responsibility of the Parties to notify the Escrow Agent and the other Party in writing of any name or address changes. In the case of communications delivered to the Escrow Agent, such communications shall be deemed to have been given on the date received by the Escrow Agent.

If to []:

Attention:
Telephone:
Facsimile:

If to []:

Attention:
Telephone:
Facsimile:

If to the Escrow Agent:

Wells Fargo Bank, National Association

Attention: _____; Corporate, Municipal and Escrow Solutions
Telephone:
Facsimile:

Section 4.4. Governing Law. This Escrow Agreement shall be governed by and construed in accordance with the laws of the State of _____.

Section 4.5. Entire Agreement. This Escrow Agreement sets forth the entire agreement and understanding of the parties related to the Escrow Property.

Section 4.6. Amendment. This Escrow Agreement may be amended, modified, superseded, rescinded, or canceled only by a written instrument executed by the Parties and the Escrow Agent.

Section 4.7. Waivers. The failure of any party to this Escrow Agreement at any time or times to require performance of any provision under this Escrow Agreement shall in no manner affect the right at a later time to enforce the same performance. A waiver by any party to this Escrow Agreement of any such condition or breach of any term, covenant, representation, or warranty contained in this Escrow Agreement, in any one or more instances, shall neither be construed as a further or continuing waiver of any such condition or breach nor a waiver of any other condition or breach of any other term, covenant, representation, or warranty contained in this Escrow Agreement.

Section 4.8. Headings. Section headings of this Escrow Agreement have been inserted for convenience of reference only and shall in no way restrict or otherwise modify any of the terms or provisions of this Escrow Agreement.

Section 4.9. Counterparts. This Escrow Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original, and such counterparts shall together constitute one and the same instrument.

[The remainder of this page left intentionally blank.]

IN WITNESS WHEREOF, this Escrow Agreement has been duly executed as of the date first written above.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Escrow Agent

By: _____
Name: _____
Title: _____

EXHIBIT A

**Agency and Custody Account Direction
For Cash Balances
Wells Fargo Money Market Deposit Accounts**

Direction to use the following Wells Fargo Money Market Deposit Accounts for Cash Balances for the escrow account or accounts (the "Account") established under the Escrow Agreement to which this Exhibit A is attached.

You are hereby directed to deposit, as indicated below, or as I shall direct further in writing from time to time, all cash in the Account in the following money market deposit account of Wells Fargo Bank, National Association:

Wells Fargo Money Market Deposit Account (MMDA)

I understand that amounts on deposit in the MMDA are insured, subject to the applicable rules and regulations of the Federal Deposit Insurance Corporation (FDIC), in the basic FDIC insurance amount of \$100,000 per depositor, per insured bank. This includes principal and accrued interest up to a total of \$100,000. *Note: On May 20, 2009, FDIC deposit insurance temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2013.*

I acknowledge that I have full power to direct investments of the Account.

I understand that I may change this direction at any time and that it shall continue in effect until revoked or modified by me by written notice to you.

Authorized Representative
[PARTY 1]

[Authorized Representative]
[PARTY 2]

Date

[Date]

EXHIBIT B-1

Certificate as to Authorized Signatures

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as authorized representatives of [PARTY 1] and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under the Escrow Agreement to which this Exhibit B-1 is attached, on behalf of [PARTY 1].

Name / Title	<u>Specimen Signature</u>
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	

EXHIBIT B-2

Certificate as to Authorized Signatures

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as authorized representatives of [PARTY 2] and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under the Escrow Agreement to which this Exhibit B-2 is attached, on behalf of [PARTY 2].

Name / Title

Specimen Signature

Name Signature

Title

EXHIBIT C

FEES OF ESCROW AGENT

SUITABILITY QUESTIONNAIRE

IMPORTANT NOTICE TO ALL SUBSCRIBERS:

The Units offered in SOUTHERN STAR ENERGY FUND LLC, a Delaware limited liability company (the "Fund") will not be registered under the Securities Act of 1933, as amended, nor under the laws of any state or foreign jurisdiction. Accordingly, in order to ensure that the offer and sale of Units are exempt from registration and in order to determine your suitability for this investment, Southern Star Regional Investment Center LLC (the "Sponsoring Member") must be reasonably satisfied after making reasonable inquiry that you, or your representative(s), if used, have such knowledge and experience in oil and gas development investing and/or financial and business matters that you are (or together with your representative(s) are) capable of evaluating the merits and risks of investing in the Fund. Also, we need adequate assurance that you are able to bear the economic risk of participating and that you meet the financial requirements to be suitable Investing Member. This confidential Suitability Questionnaire is designed to provide us with the information necessary to make a determination of whether you satisfy these suitability requirements. The information supplied in this confidential Suitability Questionnaire will be disclosed to no one without your consent other than to (i) the Sponsoring Member, its employees, agents, accountants and counsel, (ii) securities authorities or other regulatory organizations, if deemed necessary to use such information to support the exemption from registration under the Securities Act of 1933 and state law or the applicable law of other non-U.S. jurisdictions which it claims for the offering, or (iii) other Investing Members only to the extent it is necessary to vote or conduct Fund business. BECAUSE THE FUND AND THE MANAGING MEMBER WILL RELY ON YOUR ANSWERS IN ORDER TO COMPLY WITH SECURITIES LAWS, IT IS IMPORTANT FOR YOU TO CAREFULLY ANSWER EACH OF THE FOLLOWING QUESTIONS.

PLEASE TYPE OR PRINT THE FOLLOWING INFORMATION BELOW:

I. Subscriber Information:

Full legal name(s) of Subscriber(s): _____

Address: _____

City: _____ State / Province: _____ Zip or Postal Code: _____

Current Country of Citizenship: _____

E-mail (mandatory)*: _____

*(NOTICE: By providing this e-mail address, you authorize us to transmit reports, updates and otherwise communicate with you exclusively using this e-mail address instead of sending paper copies to your physical or mailing address. If this e-mail address does not function or if it changes, you must provide us with an alternate e-mail address.)

Telephone: _____ Facsimile: _____

U.S. Taxpayer Identification Number(s) or Social Security Number(s)*: _____

*(NOTICE: Prospective Investing Members who do not have a social security number (SSN) or an individual tax identification number (ITIN) at the time of the investment must apply for and provide one in a timely manner after the investment. The Fund can be fined by the Internal Revenue Service if all of its Members do not have a SSN or ITIN. Investing Members who fail to provide such number upon the request of the Fund will be liable for any fines incurred. We will refer you to qualified professionals if you need assistance in this regard).

Please describe any and all present or past litigation or similar proceedings involving securities or financial matters to which you are or were a party (if none, so state) (attach additional pages if necessary):

IF YOU ARE A NON-U.S. PERSON SEEKING AN EB-5 VISA IN CONNECTION WITH YOUR SUBSCRIPTION FOR FUND UNITS, PLEASE PROVIDE THE NAME AND CONTACT INFORMATION OF YOUR IMMIGRATION ATTORNEY, BELOW.* OTHERWISE, PLEASE SKIP AND PROCEED TO ITEM NO. 2. IF YOU NEED TO BE REFERRED TO AN IMMIGRATION ATTORNEY, PLEASE LEAVE BLANK AND CHECK THIS BOX:

Attorney Name(s): _____

Law Firm: _____

Address: _____

City: _____ State / Province: _____ Zip or Postal Code: _____

Telephone: _____ Facsimile: _____

E-mail: _____

*(NOTICE: By providing your attorney's information to us, above, you authorize said attorney to release to us such information as we may reasonably require to determine your suitability as an Investing Member (and board member, if applicable) of the Fund. If your attorney changes, you must provide us with your new attorney's address. You also authorize us to release to said attorney the information you provide us with in this questionnaire, together with all other information in our possession reasonably related to your EB-5 visa petition.)

2. **Subscriber Suitability:** (If applicable to you, please initial as appropriate)

INDIVIDUAL INVESTORS:

_____ I am a natural person whose individual net worth (exclusive, of the value of my primary residence), or joint net worth with my spouse, presently exceeds USD \$1,000,000.

_____ I am a natural person who had an individual income in excess of USD \$500,000 in each of the two most recent years or joint income with my spouse in excess of USD \$300,000 in each of those years and I reasonably expect reaching the same income level in the current year.

CORPORATIONS, PARTNERSHIPS, LIMITED LIABILITY COMPANIES, BUSINESS TRUSTS OR OTHER ENTITIES*:

_____ I am a corporation, partnership, limited liability company, or other entity in which all of the equity owners are "accredited investors" (meeting at least one of the suitability requirements for individual investors, above).

_____ I am a corporation, partnership, limited liability company, or a "Massachusetts" or similar business trust with total assets in excess of USD \$5,000,000 and was not formed for the specific purpose of acquiring Units, the executive officer, manager or trustee of which has such knowledge and experience in oil and gas development investing and/or financial and business matters that it is capable of evaluating the merits and risks of investing in the Units.

*(NOTE: If initialing one of the above two options, please state the JURISDICTION AND TYPE OF ENTITY here (for example, "XYZ, Inc., an Isle of Man corporation"):

GRANTOR OR FAMILY TRUSTS (NOTE: Please enclose a copy of the trust agreement):

_____ I am a revocable or family trust the settlor(s) or grantor(s) of which (i) may revoke the trust at any time and regain title to the trust assets; and (ii) meet(s) at least one of the suitability requirements for individual investors, above.

INDIVIDUAL RETIREMENT ACCOUNTS (NOTE: To be initialed by participant, not the IRA custodian):

_____ I am an individual retirement account administered in accordance with the U.S. Tax Code the participant of which meets at least one of the suitability requirements for individual investors, above.

OTHER:

_____ I am a director, executive officer, or manager of the Fund or am a director, executive officer or manager of the Fund's Sponsoring Member.

IF NONE OF THE ABOVE APPLY TO YOU (I.E., YOU ARE NOT "ACCREDITED"), PLEASE PROVIDE THE FOLLOWING INFORMATION (otherwise, please skip to item 3):

Occupation or position of individual filling out questionnaire: _____

Educational background: _____

Number of years of experience in occupation: _____ Number of years investment experience: _____ Age: _____

My current investment portfolio includes (check any boxes that apply):

- | | | | | |
|---|---|--|--|--|
| <input type="checkbox"/> Stocks – Large Cap | <input type="checkbox"/> Mutual Funds | <input type="checkbox"/> Options | <input type="checkbox"/> Real Estate | <input type="checkbox"/> REITs |
| <input type="checkbox"/> Stocks – Small Cap | <input type="checkbox"/> Hedge Funds | <input type="checkbox"/> Commodities | <input type="checkbox"/> Mortgages | <input type="checkbox"/> Real Estate LPs |
| <input type="checkbox"/> Stocks – Micro Cap | <input type="checkbox"/> Index Funds | <input type="checkbox"/> Annuities | <input type="checkbox"/> Money Markets | <input type="checkbox"/> Certificates of Deposit |
| <input type="checkbox"/> Bonds – Corporate | <input type="checkbox"/> Private equities | <input type="checkbox"/> U.S. Treasuries | <input type="checkbox"/> Precious Metals | <input type="checkbox"/> Foreign securities |
| <input type="checkbox"/> Bonds – Municipal | <input type="checkbox"/> Oil Drilling | <input type="checkbox"/> Oil Production | <input type="checkbox"/> Other: _____ | |

If applicable to you, please check only one of the following representations:

- I have such knowledge and experience in real estate investing and/or financial and business matters that I am capable of evaluating the merits and risks of investing in the Units and DO NOT desire a representative to advise me of such risks. I understand that the Fund's management, in their sole discretion, may nevertheless require me to be represented by a representative, or if required under applicable laws and regulations.

OR

I intend to use the services of the following named person(s): _____ as my representative(s) to evaluate the merits and risks of investing in the Units. I understand that such representative(s) cannot be an affiliate, director, officer, manager, employee or beneficial owner of the Fund or of the Sponsoring Member or their affiliates and that they must have such knowledge and experience in real estate investing and/or financial and business matters so as to be capable of evaluating alone, or together with my other representatives, or together with myself, the merits and risks of investing in the Units. By initialing above, I hereby acknowledge the above-referenced person(s) to be my representative(s) in connection with evaluating the merits and risks of investing in the Units. I realize that my representative(s) must disclose in writing prior to my contribution of capital to the Fund, any material relationship between other Members or the Fund and themselves or their affiliates that then exist, that is mutually understood to be contemplated, or that has existed at any time during the previous two years, and any compensation received or to be received as a result of such relationship. Such representative(s) address and telephone numbers are as follows (attach additional pages if necessary):

Please describe any other business, financial or real estate related experience that you have had that would allow the Fund to reasonably conclude that you are capable of protecting your interests in connection with your prospective investment in the Units. If none, so state: (attach additional sheets if necessary):

3. Subscriber Representation:

In order to further induce the Fund to accept this subscription, I represent and warrant the following to be true: (i) I QUALIFY AS AN "ACCREDITED INVESTOR" UNDER RULE 501(a) OF THE ACT; AND/OR (ii) I HAVE SUFFICIENT KNOWLEDGE AND EXPERIENCE IN BUSINESS AND FINANCIAL MATTERS THAT I AM CAPABLE (EITHER MYSELF OR TOGETHER WITH MY REPRESENTATIVES) TO EVALUATE THE RISKS OF INVESTING IN THE UNITS AND I AM NOT DEPENDENT UPON THE FUNDS I AM INVESTING; AND/OR (iii) I AM NOT A "U.S. PERSON" AND AM PURCHASING THESE UNITS IN AN "OFFSHORE TRANSACTION" AS DEFINED BY RULE 902 PROMULGATED UNDER REGULATION S OF THE ACT. I further represent that I satisfy any other minimum income and/or net worth standards imposed by the jurisdiction in which I reside, if different from any standards set forth by the Fund. I was not solicited by public means (e.g., cold-calling, e-mail, Internet, etc.) to subscribe for Units in the Fund and I have a pre-existing relationship with the Fund's management. If I am acting in a representative capacity for a corporation, partnership, LLC, trust or other entity, or as agent for any person or entity, I hereby represent and warrant that I have full authority to subscribe for Units in such capacity. If I am subscribing for Units in a fiduciary capacity, the representations and warranties herein shall be deemed to have been made on behalf of the person or persons for whom I am subscribing. Under penalties of perjury, I certify that (1) the number provided herein is my correct U.S. Taxpayer Identification Number or Social Security Number; and (2) I am not subject to backup withholding either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding. BY EXECUTING BELOW, I REPRESENT AND WARRANT THAT THE INFORMATION CONTAINED IN THIS QUESTIONNAIRE IS TRUE, ACCURATE AND COMPLETE.

X _____
 Authorized Signature

X _____
 Second Authorized Signature (if applicable)

 Print Name

 Print Name

 Date

 Date

 Title (if applicable)

 Title (if applicable)

 Name of Entity (if applicable)

 Name of Entity (if applicable)

SUBSCRIPTION AGREEMENT AND POWER OF ATTORNEY

TO: SOUTHERN STAR ENERGY FUND LLC
25511 Budde Road, Suite 101
The Woodlands, Texas 77380 USA

FROM: _____
Full legal name(s) of Subscriber(s)

Ladies and Gentlemen:

I hereby subscribe for _____ Units (USD \$500,000 per Unit) in SOUTHERN STAR ENERGY FUND LLC, a Delaware limited liability company (the "Fund") as an Investing Member.

I understand from reading the SOUTHERN STAR ENERGY FUND LLC Confidential Private Placement Memorandum dated January _____, 2011, as may be amended and supplemented from time to time (the "Memorandum"), that SOUTHERN STAR ENERGY FUND LLC, a Delaware limited liability company (the "Fund"), is offering up to 10 Units (expandable to 20 to 22 Units in the Sponsoring Member's sole discretion) of Investing Membership Interest (the "Units") in the Fund at a price of \$USD \$500,000 per Unit.

I understand the Fund is offering Units to non-U.S. Persons and/or others who also qualify as "accredited investors" in accordance with Sections 4(2), 4(6), Regulation D Rule 506, and/or Regulation S Rule 903 of the Securities Act of 1933, as amended (the "Act") and applicable state law or the applicable law of other non-U.S. jurisdictions. I also understand that the Fund is a private investment company claiming exemption from registration pursuant to Sections 3(c)(1) and/or 3(c)(7) of the Investment Company Act of 1940, as amended, and applicable state law or the applicable law of other non-U.S. jurisdictions.

To induce your acceptance of my subscription for Units, I hereby make the following representations:

I am an "accredited investor" as defined by Rule 501(a) of the Securities Act of 1933, as amended, and/or I have sufficient knowledge and experience in business and financial matters (or am represented by such persons) that I am capable of evaluating the merits and risks of investing in the Units as evidenced by my representations on my Suitability Questionnaire which is incorporated herein by reference. I have received the Memorandum and have had ample time and opportunity to review any documents and information incorporated by reference therein as well as the opportunity to ask questions of, and receive answers from, the Fund, its authorized representatives, and the Sponsoring Member. I acknowledge that Southern Star Regional Investment Center LLC, a Texas limited liability company, is the Sponsoring Member of the Fund.

*Initials of
Subscriber*

I am aware of the high degree of risk of investing in the Fund both generally and as more particularly described in the "Risk Factors" portion of the Memorandum. I understand that I may lose my entire investment. I understand that I will not have the opportunity to independently evaluate the property selected by the Fund for acquisition and development of its intended oil and gas assisted living facility.

I am financially capable of bearing the possible loss of my entire investment and do not have a foreseeable need for the funds I am using. I (or my representatives) have such knowledge and experience in oil and gas development investing and/or financial and business matters to evaluating the merits and risks of this investment. I understand that the Units have not been registered under the Securities Act of 1933, as amended, or any applicable securities laws of applicable jurisdictions, and that no market exists for the Units. I understand that, if my subscription for Units is accepted by the Fund and the Units are sold to me, I cannot sell or otherwise dispose of the Units unless they are registered or exempt under the Securities Act of 1933 and applicable securities laws of applicable jurisdictions. Consequently, I understand that I must bear the economic risk of the investment for an indefinite period of time. I understand that the Fund has no obligation to register the Units and there is no assurance that the Units will be registered. I understand that the Fund will restrict the transfer of Units in accordance with the foregoing representations. I understand that these securities are being bought through a non-public, private placement offering. I am the only party in interest with respect to this Subscription Agreement and am acquiring the Units for investment for my own account for long-term investment only, and not with the intent to resell, fractionalize, divide or redistribute all or any part of the Units to any other person. If an individual, I am at least 21 years of age.

If I am a Non-U.S. Person Seeking Permanent Residency in the United States pursuant to an EB-5 visa, I agree as follows:

- I certify that I am not a U.S. person and I am not acquiring the securities for the account or benefit of any U.S. person or I am a U.S. person who is purchasing the Units in a transaction that does not require registration under the Act. I further agree to resell such securities only in accordance with the provisions of Regulation S of the Act (Rule 901 through Rule 905, and Preliminary Notes), pursuant to registration under the Act, or pursuant to an available exemption from registration; and further agree not to engage in hedging transactions with regard to such Units unless in compliance with the Act. I understand that transfer of the Units will be restricted by the Fund and that if any certificates are issued for the Units that they will bear a restrictive legend.*

- *I shall hire my own independent counsel for immigration processing and other legal matters and I assume full responsibility for all professional fees and costs incurred, including, by way of illustration only, requests from USCIS for further evidence or appeals. I shall be responsible for payment of all legal fees and costs associated with my EB-5 visa application. I understand the Sponsoring Member reserves the right to approve my choice of counsel to insure that such counsel has significant experience processing EB-5 petitions.*
- *I hereby authorize my immigration attorney to provide copies of my I-526 and I-829 petitions and supporting documents to the Sponsoring Member upon its request.*
- *I understand that, while there can be no assurance or guarantee that I will be successful in obtaining a Green Card through this process, the Sponsoring Member shall use its best efforts to assist my counsel with the filing of my I-526 and I-829 petitions and verifying required expenditures and/or direct and/or indirect employment until the removal of my conditional Permanent Residency. Aside from the one-time non-refundable one-time Application Fee, I understand the Sponsoring Member shall not charge additional fees to assist me with my U.S. Permanent Residency application.*
- *I understand that if my I-526 petition, including adjustment of status or consular interview processing, is denied for whatever reason, my full escrowed Capital Contribution of \$500,000 per Unit will be returned to me by the Fund's escrow agent in cash within ninety (90) days of receipt of my written request. I understand that regardless of whether my petition for Permanent Residency is granted or denied, the full Application Fee of USD \$25,000 (payable to the Sponsoring Member, not the Fund) will be retained by the Sponsoring Member. The returned Capital Contribution is separate from any previously paid or currently due Fund distribution of revenue.*
- *I understand the Sponsoring Member will not sell the Fund's property or oil and gas assets and operations until the removal of my conditional Permanent Residency status. Provided, however, the Fund will not delay a possible sale of such assets to accommodate Investing Members who file their I-526 visa petitions more than one year from the date of my investment in the Fund.*
- *In addition to acknowledging all other transfer restrictions, including applicable holding periods under United States securities laws, I understand that I may not transfer my Units in the Fund unless and until I withdraw my EB-5 Immigrant Investor Petition (Form I-526 or Form I-829), or, as applicable, file with USCIS a Form I-407 Abandonment of Lawful Resident Status and sign a mutual release of claims agreement with the Sponsoring Member.*
- *I understand that in order to comply with applicable regulations, the Sponsoring Member may need to obtain an OFAC (Office of Foreign Asset Control) license to engage in transactions and activities with me for the purpose of facilitating my investment in the Fund. In such event, I will provide the necessary special OFAC questionnaire as requested by the Sponsoring Member together with a special OFAC USD \$2,000 processing fee (not included in and in addition to the Application Fee) payable in advance to the Sponsoring Member. Any and all fees or matters related to OFAC are my sole responsibility.*

Initials of
Subscriber

All the information I have provided to the Fund, either in questionnaires or otherwise, is truthful and complete to the best of my knowledge and should any of the information materially change I will immediately provide the Fund with updated information.

I understand that the Fund may reject my subscription for any or no reason. This agreement shall become binding upon the Fund only when accepted, in writing, by the Fund.

If my subscription is rejected, the funds I have submitted will be returned to me without interest or deduction except for the USD (b) (4) payable to the Sponsoring Member, not the Fund) one-time Application Fee which is non-refundable.

I understand that I have no right to control or govern the affairs of the Fund other than the right to consent on certain limited matters as set forth in the Limited Liability Company Agreement. I understand that the Fund has entered into a sharing arrangement with the Sponsoring Member on terms set forth in the Memorandum as well as the Limited Liability Company Agreement. If the Fund accepts my subscription for Units, I agree to be bound by the same.

I hereby consent to exclusively receive information or other communications from the Sponsoring Member at my e-mail address as set forth in my Suitability Questionnaire and to promptly notify the Sponsoring Member if it changes.

I do hereby irrevocably constitute and appoint the Sponsoring Member and its duly appointed officers or managers with power of substitution, as my true and lawful attorney-in-fact, in its name, place and stead, to execute, acknowledge, swear to, and deliver as may be appropriate, on my behalf and file and record in the appropriate public offices and publish, as may be appropriate any and all necessary documents and to carry on any and all business on my behalf in accordance with the stated objectives of the Fund as set forth in the Memorandum. I further acknowledge that this Power of Attorney shall be irrevocable and deemed to be a power coupled with an interest and shall survive my incapacity or death. I agree to be bound by any representation made by the Sponsoring Member and by any successors thereto, acting in good faith pursuant to this Power of Attorney and in accordance with the Fund's objectives, and do hereby waive any and all defenses which may be available to contest, negate or disaffirm the action of the Sponsoring Member and any successors thereto, taken in good faith under this Power of Attorney.

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
SOUTHERN STAR ENERGY FUND LLC

In the event the Fund makes a distribution, please deliver to me as follows:

MAIL A CHECK to the following U.S. address:
(if left blank, check will go to Questionnaire address)

By signing below, I shall be deemed to have executed this Subscription Agreement and Power of Attorney, the Limited Liability Company Agreement as set forth in the Memorandum, which is incorporated by reference as if fully set forth herein, and to have subscribed to and affirmed the veracity of the foregoing statements.

X _____
Authorized Signature

X _____
Second Authorized Signature (if applicable)

Print Name

Print Name

Date

Date

Title (if applicable)

Title (if applicable)

Name of Entity (if applicable)

Name of Entity (if applicable)

SUBSCRIPTION ACCEPTANCE:

SOUTHERN STAR ENERGY FUND LLC
a Delaware limited liability company

By: Southern Star Regional Investment Center LLC
its Sponsoring Member

By: X _____

Name: _____

Title: _____

Date: _____

FOR MORE INFORMATION,

PLEASE CONTACT:



SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC

Brownstone-Anderson Building, 25511 Budde Road, Suite 101, The Woodlands, Texas 77380 USA
E-mail: EB5@southernstaroil.com Web: www.southernstaroil.com/EB5 Telephone: (281) 940-7105



This template was created and is intended to be used for discussion purposes only, is subject to further comment and modification, and is not intended and shall not be relied upon as legal, tax, or other professional advice. Please consult your own professional before using or otherwise relying on this template.

ESCROW AGREEMENT

This Escrow Agreement dated this ____ day of _____, _____ (the "Escrow Agreement"), is entered into by and among _____ [name and legal status] ("_____"), _____ [name and legal status] ("_____," and together with _____, the "Parties," and individually, a "Party"), and Wells Fargo Bank, National Association, as escrow agent ("Escrow Agent").

RECITALS

A. [STATE SPECIFIC PURPOSE OF ESCROW. WHAT IS THE BUSINESS REASON REQUIRING AN ESCROW AGENT TO HOLD THE PROPERTY?]

B. _____ agrees to place in escrow certain funds and the Escrow Agent agrees to hold and distribute such funds in accordance with the terms of this Escrow Agreement.

In consideration of the promises and agreements of the Parties and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties and the Escrow Agent agree as follows:

ARTICLE 1 ESCROW DEPOSIT

Section 1.1. Receipt of Escrow Property. Upon execution hereof, _____ shall deliver to the Escrow Agent the amount of \$_____ (the "Escrow Property") in immediately available funds.

Section 1.2. Investments.

(a) The Escrow Agent is authorized and directed to deposit, transfer, hold and invest the Escrow Property and any investment income thereon as set forth in Exhibit A hereto, or as set forth in any subsequent written instruction signed by _____. Any investment earnings and income on the Escrow Property [shall become part of the Escrow Property, and shall be disbursed in accordance with Section 1.3 or Section 1.5 of this Escrow Agreement] [or] [shall not become part of the Escrow Property and shall be disbursed to _____, as directed in writing by _____].

(b) The Escrow Agent is hereby authorized and directed to sell or redeem any such investments as it deems necessary to make any payments or distributions

required under this Escrow Agreement. The Escrow Agent shall have no responsibility or liability for any loss which may result from any investment or sale of investment made pursuant to this Escrow Agreement. The Escrow Agent is hereby authorized, in making or disposing of any investment permitted by this Escrow Agreement, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or any such affiliate is acting as agent of the Escrow Agent or for any third person or dealing as principal for its own account. The Parties acknowledge that the Escrow Agent is not providing investment supervision, recommendations, or advice.

Section 1.3. Disbursements. [Insert specific mechanics of escrow disbursement procedures. Please take care to draft clear and simple disbursement instructions that are capable of being followed by the Escrow Agent without any further inquiry. For example, "The Escrow Agent shall disburse the Escrow Property in accordance with the joint written instructions of the Parties."]

Section 1.4. Income Tax Allocation and Reporting.

(a) The Parties agree that, for tax reporting purposes, all interest and other income from investment of the Escrow Property shall, as of the end of each calendar year and to the extent required by the Internal Revenue Service, be reported as having been earned by _____, whether or not such income was disbursed during such calendar year.

(b) Prior to closing, the Parties shall provide the Escrow Agent with certified tax identification numbers by furnishing appropriate forms W-9 or W-8 and such other forms and documents that the Escrow Agent may request. The Parties understand that if such tax reporting documentation is not provided and certified to the Escrow Agent, the Escrow Agent may be required by the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, to withhold a portion of any interest or other income earned on the investment of the Escrow Property.

(c) To the extent that the Escrow Agent becomes liable for the payment of any taxes in respect of income derived from the investment of the Escrow Property, the Escrow Agent shall satisfy such liability to the extent possible from the Escrow Property. The Parties, jointly and severally, shall indemnify, defend and hold the Escrow Agent harmless from and against any tax, late payment, interest, penalty or other cost or expense that may be assessed against the Escrow Agent on or with respect to the Escrow Property and the investment thereof unless such tax, late payment, interest, penalty or other expense was directly caused by the gross negligence or willful misconduct of the Escrow Agent. The indemnification provided by this Section 1.4(c) is in addition to the indemnification provided in Section 3.1 and shall survive the resignation or removal of the Escrow Agent and the termination of this Escrow Agreement.

Section 1.5. Termination. This Escrow Agreement shall terminate on _____, 20___, at which time the Escrow Agent is authorized and directed to disburse the

Escrow Property in accordance with Section 1.3 and this Escrow Agreement shall be of no further force and effect except that the provisions of Sections 1.4(c), 3.1 and 3.2 hereof shall survive termination.

[or]

Upon the disbursement of all of the Escrow Property, including any interest and investment earnings thereon, this Escrow Agreement shall terminate and be of no further force and effect except that the provisions of Sections 1.4(c), 3.1 and 3.2 hereof shall survive termination.

ARTICLE 2
DUTIES OF THE ESCROW AGENT

(b) (4)



Section 4.2. Escheat. The Parties are aware that under applicable state law, property which is presumed abandoned may under certain circumstances escheat to the applicable state. The Escrow Agent shall have no liability to the Parties, their respective heirs, legal representatives, successors and assigns, or any other party, should any or all of the Escrow Property escheat by operation of law.

Section 4.3. Notices. All notices, requests, demands, and other communications required under this Escrow Agreement shall be in writing, in English, and shall be deemed to have been duly given if delivered (i) personally, (ii) by facsimile transmission with written confirmation of receipt, (iii) by overnight delivery with a reputable national overnight delivery service, or (iv) by mail or by certified mail, return receipt requested, and postage prepaid. If any notice is mailed, it shall be deemed given five business days after the date such notice is deposited in the United States mail. If notice is given to a party, it shall be given at the address for such party set forth below. It shall be the responsibility of the Parties to notify the Escrow Agent and the other Party in writing of any name or address changes. In the case of communications delivered to the Escrow Agent, such communications shall be deemed to have been given on the date received by the Escrow Agent.

If to []:

Attention:
Telephone:
Facsimile:

If to []:

Attention:
Telephone:
Facsimile:

If to the Escrow Agent:

Wells Fargo Bank, National Association

Attention: _____; Corporate, Municipal and Escrow Solutions
Telephone:
Facsimile:

Section 4.4. Governing Law. This Escrow Agreement shall be governed by and construed in accordance with the laws of the State of _____.

Section 4.5. Entire Agreement. This Escrow Agreement sets forth the entire agreement and understanding of the parties related to the Escrow Property.

Section 4.6. Amendment. This Escrow Agreement may be amended, modified, superseded, rescinded, or canceled only by a written instrument executed by the Parties and the Escrow Agent.

Section 4.7. Waivers. The failure of any party to this Escrow Agreement at any time or times to require performance of any provision under this Escrow Agreement shall in no manner affect the right at a later time to enforce the same performance. A waiver by any party to this Escrow Agreement of any such condition or breach of any term, covenant, representation, or warranty contained in this Escrow Agreement, in any one or more instances, shall neither be construed as a further or continuing waiver of any such condition or breach nor a waiver of any other condition or breach of any other term, covenant, representation, or warranty contained in this Escrow Agreement.

Section 4.8. Headings. Section headings of this Escrow Agreement have been inserted for convenience of reference only and shall in no way restrict or otherwise modify any of the terms or provisions of this Escrow Agreement.

Section 4.9. Counterparts. This Escrow Agreement may be executed in one or more counterparts, each of which when executed shall be deemed to be an original, and such counterparts shall together constitute one and the same instrument.

[The remainder of this page left intentionally blank.]

IN WITNESS WHEREOF, this Escrow Agreement has been duly executed as of the date first written above.

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Escrow Agent

By: _____

Name: _____

Title: _____

EXHIBIT A

**Agency and Custody Account Direction
For Cash Balances
Wells Fargo Money Market Deposit Accounts**

Direction to use the following Wells Fargo Money Market Deposit Accounts for Cash Balances for the escrow account or accounts (the "Account") established under the Escrow Agreement to which this Exhibit A is attached.

You are hereby directed to deposit, as indicated below, or as I shall direct further in writing from time to time, all cash in the Account in the following money market deposit account of Wells Fargo Bank, National Association:

Wells Fargo Money Market Deposit Account (MMDA)

I understand that amounts on deposit in the MMDA are insured, subject to the applicable rules and regulations of the Federal Deposit Insurance Corporation (FDIC), in the basic FDIC insurance amount of \$100,000 per depositor, per insured bank. This includes principal and accrued interest up to a total of \$100,000. *Note: On May 20, 2009, FDIC deposit insurance temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2013.*

I acknowledge that I have full power to direct investments of the Account.

I understand that I may change this direction at any time and that it shall continue in effect until revoked or modified by me by written notice to you.

Authorized Representative
[PARTY 1]

[Authorized Representative]
[PARTY 2]

Date

[Date]

EXHIBIT B-1

Certificate as to Authorized Signatures

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as authorized representatives of [PARTY 1] and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under the Escrow Agreement to which this Exhibit B-1 is attached, on behalf of [PARTY 1].

Name / Title	<u>Specimen Signature</u>
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	

EXHIBIT B-2

Certificate as to Authorized Signatures

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as authorized representatives of [PARTY 2] and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under the Escrow Agreement to which this Exhibit B-2 is attached, on behalf of [PARTY 2].

Name / Title	<u>Specimen Signature</u>
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	
_____ Name	_____ Signature
_____ Title	

EXHIBIT C

FEES OF ESCROW AGENT



Acceptance Fee: **\$500**

Initial Fees as they relate to Wells Fargo Bank acting in the capacity of Escrow Agent - includes review of the Escrow Agreement; acceptance of the escrow appointment; setting up of Escrow Account(s) and accounting records; and coordination of receipt of funds for deposit to the Escrow Account(s). Acceptance Fee payable at time of Escrow Agreement execution.

Escrow Agent Administration Fee: **\$1,500 per investor**

For ordinary administrative services by Escrow Agent - includes daily routine account management; investment transactions; cash transactions processing (including wire and check processing); monitoring claim notices pursuant to the agreement; disbursement of funds in accordance with the agreement; and providing escrow account statements to all applicable parties. This fee is payable in advance, per investor, with the first installment due at the time of Escrow Agreement execution. Minimum annual fee per escrow account established: \$5,000. This fee covers a full year or any part thereof and will not be prorated or refunded in a year of early termination.

Tax Reporting, per investor, if required: **\$50**

Out-of-Pocket Expenses **At Cost**

We will charge for out-of-pocket expenses in response to specific tasks assigned by the client or provided for in the escrow agreement. Possible expenses would be, but are not limited to, express mail and messenger charges, travel expenses to attend closing or other meetings. There are no charges for indirect out-of-pocket expenses.

Account Administration:

If selected to provide escrow agent services, this account relationship will be managed in our Jacksonville, FL office by:

Christopher Tracy
Vice President and Relationship Manager
Wells Fargo Bank, N.A., Corporate Trust Services
225 Water Street, Suite 410, Jacksonville, FL 32202
Tel: 904.489.3800 Fax: 904.489.3759
Email: christopher.tracy@wellsfargo.com

On-Line Statements: **Included**

Web based access to PDF monthly account statements with email notification when new reports are available.

Together we'll go far





Wells Fargo's bid is based on the following assumptions:

- Number of Escrow Accounts to be established: Two (2)
- Number of Deposits to each Escrow Account: Not more Twenty (20)
- Number of Withdrawals from each Escrow Account: Not more Twenty (20)
- Term of Escrows: Not more than Two (2) years
- Appointment subject to receipt of requested due diligence information as per the USA Patriot Act
- This proposal assumes that balances in the account will be invested in the Wells Fargo Money Market Deposit Account (MMDA) to avoid tax withholding requirements, or held uninvested in cash to avoid tax reporting requirements
- All funds will be received from or distributed to a domestic or an approved foreign entity
- If the account(s) does not open within three (3) months of the date shown below, this proposal will be deemed to be null and void
- The charges for performing services not contemplated at the time of the execution of the governing documents, or not specifically covered elsewhere in this schedule, will be determined by appraisal in amounts commensurate with the service to be provided
- Should anticipated documentation change substantially or the transaction become increasingly complex prior to final closing, Wells Fargo reserves the right to adjust its fees
- Billings over 30 days past due are subject to a 1.5% per month late payment penalty on balance due.

This Schedule of Fees is subject to periodic review and adjustment by Wells Fargo. Nothing contained herein shall be deemed to be Wells Fargo's acceptance of appointment as escrow agent or such other related capacity, which is contingent upon final review, acceptance, and execution of governing documents. Appointment is subject to due diligence and conflict check.

Dated: November 1, 2010

BY: _____

Signature

Printed Name

Title

BY: Wells Fargo Bank, N.A.

Signature

Susan Thorpe

Printed Name

Vice President, Business Development

Title

Together we'll go far



K

LIMITED LIABILITY COMPANY AGREEMENT**OF****SOUTHERN STAR ENERGY FUND LLC**

(a Delaware limited liability company)

This Limited Liability Company Agreement (the "Agreement") of SOUTHERN STAR ENERGY FUND LLC, a Delaware limited liability company (the "Fund"), to be effective as of January ____, 2011 (the "Effective Date"), is by and among Southern Star Regional Investment Center LLC, a Texas limited liability company (the "Sponsoring Member"), and the persons whose names are set forth on Schedule A, attached hereto, as Investing Members (the "Investing Members"), pursuant to the provisions of the Delaware Limited Liability Company Act, as amended (the "Act"), on the terms and conditions set forth herein. The Sponsoring Member and the Investing Members shall collectively be referred to as the "Members".

ARTICLE I**GENERAL**

1.1. **Formation.** The Sponsoring Member hereby forms the Fund as a limited liability company pursuant to the provisions of the Act. Except as expressly provided herein, the rights and obligations of the Members and the administration and termination of the Fund shall be governed by the Act.

1.2. **Name.** The name of the Fund shall be, and the business of the Fund shall be conducted under the name of, SOUTHERN STAR ENERGY FUND LLC and/or such other names or trademarks as may be deemed prudent.

1.3. **Purpose.** The purpose and business of the Fund shall be (i) to acquire real property and develop and construct thereon a oil and gas assisted living facility; (ii) to engage in any and all general and incidental activities related thereto and necessary for the operation of such activities for profits or losses; and (iii) to enter into any lawful transactions and engage in any lawful activities in furtherance of or incidental to the foregoing purpose.

1.4. **Term.** The term of the Fund shall commence on the Effective Date and shall continue in perpetuity, or until the earlier dissolution and termination of the Fund in accordance with the provisions of Section 7.1 of this Agreement.

1.5. **Registered Office and Principal Office of Fund.** The registered office of the Fund in the State of Delaware shall be 16192 Coastal Highway, Lewes, Delaware 19958, and its registered agent at that location is Harvard Business Services, Inc. The principal office of the Fund shall be located at 25511 Budde Road, Suite 101, The Woodlands, Texas 77380 USA, or such other place as the Sponsoring Member may from time to time designate. The Fund may maintain offices at such other place or places as the Sponsoring Member deems advisable.

1.6. **Certificate of Formation.** The Sponsoring Member shall cause the Certificate of Formation of the Fund to be filed with the Delaware Secretary of State (the "Secretary") as required by the Act and shall cause to be filed such other certificates or documents (including, without limitation, copies, amendments, or restatements of this Agreement) as may be determined by the Sponsoring Member to be reasonable and necessary or appropriate for the formation, qualification, or registration and operation of a limited liability company (or a partnership in which the Members have limited liability) in the State of Delaware and in any other state where the Fund may elect to do business.

1.7. **Power of Attorney.**

- (a) *Grant of Power.* Each Investing Member hereby constitutes and appoints the Sponsoring Member and their authorized representatives (and any successors thereto by assignment or otherwise and the authorized representatives thereof) with full power of substitution as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place, and stead, to execute, swear to, acknowledge, deliver, file, and record in the appropriate public offices, as applicable or appropriate: (i) all certificates and other instruments and all amendments or restatements thereof that the Sponsoring Member deems reasonable and appropriate or necessary to qualify or register, or continue the qualification or registration of, the Fund as a limited liability company (or a partnership in which the Investing Members have limited liability) in all jurisdictions in which the Fund may conduct business or own property; (ii) all instruments, including an amendment or restatement of this Agreement, that the Sponsoring Member deem appropriate or necessary to reflect any amendment, change, or modification of this Agreement in accordance with its terms; (iii) all conveyances and other instruments or documents that the Sponsoring Member deem appropriate or necessary to reflect the dissolution, liquidation and termination of the Fund pursuant to the terms of this Agreement; (iv) all instruments relating to the admission or substitution of any Investing Member; (v) all ballots, consents, approvals, waivers, certificates, and other instruments appropriate or necessary, in the sole discretion of the Sponsoring Member, to make, evidence, give, confirm, or ratify any vote, consent, approval, agreement, or other action that is made or given by the Investing Members hereunder, is deemed to be made or given by the Investing Members hereunder, or is consistent with the terms of this Agreement and appropriate or necessary, in the sole discretion of the Sponsoring Member, to effectuate the terms or intent of this Agreement; provided that, with respect to any action that requires the vote, consent, or approval of a stated percentage of the Investing Members under the terms of this Agreement, the Sponsoring Member may exercise the power of attorney granted in this subsection (v) only after the necessary vote, consent, or approval has been made or given. Nothing herein contained shall be construed as authorizing the Sponsoring Member to amend this Agreement except in accordance with Article VIII of this Agreement or as otherwise provided in this Agreement.
- (b) *Irrevocability.* The foregoing power of attorney is hereby declared to be irrevocable and a power coupled with an interest, and it shall survive, and not be affected by, the death, incompetency, incapacity, disability, dissolution, bankruptcy or termination of any Investing Member, or the transfer of all or any portion of its Membership Interest and shall extend to such Investing Member's heirs, successors, assigns and legal representatives. Each Investing Member agrees to be bound by any representations made by the Sponsoring Member acting in good faith pursuant to such power of attorney; and each Investing Member hereby waives any and all defenses that may be available to contest, negate or disaffirm any action of the Sponsoring Member taken in good faith under such power of attorney. Each Investing Member shall execute and deliver to the Sponsoring Member within 15 days after receipt of the Sponsoring Member's request therefor, such further designations, powers of attorney, and other instruments as the Sponsoring Member deem necessary to effectuate this Agreement and the purposes of the Fund.

ARTICLE II

DEFINITIONS

The following definitions apply to the terms used in the Memorandum and the Fund's Limited Liability Company Agreement:

"Act" means the Delaware Limited Liability Company Act, as amended. In other contexts it may refer to the Securities Act of 1933, as amended.

“Accredited Investor” means (i) a natural person whose individual net worth (exclusive of the value of their primary residence), or joint net worth with your spouse, presently exceeds USD \$1,000,000; (ii) a natural person who had an individual income in excess of USD \$500,000 in each of the two most recent years or joint income with their spouse in excess of USD \$300,000 in each of those years and they reasonably expect reaching the same income level in the current year; (iii) a corporation, partnership, trust, limited liability company, or other entity in which all of the equity owners are “accredited investors”; (iv) a trust with total assets in excess of USD \$5,000,000 and was not formed for the specific purpose of acquiring Fund Units, the trustee of which has such knowledge and experience financial and business matters that it is capable of evaluating the merits and risks of investing in Fund Units; (v) a bank, savings and loan association or other financial institution, a registered securities broker or securities dealer, or an insurance company; (vi) a registered investment company or business development company, a licensed Small Business Investment Company, or a private business development company; (vii) a state-sponsored pension plan with total assets in excess of USD \$5,000,000; (viii) an employee benefit plan which either (a) has a fiduciary that is a bank, savings and loan association, insurance company, or registered investment adviser; (b) has total assets in excess of USD \$5,000,000; or (c) is a self-directed plan and investment decisions are made solely by persons that are “accredited investors”; (ix) a non-profit organization described in section 501(c)(3) of the Internal Revenue Code that was not formed for the specific purpose of acquiring Fund Units having total assets in excess of USD \$5,000,000; or (x) a director, executive officer, or manager of the Fund or a director, executive officer, or manager of the Fund’s Sponsoring Member.

“Administration Fee” means an amount payable to the Sponsoring Member upon the release of funds from escrow equal (b) (4)

Such monthly Administration Fee shall commence being paid on the first day of the calendar month following the closing date of the Offering.

“Affiliate” means any Person that directly or indirectly controls, is controlled by, or is under common control with the Person in question. As used in this definition, the term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise, or to hold or to control the holder of 10 percent or more of the outstanding voting securities of such Person.

“Agreement” means the Limited Liability Company Agreement as it may be amended, supplemented or restated from time to time.

“Alien” refers to a person in the United States who is not a citizen of the United States.

“Application Fee” means a one-time non-refundable fee (separate from Unit subscription funds) of USD (b) (4) (payable to the Sponsoring Member, not the Fund) due from non-U.S. Persons who elect to escrow funds pending approval of a Form I-526 petition with United States Citizenship and Immigration Services (USCIS) payable to the Sponsoring Member upon escrow of subscription funds regardless of the number of Units purchased.

“BCF” means billion cubic feet.

“BCFE” means billion cubic feet equivalent.

“BCPD” means barrels of condensate per day.

“BOPD” means barrels of oil per day.

“BOE” means barrels of oil equivalent.

“Capital Account” means the capital account maintained for an Investing Member pursuant to Section 3.2 of the Agreement.

“Capital Contribution”, as it relates to the Fund, means any asset or property of any nature contributed by an Investing Member to the capital of the Fund pursuant to the provisions of the Agreement. In the context of the Fund’s participation in a Program, it means an amount of money contributed to the Program by or on behalf of a Non-Operator.

“Certificate of Formation” means the certificate filed with the Secretary pursuant to Section 1.6 of the Agreement, as such Certificate may be amended or restated from time to time.

“Code” means the Internal Revenue Code of 1986, as from time to time amended and in effect.

“Commercial Well” is a drilled well which, based upon log and sample evaluations, is capable of producing oil and/or gas in sufficient quantities to exceed its expenses incurred once the completion is performed.

“Completion Assessments” occurs when a well drilled as part of a drilling Program is determined to have commercial capabilities of oil and/or natural gas production. The driller/Operator will then assess each Non-Operator for their pro-rata share of the completion cost.

“Consent” means the written consent of a Person, or the affirmative vote of such Person at a meeting called and held pursuant to Article VIII of the Agreement, as the case may be, to do the act or thing for which the consent is solicited, or the act of granting such consent, as the context requires.

“Development Well” means a well drilled within the proved area of an oil or gas reservoir to the depth of a stratigraphic horizon determined by a professional petroleum engineer or petroleum geologist to be productive.

“Drilling and Completion Costs” means all costs, excluding operating costs, of drilling, completing, testing, equipping, and bringing a well into production or plugging and abandoning it, including all labor and other construction and installation costs incident thereto, location and surface damages, cementing, drilling mud and chemicals, drill stem tests and core analysis, engineering and well site geological expenses, electric logs, costs of plugging back, deepening, rework operations, repairing or performing remedial work of any type, costs of plugging and abandoning any well participated in by the Fund, and reimbursements and compensation to well operators, including charges paid to the Sponsoring Member as an operator during the drilling and completion phase of a well, plus the cost of the gathering system and of acquiring leasehold interests.

“Drill Site” is the minimum locale subject to an area no less than that stipulated by the statutes and regulations of the Texas Railroad Commission (or equivalent authority in other jurisdictions) for the drilling of a well to the desired depth.

“Dry Hole” means any well abandoned without having produced oil or gas in commercial quantities.

“EB-5” is a United States immigration visa created by the Immigration Act of 1990 providing a method of obtaining a Green Card for Foreign Nationals who invest money in the United States.

“Event of Withdrawal of the Sponsoring Member” means an event that causes a Sponsoring Member to cease to be a Sponsoring Member as provided in the Act.

“Exploratory Well” means a well drilled to find commercially productive hydrocarbons in an unproved area, to find a new commercially productive horizon in a field previously found to be productive of hydrocarbons at another horizon, or to significantly extend a known prospect.

“Farmout” means an agreement whereby the owner of a leasehold or working interest agrees to assign their interest in certain specific acreage to the assignees, retaining some interest such as an overriding royalty interest, an oil and gas payment, offset acreage or other type of interest, subject to the drilling of one or more specific wells or other performance as a condition of the assignment.

“Foreign National” refers to a Person born outside the jurisdiction of the United States who is a citizen of a foreign country and who has not become a naturalized U.S. citizen under U.S. law. Includes Aliens who have not obtained Permanent Residency within the United States.

“Form I-526” refers to the petition filed with USCIS by an Investing Member who is a Non-U.S. Person seeking Permanent Residency within the United States.

“Form I-829” refers to the petition filed at the end of a two year conditional period with USCIS by an Investing Member who is a Non-U.S. Person to remove conditions imposed by the EB-5 visa.

“Fund” means the limited liability company formed pursuant to the Agreement.

“Green Card” is a United States Permanent Resident Card (known informally as a “green card” because it is green in color) which is an identification card attesting to the Permanent Residency status of an Alien in the United States.

“IDC” means intangible drilling and development costs.

“Investing Member” means any Person other than the Sponsoring Member or a Non-sponsoring Member (i) whose name is set forth on Schedule A of the Agreement, attached hereto, as an Investing Member, or who has been admitted as an additional or substituted Investing Member pursuant to the terms of the Agreement, and (ii) who is the owner of a Unit. In its plural form it means all such Persons.

“Investing Membership Interest” means the interest acquired by an Investing Member in the Fund by purchasing a Unit including, without limitation, such Investing Member’s right: (i) to a distributive share of the income, gain, loss, deduction, and credit of the Fund; (ii) to a distributive share of the assets of the Fund; (iii) if an Investing Member, to Consent on those matters described in the Agreement.

“Investment” means an asset acquired by the Fund, which may include, but not be limited to, working interests, net revenue interests, overriding royalty interests, and/or royalty interests in oil and gas wells or properties within the United States, as well as proven, probable, possible and potential hydrocarbon reserves in the ground, and/or the leases on which such wells and/or reserves are located. It may also include partnership, LLC, or other forms of equity or revenue interests in joint ventures or other forms of oil and gas ownership. It may also include equipment, supplies and other material in connection with such assets.

“Indemnitee” means any Sponsoring Member, any Person who is or was an affiliate of a Sponsoring Member, any Person who is or was an officer, director, employee, agent, trustee, partner, member, manager, or shareholder of a Sponsoring Member or any such affiliate, or any Person who is or was serving at the request of a Sponsoring Member or any such affiliate as a director, officer, employee, partner, member, manager, agent or trustee of another Person; provided that a Person shall constitute an “Indemnitee” only with respect to acts, omissions or matters deriving from or relating to the business, operations or investments of the Fund.

“Lease” is the right granted by the Lessor to the Lessee to extract minerals, specifically oil and/or natural gas, from a certain property owned by the Lessor with the expense of said extraction lying with the Lessee. The Lessor retains a certain percentage of the revenues received from the sale of the oil and/or natural gas, which is known as royalty interest. A Lessor receiving a royalty interest does not have any obligation to pay any of the lease operating expenses associated with the production of such minerals. However, depending on lease terms, the Lessor normally pays his share of production or severance taxes and may pay his share of some costs associated with processing or treating the produced oil and gas. The lease will remain in effect so long as production is maintained.

“Leasebank” means one or more mineral Leases organized by prospect, project or production.

“Lessee” means the purchaser of a Lease.

“Lessor” means the grantor of a Lease.

“Limited Liability Company Agreement” means the Agreement which governs the internal affairs of the Fund.

“Liquidator” has the meaning specified in Section 7.2 of the Agreement.

“Majority in Interest of the Investing Members” means Investing Members whose Membership Interests aggregate to greater than fifty percent (50%) of the Membership Interests of all Investing Members.

“MCF” means one thousand cubic feet of natural gas.

“Memorandum” means the confidential private placement memorandum utilized by the Fund to disclose risks, describe its proposed activities, and explain the terms of the offering of Units to prospective Investing Members.

“Members” means the Sponsoring Member, the Non-Sponsoring Members, and the Investing Members. In its singular form it means any one of the Investing Members, Non-Sponsoring Members or the Sponsoring Member, as the case may be.

“Membership Interest” means a Member’s right, together with such other rights as provided in the Agreement, to receive distributions of Fund revenue, capital, and other disposition of Fund assets in accordance with the Agreement.

“Metropolitan Statistical Area” refers to a geographical area with high population density (i.e., typically greater than 20,000 persons) as may be designated by the governor of a state or other designated authority.

“Net Revenue Interest” means the revenues received by a Working Interest Owner before expenses and after the payment of royalty interest and overriding royalty interests.

“Non-sponsoring Member” means any Person holding a Membership Interest other than the Sponsoring Member or an Investing Member.

“Non-sponsoring Membership Interest” refers to a Sponsoring Membership Interest conveyed from the Sponsoring Member to a third party pursuant to this Agreement upon which event it is stripped of any and all management rights, consent rights, and entitlement to share in any Administration Fees, Organizational Fees, or the like.

“Non-Operator” is a person who acquires a Working Interest in a Program but who is not charged with the responsibility of field operations.

“Non-U.S. Person” means any Alien or Foreign National and includes (i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. person by a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States; (ii) any estate of which any professional fiduciary acting as executor or administrator is a U.S. person if another executor or administrator of the estate who is not a U.S. person has sole or shared investment discretion with respect to the assets of the estate and such estate is governed by foreign law; (iii) any trust of which any professional fiduciary acting as trustee is a U.S. person, if a trustee who is not a U.S. person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person; (iv) any employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country; (v) any agency or branch of a U.S. person located outside the United States if such agency or branch operates for valid business reasons and is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; or (vi) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organizations, their agencies, affiliates and pension plans.

“Offering” refers to the offering of Units for sale to prospective Investing Members via delivery of the Memorandum.

“Operator” means either Southern Star Operating LLC or a Person charged with conducting field operations in connection with a Program.

“Overriding Royalty” means an interest in the gross revenues received from the sale of the oil and/or natural gas from a certain property as a result of assisting in the acquisition of a lease or in consideration of a farmout of a lease. The owner of an overriding royalty does not bear any of the lease operating costs associated with the production, development, operation or maintenance of the leasehold. However, the holder of an overriding royalty normally pays his share of production or severance taxes and his share of some costs associated with processing or treating the produced oil and gas.

“Organizational Fee” refers to a fee equal (b) (4) of the aggregate Capital Contributions of the Investing Members payable to the Sponsoring Member upon release of funds from escrow as compensation for organizing the Fund and the Offering.

“Person” means an individual or a corporation, limited liability company, partnership, trust, estate, unincorporated organization, association or other business enterprise.

“Permanent Residency” refers to the officially granted immigration status of a Non-U.S. Person by USCIS of permission to reside and take employment in the United States, evidenced by the issuance of a Green Card, subject to removal from the United States if such status is not maintained or if certain conditions of such status are not met.

“Program” means a series of oil and gas-related Investments or Prospects.

“Prospect” means an oil and gas leasehold estate, or lesser interest therein, upon which drilling operations may or may not be conducted. In general, a Prospect is an area in which the Fund owns or intends to own one or more oil and gas interests, which is geographically defined on the basis of geological data and which is reasonably anticipated to contain at least one reservoir of hydrocarbons; an area covering lands which are believed to contain subsurface structural or stratigraphic conditions making it susceptible to the accumulations of hydrocarbons in commercially productive quantities at one or more horizons.

“Record Date” means the date established by the Sponsoring Member for determining the identity of Investing Members entitled to give Consent to Fund action or entitled to exercise rights in respect of any other lawful action of Investing Members.

“Regulations” means the income tax regulations promulgated under the Code, as from time to time amended and in effect (including corresponding provisions of succeeding regulations).

“Reservoir” means a separate structural or stratigraphic trap containing an accumulation of oil or gas.

“Roll-Up” means a transaction involving the acquisition, merger, conversion, or consolidation, either directly or indirectly, of the Fund and the issuance of securities of a roll-up entity.

“Roll-Up Entity” means a partnership, trust, corporation or other entity that would be created or survive after the successful completion of a proposed Roll-Up transaction.

“Royalty Interest” means an interest received by a Lessor in the gross revenues from the sale of the oil and/or natural gas from a certain property for which the Lessor does not bear any of the lease operating costs associated with the production, development, operation or maintenance of the leasehold aside from applicable production or severance taxes and sometimes a share of the costs associated with processing or treating the produced oil and gas. This percentage of revenue is in consideration of the Lessor signing the oil and gas lease with the Lessee.

“Rural Area” means a geographical area typically outside of a Metropolitan Statistical Area as further defined by USCIS.

“Sponsor” means any Person directly or indirectly instrumental in organizing, wholly or in part, a partnership, limited liability company or program to facilitate investment or who will manage or is entitled to manage or participate in the management or control of such partnership, limited liability company or program. “Sponsor” includes the Sponsoring Member. “Sponsor” does not include attorneys, accountants, engineers or other consultants whose compensation is for professional services rendered in connection with the offering of Units.

“Sponsoring Member” means Southern Star Regional Investment Center LLC, a Texas limited liability company, its successors or designated agents or assigns.

“Sponsoring Membership Interest” means the Sponsoring Member’s right to (i) participate in the management and operation of the Fund; (ii) receive to a distributive share of the income, gain, loss, deduction, and credit of the Fund; and (iii) to a distributive share of the assets of the Fund in accordance with the Agreement.

“Subscription” means the amount indicated on the Subscription Agreement that an Investing Member has agreed to pay to the Fund as their Capital Contribution.

“Subscription Agreement” means the agreement attached to the Memorandum by way of exhibit whereby prospective Investing Members subscribe for Units. With respect to a Non-Operator, is the agreement executed and delivered by a Non-Operator in connection with his or her subscription to purchase interest in a Program and contains certain representations, warranties, covenants and agreements of such Non-Operator.

“Targeted Employment Area” means a Rural Area or an area that is experiencing an unemployment rate of at least 150 percent of the U.S. national average or as otherwise defined by USCIS or federal law.

“TCFE” means trillion cubic feet equivalent.

“Turnkey Cost” typically means the costs incurred in the drilling and testing of a well or wells. If negotiated, the driller/Operator will agree to provide all services and materials specified for the drilling of wells in a Program for a fixed cost. Under a “turnkey” contract, the Non-Operators will be obligated to pay a one-time charge, based upon their pro-rata Working Interest Ownership, for the drilling portion of the wells with no additional assessment for the drilling portion of the wells. Any additional or unexpected costs encountered while drilling the well is absorbed by the driller/Operator. It is important to note that not all wells are drilled pursuant to “turnkey” contracts.

“Transfer” has the meaning set forth in Section 6.1(a) of the Agreement.

“Unanimous Vote” means the affirmative vote of all Investing Members, including the Sponsoring Member, whose combined Membership Interests aggregate one-hundred percent (100%) of the Membership Interests.

“Unit”, as it pertains to the offering of Investing Membership Interests as described in the Memorandum, means an undivided interest of the Investing Members in the aggregate interest in the capital and profits of the Fund. Each Unit of Investing Membership Interest represents a Capital Contribution of USD \$500,000 to the Fund. In the context of the Sponsoring Member, “Unit” means the Sponsoring Membership Interest.

“United States” or “U.S.” mean the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

“USCIS” means United States Citizenship and Immigration Services, an agency of the U.S. Department of Homeland Security.

“U.S. Person” means (i) a natural person resident in the United States; (ii) a partnership or corporation organized or incorporated under the laws of the United States; (iii) an estate of which any executor or administrator is a U.S. person; (iv) a trust of which any trustee is a U.S. person; (v) an agency or branch of a foreign entity located in the United States; (vi) a non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person; (vii) a discretionary account or similar account (other than an estate or trust)

held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; or (viii) a partnership or corporation organized or incorporated under the laws of any foreign jurisdiction which was formed by a U.S. person principally for the purpose of investing in unregistered securities unless it is organized or incorporated, and owned, by accredited investors who are not natural persons, estates or trusts.

“Working Interest” means the interest granted to the Lessee under an oil and gas lease which entitles the Lessee and/or its successors and assigns to conduct such operations and pay such expenses for the drilling and production associated with the extraction of oil and/or natural gas from that certain property. The Working Interest Owners, unlike royalty and overriding royalty interest owners, are able to take advantage of certain tax advantages when involved in the drilling for oil and/or natural gas. The Working Interest Owners receive revenues from the sale of the oil and/or natural gas after the payment of capital expenditures, operating expenses, taxes and royalty and overriding royalty interests.

ARTICLE III

FINANCIAL MATTERS

(b) (4)



8.6. **Quorum; Adjournments.** A Majority in Interest of the Investing Members represented in person or by proxy shall constitute a quorum at a meeting of Investing Members; provided that any action requiring approval of a specified vote of Investing Members hereunder shall require at least such specified affirmative vote. In the absence of a quorum, any meeting of Investing Members may be adjourned from time to time by the affirmative Consent of Investing Members who are holders of a majority of the Membership Interests represented either in person or by proxy. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting and a new Record Date need not be fixed, if the time and place thereof are announced at the meeting at which the adjournment is taken, unless such adjournment shall be for more than forty-five (45) days. At the adjourned meeting, the Fund may transact any business which might have been transacted at the original meeting. If the adjournment is for more than forty-five (45) days or if a new Record Date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given in accordance with this Article VIII.

8.7. **Action Without a Meeting.** Any action that may be taken at a meeting of the Investing Members may be taken without a meeting if Consents in writing setting forth the action so taken are signed by Investing Members who are record holders of not less than the minimum Membership Interests that would be necessary to authorize or take such action at a meeting at which all the Investing Members were present and voted. Prompt notice of the taking of action without a meeting shall be given to all Investing Members who have not consented in writing. Whether Consents are solicited by or on behalf of the Sponsoring Member or by any other Person, the Sponsoring Member may specify that any written ballot submitted to Investing Members for the purpose of taking any action without a meeting shall be returned to the Fund within the time, not less than fifteen (15) calendar days, specified by the Sponsoring Member. Further the Sponsoring Member in any such circumstance may identify a Record Date for determining Investing Members entitled to consent in writing. If Consent to the taking of any action by the Investing Members is solicited by any Person other than by or on behalf of the Sponsoring Member, the written Consents shall have no force and effect unless and until (i) they are deposited with the Fund in care of the Sponsoring Member and (ii) such person shall have coordinated such solicitation with the Sponsoring Member so that the Sponsoring Member shall have had the opportunity to make determinations of policies, regulations, procedures, Record Dates and the like with respect to such solicitation and such matters shall have been complied with (it being understood that such actions by the Sponsoring Member shall be taken in a timely manner and shall be exercised in the interest of the Fund and the Investing Members for the purpose of achieving the orderly and balanced conduct of a Consent solicitation process).

ARTICLE IX

GENERAL PROVISIONS

9.1. **Addressees and Notices.** Any notice, demand, request or report required or permitted to be given or made to an Investing Member under this Agreement shall be in writing and shall be delivered in person, by first class mail, by nationally recognized overnight courier or by registered or certified mail, return receipt requested, to the Investing Member at his address as shown on the records of the Fund (regardless of any claim of any Person who may have an interest in any Membership Interest by reason of an assignment or otherwise).

9.2. **Titles and Captions.** All article and section titles and captions in this Agreement are for convenience only, shall not be deemed part of this Agreement, and in no way shall define, limit, extend, or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to "Articles" and "Sections" are to Articles and Sections of this Agreement.

9.3. **Pronouns and Plurals.** Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine, or neuter forms, and the singular form of nouns, pronouns, and verbs shall include the plural and vice versa.

9.4. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

9.5. **Integration.** This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

9.6. **Waiver.** No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or of any covenant, agreement, term or condition. Any Investing Member by an instrument in writing may, but shall be under no obligation to, waive any of its rights or any conditions to its obligations hereunder, or any duty, obligation or covenant of any other Investing Member, but no waiver shall be effective unless in writing and signed by the Investing Member making such waiver. No waiver shall affect or alter the remainder of the terms of this Agreement but each and every covenant, agreement, term and condition hereof shall continue in full force and effect with respect to any other then existing or subsequent breach.

9.7. **Counterparts.** This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart.

9.8. **DELAWARE LAW APPLICABLE.** ALL MATTERS IN CONNECTION WITH THE POWER, AUTHORITY AND RIGHTS OF THE MEMBERS AND ALL MATTERS PERTAINING TO THE OPERATION, CONSTRUCTION, INTERPRETATION OR ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED AND DETERMINED BY THE INTERNAL LAWS OF THE STATE OF DELAWARE, WITHOUT GIVING EFFECT TO THE PRINCIPLES OF CONFLICTS OF LAWS.

9.9. **TEXAS JURISDICTION.** EACH MEMBER (A) HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF MONTGOMERY COUNTY, TEXAS, OR THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF THIS AGREEMENT WHICH IS BROUGHT BY OR AGAINST THE FUND OR ANY MEMBER, (B) HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH SUIT, ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND (C) TO THE EXTENT THAT IT HAS ACQUIRED, OR HEREAFTER MAY ACQUIRE, ANY IMMUNITY FROM THE JURISDICTION OF ANY SUCH COURT OR FROM ANY LEGAL PROCESS THEREIN, HEREBY WAIVES SUCH IMMUNITY TO THE FULLEST EXTENT PERMITTED BY LAW. EACH MEMBER HEREBY WAIVES, AND HEREBY AGREES NOT TO ASSERT, IN ANY SUCH SUIT, ACTION OR PROCEEDING, IN EACH CASE TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY CLAIM THAT (i) IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF ANY SUCH COURT, (ii) IT IS IMMUNE FROM ANY LEGAL PROCESS, (iii) ANY SUCH SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM, (iv) VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING IS IMPROPER OR (v) THIS AGREEMENT MAY NOT BE ENFORCED IN OR BY SUCH COURT. EACH MEMBER AGREES THAT PROCESS AGAINST IT IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING FILED IN ANY SUCH REFERENCED COURT ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY BE SERVED ON IT, BY MAILING THE SAME TO SUCH MEMBER BY REGISTERED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO SUCH MEMBER AT ITS ADDRESS FOR NOTICES UNDER THIS AGREEMENT, WITH THE SAME EFFECT IN EITHER CASE AS THOUGH SERVED UPON SUCH PERSON PERSONALLY.

9.10. **Invalidity of Provisions.** If any provision of this Agreement is declared or found to be illegal, unenforceable, or void, in whole or in part, then the parties shall be relieved of all obligations arising under such provision, but only to the extent that it is illegal, unenforceable or void, it being the intent and agreement of the parties that this Agreement shall be deemed amended by modifying such provision to the extent necessary to make it legal and enforceable while preserving its intent or, if that is not possible, by substituting therefor another provision that is legal and enforceable and achieves the same objectives.

9.11. **Incorporation by Reference.** This Agreement has been executed by the Investing Members set forth on Schedule A by the signing of the Subscription Agreement as set forth in the Memorandum. It is agreed that the executed copy of such Subscription Agreement may be attached to an identical copy of this Agreement together with the Subscription Agreements which may be executed by other Investing Members, all of which shall be incorporated into this Agreement as if fully set forth herein.

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
SOUTHERN STAR ENERGY FUND LLC

9.12. **Ratification.** The Investing Member whose signature appears upon a true and correct copy of the Subscription Agreement as set forth in the Memorandum is hereby deemed to have specifically adopted, approved, and agreed to be legally bound by every provision in this Agreement.

9.13. **Incorporation by Reference.** Every exhibit, schedule, and other appendix attached to this Agreement and referred to herein is hereby incorporated into this Agreement by reference.

* * * * *

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SIGNATURES

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

SPONSORING MEMBER:

Southern Star Regional Investment Center LLC
a Texas limited liability company

By: _____ Date: _____

Name: _____

Title: _____

INVESTING MEMBERS:

All Investing Members now and hereafter admitted as Investing Members, pursuant to powers now and hereafter executed in favor of, and granted and delivered to, the Sponsoring Member.

By: Southern Star Regional Investment Center LLC
a Texas limited liability company
as Agent

By: _____ Date: _____

Name: _____

Title: _____

HOW TO SUBSCRIBE FOR FUND UNITS

For Non-U.S. Persons Seeking EB-5 Visas:

To subscribe for Units, you must:

1. Read the Memorandum in its entirety;
2. Complete, date and sign the following documents:
 - (a) Escrow Control Agreement;
 - (b) Suitability Questionnaire; and
 - (c) Subscription Agreement and Power of Attorney.
3. Deliver the above documents to the following address:

SOUTHERN STAR ENERGY FUND
 c/o Southern Star Regional Investment Center LLC
 25511 Budde Road, Suite 101
 The Woodlands, Texas 77380 USA
 Telephone: (281) 940-7105
 Facsimile: (xxx) xxx-xxxx
 E-Mail: EB5@southernstaroil.com

4. Transmit USD \$500,000 per Unit to the following escrow account:

Bank Name: _____
 Bank SWIFT Code: _____
 Bank ABA Number: _____
 For Further Credit to:
Southern Star Energy Fund LLC EB-5 Escrow Account No. _____

5. Transmit non-refundable one-time USD \$25,000 (payable to the Sponsoring Member, not the Fund) Application Fee to:

(USE SAME BANK COORDINATES AS ABOVE, **EXCEPT FOR THE FOLLOWING:**
 For Further Credit to:
Southern Star Regional Investment Center LLC Account No. _____

For all other subscribers:

To subscribe for Units, you must:

1. Read the Memorandum in its entirety;
2. Complete, date and sign the following documents:
 - (a) Suitability Questionnaire; and
 - (b) Subscription Agreement and Power of Attorney.
3. Deliver the above documents to the following address:

SOUTHERN STAR ENERGY FUND
 c/o Southern Star Regional Investment Center LLC
 25511 Budde Road, Suite 101
 The Woodlands, Texas 77380 USA
 Telephone: (281) 940-7105
 Facsimile: (xxx) xxx-xxxx
 E-Mail: EB5@southernstaroil.com

4. Transmit USD \$500,000 per Unit to the following coordinates:

Bank Name: _____
 Bank SWIFT Code: _____
 Bank ABA Number: _____
 For Further Credit to:
Southern Star Energy Fund LLC Domestic Escrow Account No. _____

**FORM OF
ESCROW CONTROL AGREEMENT**

NOTE: ONLY FOR USE BY PROSPECTIVE INVESTING MEMBERS WHO ARE NON-U.S. PERSONS SEEKING PERMANENT RESIDENCY IN THE UNITED STATES UNDER AN EB-5 VISA / FORM I-529 PETITION. ALL OTHER SUBSCRIBERS MAY OMIT EXECUTING THIS INSTRUMENT.

[ATTACH WELLS FARGO ESCROW CONTROL AGREEMENT HERE]

SUITABILITY QUESTIONNAIRE

IMPORTANT NOTICE TO ALL SUBSCRIBERS:

The Units offered in SOUTHERN STAR ENERGY FUND LLC, a Delaware limited liability company (the "Fund") will not be registered under the Securities Act of 1933, as amended, nor under the laws of any state or foreign jurisdiction. Accordingly, in order to ensure that the offer and sale of Units are exempt from registration and in order to determine your suitability for this investment, Southern Star Regional Investment Center LLC (the "Sponsoring Member") must be reasonably satisfied after making reasonable inquiry that you, or your representative(s), if used, have such knowledge and experience in oil and gas development investing and/or financial and business matters that you are (or together with your representative(s) are) capable of evaluating the merits and risks of investing in the Fund. Also, we need adequate assurance that you are able to bear the economic risk of participating and that you meet the financial requirements to be suitable Investing Member. This confidential Suitability Questionnaire is designed to provide us with the information necessary to make a determination of whether you satisfy these suitability requirements. The information supplied in this confidential Suitability Questionnaire will be disclosed to no one without your consent other than to (i) the Sponsoring Member, its employees, agents, accountants and counsel, (ii) securities authorities or other regulatory organizations, if deemed necessary to use such information to support the exemption from registration under the Securities Act of 1933 and state law or the applicable law of other non-U.S. jurisdictions which it claims for the offering, or (iii) other Investing Members only to the extent it is necessary to vote or conduct Fund business. BECAUSE THE FUND AND THE MANAGING MEMBER WILL RELY ON YOUR ANSWERS IN ORDER TO COMPLY WITH SECURITIES LAWS, IT IS IMPORTANT FOR YOU TO CAREFULLY ANSWER EACH OF THE FOLLOWING QUESTIONS.

PLEASE TYPE OR PRINT THE FOLLOWING INFORMATION BELOW:**1. Subscriber Information:**

Full legal name(s) of Subscriber(s): _____

Address: _____

City: _____ State / Province: _____ Zip or Postal Code: _____

Current Country of Citizenship: _____

E-mail (mandatory)*: _____

*(NOTICE: By providing this e-mail address, you authorize us to transmit reports, updates and otherwise communicate with you exclusively using this e-mail address instead of sending paper copies to your physical or mailing address. If this e-mail address does not function or if it changes, you must provide us with an alternate e-mail address.)

Telephone: _____ Facsimile: _____

U.S. Taxpayer Identification Number(s) or Social Security Number(s)*: _____

*(NOTICE: Prospective Investing Members who do not have a social security number (SSN) or an individual tax identification number (ITIN) at the time of the investment must apply for and provide one in a timely manner after the investment. The Fund can be fined by the Internal Revenue Service if all of its Members do not have a SSN or ITIN. Investing Members who fail to provide such number upon the request of the Fund will be liable for any fines incurred. We will refer you to qualified professionals if you need assistance in this regard).

Please describe any and all present or past litigation or similar proceedings involving securities or financial matters to which you are or were a party (if none, so state) (attach additional pages if necessary):

IF YOU ARE A NON-U.S. PERSON SEEKING AN EB-5 VISA IN CONNECTION WITH YOUR SUBSCRIPTION FOR FUND UNITS, PLEASE PROVIDE THE NAME AND CONTACT INFORMATION OF YOUR IMMIGRATION ATTORNEY, BELOW.* OTHERWISE, PLEASE SKIP AND PROCEED TO ITEM NO. 2. IF YOU NEED TO BE REFERRED TO AN IMMIGRATION ATTORNEY, PLEASE LEAVE BLANK AND CHECK THIS BOX:

Attorney Name(s): _____

Law Firm: _____

Address: _____

City: _____ State / Province: _____ Zip or Postal Code: _____

Telephone: _____ Facsimile: _____

E-mail: _____

*(NOTICE: By providing your attorney's information to us, above, you authorize said attorney to release to us such information as we may reasonably require to determine your suitability as an Investing Member (and board member, if applicable) of the Fund. If your attorney changes, you must provide us with your new attorney's address. You also authorize us to release to said attorney the information you provide us with in this questionnaire, together with all other information in our possession reasonably related to your EB-5 visa petition.)

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
SOUTHERN STAR ENERGY FUND LLC

2. Subscriber Suitability: (If applicable to you, please initial as appropriate)

INDIVIDUAL INVESTORS:

_____ I am a natural person whose individual net worth (exclusive of the value of my primary residence), or joint net worth with my spouse, presently exceeds USD \$1,000,000.

_____ I am a natural person who had an individual income in excess of USD \$500,000 in each of the two most recent years or joint income with my spouse in excess of USD \$300,000 in each of those years and I reasonably expect reaching the same income level in the current year.

CORPORATIONS, PARTNERSHIPS, LIMITED LIABILITY COMPANIES, BUSINESS TRUSTS OR OTHER ENTITIES*:

_____ I am a corporation, partnership, limited liability company, or other entity in which all of the equity owners are "accredited investors" (meeting at least one of the suitability requirements for individual investors, above).

_____ I am a corporation, partnership, limited liability company, or a "Massachusetts" or similar business trust with total assets in excess of USD \$5,000,000 and was not formed for the specific purpose of acquiring Units, the executive officer, manager or trustee of which has such knowledge and experience in oil and gas development investing and/or financial and business matters that it is capable of evaluating the merits and risks of investing in the Units.

*(NOTE: If initialing one of the above two options, please state the JURISDICTION AND TYPE OF ENTITY here (for example, "XYZ, Inc., an Isle of Man corporation"):

GRANTOR OR FAMILY TRUSTS (NOTE: Please enclose a copy of the trust agreement):

_____ I am a revocable or family trust the settlor(s) or grantor(s) of which (i) may revoke the trust at any time and regain title to the trust assets; and (ii) meet(s) at least one of the suitability requirements for individual investors, above.

INDIVIDUAL RETIREMENT ACCOUNTS (NOTE: To be initialed by participant, not the IRA custodian):

_____ I am an individual retirement account administered in accordance with the U.S. Tax Code the participant of which meets at least one of the suitability requirements for individual investors, above.

OTHER:

_____ I am a director, executive officer, or manager of the Fund or am a director, executive officer or manager of the Fund's Sponsoring Member.

IF NONE OF THE ABOVE APPLY TO YOU (I.E., YOU ARE NOT "ACCREDITED"), PLEASE PROVIDE THE FOLLOWING INFORMATION (otherwise, please skip to item 3):

Occupation or position of individual filling out questionnaire: _____

Educational background: _____

Number of years of experience in occupation: _____ Number of years investment experience: _____ Age: _____

My current investment portfolio includes (check any boxes that apply):

- | | | | | |
|---|---|--|--|--|
| <input type="checkbox"/> Stocks – Large Cap | <input type="checkbox"/> Mutual Funds | <input type="checkbox"/> Options | <input type="checkbox"/> Real Estate | <input type="checkbox"/> REITs |
| <input type="checkbox"/> Stocks – Small Cap | <input type="checkbox"/> Hedge Funds | <input type="checkbox"/> Commodities | <input type="checkbox"/> Mortgages | <input type="checkbox"/> Real Estate LPs |
| <input type="checkbox"/> Stocks – Micro Cap | <input type="checkbox"/> Index Funds | <input type="checkbox"/> Annuities | <input type="checkbox"/> Money Markets | <input type="checkbox"/> Certificates of Deposit |
| <input type="checkbox"/> Bonds – Corporate | <input type="checkbox"/> Private equities | <input type="checkbox"/> U.S. Treasuries | <input type="checkbox"/> Precious Metals | <input type="checkbox"/> Foreign securities |
| <input type="checkbox"/> Bonds – Municipal | <input type="checkbox"/> Oil Drilling | <input type="checkbox"/> Oil Production | <input type="checkbox"/> Other: _____ | |

If applicable to you, please check only one of the following representations:

- I have such knowledge and experience in real estate investing and/or financial and business matters that I am capable of evaluating the merits and risks of investing in the Units and DO NOT desire a representative to advise me of such risks. I understand that the Fund's management, in their sole discretion, may nevertheless require me to be represented by a representative, or if required under applicable laws and regulations.

OR

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
SOUTHERN STAR ENERGY FUND LLC

I intend to use the services of the following named person(s): _____ as my representative(s) to evaluate the merits and risks of investing in the Units. I understand that such representative(s) cannot be an affiliate, director, officer, manager, employee or beneficial owner of the Fund or of the Sponsoring Member or their affiliates and that they must have such knowledge and experience in real estate investing and/or financial and business matters so as to be capable of evaluating alone, or together with my other representatives, or together with myself, the merits and risks of investing in the Units. By initialing above, I hereby acknowledge the above-referenced person(s) to be my representative(s) in connection with evaluating the merits and risks of investing in the Units. I realize that my representative(s) must disclose in writing prior to my contribution of capital to the Fund, any material relationship between other Members or the Fund and themselves or their affiliates that then exist, that is mutually understood to be contemplated, or that has existed at any time during the previous two years, and any compensation received or to be received as a result of such relationship. Such representative(s) address and telephone numbers are as follows (attach additional pages if necessary):

Please describe any other business, financial or real estate related experience that you have had that would allow the Fund to reasonably conclude that you are capable of protecting your interests in connection with your prospective investment in the Units. If none, so state: (attach additional sheets if necessary):

3. Subscriber Representation:

In order to further induce the Fund to accept this subscription, I represent and warrant the following to be true: (i) I QUALIFY AS AN "ACCREDITED INVESTOR" UNDER RULE 501(a) OF THE ACT; AND/OR (ii) I HAVE SUFFICIENT KNOWLEDGE AND EXPERIENCE IN BUSINESS AND FINANCIAL MATTERS THAT I AM CAPABLE (EITHER MYSELF OR TOGETHER WITH MY REPRESENTATIVES) TO EVALUATE THE RISKS OF INVESTING IN THE UNITS AND I AM NOT DEPENDENT UPON THE FUNDS I AM INVESTING; AND/OR (iii) I AM NOT A "U.S. PERSON" AND AM PURCHASING THESE UNITS IN AN "OFFSHORE TRANSACTION" AS DEFINED BY RULE 902 PROMULGATED UNDER REGULATION S OF THE ACT. I further represent that I satisfy any other minimum income and/or net worth standards imposed by the jurisdiction in which I reside, if different from any standards set forth by the Fund. I was not solicited by public means (e.g., cold-calling, e-mail, Internet, etc.) to subscribe for Units in the Fund and I have a pre-existing relationship with the Fund's management. If I am acting in a representative capacity for a corporation, partnership, LLC, trust or other entity, or as agent for any person or entity, I hereby represent and warrant that I have full authority to subscribe for Units in such capacity. If I am subscribing for Units in a fiduciary capacity, the representations and warranties herein shall be deemed to have been made on behalf of the person or persons for whom I am subscribing. Under penalties of perjury, I certify that (1) the number provided herein is my correct U.S. Taxpayer Identification Number or Social Security Number; and (2) I am not subject to backup withholding either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding. BY EXECUTING BELOW, I REPRESENT AND WARRANT THAT THE INFORMATION CONTAINED IN THIS QUESTIONNAIRE IS TRUE, ACCURATE AND COMPLETE.

X _____
Authorized Signature

X _____
Second Authorized Signature (if applicable)

Print Name

Print Name

Date

Date

Title (if applicable)

Title (if applicable)

Name of Entity (if applicable)

Name of Entity (if applicable)

SUBSCRIPTION AGREEMENT AND POWER OF ATTORNEY

TO: SOUTHERN STAR ENERGY FUND LLC
25511 Budde Road, Suite 101
The Woodlands, Texas 77380 USA

FROM: _____
Full legal name(s) of Subscriber(s)

Ladies and Gentlemen:

I hereby subscribe for _____ Units (USD \$500,000 per Unit) in SOUTHERN STAR ENERGY FUND LLC, a Delaware limited liability company (the "Fund") as an Investing Member.

I understand from reading the SOUTHERN STAR ENERGY FUND LLC Confidential Private Placement Memorandum dated January ____, 2011, as may be amended and supplemented from time to time (the "Memorandum"), that SOUTHERN STAR ENERGY FUND LLC, a Delaware limited liability company (the "Fund"), is offering up to 10 Units (expandable to 20 to 22 Units in the Sponsoring Member's sole discretion) of Investing Membership Interest (the "Units") in the Fund at a price of \$USD \$500,000 per Unit.

I understand the Fund is offering Units to non-U.S. Persons and/or others who also qualify as "accredited investors" in accordance with Sections 4(2), 4(6), Regulation D Rule 506, and/or Regulation S Rule 903 of the Securities Act of 1933, as amended (the "Act") and applicable state law or the applicable law of other non-U.S. jurisdictions. I also understand that the Fund is a private investment company claiming exemption from registration pursuant to Sections 3(c)(1) and/or 3(c)(7) of the Investment Company Act of 1940, as amended, and applicable state law or the applicable law of other non-U.S. jurisdictions.

To induce your acceptance of my subscription for Units, I hereby make the following representations:

I am an "accredited investor" as defined by Rule 501(a) of the Securities Act of 1933, as amended, and/or I have sufficient knowledge and experience in business and financial matters (or am represented by such persons) that I am capable of evaluating the merits and risks of investing in the Units as evidenced by my representations on my Suitability Questionnaire which is incorporated herein by reference. I have received the Memorandum and have had ample time and opportunity to review any documents and information incorporated by reference therein as well as the opportunity to ask questions of, and receive answers from, the Fund, its authorized representatives, and the Sponsoring Member. I acknowledge that Southern Star Regional Investment Center LLC, a Texas limited liability company, is the Sponsoring Member of the Fund.

Initials of
Subscriber

I am aware of the high degree of risk of investing in the Fund both generally and as more particularly described in the "Risk Factors" portion of the Memorandum. I understand that I may lose my entire investment. I understand that I will not have the opportunity to independently evaluate the property selected by the Fund for acquisition and development of its intended oil and gas / assisted living facility.

I am financially capable of bearing the possible loss of my entire investment and do not have a foreseeable need for the funds I am using. I (or my representatives) have such knowledge and experience in oil and gas development investing and/or financial and business matters to evaluating the merits and risks of this investment. I understand that the Units have not been registered under the Securities Act of 1933, as amended, or any applicable securities laws of applicable jurisdictions, and that no market exists for the Units. I understand that, if my subscription for Units is accepted by the Fund and the Units are sold to me, I cannot sell or otherwise dispose of the Units unless they are registered or exempt under the Securities Act of 1933 and applicable securities laws of applicable jurisdictions. Consequently, I understand that I must bear the economic risk of the investment for an indefinite period of time. I understand that the Fund has no obligation to register the Units and there is no assurance that the Units will be registered. I understand that the Fund will restrict the transfer of Units in accordance with the foregoing representations. I understand that these securities are being bought through a non-public, private placement offering. I am the only party in interest with respect to this Subscription Agreement and am acquiring the Units for investment for my own account for long-term investment only, and not with the intent to resell, fractionalize, divide or redistribute all or any part of the Units to any other person. If an individual, I am at least 21 years of age.

If I am a Non-U.S. Person Seeking Permanent Residency in the United States pursuant to an EB-5 visa, I agree as follows:

- *I certify that I am not a U.S. person and I am not acquiring the securities for the account or benefit of any U.S. person or I am a U.S. person who is purchasing the Units in a transaction that does not require registration under the Act. I further agree to resell such securities only in accordance with the provisions of Regulation S of the Act (Rule 901 through Rule 905, and Preliminary Notes), pursuant to registration under the Act, or pursuant to an available exemption from registration; and further agree not to engage in hedging transactions with regard to such Units unless in compliance with the Act. I understand that transfer of the Units will be restricted by the Fund and that if any certificates are issued for the Units that they will bear a restrictive legend.*

- *I shall hire my own independent counsel for immigration processing and other legal matters and I assume full responsibility for all professional fees and costs incurred, including, by way of illustration only, requests from USCIS for further evidence or appeals. I shall be responsible for payment of all legal fees and costs associated with my EB-5 visa application. I understand the Sponsoring Member reserves the right to approve my choice of counsel to insure that such counsel has significant experience processing EB-5 petitions.*
- *I hereby authorize my immigration attorney to provide copies of my I-526 and I-829 petitions and supporting documents to the Sponsoring Member upon its request.*
- *I understand that, while there can be no assurance or guarantee that I will be successful in obtaining a Green Card through this process, the Sponsoring Member shall use its best efforts to assist my counsel with the filing of my I-526 and I-829 petitions and verifying required expenditures and/or direct and/or indirect employment until the removal of my conditional Permanent Residency. Aside from the one-time non-refundable one-time Application Fee, I understand the Sponsoring Member shall not charge additional fees to assist me with my U.S. Permanent Residency application.*
- *I understand that if my I-526 petition, including adjustment of status or consular interview processing, is denied for whatever reason, my full escrowed Capital Contribution of \$500,000 per Unit will be returned to me by the Fund's escrow agent in cash within ninety (90) days of receipt of my written request. I understand that regardless of whether my petition for Permanent Residency is granted or denied, the full Application Fee of USD \$25,000 (payable to the Sponsoring Member, not the Fund) will be retained by the Sponsoring Member. The returned Capital Contribution is separate from any previously paid or currently due Fund distribution of revenue.*
- *I understand the Sponsoring Member will not sell the Fund's property or oil and gas assets and operations until the removal of my conditional Permanent Residency status. Provided, however, the Fund will not delay a possible sale of such assets to accommodate Investing Members who file their I-526 visa petitions more than one year from the date of my investment in the Fund.*
- *In addition to acknowledging all other transfer restrictions, including applicable holding periods under United States securities laws, I understand that I may not transfer my Units in the Fund unless and until I withdraw my EB-5 Immigrant Investor Petition (Form I-526 or Form I-829), or, as applicable, file with USCIS a Form I-407 Abandonment of Lawful Resident Status and sign a mutual release of claims agreement with the Sponsoring Member.*
- *I understand that in order to comply with applicable regulations, the Sponsoring Member may need to obtain an OFAC (Office of Foreign Asset Control) license to engage in transactions and activities with me for the purpose of facilitating my investment in the Fund. In such event, I will provide the necessary special OFAC questionnaire as requested by the Sponsoring Member together with a special OFAC USD \$2,000 processing fee (not included in and in addition to the Application Fee) payable in advance to the Sponsoring Member. Any and all fees or matters related to OFAC are my sole responsibility.*

Initials of
Subscriber

All the information I have provided to the Fund, either in questionnaires or otherwise, is truthful and complete to the best of my knowledge and should any of the information materially change I will immediately provide the Fund with updated information.

I understand that the Fund may reject my subscription for any or no reason. This agreement shall become binding upon the Fund only when accepted, in writing, by the Fund.

If my subscription is rejected, the funds I have submitted will be returned to me without interest or deduction except for the USD (b) (4) (payable to the Sponsoring Member, not the Fund) one-time Application Fee which is non-refundable.

I understand that I have no right to control or govern the affairs of the Fund other than the right to consent on certain limited matters as set forth in the Limited Liability Company Agreement. I understand that the Fund has entered into a sharing arrangement with the Sponsoring Member on terms set forth in the Memorandum as well as the Limited Liability Company Agreement. If the Fund accepts my subscription for Units, I agree to be bound by the same.

I hereby consent to exclusively receive information or other communications from the Sponsoring Member at my e-mail address as set forth in my Suitability Questionnaire and to promptly notify the Sponsoring Member if it changes.

I do hereby irrevocably constitute and appoint the Sponsoring Member and its duly appointed officers or managers with power of substitution, as my true and lawful attorney-in-fact, in its name, place and stead, to execute, acknowledge, swear to, and deliver as may be appropriate, on my behalf and file and record in the appropriate public offices and publish, as may be appropriate any and all necessary documents and to carry on any and all business on my behalf in accordance with the stated objectives of the Fund as set forth in the Memorandum. I further acknowledge that this Power of Attorney shall be irrevocable and deemed to be a power coupled with an interest and shall survive my incapacity or death. I agree to be bound by any representation made by the Sponsoring Member and by any successors thereto, acting in good faith pursuant to this Power of Attorney and in accordance with the Fund's objectives, and do hereby waive any and all defenses which may be available to contest, negate or disaffirm the action of the Sponsoring Member and any successors thereto, taken in good faith under this Power of Attorney.

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
SOUTHERN STAR ENERGY FUND LLC

In the event the Fund makes a distribution, please deliver to me as follows:

MAIL A CHECK to the following U.S. address: _____
(if left blank, check will go to Questionnaire address) _____

By signing below, I shall be deemed to have executed this Subscription Agreement and Power of Attorney, the Limited Liability Company Agreement as set forth in the Memorandum, which is incorporated by reference as if fully set forth herein, and to have subscribed to and affirmed the veracity of the foregoing statements.

X _____
Authorized Signature

X _____
Second Authorized Signature (if applicable)

Print Name

Print Name

Date

Date

Title (if applicable)

Title (if applicable)

Name of Entity (if applicable)

Name of Entity (if applicable)

SUBSCRIPTION ACCEPTANCE:

SOUTHERN STAR ENERGY FUND LLC
a Delaware limited liability company

By: Southern Star Regional Investment Center LLC
its Sponsoring Member

By: X _____

Name: _____

Title: _____

Date: _____

OPERATING AGREEMENT
OF
SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC
(a Texas limited liability company)

This Operating Agreement (this "Agreement"), to be effective as of August 6, 2010 (the "Effective Date"), is by and among SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC, a Texas limited liability company (the "Company"); Richard M. Muckleroy, Michael V. Jarman, Ronnie R. Kramer, and Southern Star Resources LLC, a Texas limited liability company ("SSR") (collectively, the initial or founding Members); and such persons whose names may be subsequently added from time to time to Schedule A, attached hereto, as admitted Members and/or subsequently appointed by the Members as Managers. The founding Members (and/or their assigns) and the admitted Members, regardless of Class, are collectively referred to herein as the "Members".

RECITALS

A. The Company is hereby formed pursuant to the provisions of the Texas Limited Liability Company Act, as amended (the "Act").

B. The Members wish to set out fully their respective rights, obligations and duties, including that of appointed Managers, regarding the Company and its affairs, assets, liabilities and the conduct of its business.

C. This Agreement supersedes all prior agreements, if any, between the parties hereto concerning the Company.

NOW, THEREFORE, in consideration of the mutual covenants expressed herein, the parties hereby agree as follows:

ARTICLE I
ORGANIZATION AND POWERS

Section 1.1 Organization. The Company shall be formed by the filing of its Certificate of Formation with the Secretary of State of the State of Texas pursuant to the Act. The Certificate of Formation may be restated by the Managers as provided in the Act or amended by the Managers with respect to the address of the registered office of the Company in Texas and the name and address of its registered agent in Texas or to make corrections authorized or required by the Act. The Certificate of Formation, as amended from time to time, is referred to herein as the "Certificate." In the event of a conflict between this Agreement and the Certificate, this Agreement shall control.

Section 1.2 Purposes. The principal business activity and purposes of the Company shall be (i) to facilitate investment into the United States in order to create American jobs in the petroleum industry and domestic energy sector; (ii) to operate as a designated "Regional Investment Center" pursuant to rules promulgated by the United States Citizenship and Immigration Services agency of the U.S. Department of Homeland Security ("USCIS"); (iii) to acquire, own, hold for investment, explore, develop, drill, market, maintain, operate, improve, sell, lease, farm out or plug and abandon oil and gas wells; (iv) to acquire, own, hold for investment or sell real and intellectual property interests including, but not limited to, securities and security interests related thereto; (v) to own or hold oil, gas, or other mineral royalties or leases, or fractional interests therein, or certificates of interest or participation in or investment contracts relative to such royalties, leases, or fractional interests; (vi) to engage in any and all general and incidental activities related to the foregoing and necessary for the operation of such activities for profits or losses; and (vii) to enter into any lawful transactions and engage in any lawful activities in furtherance of or incidental to the foregoing purposes. However, the business and purposes of the Company shall not be limited to

its initial principal business activity and, unless the Managers otherwise determine, it shall have authority to engage in any other lawful business, purpose or activity permitted by the Act, and it shall possess and may exercise all of the powers and privileges granted by the Act or which may be exercised by any person, together with any powers incidental thereto, so far as such powers or privileges are necessary or convenient to the conduct, promotion or attainment of the business purposes or activities of the Company.

Section 1.3 Principal Place of Business. The initial principal office and place of business of the Company shall be 25511 Budde Road, Suite 101, The Woodlands, Texas 77380 USA. The agent for service of process shall be as set forth in the Certificate. The Managers may change the principal office, place of business, and agent of process of the Company at any time and may cause the Company to establish other offices or places of business.

Section 1.4 Fiscal Year. Unless otherwise required under the Internal Revenue Code of 1986, as amended (the "Code"), the fiscal year of the Company shall end on December 31 in each year or such other date as the Managers may determine from time to time (the "Fiscal Year").

Section 1.5 Qualification in Other Jurisdictions. The Managers shall cause the Company to be qualified or registered under applicable laws of any jurisdiction in which the Company transacts business and shall be authorized to execute, deliver and file any certificates and documents necessary to effect such qualification or registration, including without limitation, the appointment of agents for service of process in such jurisdictions.

ARTICLE II MEMBERS

Section 2.1 Members. The Members of the Company and their addresses are listed on Schedule A, as such schedule shall be amended from time to time by the Managers to reflect the withdrawal of Members, the admission of additional Members, transfers of Units or the issuance of additional Units pursuant to this Agreement. Regardless of class, the Members shall constitute a single group of members of the Company for all purposes of the Act.

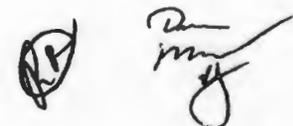
Section 2.2 Admission of New Members. Subject to Article IV, additional persons may be admitted to the Company as Members upon such terms as may be established by the Managers. New Members shall be admitted at the time when all conditions to their admission have been satisfied, as determined by the Managers, and their identity, Units and Contributions under Article IX have been established by amendment of Schedule A.

Section 2.3 Meetings of Members.

(a) Notice of Meetings. A written notice stating the place, date, and hour of all meetings of Members shall be given by the Secretary (or other person authorized by this Agreement or by law) not less than ten (10) nor more than fifty (50) days before the meeting to each Member entitled to vote thereat and to each Member who, under this Agreement is entitled to such notice, by delivering such notice to him or by mailing it, postage prepaid, and addressed to such Member at his or her address as it appears in the records of the Company. Notice need not be given to a Member if action is taken under Section 2.3(e), if a written waiver of notice is executed before or after the meeting by such Member, if communication with such Member is unlawful, or if such Member attends the meeting in question, unless such attendance was for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

(b) Quorum. The Members holding a majority of the Voting Units (as defined in Section 2.3(c)) at a meeting shall constitute a quorum.

(c) Voting and Proxies. For all purposes of this Agreement and under the Act, only Members holding Units designated as Voting Units (the "Voting Units") shall have the right to vote at a meeting or execute a written consent. Each Member holding Voting Units shall be entitled to a number of votes equal to the sum of his or its Voting Units. Members may vote either in person or by written proxy, but no proxy shall be voted or acted upon after one year from its date, unless the proxy provides for a longer period. Proxies shall be filed with the Secretary at



the meeting, or at any adjournment thereof. A proxy purporting to be executed by or on behalf of a Member shall be deemed valid unless challenged at or prior to its exercise and the burden of proving invalidity shall rest on the challenger.

(d) *Action at Meeting.* When a quorum is present, any matter before the meeting shall be decided by vote of the Members having a majority of the Voting Units represented at the meeting except where a larger or different vote is required by law or by this Agreement.

(e) *Action without a Meeting.* Notwithstanding anything contained in this Agreement to the contrary, any action required or permitted by law to be taken at any meeting of Members may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be taken by Members having a majority of the Voting Units or such larger or different percentage of Voting Units if required by law or by this Agreement. Prompt notice of the taking of the action without a meeting by less than unanimous written consent shall be given to those holders of Voting Units who have not consented in writing.

Section 2.4 Limitation of Liability of Members; Indemnity. Except as otherwise provided in the Act, no Member of the Company shall be obligated personally for any debt, obligation or liability of the Company or of any other Member, whether arising in contract, tort or otherwise, solely by reason of being a Member of the Company. Except as otherwise provided in the Act, by law or expressly in this Agreement, no Member shall have any fiduciary or other duty to another Member with respect to the business and affairs of the Company, and no Member shall be liable to the Company or any other Member for acting in good faith reliance upon the provisions of this Agreement. No Member shall have any responsibility to restore any negative balance in its Capital Account or to contribute to or in respect of the liabilities or obligations of the Company or to return distributions made by the Company except as required by the Act or other applicable law. The Company shall indemnify and hold harmless each of the Members acting on behalf of the Company pursuant to the terms of this Agreement from and against any claim by any third party seeking monetary damages against such Member arising out of such Member's performance of its duties in good faith consistent with the terms of this Agreement. Such indemnity shall continue unless and until a court of competent jurisdiction adjudicates that such conduct constituted gross negligence, willful misconduct or fraud of the Member. Notwithstanding the foregoing, no Member is authorized to act on behalf of the Company except in accordance with an express resolution of the Managers.

Section 2.5 Authority. Unless specifically authorized by the Managers, no Member that is not a Manager or officer of the Company shall be an agent of the Company or have any right, power or authority to act for or to bind the Company or to undertake or assume any obligation or responsibility of the Company or of any other Member.

Section 2.6 No Right to Withdraw. Except in connection with a transfer of all of a Member's Units in accordance with all applicable terms of this Agreement, no Member shall have any right to resign or withdraw from the Company without the consent of the other Members or to receive any distribution or the repayment of his Contribution except as provided in Articles XI and XIII upon dissolution and liquidation of the Company.

Section 2.7 Rights to Information. Members shall have the right to receive from the Company upon request a copy of the Certificate and of this Agreement, as amended from time to time, and such other information regarding the Company as is required by the Act, subject to reasonable conditions and standards established by the Managers, as permitted by the Act, which may include, without limitation, withholding or restrictions on the use of confidential information.

Section 2.8 No Appraisal Rights. No Member shall have any right to have his Units appraised paid for by the Company under any circumstances.

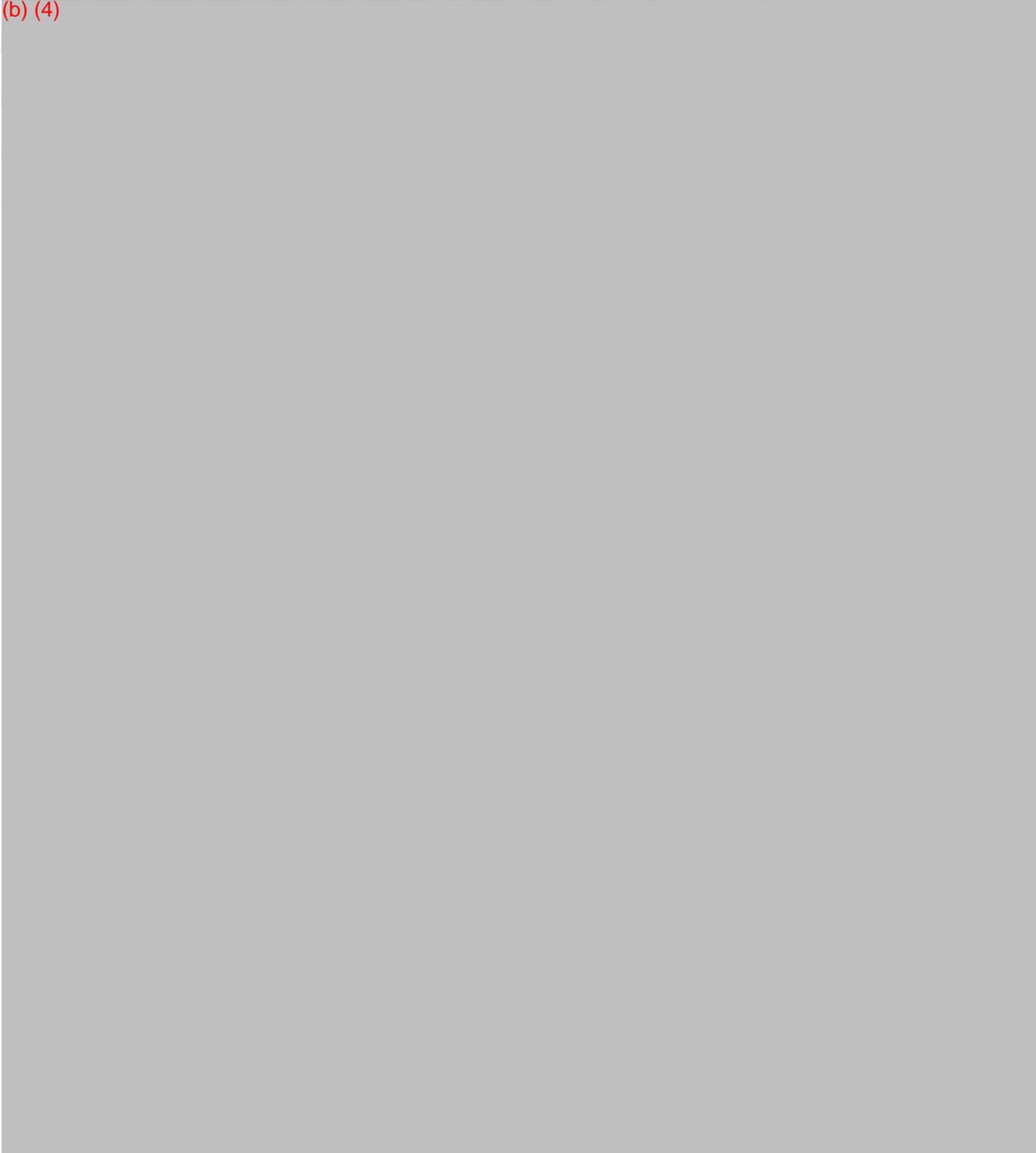
Section 2.9 Reports. Within 90 days after the end of each Fiscal Year, the Company shall (i) deliver to the Members unaudited financial statements of the Company, including a statement of each member's closing Capital Account balance, as of the end of such Fiscal Year; and (ii) furnish to all Members such information as may be needed to permit Members to file their federal income tax returns and any required state income tax returns. The cost of all reports delivered pursuant to this Section 2.9 shall be an expense of the Company. All reports provided to



Members by the Company shall be kept confidential by the Members and shall not be divulged, in whole or in part, to any third party other than the legal and accounting advisors of the Members, except as required by applicable law.

**ARTICLE III
CAPITAL STRUCTURE**

(b) (4)



(b) (4)

(c) *Power of Attorney.* Subject to Article IV, each person which now or hereafter is a Member of the Company, or serves as a Manager of the Company, by execution of this Agreement, an amendment hereto or an instrument acknowledging that such person is bound hereby, irrevocably constitutes and appoints the Board and any person designated by the Board to act on his behalf for the purposes of this Section 13.4, and each of them acting singly, such person's true and lawful agent and attorney-in-fact with full power and authority in such person's name, place, and stead to execute, acknowledge, deliver, swear to, file, and record at the appropriate public offices any and all agreements, instruments, and other documents (including, without limitation, the organizational documents of the corporation or corporations into which the Company may be converted as contemplated by this Section 13.4, the agreements among the shareholders of such corporation or corporations and/or such corporation or corporations referred to in this Section 13.4, and instruments of assignment and transfer assigning the assets of the Company or the Members' respective Units in the Company, as the case may be, to such corporation or corporations in order to effectuate such conversion as contemplated by Section 13.4) as are necessary or appropriate, in the reasonable opinion of the Board or such person designated by them, to implement and effectuate the provisions of this Section 13.4, which the power of attorney is hereby agreed and acknowledged to be irrevocable and coupled with an interest, in recognition of the fact that the Member will be relying upon the power of the Board or such person designated by them to act as contemplated by this Section 13.4 in connection with the conversion of the Company into a corporation or corporations and the other matters contemplated by this Section 13.4, and shall survive any death, retirement, resignation, withdrawal, expulsion, removal, bankruptcy, dissolution, or adjudication of incompetence or insanity of any Member or Manager until such time as the provisions of this Section 13.4 have been implemented and effectuated to the reasonable satisfaction of the Manager or its relevant designee.

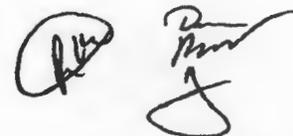
ARTICLE XIV GENERAL PROVISIONS

Section 14.1 Notices. Except as expressly set forth to the contrary in this Agreement, all notices, requests, or consents required or permitted to be given under this Agreement must be in writing and shall be deemed to have been given (i) three (3) days after the date mailed by registered or certified mail, addressed to the recipient, with return receipt requested, (ii) upon delivery to the recipient in person or by courier, or (iii) upon receipt of a facsimile or email transmission by the recipient. Such notices, requests, and consents shall be given (a) to Members at their address on Schedule A, or such other address or numbers as a Member may specify by notice to the Company, or (b) to the Company or the Managers at the address of the principal office of the Company specified in Section 1.3, or at such other location as the Company shall have specified in writing to the Members as its principal office. Whenever any notice is required to be given by law, the Certificate, or this Agreement, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Section 14.2 Entire Agreement. This Agreement constitutes the entire agreement of the Members and the Managers relating to the Company and supersedes all prior contracts or agreements with respect to the Company, whether oral or written.

Section 14.3 Governing Law: Consent to Jurisdiction. This Agreement is governed by and shall be construed in accordance with the law of the State of Texas, exclusive of its conflict-of-laws principles. The parties to this Agreement hereby consent to the exclusive jurisdiction of the courts of Texas in connection with any matter or dispute arising under this Agreement or between them regarding the affairs of the Company.

Section 14.4 Amendment or Modification. This Agreement may be amended or modified from time to time only by a written instrument signed by Members having a majority of the Voting Units and by the Board (or a Majority of Managers when applicable); except (a) that an amendment or modification increasing any liability of a Member to the Company or its Manager or Members, or adversely affecting the limitation of the liability of a Member with respect to the Company, shall be effective only with that Member's consent, or (b) as otherwise set forth in this Agreement, including without limitation as provided under Article II, Section 3.1, Article IV, and Article XIII.



Section 14.5 Binding Effect. Subject to the restrictions on Transfers set forth in this Agreement, this Agreement is binding on and inures to the benefit of the parties and their respective heirs, legal representatives, successors and assigns.

Section 14.6 Severability. In the event of a conflict between the provisions of this Agreement and any provision of the Certificate or the Act, the applicable provision of this Agreement shall control, to the extent permitted by law. If any provision of this Agreement or the application thereof to any person or circumstance is held invalid or unenforceable to any extent, the remainder of this Agreement and the application of that provision shall be enforced to the fullest extent permitted by law.

Section 14.7 Further Assurances. In connection with this Agreement and the transactions contemplated hereby, each Member shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and those transactions, as requested by the Managers.

Section 14.8 Waiver of Certain Rights. Each Member irrevocably waives any right it may have to maintain any action for dissolution of the Company, for an accounting, for appointment of a liquidator, or for partition of the property of the Company. The failure of any Member to insist upon strict performance of a covenant hereunder or of any obligation hereunder, irrespective of the length of time for which such failure continues, shall not be a waiver of such Member's right to demand strict compliance herewith in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation hereunder, shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation hereunder.

Section 14.9 Notice to Members of Provisions of this Agreement. By executing this Agreement (or any subscription or other agreement which incorporates this Agreement by reference), each Member acknowledges that such Member has actual notice of (a) all of the provisions of this Agreement and (b) all of the provisions of the Certificate. Each Member hereby agrees that this Agreement constitutes adequate notice of all such provisions, and each Member hereby waives any requirement that any further notice thereunder be given.

Section 14.10 Third Party Beneficiaries. The provisions of this Agreement are not intended to be for the benefit of any creditor or other person to whom any debts or obligations are owed by, or who may have any claim against, the Company or any of its Members, officers or Managers, except for Members, officers or Managers in their capacities as such. Notwithstanding any contrary provision of this Agreement, no such creditor or person shall obtain any rights under this Agreement or shall, by reason of this Agreement, be permitted to make any claim against the Company or any Member, officer, or Manager.

Section 14.11 Interpretation. For the purposes of this Agreement, terms not defined in this Agreement shall be defined as provided in the Act; and all nouns, pronouns and verbs used in this Agreement shall be construed as masculine, feminine, neuter, singular, or plural, whichever shall be applicable. Titles or captions of Articles and Sections contained in this Agreement are inserted as a matter of convenience and for reference, and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision hereof.

Section 14.12 Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all parties had signed the same document, and all counterparts shall be construed together and shall constitute the same instrument.

Section 14.13 Confidentiality. Each Manager and Member agrees that it will hold in strict confidence, and will not use, any confidential or proprietary data or information obtained from the Company with respect to the Company's business or financial condition or otherwise. Information generally known in the industry or which has been disclosed by third parties which have a right to do so shall not be deemed confidential or proprietary information for purposes of this Section 14.13.

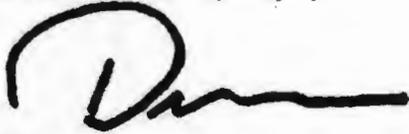
[signature page to follow]



IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date first set forth above.

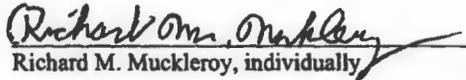
COMPANY:

SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC
a Texas limited liability company



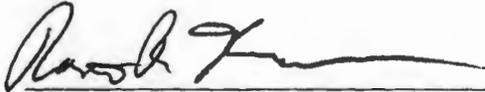
By: _____ Date: August 6, 2010
Darin H. Mangum, Esq.
President

INITIAL / FOUNDING MEMBERS:



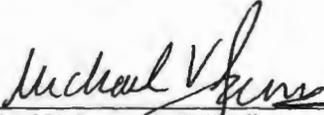
Date: August 6, 2010

Richard M. Muckleroy, individually



Date: August 6, 2010

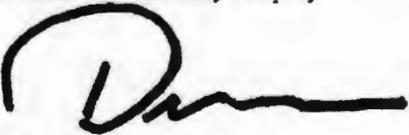
Ronnie R. Kramer, individually



Date: August 6, 2010

Michael V. Jarman, individually

SOUTHERN STAR RESOURCES LLC
a Texas limited liability company



By: _____ Date: August 6, 2010
Darin H. Mangum, Esq.
General Manager & Counsel



Form: I924 Receipt: RCW1033650013 Status: APPROVAL NOTICE SENT

Received Date: 11/16/2010

Information About Principal of the Regional Center

Last Name: KRAMER Middle Name: First Name: RON

C/O:

Street Address/P.O. Box: 25511 BUDDE ROAD

Suite: 1802

City: THE WOODLANDS State: TX Zip Code: 77380

Date of Birth:

Application Type: Initial Regional Center ID: ID1033650013

Signed: Y

Name of Regional Center: SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC

Street Address/P.O. Box: BROWNSTONE-ANDERSON BUILDING

Street Address 2: 25511 BUDDE RD STE 1802

City: THE WOODLANDS State: TX Zip Code: 77380

Web Site: WWW.EB5SOUTHERNSTAR.US E-Mail: EB5@SOUTHERNSTAROIL.COM Fax: 801-802-9101 Teleph

Name of Managing Company:

Street Address/P.O. Box:

Street Address 2:

City: State: 00 Zip Code:

Web Site: E-Mail: Fax: Telephone Number:

Name of Other Agent:

Street Address/P.O. Box:

Street Address 2:

City: State: 00 Zip Code:

Web Site: E-Mail: Fax: Telephone Number:

Contact Information

Last Name: MANGUM Middle Name: H First Name: DARIN

Street Address/P.O. Box: BROWNSTONE-ANDERSON BUILDING

Address 2: 25511 BUDDE RD STE 1802

City: THE WOODLANDS State: TX Zip Code: 77380

Geographic Area of the Regional Center Description: Alfalfa, Major, Blaine, Caddo, Grady, McLain, Cleveland, Pottawat McIntosh, Muskogee, Wagoner, Rogers, Nowata, Washington, Os Kingfisher, Canadian, Oklahoma, Lincoln, Okfuskee, Okmulgee, T Logan, Payne, And Creek Counties Of The State Of Oklahoma.

G28 Information

Last Name: MANGUM Middle Name: M First Name: DARIN

Firm Name:

Street Address/P.O. Box: 4692 NORTH 300 WEST SUITE 210

City: PROVO State: UT Zip Code: 84604

Action Date	Action	User ID
01/31/2012 13:22:09	APPROVAL NOTICE SENT	achrysl
01/24/2012 13:20:29	APPROVED/NOTICE ORDERED	rwdejuli
01/24/2012 12:15:39	DATA CHANGED IN RECORD	rwdejuli
12/28/2011 16:02:57	DATA CHANGED IN RECORD	ble
12/28/2011 16:02:56	DATA CHANGED IN RECORD	ble
12/28/2011 16:02:55	DATA CHANGED IN RECORD	ble
12/28/2011 16:02:55	DATA CHANGED IN RECORD	ble
12/28/2011 16:02:54	DATA CHANGED IN RECORD	ble
12/28/2011 16:02:53	DATA CHANGED IN RECORD	ble
12/28/2011 16:02:53	DATA CHANGED IN RECORD	ble
12/28/2011 16:02:51	DATA CHANGED IN RECORD	ble
12/28/2011 16:02:30	DATA CHANGED IN RECORD	ble
12/28/2011 15:58:05	DATA CHANGED IN RECORD	ble
12/28/2011 15:52:59	DATA CHANGED IN RECORD	ble
11/17/2011 20:18:48	RESPONSE TO REQUEST NOTICE TO APPLICATION/PETITION RECEIVED	kxtran
08/24/2011 06:32:01	REQUEST FOR ADDITIONAL EVIDENCE SENT	gmendoza
08/23/2011 10:37:26	INITIAL AND ADDITIONAL EVIDENCE REQUESTED NOTICE ORDERED	ble
06/29/2011 08:31:47	DATA CHANGED IN RECORD	ramcguir
06/29/2011 08:31:15	DATA CHANGED IN RECORD	ramcguir
05/05/2011 13:48:20	REQUEST FOR ADDITIONAL EVIDENCE SENT	jtanudja
05/05/2011 09:44:02	INITIAL AND ADDITIONAL EVIDENCE REQUESTED NOTICE ORDERED	ble
12/02/2010 08:50:44	RECEIVED - FEE COLLECTED ELSEWHERE	nttran2

Industry Category Title	NAICS Code
CRUDE PETROLEUM AND NATURAL GAS EXTRACTION	211111
DRILLING OIL AND GAS WELLS	213111



Decision Processing Worksheet

Officer Name: Bich Le Officer Stamp #: 3553	Receipt #: <i>REC-1033350013</i> A#: Unique ID#: <i>1033350013</i>
Form Type: I-526/I-829/I-924	Classification: _____
Division: III	Team: 1
WS: 22126	

Action:

Approval <input type="checkbox"/> No Record <input type="checkbox"/> Pending Name Check <input type="checkbox"/> Abandonment <input type="checkbox"/> Withdrawal	<input type="checkbox"/> MTR <input type="checkbox"/> Appeal <input type="checkbox"/> Certified Decision	<input type="checkbox"/> RFE Initial <input type="checkbox"/> RFE Additional <input type="checkbox"/> RFE Initial & Additional <input type="checkbox"/> ITD <input type="checkbox"/> ITR <input type="checkbox"/> ITT <input type="checkbox"/> 30 <input type="checkbox"/> 84	<input type="checkbox"/> Revocation <input type="checkbox"/> Auto-terminate <input type="checkbox"/> Auto-revocation <input type="checkbox"/> Relocate	<input type="checkbox"/> Denial <input type="checkbox"/> Termination <input type="checkbox"/> CFDO Shelf <input type="checkbox"/> Pre <input type="checkbox"/> Post
---	--	---	---	--

Initials/Date: <i>10 1/25/12</i>	2 nd Review Initials/Date: _____	3 rd Review Initials/Date: _____
----------------------------------	---	---

I-924 Expedite Processing:

Date Received: _____	ISO Received Date: _____	AST Action Completed: _____
ISO Review Date/Initials: _____	SISO/ACD Review Date/Initials: _____	

I-924 PP Processing

Officer Prepares or Completes <small>(Notice Ordered)</small> RFE//84 ITD/30 ITR/30 <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> (1 st Initial & Last Name) (Date & Time)	Clerical/Officer Completes RFE/ITD/ITR <small>(Notice Sent)</small> (1 st Initial & Last Name) (Date & Time)	RFE/ITD/ITR Response Received (1 st Initial & Last Name) (Date & Time)	Officer Completes Final Decision <small>(Notice Ordered - Approval/Denial)</small> <i>Boe</i> (1 st Initial & Last Name) <i>12/29/12</i> (Date & Time)	Clerical/Officer Completes Final Action <small>(Notice Sent)</small> <i>A. Chung</i> (1 st Initial & Last Name) <i>1/31/12</i> (Date & Time)
Mailer Enclosed? Y N SCAO Review: _____ Final Decision: _____				

Officer's Comment *Copy of requested G-28 with proper signature attached to original copy.*

Economist Review and Comments:	Senior Advisory Opinion/Comments:	Supervisor Review and Comments: <i>make changes & then send out</i>
Initials/Date: _____	RFE Response Initial/Date: _____	Initials/Date: _____
		Initials/Date: <i>15 1/10/12</i> 2 nd Review 3 rd Review

Clerical Processing Completed: Initials: *[Signature]* Date: *1/31/12*

File Room Processing

To: 103 Hold Shelf	Call-Up Date: _____
Rev 09/21/2011	

Decision Processing Worksheet

Officer Name: Bich Le	RCW 10 336 50013
Officer Stamp #: 3553	Receipt #:

Form Type: I-924 RC	Classification:	Division: 3	Team: 1	WS: 22126
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Action:				
<input type="checkbox"/> Approval <input type="checkbox"/> No Record <input type="checkbox"/> Pending Name Check <input type="checkbox"/> Abandonment <input type="checkbox"/> Withdrawal	<input type="checkbox"/> MTR <input type="checkbox"/> Appeal	<input checked="" type="checkbox"/> RFE Initial <input type="checkbox"/> RFE Additional <input type="checkbox"/> RFE Initial & Additional <input type="checkbox"/> 30 <input type="checkbox"/> 42 <input checked="" type="checkbox"/> 84	<input type="checkbox"/> Revocation <input type="checkbox"/> Auto-terminate <input type="checkbox"/> Auto-revocation <input type="checkbox"/> Relocate	<input type="checkbox"/> Denial <input type="checkbox"/> ITD <input type="checkbox"/> ITR

I-129 H2A Expedite Processing:

Date Received:	# of Un-Named Beneficiaries:	# of Named Beneficiaries:
Officer Received Date:	AST Action Completed:	

I-129 PP Processing H-1B CAP Master CAP

Officer Prepares or Completes (Notice Ordered) RFE ITD/30 ITR/30	Clerical/Officer Completes RFE/ITD/ITR (Notice Sent)	RFE/ITD/ITR Response Received	Officer Completes Final Decision (Notice Ordered - Approval/Denial)	Clerical/Officer Completes Final Action (Notice Sent)
<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <i>BLE</i> (1 st Initial & Last Name) <i>5/4/11</i> (Date & Time)	<i>GM</i> (1 st Initial & Last Name) <i>E. P. New</i> (Date & Time)	_____ (1 st Initial & Last Name) _____ (Date & Time)	_____ (1 st Initial & Last Name) _____ (Date & Time)	_____ (1 st Initial & Last Name) _____ (Date & Time)

Mailer Enclosed? Y N	SCAO Review:	Final Decision:
------------------------------------	--------------	-----------------

Officer's Comment: *8/23/11*

Supervisor Review and Comments:

Initials/Date: <i>cn</i>	2 nd Review Initials/Date:	3 rd Review Initials/Date:
--------------------------	---------------------------------------	---------------------------------------

Clerical Processing Completed: Initials/Date: *SS 5/5/11*

File Room Processing

To: 103 Hold Shelf

Call-Up Date: _____ ~~7/29/11~~ *RCW 16, 2011*

State & County QuickFacts

Oklahoma County Selection Map



11/16/11

SCOSS Contractor

Mail Date:	11/16/11	Form Type I- 924	RFE	\$ Amount:	
Employee:	C30238	# of attached file:	I-797	Fee Count:	

Possible RFE Please advise

THANK YOU

Comments

OK to Process:

Reject:

OK to Process and Mail Reject Letter Attached:

Other:

→ RFE RESPONSE

DELIVER TO

W/S 22126 (XAD R6)

Reviewer's initials:

AGJ

Date / Time Start

Date / Time Finish

11/16/11—10:15PM

11/17/2011 // 14:00

Contractor Supervisor:

CHY NHEA

Form: I924 Receipt: RCW1033650013 Status: REQUEST FOR ADDITIONAL EVIDENCE SENT

Received Date: 11/16

George,

Information About

Last Name: Middle N:

Please send this

C/O:

RFE out today. The

Street Address/P.O. Bc

first one was sent

City: State: 00 Zip Co

but in May, in June

Date of Birth:

they have a new address

Application Type: A Re

So please send to the

Signed: Y

address in i claim

Thanks

Name of Regional Center

MENT CENTER

Street Address/P.O. Box

Dove

Bay

Street Address 2: 25511

Gr

City: THE WOODLANDS State: TX Zip Code: 77380

Web Site: E-Mail: EB5@SOUTHERNSTAROIL.COM Fax: Telephone Number:

Name of Managing Company:

Street Address/P.O. Box:

Street Address 2:

City: State: 00 Zip Code:

Web Site: E-Mail: Fax: Telephone Number:

Name of Other Agent:

Street Address/P.O. Box:

Street Address 2:

City: State: 00 Zip Code:

Web Site: E-Mail: Fax: Telephone Number:

Contact Information

Last Name: MANGUM Middle Name: H First Name: DARIN

Street Address/P.O. Box: BROWNSTONE-ANDERSON
BUILDING

Address 2: 25511 BUDDE RD STE 1802

City: THE WOODLANDS State: TX Zip Code: 77380

Geographic Area of the Regional Center
Description:

Action Date	Action
06/29/2011 08:31:47	DATA CHANGED IN RECORD
06/29/2011 08:31:15	DATA CHANGED IN RECORD
05/05/2011 13:48:20	REQUEST FOR ADDITIONAL EVIDENCE SENT
05/05/2011 09:44:02	INITIAL AND ADDITIONAL EVIDENCE REQUESTED NOTICE ORDERED
12/02/2010 08:50:44	RECEIVED - FEE COLLECTED ELSEWHERE

Industry Category Title

ENGINEERING, GEOLOGICAL, LEGAL, ACCOUNTING, FINANCIAL AND ADMINISTRATIVE PROFESSIONALS

DRILLING CONTRACTORS

EQUIPMENT AND LOGGING SERVICE SUPPLIERS

CEMENT AND PIPE SUPPLIERS

OIL FIELD SERVICE COMPANIES

DOWNSTREAM OIL AND GAS PIPELINES AND REFINERIES

LOCAL UTILITIES; AND

PETROLEUM PRODUCT SUPPLIERS TO INDUSTRY AND CONSUMERS

Cancel

CALIFORNIA SERVICE CENTER ROUTING SLIP

Receipt # _____

A # _____

Rev.03/16/11

USCIS	<input type="checkbox"/> Director (AA003)	<input type="checkbox"/> Deputy Director (AA002)	<input type="checkbox"/> Special Assistant (AA007)	<input type="checkbox"/> Duty Officer
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DIVISION IX	DIVISION I	DIVISION II	DIVISION III
<input type="checkbox"/> AST Incoming: XB800 <input type="checkbox"/> MR Returns: _____ <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> Incoming: AD477 <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> Incoming: XA925 <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> Incoming: AD477 <input type="checkbox"/> QA Corrections: ET116 <input type="checkbox"/> W/S: _____ ATTN: _____
DIVISION IV	DIVISION VII	DIVISION VIII/ COUNSEL	DIVISION X-Background Check Unit
<input type="checkbox"/> Incoming: XB641 <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> CPAU Incoming: RS601 <input type="checkbox"/> CFF Incoming: RS902 <input type="checkbox"/> RRU BIA Incoming: RS339 <input type="checkbox"/> RRU Incoming: RS554 Outside <input type="checkbox"/> RRU Ponds : W/S 24201 <input type="checkbox"/> CIS Review Incoming: RC464 <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> Incoming: WR000 <input type="checkbox"/> CSC Counsel ATTN: _____ <input type="checkbox"/> WS: _____ ATTN: _____	<input type="checkbox"/> Rap Sheets/ EPS Incoming: SZ132 <input type="checkbox"/> Incoming: SZ131 <input type="checkbox"/> BCU/Top 4: SZ714 <input type="checkbox"/> WS: _____
DIVISION V	DIVISION VII	DIVISION VII	DIVISION VII
<input type="checkbox"/> Incoming: XB641 <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> RRU Ponds : W/S 24201 <input type="checkbox"/> CIS Review Incoming: RC464 <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> FTR Incoming: RS500 ATTN: Outside WS24271	<input type="checkbox"/> WS: _____
DIVISION VI	DIVISION XII	DIVISION XI/CFDO	SCOSS
<input type="checkbox"/> Incoming: XO036 <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> Incoming: XB919 <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> CFDO Incoming: DU000 <input type="checkbox"/> Religious Worker Incoming: DU700 <input type="checkbox"/> ASVVP H1B Incoming: DU701 <input type="checkbox"/> ASVVP DE Incoming: DU702 <input type="checkbox"/> Returns: _____ <input type="checkbox"/> W/S: _____ ATTN: _____	<input type="checkbox"/> NTA Shelf (TPS / I-485 / I-751 / I-539 / B1/B2 / I-360- / Misc.): RC445 <input type="checkbox"/> Non-EPS Incoming (I-485 / I-130 / Misc.): RC448
SCOSS	SCOSS	SCOSS	SCOSS
<input type="checkbox"/> NRC Hold Approved: _____ <input type="checkbox"/> NRC Hold Denied: RC417 <input type="checkbox"/> HBG Hold Approved: _____ <input type="checkbox"/> HBG Hold Denied: RC418	<input type="checkbox"/> Return to JIT * RC419 * Specify application / petition type in Comments field below <input type="checkbox"/> SCAN CR 1-89 / 698 / 829: RC318 <input type="checkbox"/> FR Backend Appeal Pod: RC410	<input type="checkbox"/> Routing Hub: RC422 ATTN: _____ <input type="checkbox"/> CIS FTR Review Complete *: RC442 * Attach sheet and / or file	<input type="checkbox"/> EDMS PRINTS: RC321 ATTN: _____ <input type="checkbox"/> I-612 DOS COPY: RC472
<input type="checkbox"/> Interfiling: WS23222 <input type="checkbox"/> I-485 EB: RC474 Approved RDF <input type="checkbox"/> I-485EB: RC475 Denied RDF	<input type="checkbox"/> Backend Scan: RC307 <input type="checkbox"/> SNAP Incoming: RC302 <input type="checkbox"/> 103 Hold (RFE / ITD): RC420 <input type="checkbox"/> I-512 Incoming: RC313	<input type="checkbox"/> Transfer to FCO: RC421 <input type="checkbox"/> TPS Haitian: RC465 (RDF) <input type="checkbox"/> Transfer to NVC: RC438 <input type="checkbox"/> FTC Incoming: RC437 <input type="checkbox"/> I-130 Upgrades: RC055	<input type="checkbox"/> F/R A-File Create: RC413 <input type="checkbox"/> File Consolidate: RC423 <input type="checkbox"/> I-485 File Consolidate: RC439 <input type="checkbox"/> Approved Awaiting I-89: RC428

Please Interfile

Comments Below:

REV.03/16/11

Note: The current printable format can be found @ O:Common/Forms/CSC Routing Slip. Incomplete or outdated routing slip

From: Regina McGuire	Date: 6/29/11	Ext: 3056	RPC: WS22127	DIV: III
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USCIS Immigrant Investor Program

From: prvs=1549ecfa2=dhmangum@mangumlaw.net on behalf of Darin H. Mangum, Esq. [dhmangum@mangumlaw.net]
Sent: Wednesday, June 29, 2011 7:17 AM
To: Immigrant Investor Program, USCIS
Subject: RCW1033650013 - Case Type 1924 - Southern Star Regional Investment Center LLC

Greetings:

I am inquiring as to the status of this regional center application?

Also, please take note that the mailing address of this regional center applicant has recently changed. The suite number is now 1802, not 101. All else is the same.

Thank you,

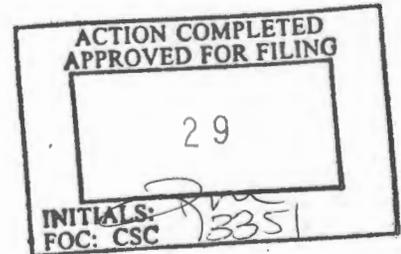
Darin H. Mangum
Attorney at Law

LAW OFFICES OF
DARIN H. MANGUM, PLLC
 A PROFESSIONAL LIMITED LIABILITY COMPANY

UTAH OFFICE:
 VINTAGE II BUILDING
 SUITE 210
 4692 NORTH 300 WEST
 PROVO, UTAH 84604 USA
 TELEPHONE: 801.787.9072
 FACSIMILE: 801.802.9101

TEXAS OFFICE:
 CEDARSTONE BUILDING
 SUITE 100
 1544 SAWDUST ROAD
 THE WOODLANDS, TEXAS 77380 USA
 TELEPHONE: 281.886.0035
 FACSIMILE: 281.596.7212

SKYPE: DARIN.MANGUM
 ELECTRONIC MAIL: DHMANGUM@MANGUMLAW.NET
 INTERNET: WWW.MANGUMLAW.NET



The information contained in this communication (including attachments) is proprietary and confidential, is covered by the Electronic Communication Privacy Act (U.S.C. Sections 2510 - 2521), may constitute inside information, may be subject to the attorney-client privilege, and is only for use by the intended recipient. Unauthorized use, disclosure, or copying is strictly prohibited and may be unlawful. If you have received this communication in error, please delete all copies from your computer and notify dhmangum@mangumlaw.net. Thank you.

I-924 Regional Center Proposal

Receipt Number: RCW 10 8865003 Attorney: _____

Regional Center: Southern Star Regional Investment Center LLC G-28

General Partner: _____ Requester's Name: _____

Economic Unit-Organizational Documents for Regional Center PFE

Target Non-Target Both

Geographic Area Delineated: PFE

Economic Growth Analysis

Regional or National Impact- Economic Analysis

Indirect Job Creation:
 Troubled Business Non-Troubled Business

Econometric Model: JUPLAN

Economic Analysis of Job Creation: _____

Business Plan:
 Hypothetical Investment Plan Investment Plan

Industries: _____

Activities: _____

- Operational Plan:
 - Project Evaluation and assessment
 - Amount and Source of Regional Center's Capital
 - Recruitment and Due Diligence
 - Promotional Efforts
 - Administrative Oversight

OPTIONAL- Enterprise organizational documents:

- Draft Operating Agreement
- Draft Partnership Agreement
- Draft Subscription Agreement
- Draft Escrow Agreement
- List of Escrow Agents
- Draft Offering Letter etc
- Articles of Incorporation etc for Enterprise
- Other relevant documents:



RECEIPT NUMBER RCW1033650013	CASE TYPE 1924 Application for Regional Center Under the Immigrant Investor Pilot Program
RECEIVED DATE November 16, 2010	REGIONAL CENTER NAME SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC
NOTICE DATE December 02, 2010	PAGE 1 of 1
SOUTHERN STAR REGIONAL INVESTMENT CENTER LLC BROWNSTONE-ANDERSON BUILDING 25511 BUDDE RD STE 101 THE WOODLANDS TX 77380	NOTICE TYPE: Receipt Notice

Receipt Notice - This notice confirms that USCIS received your application or petition as shown above. Please reference the receipt number, above, on any correspondence with USCIS. If any of the above information is incorrect, please immediately contact us at USCIS.ImmigrantInvestorProgram@dhs.gov to let us know. This will help avoid future problems.

This notice does not grant any immigration status or benefit. It is not even evidence that this case is still pending. It only shows that the application or petition was filed on the date shown.

Processing time - Processing times vary by kind of case. You can check our website at www.uscis.gov for our current processing times for this kind of case at the particular office to which this case is or becomes assigned. If you do not receive an initial decision or update from us within our current processing time, email us at USCIS.ImmigrantInvestorProgram@dhs.gov. Save this notice, and any other notice we send you about this case, and please make and keep a copy of any papers you send us by any means along with any proof of delivery to us. Please have all these papers with you if you contact us about this case.

If your address changes - If your mailing address changes while your case is pending, notify us at USCIS.ImmigrantInvestorProgram@dhs.gov, otherwise you may not receive notice of our action on this case.

Please see the additional information on the back. You will be notified separately about any other cases you filed.

U.S. CITIZENSHIP & IMMIGRATION SVC
CALIFORNIA SERVICE CENTER
P.O. BOX 30111
AGUNA NIGUEL CA 92607-0111
Customer Service Telephone: (800) 375-5283



- Please save this notice for your records. Please enclose a copy if you have to write us or a U.S. Consulate about this case, or if you file another application based on this decision.
- You will be notified separately about any other applications or petitions you have filed.

Additional Information

GENERAL.

The filing of an application or petition does not in itself allow a person to enter the United States and does not confer any other right or benefit.

INQUIRIES.

You should contact the office listed on the reverse side of this notice if you have questions about the notice, or questions about the status of your application or petition. *We recommend you call.* However, if you write us, please enclose a copy of this notice with your letter.

APPROVAL OF NONIMMIGRANT PETITION.

Approval of a nonimmigrant petition means that the person for whom it was filed has been found eligible for the requested classification. If this notice indicated we are notifying a U.S. Consulate about the approval for the purpose of visa issuance, and you or the person you filed for have questions about visa issuance, please contact the appropriate U.S. Consulate directly.

APPROVAL OF AN IMMIGRANT PETITION.

Approval of an immigrant petition does not convey any right or status. The approved petition simply establishes a basis upon which the person you filed for can apply for an immigrant or fiance(e) visa or for adjustment of status.

A person is not guaranteed issuance of a visa or a grant of adjustment simply because this petition is approved. Those processes look at additional criteria.

If this notice indicates we have approved the immigrant petition you filed, and have forwarded it to the Department of State Immigrant Visa Processing Center, that office will contact the person you filed the petition for directly with information about visa issuance.

In addition to the information on the reverse of this notice, the instructions for the petition you filed provide additional information about processing after approval of the petition.

For more information about whether a person who is already in the U.S. can apply for adjustment of status, please see Form I-485, *Application to Register Permanent Residence or Adjust Status*.