SCURRY COUNTY
ENERGY FUND III

SCEF III

A $15 MILLION
DRILLING PROGRAM
IN THE PERMIAN

KING OPERATING

DISCLOSURE: The statements and information provided by King Operating Corporation and its affiliates ("King" or the "Company") in this document that are not statements of historical fact, including all estimates and assumptions contained herein, are "forward-looking statements" as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements include, among others, statements, estimates and assumptions relating to our business and growth strategies, our oil and gas reserve estimates, our ability to successfully and economically explore for and develop oil and gas resources, our exploration and development prospects, future inventories, projects and programs, expectations relating to availability and costs of drilling rigs and field services, anticipated trends in our business or industry, our future results of operations, our liquidity and ability to finance our exploration and development activities, market conditions in the oil and gas industry and the impact of environmental and other governmental regulation. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may", "will", "could", "should", "expect", "intend", "estimate", "anticipate", "believe", "project", "pursue", "plan" or "continue" or the negative thereof or variations thereon or similar terminology. These forward-looking statements are subject to numerous assumptions, risks, and uncertainties. Factors that may cause our actual results, performance, or achievements to be materially different from those anticipated in forward-looking statements include, among other, the following: adverse economic conditions in the United States, Canada and globally; difficult and adverse conditions in the domestic and global capital and credit markets; change in domestic and global demand for oil and natural gas; volatility in the prices we receive for our oil and natural gas; the effects of government regulation, permitting, and other legal requirements; future developments with respect to the quality of our properties, including, among other things, the existence of reserves in economic quantities; uncertainties about the estimates of our oil and natural gas reserves; our ability to increase our production and oil and natural gas income through exploration and development; our ability to successfully apply horizontal drilling techniques and tertiary recovery methods; the number of well locations to be drilled, the cost to drill, and the time frame within which they will be drilled; drilling and operating risks; the availability of equipment, such as drilling rigs and transportation pipelines; changes in our drilling plans and related budgets; and the adequacy of our capital resources and liquidity including, but not limited to, access to additional borrowing capacity.

Because forward-looking statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such statements. Readers are cautioned not to place undue reliance on forward-looking statements, contained herein, which speak only as of the date of this document. Other unknown or unpredictable factors may cause actual results to differ materially from those projected by the forward-looking statements. Unless otherwise required by law, we undertake no obligation to publicly update or revise any forward-looking statements, including estimates, whether as a result of new information, future events, or otherwise. All forward-looking statements attributable to us are expressly qualified in their entirety by these cautionary statements. Any projections are merely hypothetical in nature and actual results may vary materially and may not produce results as portrayed in the hypothetical example or any results whatsoever. This is neither an offer to sell nor a solicitation of an offer to buy any security which can be made only by the Confidential Private Placement Memorandum and all exhibits, attachments and supplements thereto ("PPM").These securities have not been registered under the Securities Act of 1933 and are being offered pursuant to an exemption there from and from applicable state laws. These securities involve a high degree of risk and there is no assurance that the investment objectives of the fund will be attained. Past performance is no guarantee or future results. All information is subject to change. Consult the PPM for investment conditions, risk factors, minimum requirements, fees and expenses and other pertinent information with respect to this investment.

All statements in this presentation are qualified in their entirety by the information set forth in the PPM. Investors should only consider investing after fully reviewing, together with their financial / legal counsel, the information set forth in the PPM.

KING
RETURNS TO THE
PERMIAN

DEAL AT A GLANCE

A $15M oil well drilling program
in the Permian Basin
targeting the Strawn Sand
and Penn Black Shale (PBS) formations

Shares a boundary with SCEF I

Within proximity of SCEF I's prolific
Dessie 91-1H horizontal well in the Strawn Sand

Seasoned operator with 20 years experience in the Permian

Lower oil prices also means lower costs

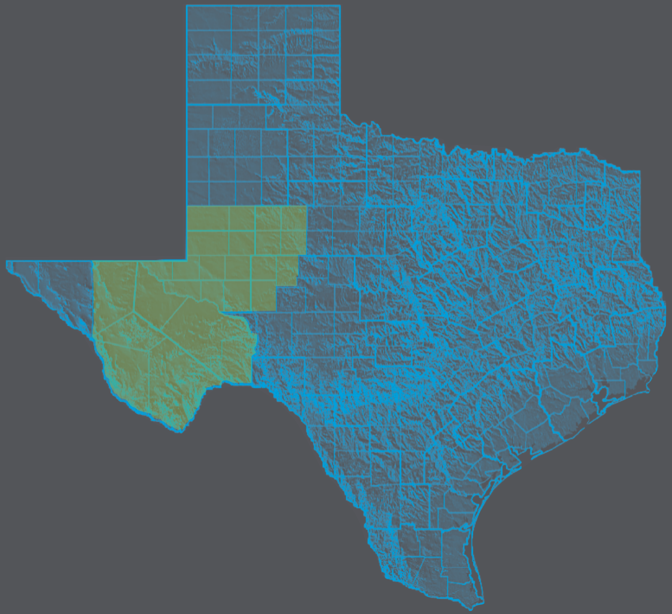
Investor entitled to 80% of pro rata cash flow until payout

Up to 80% year-one write-off (IDC)*

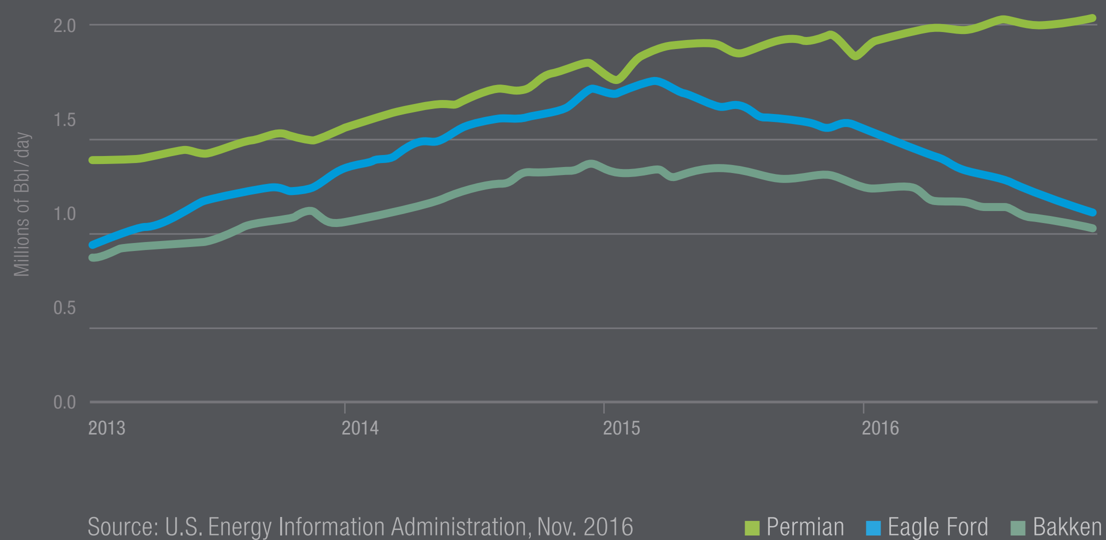
*Please see tax section of PPM

THE PROLIFIC PERMIAN

Occupying more than 75,000 sq miles in Texas and New Mexico, for almost a century the Permian has been the most prolific oil and gas region in the nation.



Because of its lower cost profile, the Permian's production continues to grow



Source: U.S. Energy Information Administration, Nov. 2016

“The Permian Basin has produced over 29 billion barrels of oil and 75 trillion cubic ft. of gas, and it is estimated by industry experts to contain recoverable oil and natural gas resources exceeding what has been produced over the last 90 years.”

Texas Railroad Commision, 01.08.16 (State O&G Regulator)

FIELD INTELLIGENCE

NEARBY PRODUCTION

Dessie, in its second year of production,
recently flowed 294 barrels on December 4, 2016

Kate, in its sixth month of production,
recently flowed 489 barrels on December 6, 2016

There are dozens of vertical wells
in proximity to this acreage,
providing excellent well control

Our target zones, the PBS and Strawn, are prevalent and prolific

Pay zone thickness estimates of 170 to 205 feet in the PBS and 70 to 90 feet in the Strawn

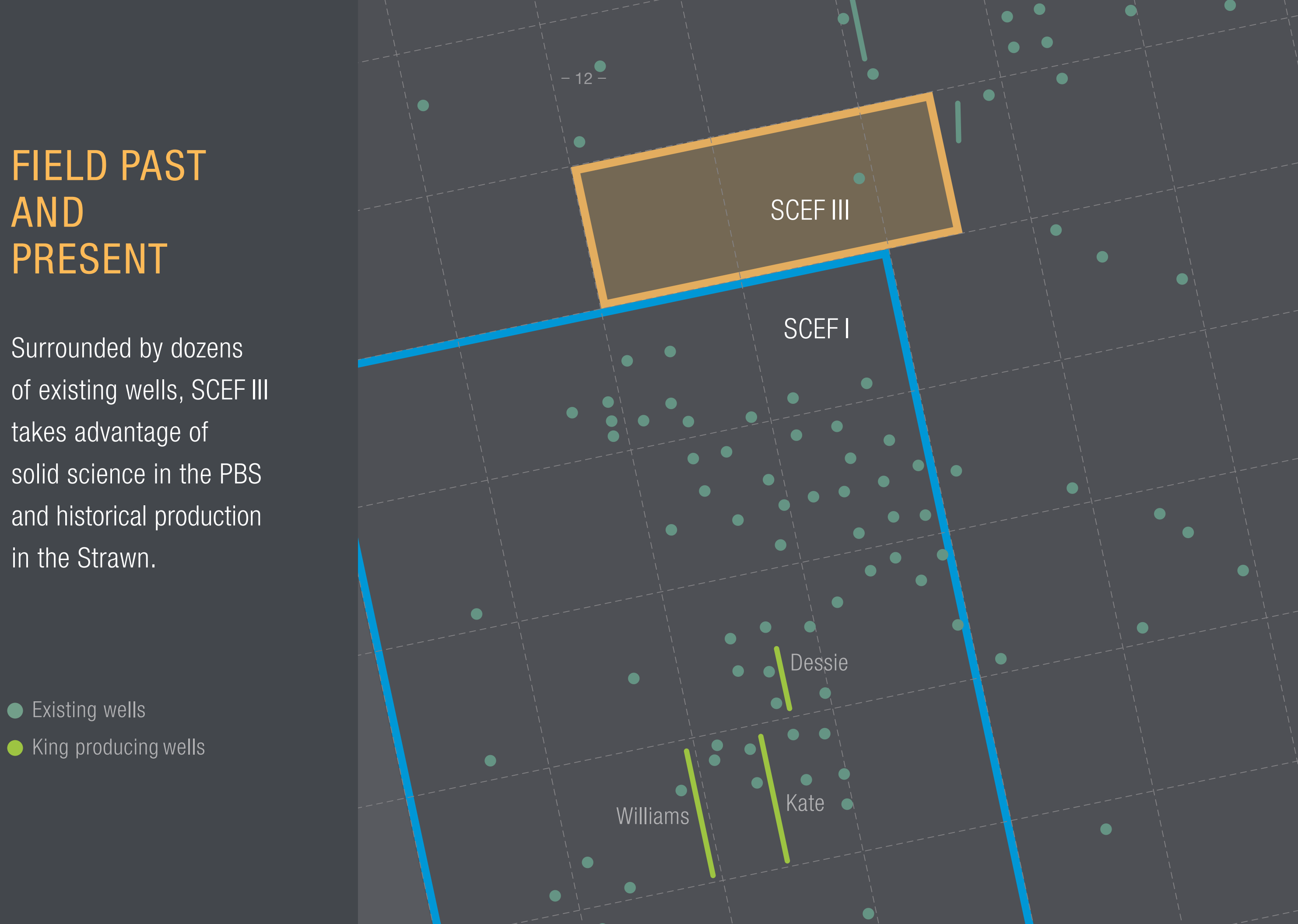
Estimates of 26.6 million to 35.8 million barrels of oil in place per square mile in the PBS*

King anticipates drilling up to 150 new wells in these formations in the coming years

*NuTech Energy Resources and Schlumberger

FIELD PAST AND PRESENT

Surrounded by dozens of existing wells, SCEF III takes advantage of solid science in the PBS and historical production in the Strawn.



“If you were to look for the most stable area today to go do anything, it’s got to be there.”

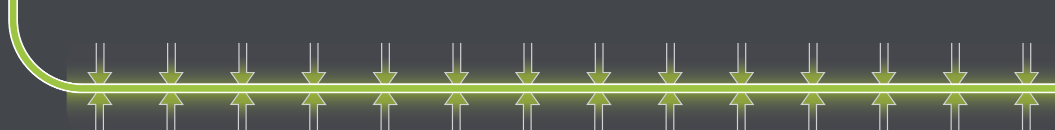
Bloomberg Business (on The Permian)
“Oil Producers Hungry for Deals
Drool Over West Texas ‘Tiramisu’”
11.17.15

EXTRACTION 1

Water and sand are injected into the wellbore to maximize the 5,000 ft. lateral's access to the oil.

EXTRACTION 2

Once fracking is completed,
the well's pump extracts the oil
and lifts it to the surface.



THE
KING FINANCING
PROGRAM

Our financing system is built on a series of step and repeat phases

The number of phases is determined by the scale of the offering

Each phase is expected to pass through the following 4 steps

STEP 1: DRILLING

This is the first in each phase of the King Financing Program

Equity will pay for the first 2 wells* along with other infrastructure

Equity seeds the development process

*Assumes the offering is completely subscribed

STEP 2: PRODUCTION

The primary reason for all activities
is the production of oil in commercial quantities

Oil production delivers a fungible commodity
that provides income

A production history provides value that can be
be utilized for future activities

STEP 3: APPRAISAL

After 3 - 6 months of production,
a third-party professional engineering firm
can draft an appraisal

This appraisal is used by energy lenders
to determine loan values

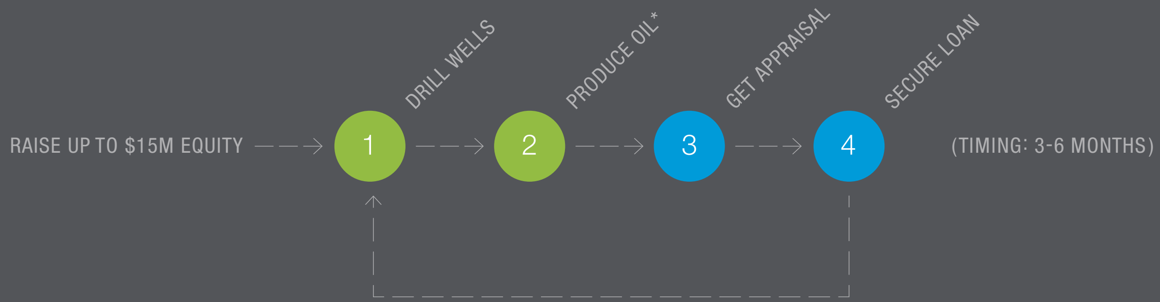
STEP 4: ENERGY LOAN

The first energy loan* is based on the value
earned by the initial equity,
as validated by the third-party appraisal

These funds will be used to drill more wells,
which should increase production (value)
and provides the basis for additional funds

*Obtaining adequate energy financing assumes credit can be
obtained on satisfactory terms at the time requested.

A SINGLE PHASE



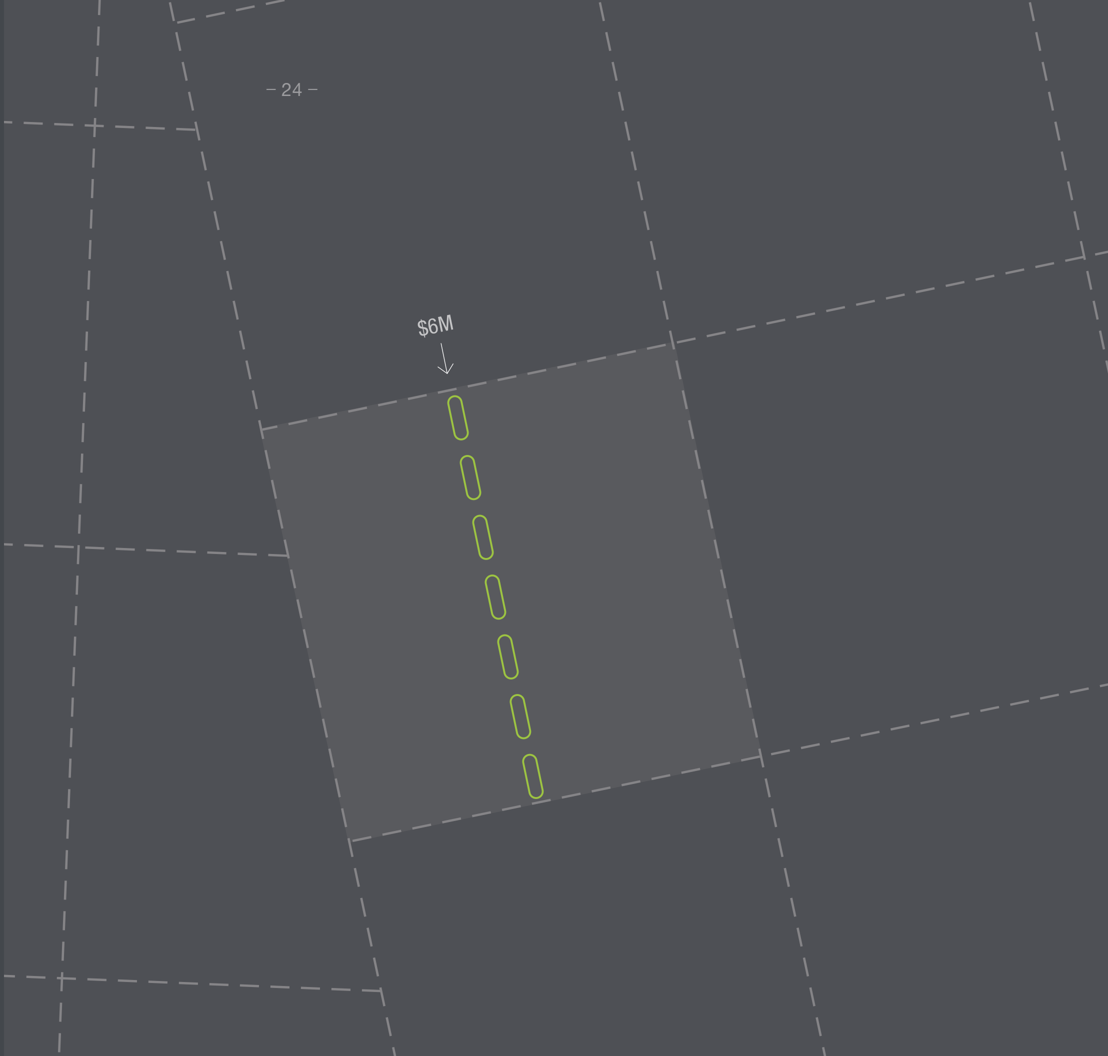
Repeat cycle
to achieve desired scale

*See risk factors in the PPM

It’s all about creating
more value
with less equity.

THINKING IN UNITS

Drilling a single 5,000 ft. lateral well in the Permian costs approximately $6M.



1 PDP + 2 PUDS = 1 Drilling Unit

ONE DRILLING UNIT

Once the new well becomes a producing well (PDP), we estimate its value rises to $10M, and the adjacent sites turn into PUDs* worth $5M each†.

*Proven Undeveloped

†See risk factors section in PPM.

ONE DRILLING UNIT = MAX VALUE

$10M	1 PDP
10M	2 PUDS AT $5M EACH
$20M	TOTAL VALUE

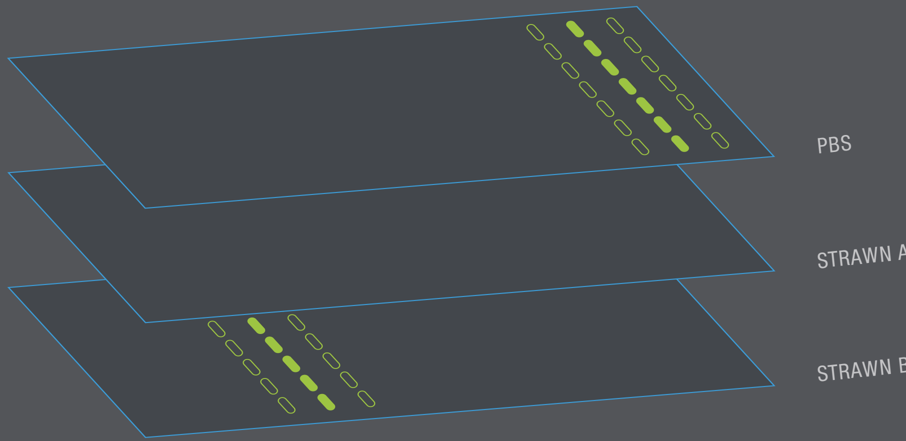
$6M = $20M 1 DRILLING UNIT

Drilling unit examples are based upon various hypothetical assumptions and may vary materially from the actual outcome. See risk factors section in PPM.

APPLYING OUR FINANCING PROGRAM TO SCEF III

PHASE 1 DRILLING

First we will drill 2* 5,000 ft. lateral wells. This would create 4 adjacent PUD locations, for a total of 2 drilling units.



*Assumes the offering is fully subscribed (See PPM for details)

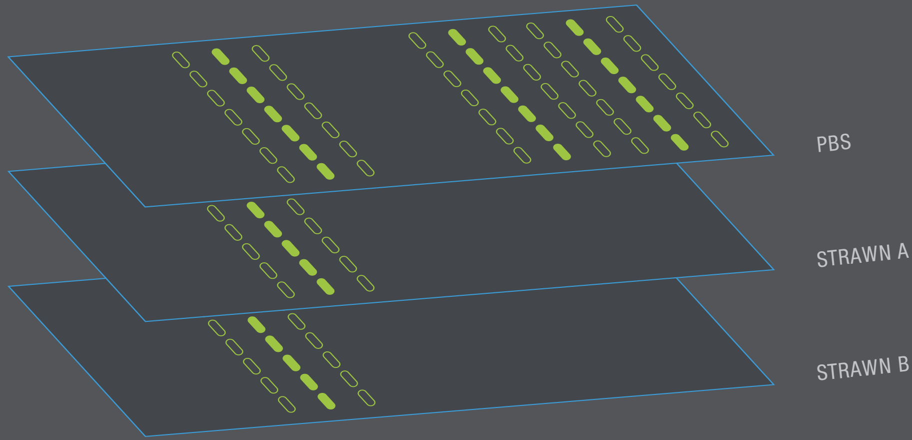
PHASE 1 METRICS

	Phase 1	Phase 2	Phase 3
Value	$ 40M		
Total debt	—		
New wells	2		
Total wells	2		

See PPM for deal structure and risk factors

PHASE 2 DRILLING

Then we drill another 3* wells, for a total of up to 5 drilling units.



Final well placements may vary based on data from previous phase.

*Assumes adequate energy loans can be obtained when requested. See PPM for deal structure and risk factors.

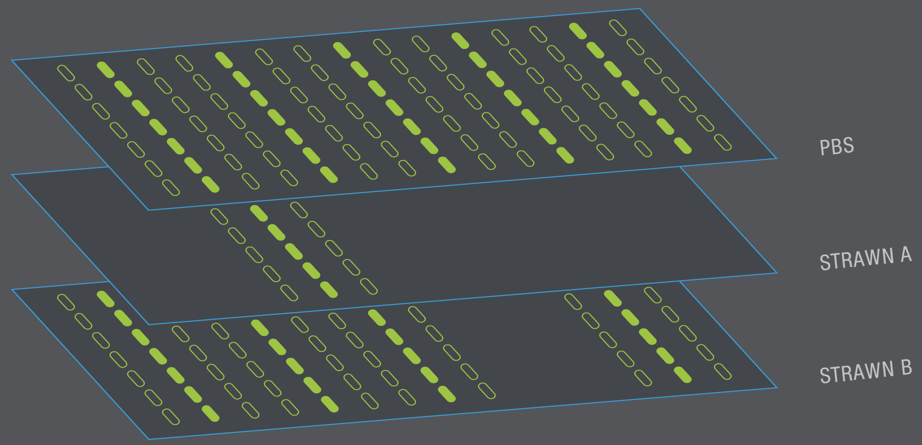
PHASE 2 METRICS

	Phase 1	Phase 2	Phase 3
Value	$ 40M	$100M	
Total debt	—	$ 15M*	
New wells	2	3	
Total wells	2	5	

*Beyond Phase 1, well costs are lower without placement offering expenses.
See PPM for deal structure and risk factors.

PHASE 3 DRILLING

Then we drill the final 5* wells, for a total of up to 10 drilling units.



Final well placements may vary based on data from previous phase.

*Assumes adequate energy loans can be obtained when requested. See PPM for deal structure and risk factors.

PHASE 3 METRICS

	Phase 1	Phase 2	Phase 3
Value	$ 40M	$100M	$200M
Total debt	—	$ 15M	$ 40M
New wells	2	3	5
Total wells	2	5	10

See PPM for deal structure and risk factors.

SUMMARY I

$200.00M	ESTIMATED SALE (WELLS AND LEASES)
(40.00M)	LESS ESTIMATED DEBT
$160.00M	ESTIMATED NET EARNINGS
(16.80M)	PREFERRED RETURN (12%)
$143.20M	ESTIMATED NET PROCEEDS
$ 71.60M	(50%) EST. NET PROCEEDS TO INVESTOR*

*See PPM for deal structure and risk factors

SUMMARY II

$71.60M	(50%) EST. NET PROCEEDS TO INVESTOR
16.80M	PREFERRED RETURN (12% IRR)
$88.40M	EST. TOTAL RETURN TO INVESTOR*

$88.4M return / $15M investment = 5.89X ROI

*See PPM for deal structure and risk factors

We know our financing program works because SCEF I proved it.

WHAT WAS SCEF I?

$4.5M of equity contributed by investors

Wells contributed by King as collateral
for energy debt financing

Debt financed 3 new wells to date with a
total daily average production of 1,219 bbl/day*

*July 2016 production

HOW DID SCEF I TURN OUT?

$6M = $54M*

EQUITY VALUE

*SCEF I owned 75% of the project and sold
25% of it for $13.5M or a 100% valuation of $54M

SCEF I utilized $5.5M in debt financing

MAKING THE CASE FOR KING

LOOKING OUT FOR INVESTORS

Through market timing,
operational efficiency and production
maximization, we will seek to:*

Protect our investor's principal

Increase principal through leveraging value

Optimize timing of divestiture of assets

*See PPM for deal structure and risk factors

LEAN AND MEAN

Our small size allows us to act quickly
when an opportunity is spotted

We are not anchored down to a world
based on $100/bbl

By negotiating with service providers
and finding more efficient drilling methods,
we are currently profitable at $30/bbl*

*There can be no assurance that this will be achievable for this program.

“We can’t control the price of oil,
but we can control
the efficiency of our own wells.”

Jay Young,
President and CEO of King Operating

TAX SAVINGS*

	No-Energy Investment	Energy Investment
Taxable Income	$ 500,000	$ 500,000
Investment Amount	$ –	$ 400,000
IDC Deduction (80%)	$ –	$ (320,000)
Adjusted Taxable Income	$ 500,000	$ 180,000
Federal Income Tax (39.6%)	$ 198,000	$ 71,280
Tax Savings	$ –	$ 126,720

In CA add state tax of 10% for an additional savings of $19,328

*Shows treatment for investors who elect to be general partners. See tax section of PPM and consult with your tax advisors about your specific situation.

SCEF II RECAP

$15M oil well drilling program in the Strawn and PBS

Adjacent to SCEF I acreage and production

Investor entitled to 80% of pro rata cash flow

Follow-on plan for participants

NEXT STEPS

1. Request a copy of the PPM or go to www.scef3.com to download a copy.

2. Have your financial and legal counsel review.

3. Ask King management any and all questions.

4. Go to www.scef3.com to fill out the subscription documents and transmit funds to secure your place in this opportunity.

CONTACT

JAY YOUNG: 214-420-3000 jayyoung@kingoperating.com

STEPHEN PERKINS: 972-447-3578 sperkins@kingoperating.com

MICHAEL HUGHES: 949-233-5451 mhughes@hughesenergyresources.com

TOM GRAY: 972-930-1161 tgray@kingoperating.com

KEVIN WHIPPLE: 972-447-3502 kwhipple@kingoperating.com

BRETT RATHER: 972-447-3526 brather@kingoperating.com

KING OPERATING North Dallas Energy Centre 6142 Campbell Rd. Dallas, TX 75248 Telephone: 214.420.3000 Fax: 214.420.3001