



Eagle Rock Energy Partners, L.P.

NAPTP 2009 MLP Conference

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EAGLE ROCK
ENERGY PARTNERS



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Forward Looking Statements



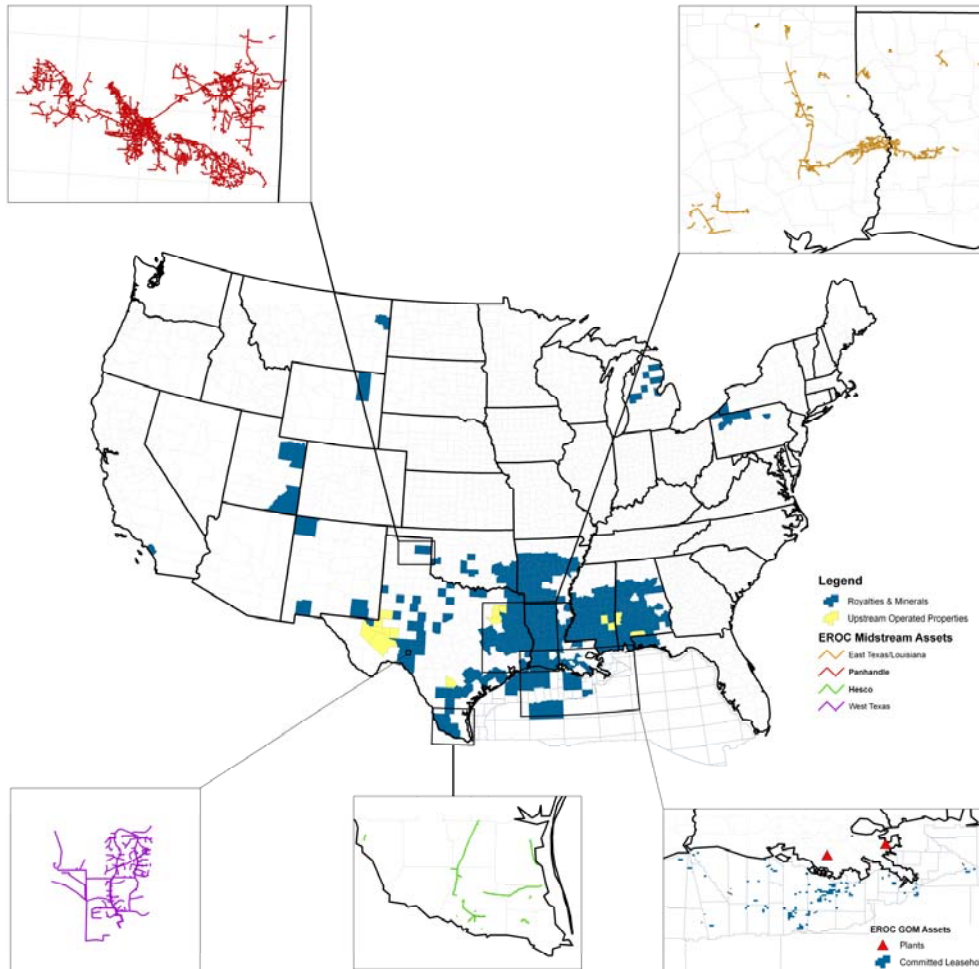
The material that follows, as well as statements made by representatives of Eagle Rock during the course of this presentation, includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this material, or made during the course of this presentation, that address activities, events or developments that Eagle Rock expects, believes or anticipates will or may occur in the future are forward-looking statements. These forward-looking statements are based on certain assumptions made by Eagle Rock in reliance on its experience and perception of historical trends, current conditions, expected future developments and other factors Eagle Rock believes are appropriate under the circumstances. Such statements are inherently uncertain and are subject to a number of risks, many of which are beyond Eagle Rock’s control. Should one or more of these risks or uncertainties occur, or should underlying assumptions prove incorrect, Eagle Rock’s actual results and plans could differ materially from those implied or expressed by any forward-looking statements.

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Introduction to Eagle Rock Energy Partners, L.P.



- Eagle Rock (NASDAQ: EROC) is an MLP with three complementary energy businesses well-positioned to benefit from some of the most prolific producing basins in the U.S.



Enterprise Value: \$1.1 billion ⁽¹⁾
2009E Adj. EBITDA ⁽²⁾: \$160 - \$180 million

Business Segments:

Midstream:

- We gather and process natural gas from top tier producers in Texas and Louisiana
- Exposure to the Haynesville Shale, active in Austin Chalk (East Texas) and Granite Wash (Texas Panhandle)

Minerals:

- We receive royalty income with no associated operating costs or capital requirements
- New drilling activity drives underlying production growth (“re-generation” effect)
- Significant exposure to the Haynesville Shale

Upstream:

- We operate in four low-cost, low-decline producing regions in Texas and Alabama
- Attractive inventory of new drilling opportunities

(1) As of September 9, 2009. Subordinated units are valued at common unit price.

(2) See Appendix for definition of Adjusted EBITDA.

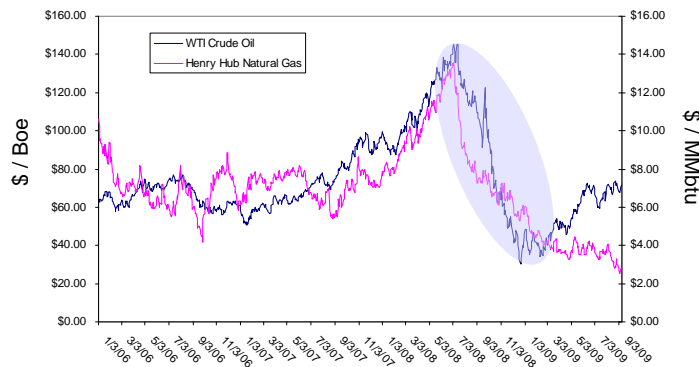
Recent Events: Focused on Liquidity



- Eagle Rock has moved decisively to address the challenging environment

Challenges

- Current period of depressed commodity prices (particularly gas) negatively impacting cash flows across all segments
- Concerns over current and expected natural gas prices causing a slowdown in drilling activity



- Significant leverage in capital constrained environment



Responses

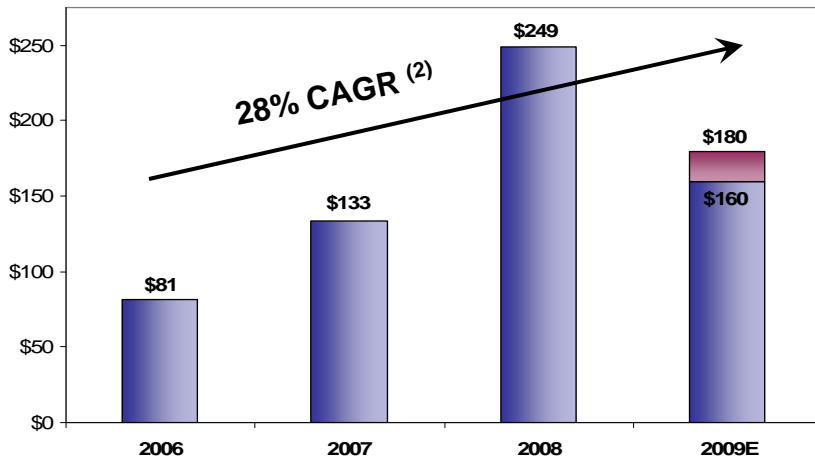
- Monetized 2011 / 2012 hedges when crude sold-off in January 2009
 - Re-hedged volumes at \$75-\$82/Bbl
- Reset strike prices higher on certain existing 2009 hedges to stabilize cash flows during commodity trough
- Initiated cost reduction measures and rationalized capital program
- Reduced distribution to re-direct estimated \$75-\$100 million of annual cash flow to enhance liquidity
 - Paid down \$33 million of debt in Q2 2009
 - Estimate \$25 to \$30 million of debt repayment in Q3 2009
- Actively reviewing asset portfolio for potential credit-enhancing divestiture opportunities

Proactive plan positions Eagle Rock to weather current difficult environment and capitalize on future opportunities

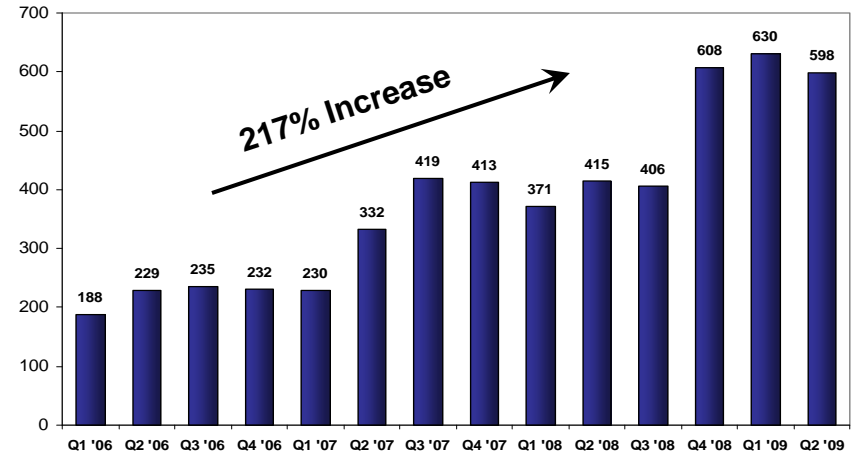
Historical Performance and Growth



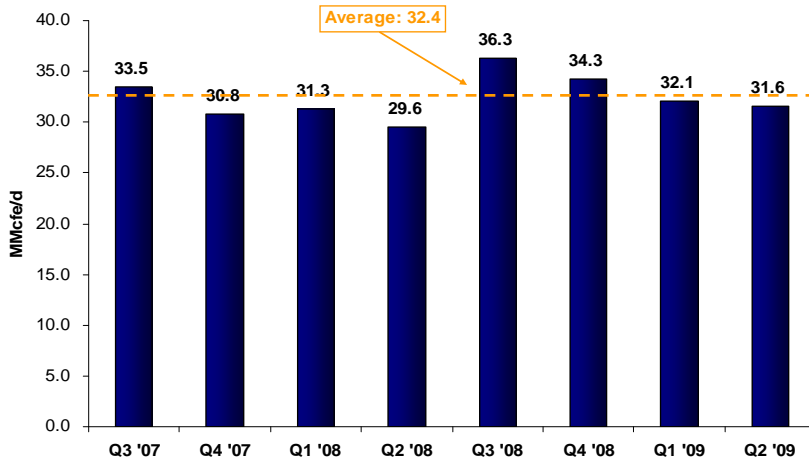
Adjusted EBITDA (\$ in Millions) ⁽¹⁾



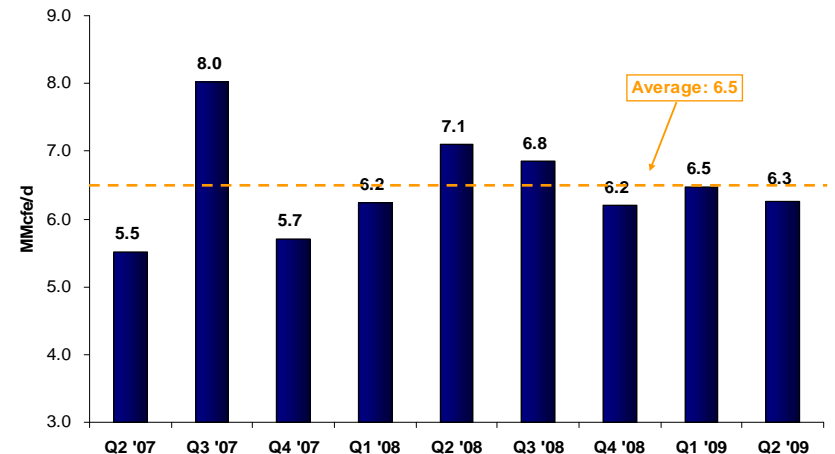
Daily Gathering Volumes (MMcfe/d)



Upstream Volumes ⁽³⁾



Minerals Volumes ⁽⁴⁾



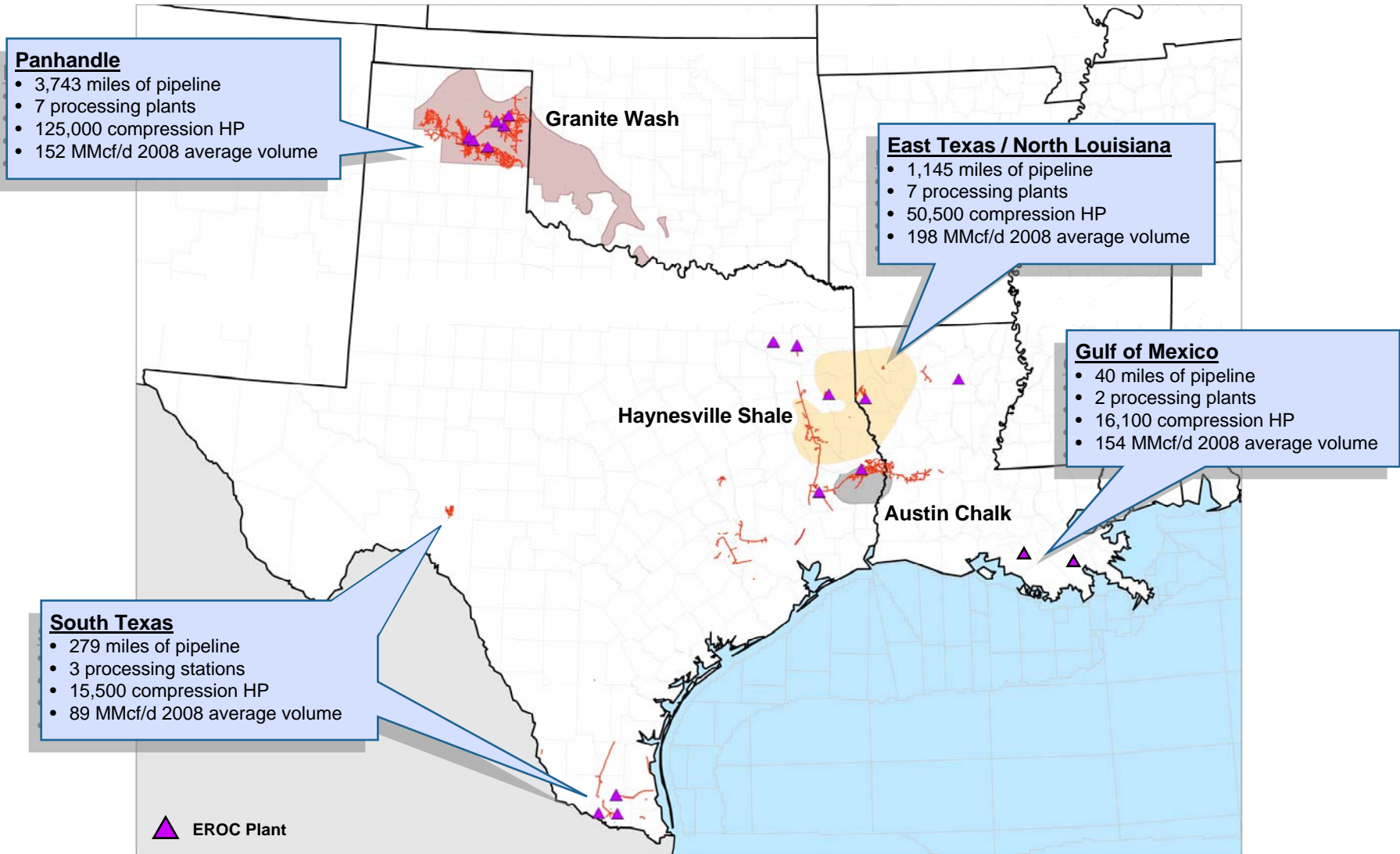
(1) See Appendix for a definition of Adjusted EBITDA and a reconciliation to GAAP net income (loss).

(2) Compound annual growth rate based on mid-point of 2009E Adjusted EBITDA guidance.

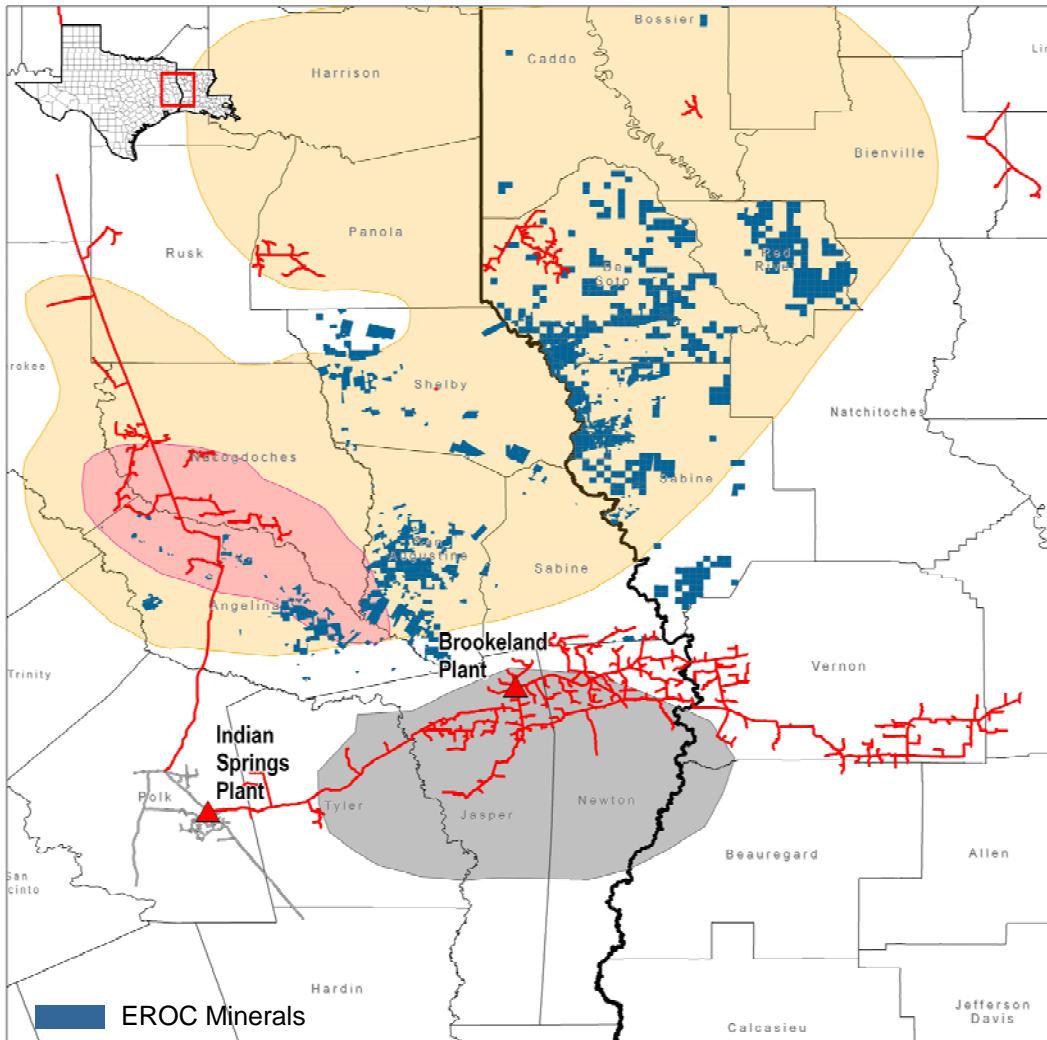
(3) Upstream Business was created by acquisition on July 31, 2007 and was added to by acquisition on April 30, 2008.

(4) Minerals Business was created by acquisition on April 30, 2007. Q2 '07 is pro forma for full quarter.

Overview of Midstream Business



Midstream: East Texas Growth Engine

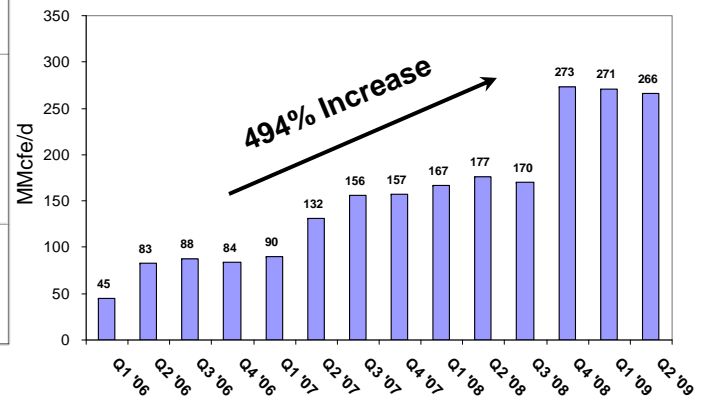


Haynesville Shale
 Angelina River Trend
 Austin Chalk

System Update:

- **Haynesville Shale:** In active discussions with a number of producers regarding extending systems
- **Austin Chalk:** Recently spent \$3.5mm in growth capital in Q2 '09 to capitalize on new drilling opportunities
- Last four producer wells reported average IP of approximately 12 MMcf/d
- **Deep Bossier:** Producers planning wildcats this year for the play

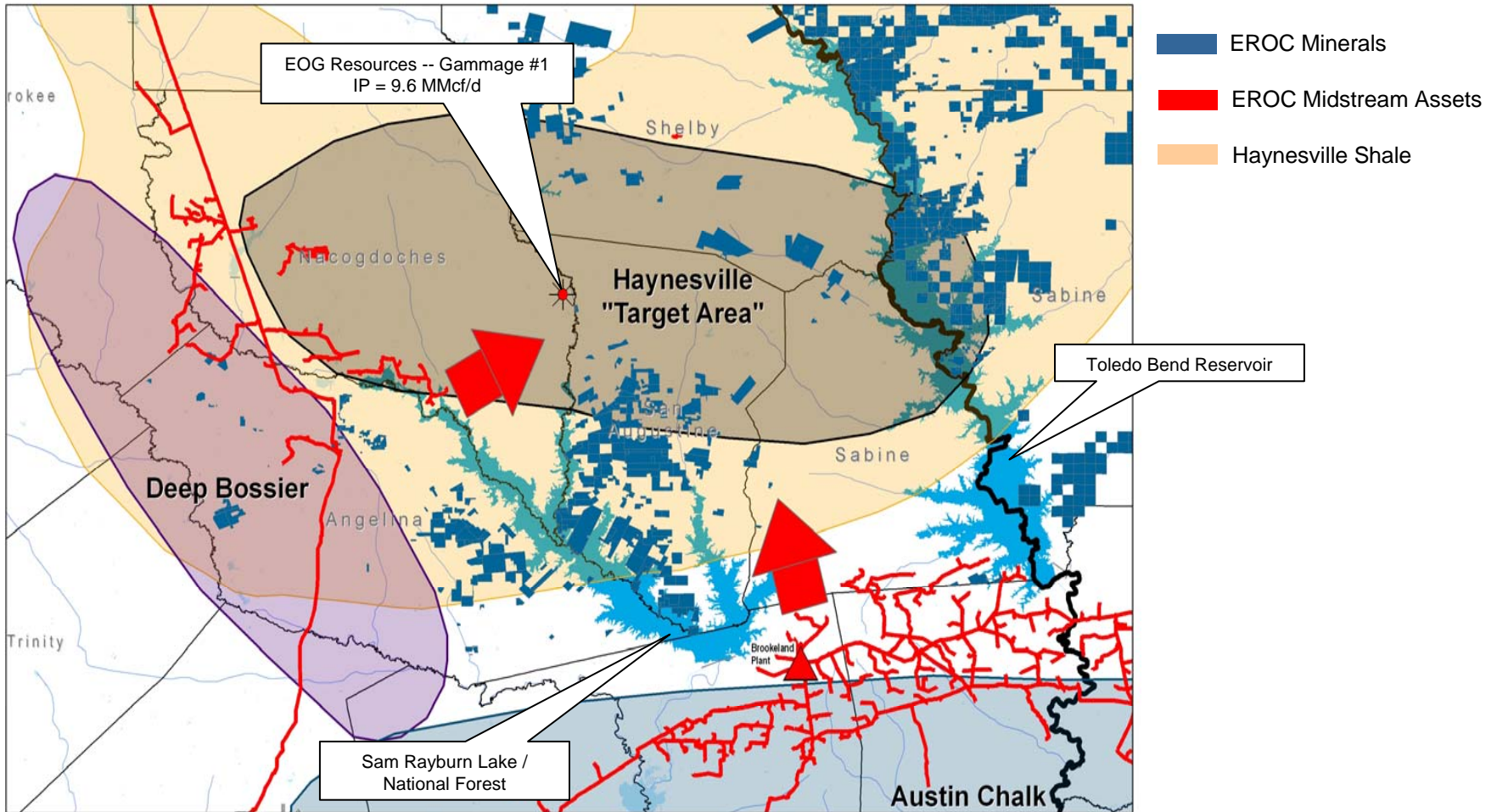
East Texas / North Louisiana Volumes



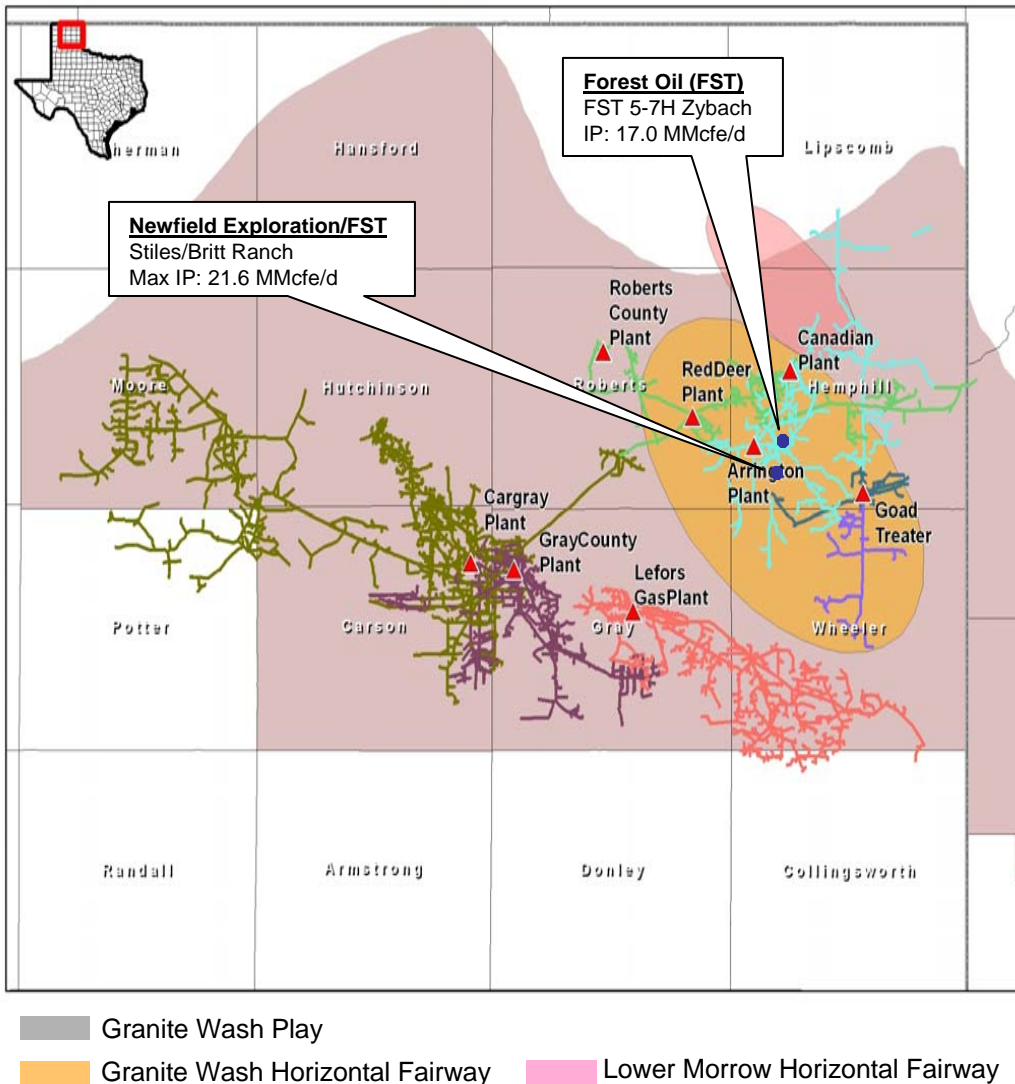
Midstream: East Texas Growth Engine (Cont'd)



- Given natural barriers, Eagle Rock is uniquely-positioned to serve the Haynesville East Texas "Target Area" from either the south or the west



Panhandle: Granite Wash Horizontal Drilling Potential



- Proven horizontal drilling potential in Granite Wash/Greater Buffalo Wallow Area
- 21 horizontal wells drilled to date in the play with average IP of 6.6 MMcfe/d
- Estimated drill and complete costs of \$5.5 million per well
- Chesapeake horizontal drilling program behind the Roberts County plant is increasing volumes from 3 Mmcf/d to 21 Mmcf/d over next three months

Drilling Economics ⁽¹⁾

	# of wells	Program		
		EUR (Bcfe)	Dev. Cost (\$mm)	F&D (\$/Mcf)
<u>Horizontal:</u>				
Granite Wash	3	19.6	\$16.6	\$0.85
Atoka	3	20.3	\$29.7	\$1.46
<u>Vertical:</u>				
40-acre spacing	16	23.2	\$36.9	\$1.59
20-acre spacing	32	46.5	\$73.8	\$1.59

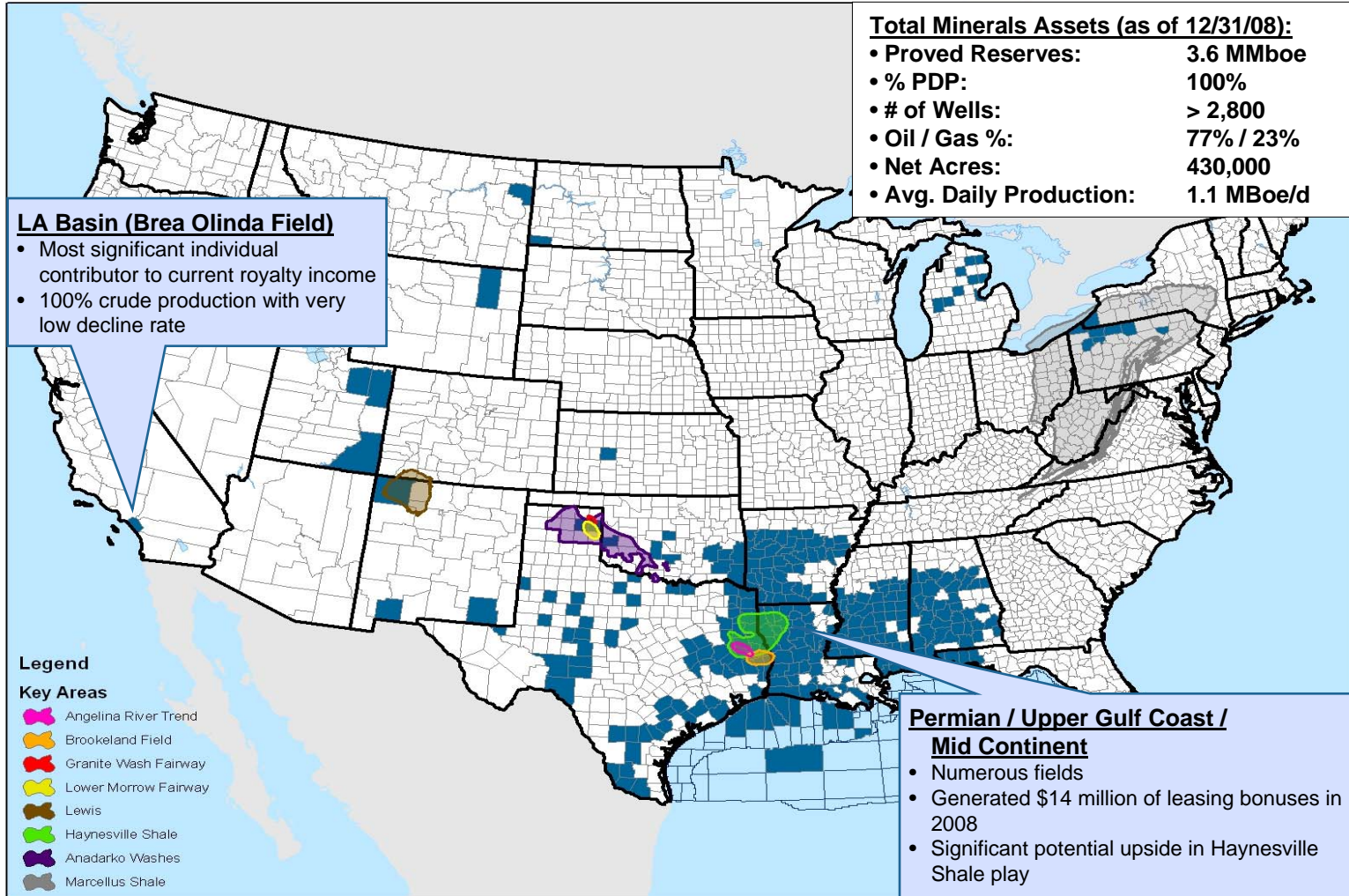
(1) Based on Forest Oil Corporation estimates.

Source: Industry press releases, research and company presentations.

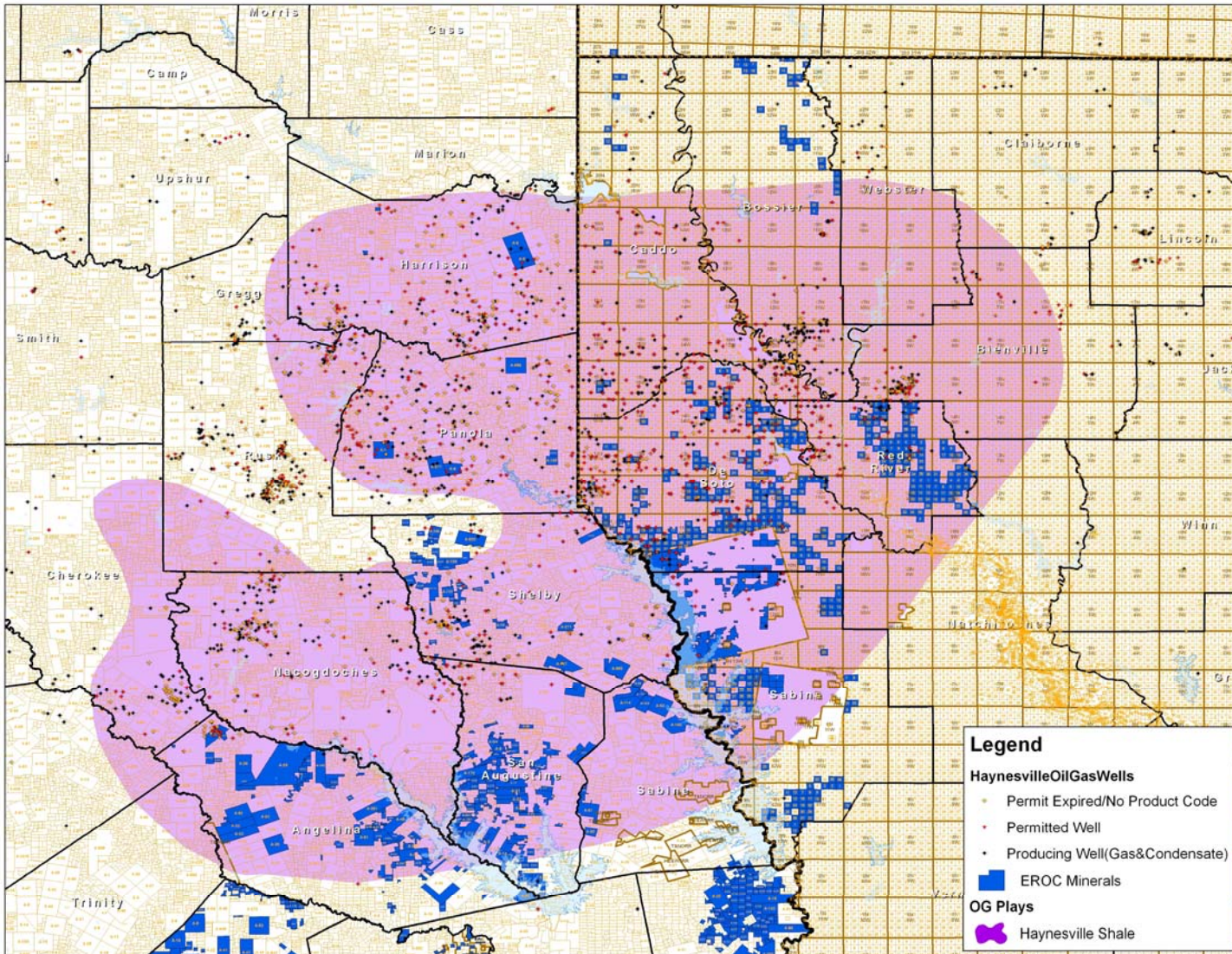
Overview of Minerals Business



- Eagle Rock's Minerals Business offers diversification, stability and upside



Minerals: Significant Exposure to Haynesville Shale



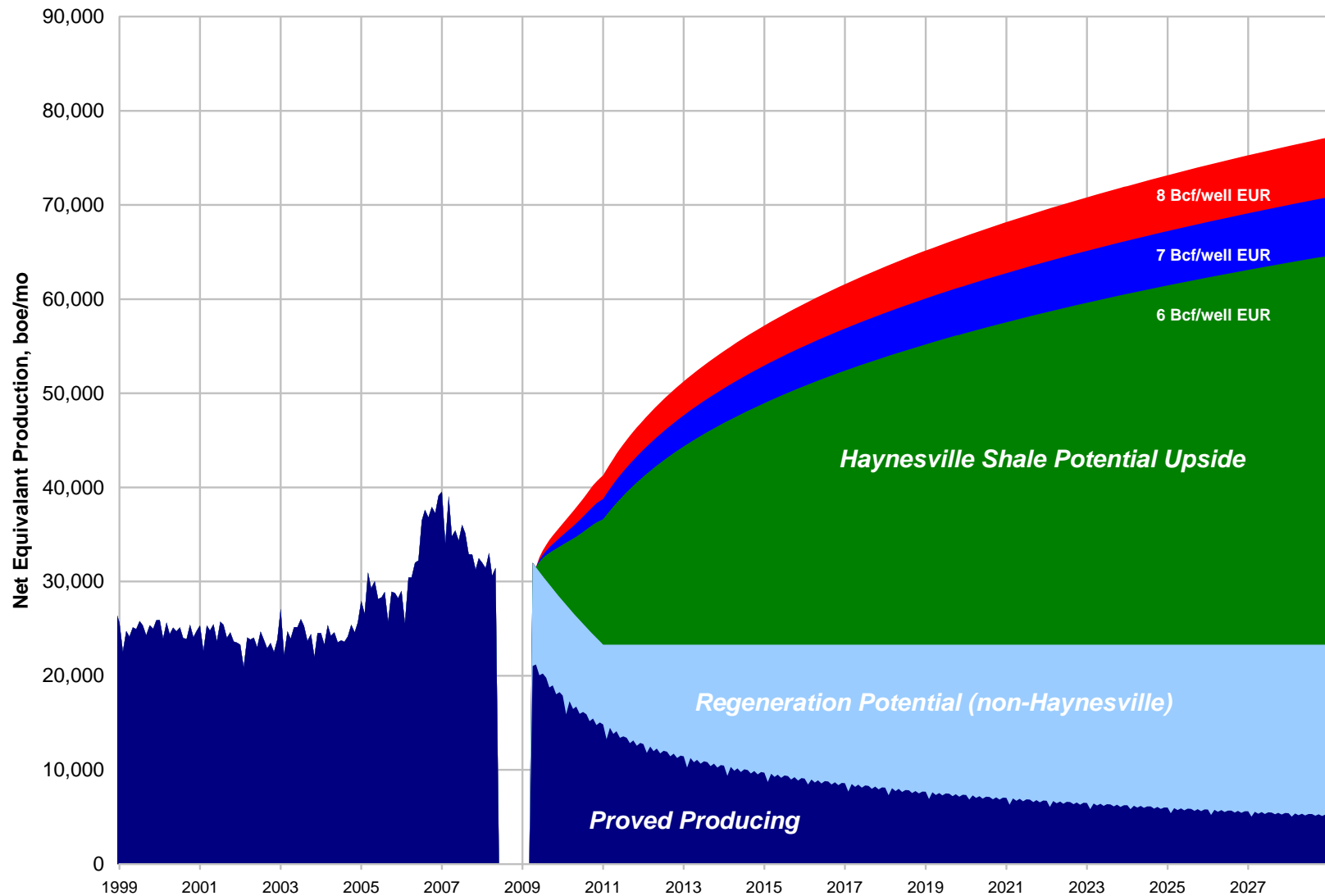
Existing Permits/Wells

- 36 producing wells and 171 permitted wells on or within one mile of Eagle Rock's minerals on Louisiana-side of Haynesville Shale

Current Production

- As of May 2009, producing wells on Louisiana-side of the Haynesville Shale on or within one mile of Eagle Rock's minerals were producing a total of approximately 114 MMcf/d

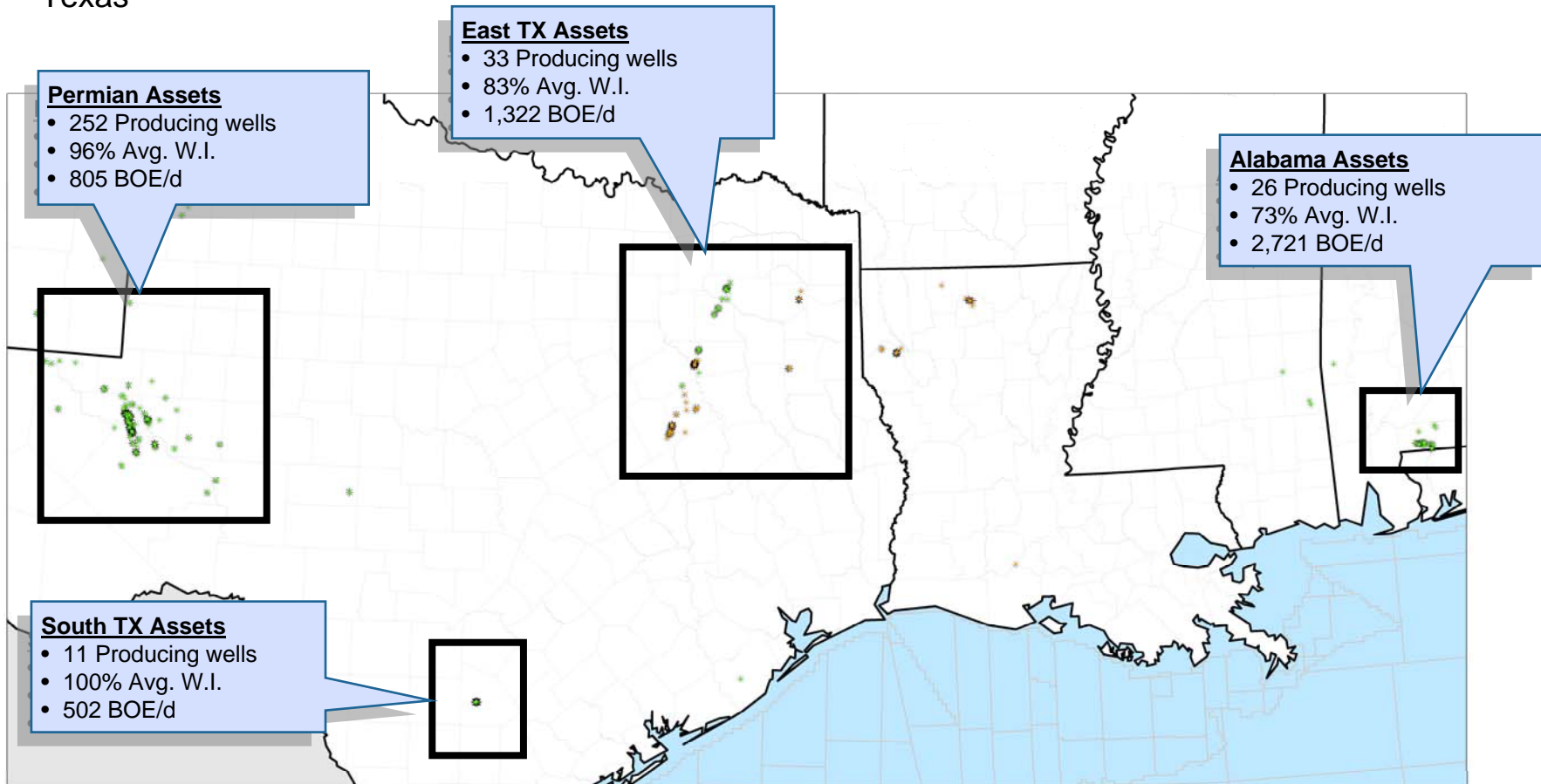
Regeneration + Haynesville Creates Significant Value



Overview of Upstream Business



- Eagle Rock's upstream assets are well-diversified among four producing regions in Alabama and Texas

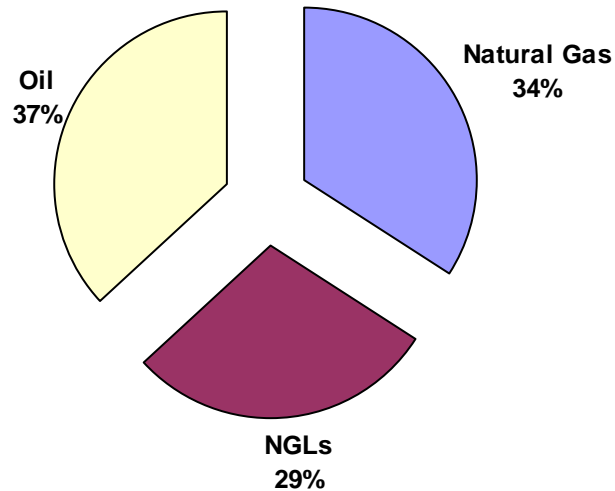


Attractive Proven Reserve Base

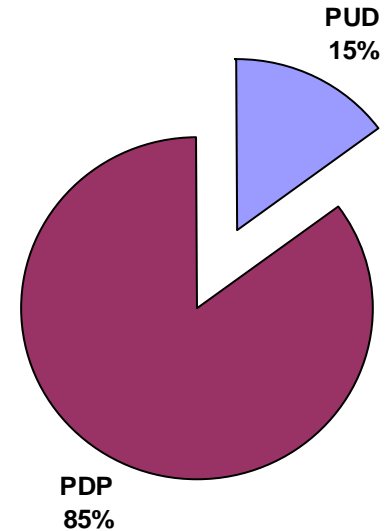


- Eagle Rock's reserves consist of long-life, diversified reserves with a high percentage of PDP

Reserves by Commodity



Reserves by Category



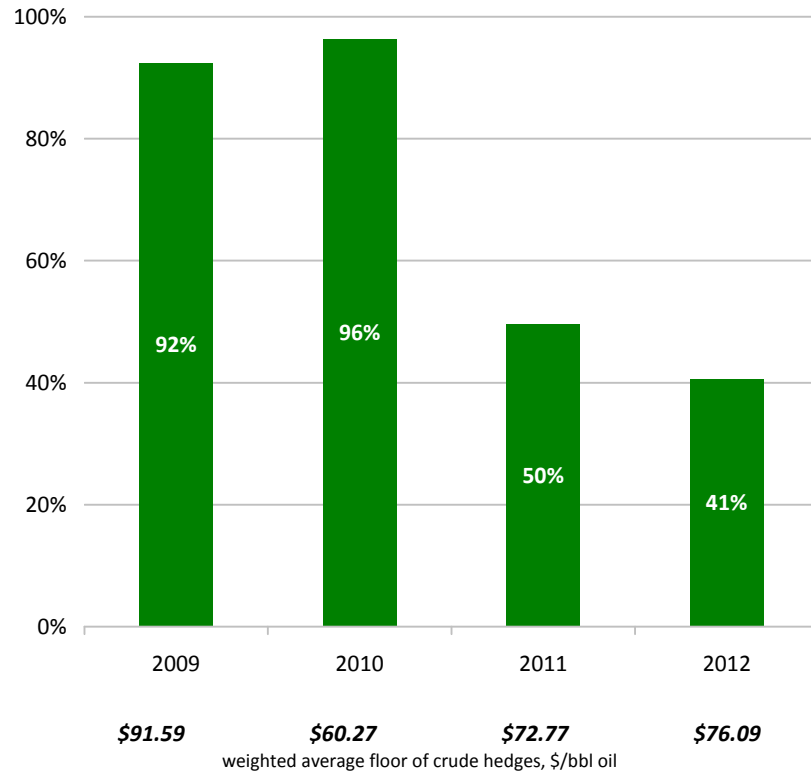
Total Upstream Assets (as of 12/31/08):

- Proved Reserves: 19.5 MMBoe (116.9 Bcfe)
- % PDP: 85%
- Producing Wells: 321 gross operated; 142 non-operated
- Net Production: 5.5 MBoe/d (32.8 MMcfe/d)
- R/P: 10 years
- 2008 F&D Cost: \$8.82 / Boe (\$1.47 / Mcfe)
- 2008 Opex: \$11.16 / Boe (\$1.86 / Mcfe)

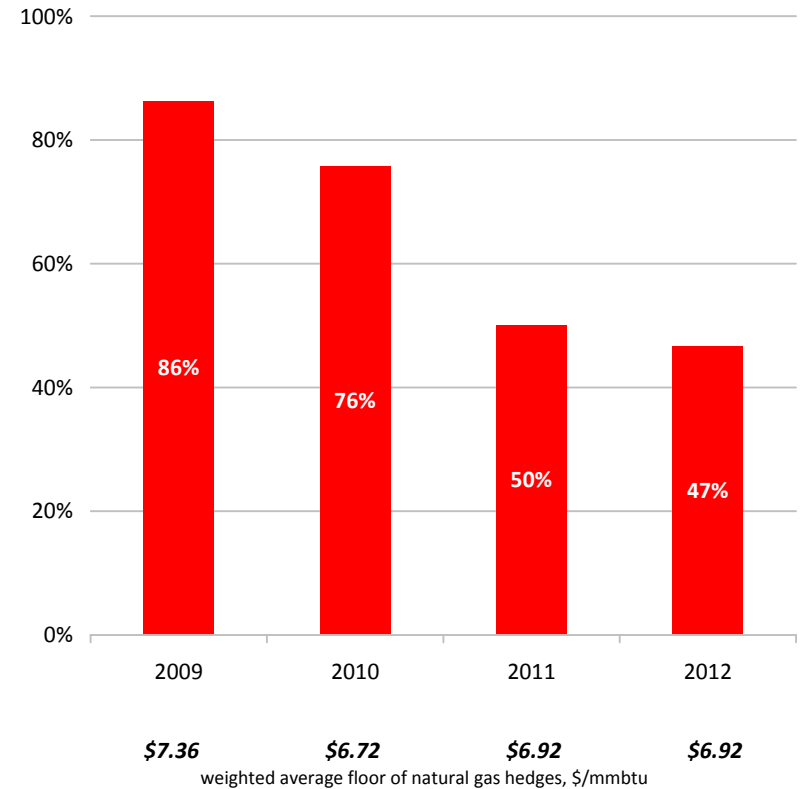
Hedging Update



Crude, Condensate & NGL (>C3) Hedge Level ⁽¹⁾
Percent of Hedgable Volumes



Natural Gas & Ethane Hedge Level ⁽²⁾
Percent of Hedgable Volumes



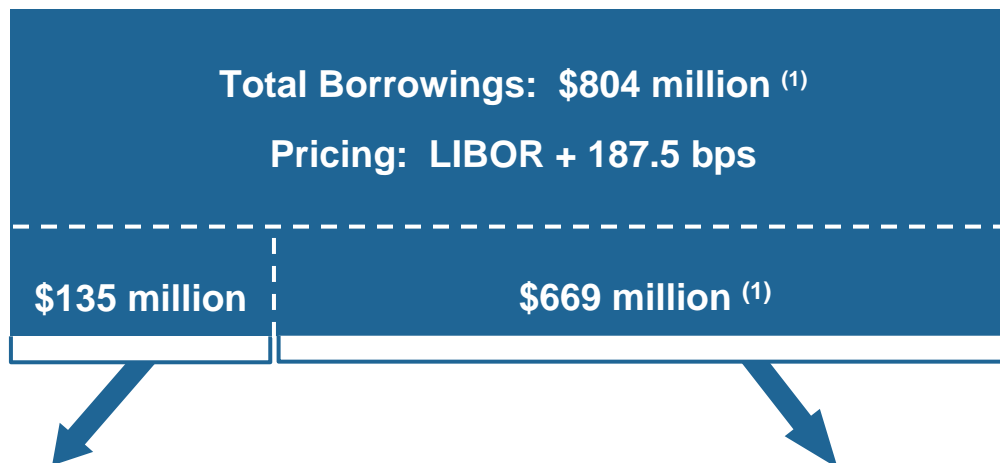
(1) Prices shown reflect average price of crude hedges and exclude price impact of direct product hedges.

(2) Prices shown reflect average price of natural gas hedges and exclude price impact of direct ethane hedges.

Eagle Rock Credit Facility



- Senior secured revolving credit facility with total commitments of \$971 million from 20 financial institutions



Borrowing Base

- Supported by all Upstream properties
- Semi-annual re-determination (negotiated process with banks) currently ongoing; revised borrowing base expected in October

Compliance Tests

- Supported by Midstream and Minerals Businesses
- Compliance tests are based on Midstream and Minerals Adjusted EBITDA and allocated debt

Bank Covenants:

(as of 6/30/09)

- | | | |
|----------------------------|--------|------|
| • Leverage Ratio: | ≤ 5.0x | 4.4x |
| • Interest Coverage Ratio: | > 2.5x | 5.4x |

- ***Management anticipates continued covenant pressure given current commodity price environment***

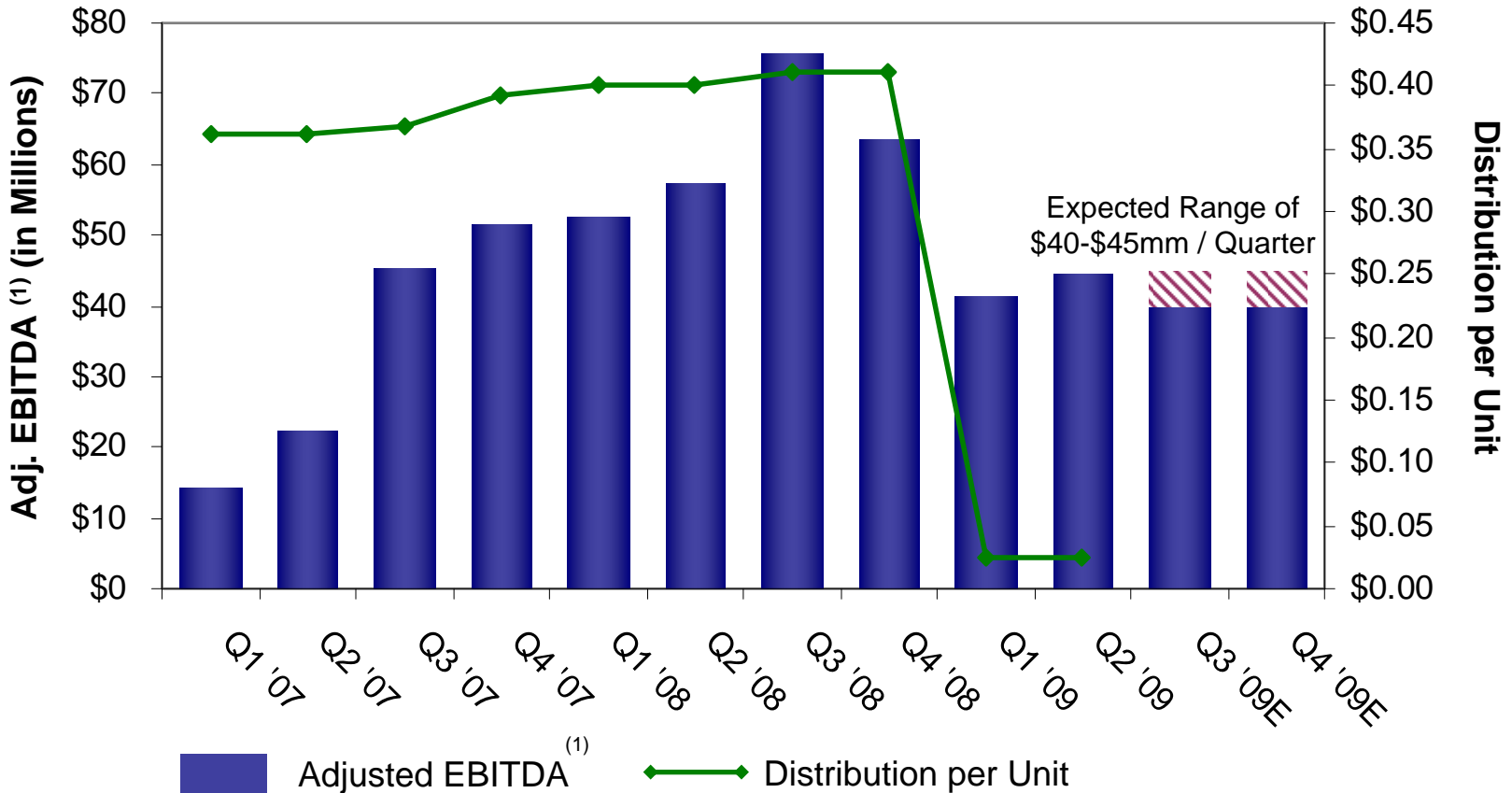
(1) As of June 30, 2009.

Note: Eagle Rock has repaid an additional \$15 million of revolver borrowings since June 30, 2009.

Significant Cash Flow Coverage



- Despite distribution cut, Eagle Rock continues to generate significant cash flow; technical pressure should reverse when meaningful distribution is reinstated



(1) See Appendix for a definition of Adjusted EBITDA and a reconciliation to GAAP net income (loss).

Roadmap to Reinstating Distributions



Management intends to recommend increasing the distribution upon achieving an appropriate leverage ratio and/or improving fundamentals

Means to Achieve Goal

Reduce Debt

- Use near-term cash flow to pay down credit facility borrowings
- Execute possible asset sales, if credit enhancing
- Access new equity

Enhance Adjusted EBITDA

- Benefit from continued improvement in commodity prices (all businesses)
 - Rebound in natural gas price should spur increased drilling activity in core areas (Midstream)
- Fund high-return organic growth projects or attractive bolt-on acquisitions
- Further rationalize operating costs



EAGLE ROCK

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Appendix

Use of Non-GAAP Financial Measures



This presentation includes, and certain statements made during this presentation may include, the non-generally accepted accounting principles, or non-GAAP, financial measures of Adjusted EBITDA. The accompanying non-GAAP financial measures schedule provides reconciliations of Adjusted EBITDA to its most directly comparable financial measure calculated and presented in accordance with accounting principles generally accepted in the United States, or GAAP, with respect to the references to Adjusted EBITDA that are of a historical nature. Where references are forward-looking or prospective in nature, and not based in historical fact, this presentation does not provide a reconciliation. Eagle Rock could not provide such reconciliation without undue hardship because the Adjusted EBITDA numbers included in the presentation, and that may be included in certain statements made during the presentation, are estimations, approximations and/or ranges. In addition, it would be difficult for Eagle Rock to present a detailed reconciliation on account of many unknown variables for the reconciling items. For an example of the reconciliation, please consult the reconciliations included for the historical Adjusted EBITDA numbers in this appendix. Non-GAAP financial measures should not be considered as alternatives to GAAP measures such as net income (loss), operating income (loss), cash flows from operating activities or any other GAAP measure of liquidity or financial performance.

Eagle Rock defines Adjusted EBITDA as net income (loss) plus or (minus) income tax provision (benefit); interest-net, including realized interest rate risk management instruments and other expense; depreciation, depletion and amortization expense, impairment expense; other operating expense, non-recurring; other non-cash operating and general and administrative expenses, including non-cash compensation related to our equity-based compensation program; unrealized (gains) losses on commodity and interest rate risk management related instruments; (gains) losses on discontinued operations and other (income) expenses.

Eagle Rock uses Adjusted EBITDA as a measure of its core profitability to assess the financial performance of its assets. Adjusted EBITDA also is used as a supplemental financial measure by external users of Eagle Rock's financial statements such as investors, commercial banks and research analysts. For example, Eagle Rock's lenders under its revolving credit facility use a variant of Eagle Rock's Adjusted EBITDA in a compliance covenant designed to measure the viability of Eagle Rock and its ability to perform under the terms of its revolving credit facility; Eagle Rock, therefore, uses Adjusted EBITDA to measure its compliance with its revolving credit facility. Eagle Rock believes that investors benefit from having access to the same financial measures that its management uses in evaluating performance. Adjusted EBITDA is useful in determining Eagle Rock's ability to sustain or increase distributions. By excluding unrealized derivative gains (losses), a non-cash, mark-to-market benefit (charge) which represents the change in fair market value of Eagle Rock's executed derivative instruments and is independent of its assets' performance or cash flow generating ability, Eagle Rock believes Adjusted EBITDA reflects more accurately Eagle Rock's ability to generate cash sufficient to pay interest costs, support its level of indebtedness, make cash distributions to its unitholders and general partner and finance its maintenance capital expenditures. Eagle Rock further believes that Adjusted EBITDA also describes more accurately the underlying performance of its operating assets by isolating the performance of its operating assets from the impact of an unrealized, non-cash measure designed to describe the fluctuating inherent value of a financial asset. Similarly, by excluding the impact of non-recurring discontinued operations, Adjusted EBITDA provides users of the Partnership's financial statements a more accurate picture of its current assets' cash generation ability, independently from that of assets which are no longer a part of its operations.

Use of Non-GAAP Financial Measures (Continued)



Eagle Rock's Adjusted EBITDA definition may not be comparable to Adjusted EBITDA or similarly titled measures of other entities, as other entities may not calculate Adjusted EBITDA in the same manner as Eagle Rock. For example, Eagle Rock includes in Adjusted EBITDA the actual settlement revenue created from its commodity hedges by virtue of transactions undertaken by it to reset commodity hedges to higher prices or purchase puts or other similar floors despite the fact that Eagle Rock excludes from Adjusted EBITDA any charge for amortization of the cost of such commodity hedge reset transactions or puts. Eagle Rock has reconciled historical Adjusted EBITDA numbers to the GAAP financial measure of net income (loss) in the appendix to this presentation but has not reconciled prospective Adjusted EBITDA numbers.

Adjusted EBITDA Reconciliation



(\$ in 000's)

	Year Ended December 31,		
	2006	2007	2008
Net Income (loss)	(\$23,314)	(\$145,634)	\$87,520
Add:			
Interest (income) expense, net	30,383	44,587	38,260
Depreciation, depletion, amortization and impairment	43,220	86,308	291,605
Income tax provision (benefit)	1,230	169	(1,116)
EBITDA	\$51,519	(\$14,570)	\$416,269
Add:			
Income from discontinued operations	0	0	0
Risk management portfolio value changes	23,531	144,176	(180,107)
Restricted unit compensation expense	142	2,395	7,694
Other income	0	(696)	(5,328)
Other operating expense	6,000	2,847	10,699
Non-recurring operating items	0	(795)	0
Adjusted EBITDA	\$81,192	\$133,357	\$249,227