

The logo consists of a stylized square icon on the left, composed of three nested squares: an outer green square, a middle white square, and an inner black square. To the right of this icon, the text "KIRKPATRICK OIL COMPANY" is written in a black, serif, all-caps font.

KIRKPATRICK OIL COMPANY

ANNUAL REPORT 2013



OUR MISSION

TO PROFITABLY GROW
RESERVES AND PRODUCTION
WITH A FOCUS ON CRUDE OIL.

CORE VALUES

- ACT WITH A SENSE OF URGENCY.
- MAINTAIN COST-EFFECTIVE OPERATIONS.
- OPTIMIZE RETURN ON INVESTED CAPITAL.
- PRACTICE HIGHEST ETHICAL AND BUSINESS STANDARDS.
- PURSUE VALUE-ENHANCED JOINT VENTURES.
- STRIVE FOR CONSISTENT AND RECOGNIZABLE EXCELLENCE IN ALL DISCIPLINES.

OUR STRATEGY

Generate and drill a balanced portfolio of oil and liquids-rich natural gas prospects.

Apply best practices in all phases of exploration and production operations.

Invest in a spectrum of projects that yield consistent and profitable growth in production volumes and reserves.

Foster strong working relationships with partners in all phases of joint projects.



"Aside from not knowing the price of your product, how much of it you might have and depending on the weather conditions and wars overseas, the oil and gas business can still be a pretty good business!"

- John E. Kirkpatrick

FROM THE CHAIRMAN

CHRISTIAN KEESEE

*Marfa, Texas 2013
Photograph by Susan Simmons*

Dear Employees, Partners and Interest owners,

2013 MARKED ANOTHER SOLID YEAR FOR KIRKPATRICK OIL COMPANY.

As my granddad used to say, "Aside from not knowing the price of your product, how much of it you might have and depending on the weather conditions and wars overseas, the oil and gas business can still be a pretty good business!" **Those words are as true today as when my grandfather spoke them many years ago.**

In 2013, we continued our efforts to assure that Kirkpatrick Oil Company is a great place to work. Those efforts were recently rewarded when we were voted one of the top ten private companies to work for in Oklahoma City! Mike Steele and I are honored to have helped create such an environment, and we will continue to build on this in upcoming years.

New hires during the year included Mike McGinnis as our new Vice President of Operations, Suzanne Green as Senior Production Engineer and Steve O'Connell as Environmental, Health and Safety Manager. We are proud to have them join us and are confident that they will play an integral part in our success in 2014 and beyond.

I would also like to welcome Mr. Jack Horner as an Advisor to our board. Mr. Horner served as Senior Vice President, General Counsel and Corporate Secretary of Kerr-McGee Corporation, and more recently as Executive Vice President of the Transworld Drilling Companies. His expertise and experience will be a tremendous addition to an already distinguished Board of Advisors.

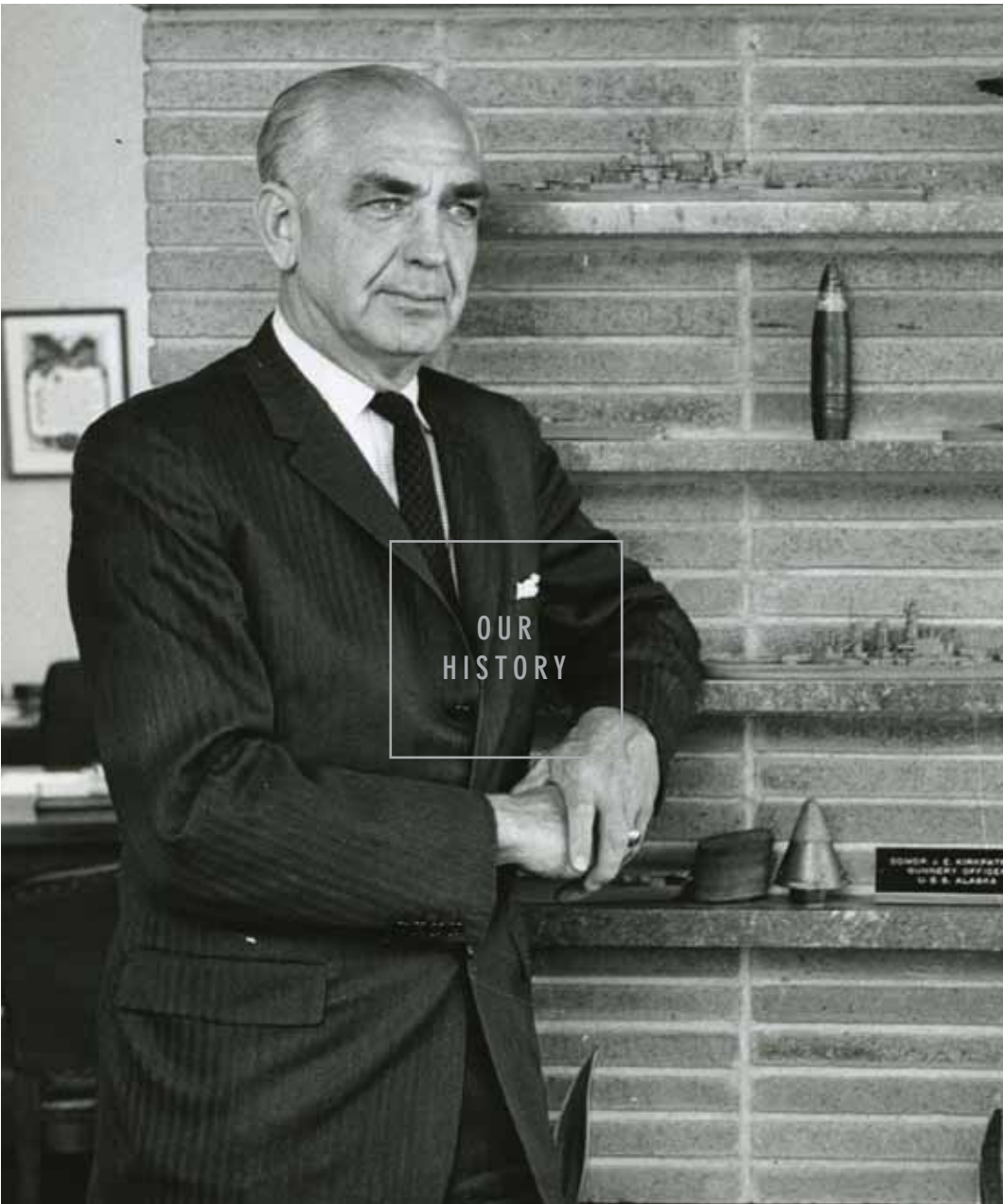
For the long-term, we have begun a two-, three- and five-year planning process that will encompass not only a financial plan, but also a long-term

business plan for Kirkpatrick. Mr. J. Michael Woody, a longtime advisor to our family, is working with Mr. Steele and the management team to best position us for the challenges we will face in the upcoming years.

Whatever your involvement in Kirkpatrick, thank you for helping us in our quest to find more oil and gas and assure our country's energy independence and for making Kirkpatrick a great place to work.

Sincerely,

Christian Keese



JOHN E. KIRKPATRICK

Circa 1958: John E. Kirkpatrick standing by the fireplace in his office at the original Kirkpatrick Oil building, 1300 N. Broadway, Oklahoma City.

THE BUILDING OF A WELL-OILED MACHINE

The evolution of Kirkpatrick Oil Company has been driven by the vibrant personalities of the founding family.

FROM THE ASSIDUOUS WORK ETHIC AND AMBITION OF JOHN KIRKPATRICK'S FATHER-IN-LAW, MACK BLAKE, TO THE POLISHED VISION OF HIS GRANDSON, CHRISTIAN KEESEE, ITS STORY IS THEIR STORY.

Mr. Blake was a judicious entrepreneur who introduced Mr. Kirkpatrick to his first partner in the oil business, Hubert Bale. In 1946, he helped them get a foothold, hiring their firm to drill four wells on a farm he'd bought 20 years before in Pampa, Texas.

The fee they earned launched Kirkpatrick & Bale and they continued drilling on their own until 1950, when Mr. Kirkpatrick purchased Mr. Bale's shares to create the Kirkpatrick Oil Company. It was an excellent time to become an independent proprietor. America's booming economy was fueled by oil, and Mr. Kirkpatrick, a World War II Naval officer, ran a tight ship to make the most of it. He created or acquired subsidiaries as needed, like Kirkpatrick Pipeline, Kirkpatrick Well Servicing and Kirkpatrick Supply, avoiding contractors.

"His mind was clicking all the time," remembers Doug Cummings, operations manager of Kirkpatrick Oil from 1954 to 1973. "He didn't just run out and spend money."

The trait for which Mr. Kirkpatrick is perhaps most widely remembered—and which continues

to thrive in the company culture today—is his ease and reliance on delegating responsibility. Drawing directly on values learned as a child, Mr. Kirkpatrick promoted efficiency by challenging his employees. "My parents didn't give us things," he said. "They gave us responsibilities."

This sense of duty translated into a plainspoken and principled man. "He was an honest, genuine, down-to-earth person," says Mr. Cummings. "He had all the qualities I appreciated in a human being."

Mr. Kirkpatrick reorganized his businesses twice over the years, once in 1957 and again in 1972. This allowed him and his wife, Eleanor, to invest more time in local philanthropy through the Kirkpatrick Foundation and the Oklahoma City Community Foundation.

Although Mr. Keesee's expertise lay in banking, he had attended family meetings since the age of 13. He assumed leadership of Kirkpatrick Oil with the same natural instinct for which his grandfather was known.

"It was a big challenge, but he's truly appreciated his grandfather's objectives," says Mr. Cummings. "His grandfather would be proud of him."

CONTRIBUTING TO THE COMMUNITIES WHERE WE OPERATE

MIDNIGHT STREAK

In 2013, 635 runners competed in the annual fundraising event benefitting Oklahoma Contemporary Arts Center.



photograph by Zach Nash

AT KIRKPATRICK OIL COMPANY, WE BELIEVE THE PATH TO HAVING A POSITIVE IMPACT IN THE WORLD BEGINS BY JOINING FORCES WITH THE COMMUNITIES IN WHICH WE OPERATE BY VOLUNTEERING AND PARTICIPATING IN FUNDRAISING EFFORTS. Our experience shows that we can make a greater impact by partnering with organizations who share our passions for the arts, healthy living, crisis relief and so much more.

Since 1962 Kirkpatrick Oil Company has maintained a district office in Hennessey, OK, and in 2011, completed a new office building in the downtown area. Raw office space within the building is available for rent but is also donated to the community for various events—most notably the Hennessey High School Prom. For the third consecutive year, employees devoted a day

to decorating for this big event. Kirkpatrick Oil Company also shows support to Hennessey with donations to its public schools.

Over the years, Kirkpatrick Oil Company has proudly supported Oklahoma Contemporary (formerly City Arts Center) by sponsoring and volunteering at the Midnight Streak. The Midnight Streak is an annual 5k run and 1-mile fun run. Proceeds from the race go to the Eleanor Kirkpatrick Gallery, supporting arts programming throughout the year and allowing visual arts exhibits to remain free to the public.

The Central and Western Oklahoma Susan G. Komen Race for the Cure is another 5k run with which Kirkpatrick Oil Company has proudly been involved since 2010, and the Team continues to expand each year. This event raises significant funds and awareness for the fight against breast cancer,

celebrates breast cancer survivors, and honors those who have lost their battle with the disease.

New in 2013, Kirkpatrick Oil Company employees created an Outreach Committee to better serve our community.

As a result of the May tornado that devastated Moore, OK, a team of employees volunteered at different facilities to help with recovery efforts. In addition to volunteer work, employees raised funds for the American Red Cross that was matched 100 percent by Kirkpatrick Oil Company.

In August, a team of employees volunteered at Oklahoma Humane Society's Midnight Woofness Mega Adoption Event by working overnight with animals and potential adopters to help over 160 animals find their forever home.

To kick off the holiday season, Kirkpatrick Oil Company hosted our first food drive benefitting

the Regional Food Bank. Next, we sponsored and provided volunteers to the Solo Parent Foundation's Family Mart Event—designed to support single-parent families by allowing young children the opportunity to give gifts to their loved ones. Finally to wrap up the season, Kirkpatrick Oil Company and its employees adopted two families by purchasing gifts and providing a holiday meal.

Kirkpatrick Oil Company is committed to promoting philanthropy and volunteerism and encourages its employees to engage in efforts that can have a meaningful impact on the world in which they live.

2013 HIGHLIGHTS

"Aside from not knowing the price of your product, how much of it you might have and depending on the weather conditions and wars overseas, the oil and gas business can still be a pretty good business!"

- John E. Kirkpatrick

MARSHALL EAST AND OTTER PROJECTS

630 MBOE

The Marshall East and Otter Projects involve the exploitation of unconventional oil- and gas-bearing Cleveland Sandstone reservoirs via horizontal drilling at moderate depths. The initial production was established in 2009, and Kirkpatrick now operates nine Cleveland producers (and two saltwater disposal wells) with cumulative production of over 630 MBOE (57% crude).

Infill drilling is planned for 2014 to recover additional reserves. Also of note is that the Project's held-by-production leases lie within a new fairway of active horizontal drilling for oil-prone Mississippian and Woodford reservoirs. Devon, Slawson and Longfellow are some of the most active operators in the area. Kirkpatrick has the potential to test these deeper objectives across the projects.

YELLOW SUBMARINE PROJECT

200 BOPD

Kirkpatrick is continuing to develop this conventional oil project the "old-fashioned way" with vertical wells. During 2013 Kirkpatrick drilled four new wells into the Marchand Sandstone reservoir and now operates seven producers in the field. The wells are characterized by initial rates of up to 200 BOPD and long-life production.

Additional development drilling is planned for 2014 on this project that encompasses leases across portions of ten sections.

ALDWELL UNIT DEVELOPMENT

25% Rate of Return

A multi-year drilling program continues in the Aldwell Unit located in Reagan County, TX where Kirkpatrick is participating as a non-operating working interest owner with Apache. Anticipated 2014 plans include a nearly continuous one-rig drilling program. Exploitation of the Spraberry and Dean oil and gas reservoirs in the 18,600-acre unit is being done with good success, on 20-acre spacing. New wells are yielding a robust 25 percent rate of return.

TOP HAT PROJECT

110 MBOE In Less Than 1 1/2 Years

This project continues to be a top-rated property for Kirkpatrick. Three additional horizontal wells were drilled and completed following the success of the Thomas 5-27H which has produced 110,000 BOE (63% crude oil) in less than 1½ years. Of note among the three horizontal development wells drilled in 2013 is the Melissa 2-34H completed in May. This well flowed on its own following stimulation for a total of 39,500 BOE in its first three months. Seven months into the life of the well, daily rates average 240 BOED (45% crude oil) after the installation of a submersible pump. During the first quarter of 2014, Kirkpatrick plans to drill one additional horizontal Mississippian development well.

FORTIS AND CASTRA PROSPECTS

Conventional Play

Two new prospects are planned to be tested in 2014 in Northwestern Oklahoma. These prospects will vertically target oil-bearing carbonate reservoirs and will contribute to the conventional portion of Kirkpatrick's portfolio.

2013 OKLAHOMA ACTIVITY

Listed below are a few interesting facts supplied for this publication by Pangea, Inc., a web-based company that provides data to the oil and gas industry for the last 20 years. We appreciate their contribution to this year's annual report.

You can find out more about Pangea, Inc. by visiting their website: pangeadata.com.

2013 ACTIVITY AT THE OKLAHOMA CORPORATION COMMISSION

THERE WERE:

2,080	Force Pooling Applications filed
981	Increased Density Applications filed
2,209	Horizontal Intent to Drill Applications filed (Form 1000)
1,085	Horizontal Completions filed (Form 1002A)
1,622	Vertical Intent to Drill Applications filed (Form 1000)
433	Vertical Completions filed (Form 1002A)

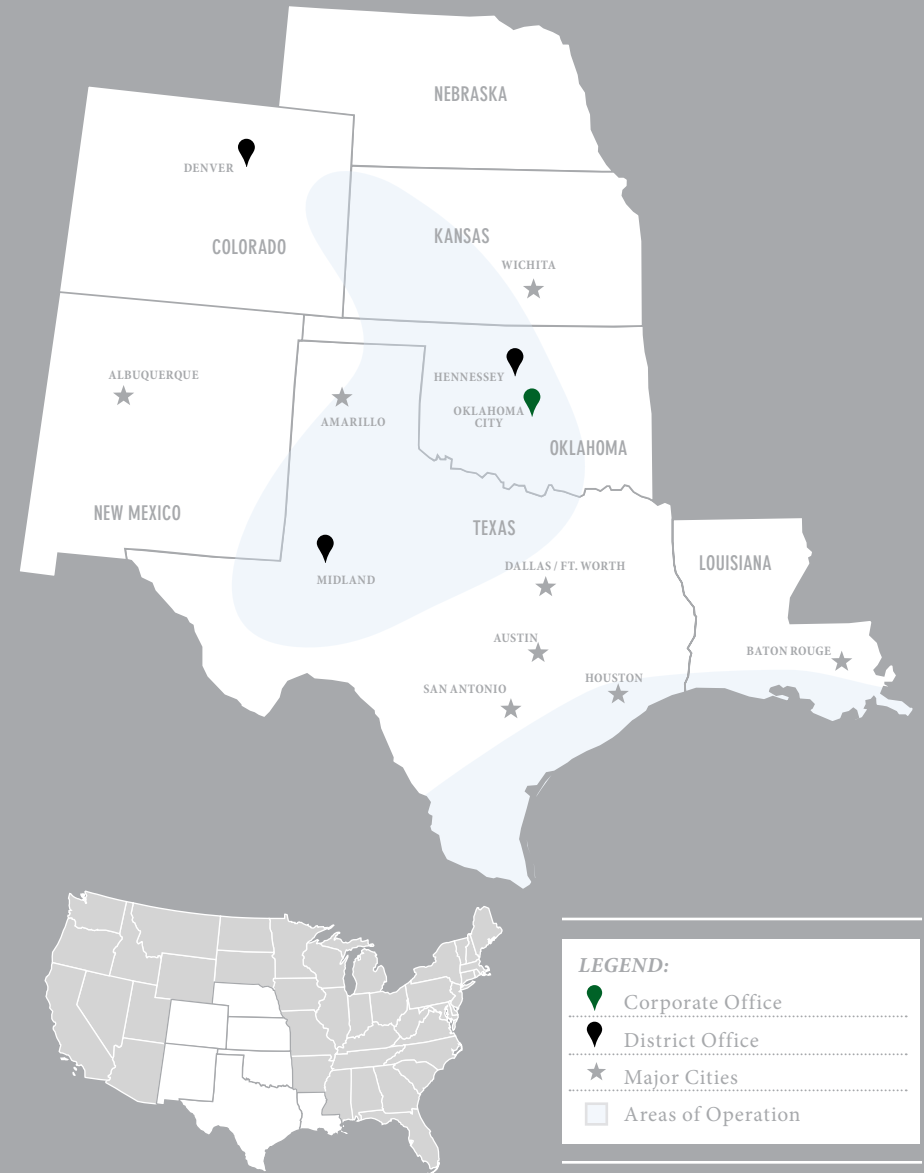
MOST ACTIVE COUNTIES:

Horizontal well completions:	
Alfalfa	191
Woods	127
Roger Mills	103

VERTICAL WELL COMPLETIONS:

Carter	56
Stephens	44
Texas	26

AREAS OF OPERATION





FROM THE PRESIDENT

Unquestionably, the energy business is an ever-changing landscape. Improvements in technology and favorable product prices have resulted in the emergence of new “plays” in old and new areas alike. Most of the industry focus has been on horizontal drilling in “shale” formations, although it seems that all formations are now getting into the game. Not many years ago, crude oil production in the United States was in a downward spiral. It now appears that by 2016, the U.S. may produce a record 9.5 million barrels per day.

Kirkpatrick is positioning itself for the future in many ways. We have a presence in several horizontal plays, while continuing to focus on the development of conventional vertical projects. Kirkpatrick is also reaping rewards from tighter density drilling in its Permian basin assets. Additionally, we are renewing our efforts to build alliances with similar size, like-minded, private companies.

The employees and owners of the Kirkpatrick Oil Company recognize that, with opportunity, there are challenges. We are prepared for and embrace both.

Mike Steele
President

PROFILES

KIRKPATRICK HAS A PROUD HERITAGE IN THE ENERGY BUSINESS. Over the years, we have formed enduring relationships with oil and gas companies, both public and private, that also have built strong reputations based on integrity, perseverance and success. We have chosen to feature a few of those companies in our annual reports for the past two years. Last year we tipped our hat to the accomplishments of *Lew Ward of Ward Petroleum and Walter Duncan of Duncan Oil, LLC*.

This year we have featured the central figures of three other private, Oklahoma-based energy companies: *Jim Crawley of Crawley Petroleum; Sam Viersen and Sam Viersen, Jr. of Vierson Oil and Gas Corporation; and Huston Huffman of H. Huffman and Co.*

We offer our gratitude for the cooperation of those involved at these firms who facilitated our research through interviews, documents, and photographs.





JIM CRAWLEY

S. Kim Hatfield, President of Crawley Petroleum, shown in the field on Unit Rig 327 in 2007 with Jim Crawley, Chairman.

JIM CRAWLEY

CRAWLEY PETROLEUM CORPORATION'S DEBUT IN 1972, THE YEAR BEFORE THE ARAB OIL EMBARGO, WAS A SERENDIPITOUS START THAT FOUNDER JIM CRAWLEY CALLS "A LUCKY BREAK." Nonetheless, those circumstances made clear the advantage of moving in when others were moving out, and the company has employed a counter-cyclical approach ever since.

Due to Mr. Crawley's experience and sound judgment, Crawley Petroleum built its foundation in property acquisition long before technological advances drove down risk in that sector. As the market grew more competitive in the early 1980s, Mr. Crawley shifted focus to operating wells, requiring a more robust organization for which he assembled a highly competent group.

The freedom to buck trends provides a substantial benefit to running a private company, which also enjoys the flexibility to act on fluctuations in the business environment before analysts understand them. In this way, Crawley became an active acquirer after oil prices crashed in the late 1980s, then nimbly ramped up drilling in the late 1990s in anticipation of rising prices. "Public companies are limited by what Wall Street wants to hear," says Mr. Crawley.

Mr. Crawley has historically relied on internal forecasts to guard his company's autonomy in the financial sphere, as well. "Never did we let a bank determine how much we can afford to borrow," he

says. "That has been a fundamental concept from day one."

As oil prices rebounded following the glut of the 1980s, Crawley stayed one step ahead, diversifying into tech and financial startups with the creation of Crawley Ventures in 1992. While Mr. Crawley concedes that "some have been dry holes," his sound sense for evaluating risk and reward has proven equally pertinent in both fields.

"I ask myself if this is someone who can grow a company," he says of a potential startup's owner. "We probably have an opinion on whether they can do what they propose."

A third avenue of investment—the public good—can be traced to a personal affiliation Mr. Crawley enjoyed through the local Harvard Business School club in the 1960s. "One of the things that impressed me most about him was philanthropy—he talked about it a lot," Mr. Crawley recalls of fellow club member John Kirkpatrick. "That a man of that stature was willing to give so much away was an influence." Although many of Mr. Crawley's contributions have been anonymous, today the Crawley Family Foundation supports a range of public needs, from education and literacy to the fine arts. In charitable giving as in private investment, Crawley Petroleum makes the most of its good fortune.



A FAMILY TRADITION

Lloyd Mark Evans with El Dorado Drilling Company, an affiliate of Kirkpatrick Oil Company, shown with Julie Schenk, Jill Johnsons and Jennie Miller, granddaughters of Sam K. Viersen, Sr.

SAM K. VIERSEN & SAM K. VIERSEN, JR.

“SAM K. VIERSEN AND SAM K. VIERSEN, JR. WERE VISIONARY THINKERS,” SAYS CHRIS THOMPSON, VICE PRESIDENT OF LAND AT VIERSEN OIL & GAS COMPANY. “They invested in mineral rights with unreachable deposits knowing technology would catch up.” Indeed, many of the rights they purchased in the 1930s and 1950s—in quantities and at prices unimaginable today—have since paid off handsomely for the company.

In 1955, a stroke obliged Mr. Viersen, Sr. to semi-retire at the age of 55. His son, Sam K. Viersen Jr., immediately assumed leadership of the company. He became the guiding force through the early 1990s, although he relied on his father’s expertise and consulted with him on a daily basis. The arrangement lasted until the senior Viersen’s passing in 1994.

Sam K. Jr. was forward-thinking about investments in human capital. During the bust years of the 1980s, when other companies were downsizing to cut costs, Sam K. Jr. kept more than 100 employees on the payroll. His loyalty was reciprocated; the majority of Viersen’s office staff stayed with the company anywhere between 20 and 40 years.

In November 1995, the firm was shaken again when Sam K. Jr. succumbed to a sudden illness. To remain solvent, Viersen and Cochran Drilling

Company, previously the bedrock of the family business, was liquidated, and a number of smaller entities were merged to form the current framework.

Now a completely non-operating company with working interests or royalties in more than 2,600 wells operated by dependable colleagues like Duncan Oil Properties Inc., Ward Petroleum, Crawley Petroleum, and Kirkpatrick Oil Company, Viersen Oil & Gas Company has shifted focus to the efficient management of vast amounts of data. Departments that were previously isolated are now integrated, and a small staff of 10 collaborates closely to make the most of continuous advances in technology.

Although a distinct enterprise from the one Sam K. Viersen Sr. led, Viersen Oil & Gas Company remains true to the creator’s core principles. The business has never had to service debt, even in the wake of losing its founder and his successor within 18 months. Maralynn Viersen Sant, who took the helm after the passing of her father and brother, counts her employees among the company’s most valuable assets, and gives them the same respect her father and brother did.

“We want to have an office that people enjoy coming to every day,” says Mrs. Sant. “It’s important that the employees are content with their work environment.”

HUSTON HUFFMAN



HUSTON HUFFMAN SR.

H. Huffman & Co. was established in 1950 after 15 years of following opportunities and building relationships. Huston Huffman Sr. believed that long-term viability can only come from careful management.

WHEN HUSTON HUFFMAN GRADUATED FROM YALE IN 1936, HE WAS WELL-POSITIONED FOR A CAREER ON WALL STREET. He had fertile networks from the university and his upbringing in Westchester County, but stocks, bonds, and banks didn't excite him. Instead, summers he spent as a roustabout in Seminole, Oklahoma, sparked a passion for the oil business.

Although the labor was manual—as his son, Huston Huffman, Jr. describes it, “He spent a lot of time on the end of a shovel,”—Mr. Huffman was content to work his way up. Over the next 15 years, he followed opportunities and built relationships from the Midwest to South America.

His first position was with Carter Oil in the fields of southern Illinois, where he met the late Walter Duncan, Jr. of Duncan Oil. Although they never worked together, the two men became friends and enjoyed lifelong amity.

In 1939, after another turn in Seminole, Mr. Huffman served in the Second World War as a naval officer in the Pacific. In testament to his leadership, he was one of the few officers to command every ship on which he served. His son attributes his distinction in the Navy, as in business, to integrity. “He was impeccably honest; his word was his bond,” says the junior Mr. Huffman. “He led by example.”

Shortly after their return to the US, this time to Oklahoma City, Mr. Huffman and a colleague, Jack Malloy, formed Huffman and Malloy. Mr. Huffman capitalized on his East Coast connections to sell interests in drilling partnerships he and Mr. Malloy put together.

The following year, in 1950, Mr. Huffman established H. Huffman & Co. to invest in oil and gas opportunities. He was appointed to the University of Oklahoma Board of Regents in 1967, a responsibility he took seriously and which diverted his attention from the oil business. When he fell ill in the mid-1970s, he handed management of the enterprise over to his son. He passed away in 1980. Huston Jr. has followed his father's conservative practices, staying well capitalized to weather economic and political winds that inevitably arise. Investments Mr. Huffman made—like properties purchased before the 1970s oil, when the price of oil was estimated to increase \$0.10 per barrel over their life—have helped him do so.

While good fortune plays a role, long-term viability can only come from careful management. One of the wisest tenets practiced by father and son at H. Huffman & Co. may also be the simplest. “Spend money like it's your own,” advises Huston Jr. “Because it is.”

MANAGEMENT



MIKE STEELE

*President &
Chief Executive Officer*



CINDY BIRDSONG

*Vice President &
Chief Financial Officer*



MIKE MCGINNIS

Vice President - Operations



JOHN GELDERS

Vice President - Land & Legal



KEN LOEBBER

Geological Director



KEVIN PRESTON

*Reservoir Engineering
Director*





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