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SandRidge Energy, Inc. to Acquire Permian Basin Properties for $800 Million

OKLAHOMA CITY, Nov. 30 /PRNewswire-FirstCall/ -- SandRidge Energy, Inc. (NYSE: SD) today announced that it has entered into a definitive purchase agreement to acquire oil and gas properties in the Permian Basin from Forest Oil Corporation ("Forest") and one of its subsidiaries for $800 million, subject to customary closing conditions and purchase price adjustments. Approximately $720 million of the purchase price is attributable to the reserves and $80 million to undeveloped acreage, equipment and other assets. The company anticipates closing on or before December 31, 2009, and the acquisition will be financed with borrowings under the company's existing credit facility, $200 million of proceeds from the placement of new shares of mandatory convertible preferred stock, and the proceeds of a planned public offering of the company's common stock.

Highlights of Acquired Permian Basin Assets

- Estimated 80 Mmboe (482 Bcfe) of proved reserves (65% oil and NGL) *
- Approximately $1.2 billion total proved and $700 million proved developed estimated present value of future net cash flows discounted at 10% **
- Current daily production of approximately 7,600 Boe (46 Mmcfe)
- Over 90 Mmboe (540 Bcfe) of estimated probable and possible reserves
- Over 90,000 net acres, primarily held by production; 98% operated, increasing company's leasehold in the Permian Basin to over 130,000 net acres
- Concentrated assets in primarily six operated areas, characterized by multiple producing horizons
- Over 1,200 drilling locations
- Oil and NGL expected to increase to approximately 26% of total company production in 2010 from 17% in 2009
- Additional oil hedges have been placed covering a cumulative 11 Mmboe (67 Bcfe) through 2012, locking in $975 MM of oil revenue.
- Approximately 70-75% of 2010 equivalent production hedged at a price of $8.79 per Mcfe.

* Based on internal estimates
** Based on strip prices as of November 18, 2009

Tom Ward, SandRidge Chairman and CEO, commented: "This acquisition of conventional Permian Basin assets significantly increases our ability to develop and produce oil and natural gas from our core West Texas properties. It is a rare situation to acquire legacy operated Permian assets. Further, it is especially unique to acquire a package of quality oil properties for the equivalent of the price of the proved developed reserves and obtaining the undeveloped, probable and possible upside for a nominal amount. We are particularly excited about gaining additional properties, acreage and opportunities in the Central Basin Platform where we expect to expand our successful Clear Fork drilling program. In just a period of about 2 years and running an average of 1.5 rigs, we have increased oil production from this area by 400%. This play currently generates the company's highest returns on invested capital thanks to strong oil prices and low drilling costs. We are planning to increase the number of rigs we have drilling in our Clear Fork development program to six in 2010. We have also reduced commodity price risk associated with this acquisition by entering into additional oil hedges, which locks in $975 million of future revenue through 2012. In 2010 after completing this acquisition, which will be accretive to cash flow per share and will improve our debt per Mcfe of production and reserves, SandRidge will have an enviable base to develop gas in the Pinon Field, develop oil in the Central Basin Platform and explore for new gas fields in the West Texas Overthrust."

Operational Guidance

SandRidge is updating below its guidance for the year ending December 31, 2010, which reflects the planned acquisition of the Permian Basin assets as described above.

	Year Ending December 31, 2010	
	Previous Projection as of November 12, 2009	**Updated Projection as of November 30, 2009**
Production		
Natural Gas (Bcf)	96	99 - 100
Crude Oil (MMBbls)	4	5.1 - 5.8
Total (Bcfe)	120	130 - 135
Differentials		
Natural Gas	$0.90 - $0.95	$0.90 - $0.95
Crude Oil	7.00	7.00
Costs per Mcfe		
Lifting	$1.58 - $1.74	$1.58 - $1.74
Production Taxes	0.20 - 0.25	0.20 - 0.25
DD&A - oil & gas	1.29 - 1.42	1.29 - 1.42
DD&A - other	0.40 - 0.44	0.37 - 0.41
Total DD&A	$1.69 - $1.86	$1.66 - $1.83
G&A - cash	0.67 - 0.78	0.62 - 0.68
G&A - stock	0.26 - 0.29	0.22 - 0.25
Total G&A	$0.93 - $1.07	$0.84 - $0.93
Interest Expense	$1.55 - $1.71	$1.63 - $1.80
Corporate Tax Rate	0%	0%
Deferral Rate	0%	0%
Shares Outstanding at End of Period (in millions)		
Common Stock	187.3	212.9
Preferred Stock (converted)	33.1	51.5
Fully Diluted	220.4	264.4
Capital Expenditures ($ in millions)		
Exploration and Production	$615	$715
Land and Seismic	30	35
Total Exploration and Production	$645	$750
Oil Field Services	5	5
Midstream and Other *	100	105
Total Capital Expenditures	$750	$860

* Includes up to $70 million in capital expenditures for midstream assets that the company intends to offer for sale to Pinon Gathering Company, LLC ("PGC"). PGC is not obligated to purchase such assets, but the company's agreement with PGC contemplates such additional transactions.

Derivative Contracts
The table below sets forth SandRidge's natural gas price and basis swaps and crude oil swaps through 2013, as of November 29, 2009.

	Year Ending				
	12/31/2009	**12/31/2010**	**12/31/2011**	**12/31/2012**	**12/31/2013**
Natural Gas Swaps:					
Volume (Bcf)	79.35	80.29	0.00	0.00	0.00
Swap	$8.42	$7.70	NM	NM	NM
Natural Gas Basis Swaps:					
Volume (Bcf)	69.35	82.13	104.03	113.46	14.60
Swap	$0.74	$0.74	$0.47	$0.55	$0.46
Crude Oil Swaps:					
Volume (MMBbls)	0.18	2.92	4.02	4.39	0.00
Swap	$126.55	$82.78	$86.53	$88.26	NM

Reserve Data

The estimates of reserves and production for the oil and gas properties the company is acquiring from Forest as described above are based on estimates of the company's engineers without review by an independent petroleum engineering firm. Data used to make these estimates were furnished by Forest, and such estimates are consistent with the estimates provided by Forest as of November 1, 2009. We cannot assure you that these estimates of proved reserves and production are accurate. After such data is reviewed by an independent petroleum engineering firm, the reserves and production data in respect of these assets may differ materially from the amounts indicated above.

Conference Call Information

The company will host a conference call on Monday, November 30, 2009 at 4:00 pm CST. The telephone number to access the conference call from within the U.S. is 866-383-8008 and from outside the U.S. is 617-597-5341. The passcode for the call is 50687948. An audio replay of the call will be available at 7:00 pm CST on November 30, 2009 until 11:59 pm CST on December 30, 2009. The number to access the conference call replay from within the U.S. is 888-286-8010 and from outside the U.S. is 617-801-6888. The passcode for the replay is 71965315.

A live audio webcast of the conference call also will be available via SandRidge's website, www.sandridgeenergy.com, under Investor Relations/Events. The webcast will be archived for replay on the company's website for 30 days.

Cautionary Note to Investors - This press release 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, including, but not limited to, the information appearing under the heading "Operational Guidance." These statements express a belief, expectation or intention and are generally accompanied by words that convey projected future events or outcomes. The forward-looking statements include projections and estimates of future natural gas and crude oil production, pricing differentials, operating costs and capital spending, and descriptions of our development plans. We have based these forward-looking statements on our current expectations and

assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual results and developments will conform with our expectations and predictions is subject to a number of risks and uncertainties, including the volatility of natural gas and oil prices, our success in discovering, estimating, developing and replacing natural gas and oil reserves, the availability and terms of capital, the ability of counterparties to transactions with us to meet their obligations, our timely execution of hedge transactions, credit conditions of global capital markets, the duration and gravity of the recession, construction risks related to the Century Plant, including the reliance we place on third parties, the amount and timing of future development costs, the availability and demand for alternative energy sources, regulatory changes, including those related to carbon dioxide, our ability to complete the acquisition of certain assets from Forest Oil Corporation, and other factors, many of which are beyond our control. We refer you to the discussion of risk factors in Part I, Item 1A - "Risk Factors" of the Annual Report on Form 10-K we filed with the U.S. Securities and Exchange Commission (the "SEC") on February 26, 2009 and in Part II, Item 1A – "Risk Factors" of the Quarterly Report on Form 10-Q we filed with the SEC on November 5, 2009. All of the forward-looking statements made in this press release are qualified by these cautionary statements. The actual results or developments anticipated may not be realized or, even if substantially realized, they may not have the expected consequences to or effects on our company or our business or operations. Such statements are not guarantees of future performance and actual results or developments may differ materially from those projected in the forward-looking statements. We undertake no obligation to update or revise any forward-looking statements.

SandRidge Energy, Inc. is a natural gas and crude oil company headquartered in Oklahoma City, Oklahoma with its principal focus on exploration and production. SandRidge and its subsidiaries also own and operate gas gathering and processing facilities and CO2 treating and transportation facilities and conduct marketing and tertiary oil recovery operations. In addition, Lariat Services, Inc., a wholly-owned subsidiary of SandRidge, owns and operates a drilling rig and related oil field services business. SandRidge focuses its exploration and production activities in West Texas, the Cotton Valley Trend in East Texas, the Gulf Coast, the Mid-Continent, and the Gulf of Mexico. SandRidge's internet address is www.sandridgeenergy.com.

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