SANDRIDGE ENERGY INC
Form S-1
January 05, 2012

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As filed with the Securities and Exchange Commission on January 5, 2012

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

REGISTRATION STATEMENT

UNDER
THE SECURITIES ACT OF 1933

FORM S-1	**FORM S-3**
SandRidge Mississippian Trust II (Exact name of co-registrant as specified in its charter)	**SandRidge Energy, Inc.** (Exact name of co-registrant as specified in its charter)
Delaware (State or other jurisdiction of incorporation or organization)	**Delaware** (State or other jurisdiction of incorporation or organization)
1311 (Primary Standard Industrial Classification Code Number)	**1311** (Primary Standard Industrial Classification Code Number)
30-0709968 (I.R.S. Employer Identification No.)	**20-8084793** (I.R.S. Employer Identification No.)
919 Congress Avenue, Suite 500 **Austin, Texas 78701** **(512) 236-6599** (Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)	**123 Robert S. Kerr Avenue** **Oklahoma City, Oklahoma 73102** **(405) 429-5500** (Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)
Michael J. Ulrich **The Bank of New York Mellon Trust Company, N.A.** **919 Congress Avenue, Suite 500** **Austin, Texas 78701** **(512) 236-6599** (Name, address, including zip code, and telephone number, including area code, of agent for service)	**Tom L. Ward** **Chairman and Chief Executive Officer** **SandRidge Energy, Inc.** **123 Robert S. Kerr Avenue** **Oklahoma City, Oklahoma 73102** **(405) 429-5500** (Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public:
As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

SandRidge Mississippian Trust II

Large accelerated filer o	Accelerated filer o	Non-accelerated filer ý (Do not check if a smaller reporting company)	Smaller reporting company o

SandRidge Energy, Inc.

Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Calculation of Registration Fee

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Common Units representing Beneficial Interests in SandRidge Mississippian Trust II	$603,750,000	$69,189.75

(1) Includes common units issuable upon exercise of the underwriters' over-allotment option.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o).

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and no solicitation of offers to buy these securities in any state where the offer or sale is not permitted will be made.

PROSPECTUS (Subject to Completion)
Issued January 5, 2012

25,000,000 Common Units

SandRidge Mississippian Trust II

Representing Beneficial Interests

This is an initial public offering of common units representing beneficial interests in SandRidge Mississippian Trust II. The trust is selling all of the units offered hereby. SandRidge Energy, Inc. ("SandRidge") will convey to the trust certain royalty interests in exchange for the net proceeds of this offering and common and subordinated units collectively representing a 48.2% beneficial interest in the trust (without giving effect to the exercise of the underwriters' over-allotment option). SandRidge anticipates that the initial public offering price will be between $ and $ per common unit.

The trust intends to apply to have the common units approved for listing on the New York Stock Exchange under the symbol "SDR."

The Trust Units.** **Trust units, consisting of common and subordinated units, are units representing beneficial interests in the trust and represent undivided beneficial interests in the property of the trust. They do not represent any interest in SandRidge.

The Trust.** **The trust will own overriding royalty interests in certain of SandRidge's properties in the Mississippian formation in northern Oklahoma and southern Kansas. These royalty interests will entitle the trust to receive, after the deduction of certain costs, (a) 80% of the proceeds attributable to SandRidge's net revenue interest in the sale of production from 67 producing wells and (b) 70% of the proceeds attributable to SandRidge's net revenue interest in the sale of production from 206 development wells to be drilled within an area of mutual interest consisting of approximately 81,200 gross acres (53,000 net acres) held by SandRidge. The trust will not be responsible for any costs related to the operation of the producing wells or the drilling or operation of the development wells. The trust will be treated as a partnership for U.S. federal income tax purposes.

The Trust Unitholders.** **As a trust unitholder, you will receive quarterly distributions of cash from the proceeds that the trust receives from SandRidge's sale of oil and natural gas subject to the royalty interests to be held by the trust. The distributions will also reflect hedges entered into pursuant to a derivatives agreement between the trust and SandRidge, as well as hedges entered into by the trust directly with unaffiliated hedge counterparties. For information on target distributions and related matters pertinent to trust unitholders, please see "Target Distributions and Subordination and Incentive Thresholds."

Investing in the common units involves risks. See "Risk Factors" beginning on page 20.

These risks include the following:

- ***Drilling for and producing oil and natural gas involves many risks that could delay the anticipated drilling schedule for the development wells to be drilled by SandRidge, which could adversely affect future production and decrease cash distributions to unitholders.***
- ***Oil and natural gas price fluctuations could reduce proceeds to the trust and cash distributions to unitholders.***
- ***Actual reserves and future production may be less than current estimates.***

Estimates of target distributions to unitholders are based on assumptions that are inherently subjective and are subject to significant risks and uncertainties.

The hedging arrangements will cover only a portion of the expected production attributable to the trust, and such arrangements will limit the trust's ability to benefit from commodity price increases for hedged volumes above the corresponding hedge price.

If the trust were treated as a corporation for U.S. federal income tax purposes, then its cash available for distribution to unitholders would be substantially reduced.

If the IRS contests the tax positions the trust takes, the value of the trust units may be adversely affected, the cost of any IRS contest will reduce the trust's cash available for distribution and income, gain, loss and deduction may be reallocated among trust unitholders.

The tax treatment of an investment in trust units could be affected by potential legislative changes, possibly on a retroactive basis.

PRICE $ A COMMON UNIT

	Price to Public	***Underwriting Discounts and Commissions(1)***	***Proceeds to Trust(2)***
Per Common Unit	*$*	*$*	*$*
Total	*$*	*$*	*$*

(1) *Excludes a structuring fee equal to .5% of the gross proceeds of this offering, or approximately $ million, payable to Morgan Stanley & Co. LLC and Raymond James & Associates, Inc.*

(2) *The trust will deliver all of the proceeds it receives in this offering to one or more SandRidge subsidiaries. See "Use of Proceeds."*

The trust has granted the underwriters the right to purchase up to an additional 3,750,000 common units to cover over-allotments.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the common units to purchasers on , 2012 .

MORGAN STANLEY *RAYMOND JAMES*

, 2012

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IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS

You should rely only on the information contained in this prospectus or in any free writing prospectus the trust may authorize to be delivered to you. Until   , 2012 (25 days after the date of this prospectus), federal securities laws may require all dealers that effect transactions in the common units, whether or not participating in this offering, to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

The trust and SandRidge have not, and the underwriters have not, authorized anyone to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. This prospectus is not an offer to sell or a solicitation of an offer to buy the common units in any jurisdiction where such offer and sale would be unlawful. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this document. The trust's and SandRidge's business, financial condition, results of operations and prospects may have changed since such date.

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SUMMARY

This summary provides a brief overview of information contained elsewhere in this prospectus. To understand this offering fully, you should read the entire prospectus carefully, including the risk factors and the financial statements and notes to those statements. Definitions for terms relating to the oil and natural gas business can be found in "Glossary of Certain Oil and Natural Gas Terms and Terms Related to the Trust." Netherland, Sewell & Associates, Inc., referred to in this prospectus as "Netherland Sewell," an independent engineering firm, provided the estimates of proved and probable oil and natural gas reserves as of December 31, 2011 included in this prospectus. These estimates are contained in summaries prepared by Netherland Sewell of its reserve reports for (1) the oil and natural gas properties held by SandRidge from which the royalty interests will be conveyed to the trust (the "Underlying Properties"), dated January 2, 2012, and (2) the royalty interests to be held by the trust, dated January 3, 2012. These summaries are included as Annex A to this prospectus and are referred to in this prospectus as the "reserve report."

References to "SandRidge" in this prospectus are to SandRidge Energy, Inc. and, where the context requires, one or more of its subsidiaries. The royalty interests to be conveyed to the trust are sometimes referred to as the "trust properties."

Unless otherwise indicated, all information in this prospectus assumes an initial public offering price of $ per common unit and no exercise of the underwriters' over-allotment option.

SandRidge Mississippian Trust II

SandRidge Mississippian Trust II is a Delaware statutory trust formed in December 2011 to own (a) overriding royalty interests to be conveyed to the trust by SandRidge in 67 producing horizontal wells, including 13 wells currently awaiting completion (the "Producing Wells"), in the Mississippian formation in northern Oklahoma and southern Kansas, and (b) overriding royalty interests in 206 horizontal development wells (calculated as described under "   The Development Wells") to be drilled in the Mississippian formation (the "Development Wells") on properties within an Area of Mutual Interest (the "AMI"). The AMI, which is limited to the Mississippian formation and consists of approximately 81,200 gross acres (53,000 net acres) held by SandRidge, is depicted by the area identified on the inside front cover of this prospectus. The Mississippian formation is encountered at depths between approximately 4,000 feet and 7,000 feet and lies stratigraphically between the Pennsylvanian-aged Morrow formation and the Devonian-aged Woodford Shale formation. SandRidge intends to drill, or cause to be drilled, the Development Wells in the AMI by December 31, 2015 and is obligated to complete such drilling by December 31, 2016. Until SandRidge has satisfied its drilling obligation to the trust, it will not be permitted to drill and complete any wells for its own account within the AMI. See "The Trust   Development Agreement and Drilling Support Lien   Additional Provisions."

The royalty interests will be conveyed from SandRidge's interest in the Producing Wells and the Development Wells effective as of January 1, 2012. The royalty interest in the Producing Wells (the "PDP Royalty Interest") entitles the trust to receive 80% of the proceeds (exclusive of any production or development costs but after deducting post-production costs and any applicable taxes) from the sale of production of oil and natural gas attributable to SandRidge's net revenue interest in the Producing Wells. The royalty interest in the Development Wells (the "Development Royalty Interest") entitles the trust to receive 70% of the proceeds (exclusive of any production or development costs but after deducting post-production costs and any applicable taxes) from the sale of oil and natural gas production attributable to SandRidge's net revenue interest in the Development Wells.

As of December 31, 2011, the total proved reserves estimated to be attributable to the trust were 26.1 million barrels of oil equivalent ("MMBoe"). This amount includes 10.2 MMBoe attributable to the PDP Royalty Interest and 15.9 MMBoe attributable to the Development Royalty Interest. The proved reserves consist of 46.8% oil and 53.2% natural gas. In addition, as of December 31, 2011, there were 9.8 MMBoe of probable reserves estimated to be attributable to the trust, all of which were attributable to

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the Development Royalty Interest. The probable reserves consist of 46.9% oil and 53.1% natural gas. Please see "The Underlying Properties Oil and Natural Gas Reserves" and "The Underlying Properties The Reserve Report" for information about the estimated reserves attributable to the trust.

The percentage of production proceeds to be received by the trust with respect to a well will equal the product of (a) the percentage of proceeds to which the trust is entitled under the terms of the conveyances (80% for the Producing Wells and 70% for the Development Wells) multiplied by (b) SandRidge's net revenue interest in the well. SandRidge on average owns a 53.6% net revenue interest in the Producing Wells. Therefore, the trust will have an average 42.9% net revenue interest in the Producing Wells. SandRidge on average owns a 47.4% net revenue interest in the properties in the AMI on which it expects to drill the Development Wells, and based on this net revenue interest, the trust would have an average 33.2% net revenue interest in the Development Wells. SandRidge's actual net revenue interest in any particular Producing Well or Development Well may differ from these averages.

The trust will not be responsible for any costs related to the drilling of the Development Wells or any other operating and capital costs, except for certain taxes and other post-production costs. The trust's cash receipts in respect of the trust properties will be determined after deducting post-production costs and any applicable taxes associated with the PDP Royalty Interest and the Development Royalty Interest. Post-production costs and applicable taxes will generally consist of production and severance taxes and costs incurred to gather, store, compress, transport, process, treat, dehydrate and market the oil and natural gas produced. However, the trust will not be responsible for costs of marketing services provided by SandRidge. Cash distributions to unitholders will reflect hedging arrangements, as well as trust general and administrative expenses.

Hedging arrangements covering a portion of expected production will be implemented in two ways. First, SandRidge will enter into a derivatives agreement with the trust to provide the trust with the economic effect of specified hedge contracts entered into between SandRidge and unaffiliated counterparties. Under the derivatives agreement, SandRidge will pay the trust amounts it receives from its hedge counterparties, and the trust will pay SandRidge any amounts that SandRidge is required to pay such counterparties. Second, the trust will enter into hedge contracts directly with unaffiliated hedge counterparties. As a party to these contracts, the trust will receive payments directly from its counterparties, and be required to pay any amounts owed directly to its counterparties. Under the combined hedging arrangements, approximately % of the expected production and % of the expected revenues upon which the target distributions are based from through will be hedged. Under the derivatives agreement, as Development Wells are drilled, SandRidge will have the right to novate to the trust any of the SandRidge-provided hedges in certain circumstances. Please see "The Trust Hedging Arrangements" and "Target Distributions and Subordination and Incentive Thresholds."

The trust will make quarterly cash distributions of substantially all of its cash receipts, after deducting the trust's administrative expenses, on or about 60 days following the completion of each quarter through (and including) the quarter ending December 31, 2031. The first distribution, which will cover the first quarter of 2012 (consisting of proceeds attributable to two months of production due to the timing of payment of production proceeds to the trust), is expected to be made on or about May 30, 2012 to record unitholders as of May 15, 2012. The trustee intends to withhold $1.0 million from the first distribution to establish a cash reserve available for trust administrative expenses.

The PDP Royalty Interest and the Development Royalty Interest will each consist of two separate royalty interests conveyed by SandRidge to the trust: (a) a term overriding royalty interest for a period of 20 years commencing on January 1, 2012 and ending on December 31, 2031 (the "Term Royalties") and (b) an overriding royalty interest in all oil and natural gas that may be produced from the subject properties (the "Perpetual Royalties"). The trust will dissolve and begin to liquidate on December 31, 2031 (such date is referred to as the "Termination Date") and will soon thereafter wind up its affairs and terminate. At the Termination Date, the Term Royalties will revert automatically to SandRidge. Following

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the Termination Date, the Perpetual Royalties will be sold by the trust, and the net proceeds of the sale, as well as any remaining trust cash reserves, will be distributed to the unitholders pro rata. SandRidge will have a right of first refusal to purchase the Perpetual Royalties from the trust following the Termination Date.

SandRidge will retain 20% of the proceeds from the sale of oil and natural gas attributable to its net revenue interest in the Producing Wells, as well as 30% of the proceeds from the sale of future production attributable to its net revenue interest in the Development Wells. SandRidge initially will own 48.2% of the trust units (without giving effect to the exercise of the underwriters' over-allotment option). By virtue of SandRidge's retained interest in the Producing Wells and the Development Wells, as well as its ownership of 48.2% of the trust units, it will have an effective average net revenue interest of 31.4% in the Producing Wells and 30.2% in the Development Wells, compared with an effective average net revenue interest for the holders of trust units other than SandRidge of 22.2% in the Producing Wells and 17.2% in the Development Wells.

SandRidge operates 79% of the Producing Wells and expects to operate approximately 67% of the Development Wells during the subordination period described herein. In addition, for those wells it operates, SandRidge has agreed to operate the properties and cause to be marketed oil and natural gas produced from these properties in the same manner it would if such properties were not burdened by the royalty interests.

The business and affairs of the trust will be managed by The Bank of New York Mellon Trust Company, N.A., as trustee. However, the trustee will have no ability to manage or influence the operation of the Underlying Properties. SandRidge expects to operate substantially all of the Underlying Properties, but will have no ability to manage or influence the management of the trust except through its limited voting rights as a holder of trust units and its limited ability to manage the hedging program. Please see "The Trust Hedging Arrangements," "The Trust Administrative Services Agreement" and "Description of the Trust Units Voting Rights of Trust Unitholders."

The principal offices of the trust are located at 919 Congress Avenue, Suite 500, Austin, Texas 78701, and its telephone number is (512) 236-6599.

The Development Wells

Pursuant to a development agreement with the trust, SandRidge intends to drill, or cause to be drilled, 206 Development Wells in the AMI by December 31, 2015 and is obligated to complete such drilling by December 31, 2016. SandRidge will be credited for drilling one full Development Well if the perforated length of the well bore (or the length of the well bore that is otherwise made ready to commence stimulation, which is also referred to in this prospectus as the "perforated length") is between 3,500 feet and 4,500 feet and SandRidge's net revenue interest in the well is equal to 47.4%. For wells with a perforated length of less than 3,500 feet, SandRidge will receive credit in the proportion that the well's perforated length bears to 3,500 feet, and for wells with a perforated length of more than 4,500 feet, SandRidge will receive credit in the proportion that the well's perforated length bears to 4,500 feet. For wells in which SandRidge has a net revenue interest greater than or less than 47.4%, SandRidge will receive credit for such well in the proportion that its net revenue interest in the well bears to 47.4%. As a result, SandRidge may be required to drill more or less than 206 wells in order to fulfill its drilling obligation. See "The Trust Development Agreement and Drilling Support Lien."

Under the development agreement, SandRidge is required to adhere to a reasonably prudent operator standard, which requires that it act with respect to the Underlying Properties as it would act with respect to its own properties, disregarding the existence of the royalty interests as burdens affecting such property. Accordingly, SandRidge expects that the average perforated length of future well bores will be generally consistent with the perforated length of the completed Producing Wells and other Mississippian wells outside of the AMI that have been drilled and completed by SandRidge or for its account. However,

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due to the complexity of well completions and future developments in completion technologies, it may be appropriate in some instances to complete longer or shorter wells. The completed Producing Wells and 121 other Mississippian wells outside of the AMI that have been completed by SandRidge have an average perforated length of approximately 4,200 feet.

SandRidge Exploration and Production, LLC ("SandRidge E&P"), a wholly owned subsidiary of SandRidge, will grant to the trust a lien on its interests in the AMI (except the Producing Wells and any other wells that are already producing and not subject to the royalty interests) in order to secure the estimated amount of the drilling costs for the trust's interests in the Development Wells (the "Drilling Support Lien"). The amount obtained by the trust pursuant to the Drilling Support Lien may not exceed approximately $ million. As SandRidge fulfills its drilling obligation over time, Development Wells that are completed or that are perforated (or made ready to commence stimulation) for completion and then plugged and abandoned will be released from the Drilling Support Lien and the total dollar amount that may be recovered by the trust for any failure by SandRidge to fulfill its drilling obligation will be proportionately reduced. After SandRidge has satisfied its drilling obligation under the development agreement, it may sell, without the consent or approval of the trust unitholders, all or any part of its interest in the Underlying Properties, as long as such sale is subject to and burdened by the royalty interests.

Underlying Properties

The Underlying Properties are located in Noble, Kay, Alfalfa, Grant and Woods counties in northern Oklahoma and Harper, Comanche, Sumner and Barber counties in southern Kansas in the Mississippian formation, which is an expansive carbonate hydrocarbon system located on the Anadarko Shelf. The top of the formation is encountered between 4,000 feet and 7,000 feet and lies stratigraphically between the Pennsylvanian-aged Morrow formation and the Devonian-aged Woodford Shale formation. The Mississippian formation can reach 1,000 feet in gross thickness and the targeted porosity zone is between 50 and 100 feet in thickness. The formation's geology is well understood as a result of the thousands of vertical wells drilled and produced there since the 1940s, including approximately 73 vertical wells drilled on the Underlying Properties, and over 400 horizontal wells drilled in the region in the Mississippian formation, as discussed below.

In 2007, the application of horizontal cased-hole drilling and multi-stage hydraulic fracturing treatments demonstrated the potential for extracting significant additional quantities of oil and natural gas from the formation. Since the beginning of 2009, there have been over 400 horizontal wells drilled in the Mississippian formation in northern Oklahoma and southern Kansas, including 205 drilled by SandRidge. From December 31, 2010 to December 31, 2011, the number of SandRidge's producing horizontal wells in the Mississippian formation increased from 37 to 174. As of December 31, 2011, there were approximately 43 horizontal rigs drilling in the formation, with 19 of those rigs drilling for SandRidge. While horizontal wells are more expensive than vertical wells, a horizontal well bore increases the production of hydrocarbons and adds significant recoverable reserves per well. In addition, one horizontal well is the effective equivalent of several vertical wells and, as a result, better returns on drilling investments may be achieved with horizontal drilling.

As of December 31, 2011, SandRidge had approximately 1.5 million net acres leased in the Mississippian formation in northern Oklahoma and Kansas.

Target Distributions and Subordination and Incentive Thresholds

SandRidge has calculated quarterly target levels for cash distributions to unitholders for the life of the trust as set forth on Annex B to this prospectus. The amount of actual quarterly distributions may fluctuate from quarter to quarter, depending on the proceeds received by the trust, payments under the hedge arrangements, the trust's administrative expenses and other factors. Annex B reflects that while target

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distributions initially increase as SandRidge completes its drilling obligation and production increases, over time target distributions decline as the rate of production decreases over the life of each well as a result of the depletion of the reserves in the Underlying Properties. The target distributions were derived by assuming that oil and natural gas production from the trust properties will equal the volumes reflected in the reserve report and that prices received for such production will be consistent with monthly NYMEX forward pricing as of January 3, 2012 for the period ending December 31, 2014, and assumed price increases after December 31, 2014 of 2.5% annually, capped at $120.00 per Bbl of oil and $7.00 per MMBtu of natural gas. Using these assumptions, the price of oil would reach the $120.00 per Bbl cap in January 2025, and the price of natural gas would reach the $7.00 per MMBtu cap in September 2031. The target distributions also give effect to estimated post-production expenses and assumed trust general and administrative expenses. While these target distributions do not represent the actual distributions you will receive with respect to your common units, they were used to calculate the subordination and incentive thresholds described in more detail below. For a description of the significant assumptions used to prepare the target distributions, see "Target Distributions and Subordination and Incentive Thresholds Significant Assumptions Used to Calculate the Target Distributions."

In order to provide support for cash distributions on the common units, SandRidge has agreed to subordinate 12,062,500 of the trust units it will retain following this offering, which will constitute 25% of the total trust units outstanding. The subordinated units will be entitled to receive pro rata distributions from the trust each quarter if and to the extent there is sufficient cash to provide a cash distribution on the common units that is no less than the applicable quarterly subordination threshold. If there is not sufficient cash to fund such a distribution on all of the common units, the distribution to be made with respect to the subordinated units will be reduced or eliminated for such quarter in order to make a distribution, to the extent possible, of up to the subordination threshold amount on all the common units, including the common units held by SandRidge. Each quarterly subordination threshold is 20% below the target distribution level for the corresponding quarter (each, a "subordination threshold").

In exchange for agreeing to subordinate a majority of its trust units, and in order to provide additional financial incentive to SandRidge to satisfy its drilling obligation and perform operations on the Underlying Properties in an efficient and cost-effective manner, SandRidge will be entitled to receive incentive distributions equal to 50% of the amount by which the cash available for distribution on all of the trust units in any quarter is 20% greater than the target distribution for such quarter (each, an "incentive threshold"). The remaining 50% of cash available for distribution in excess of the incentive thresholds will be paid to trust unitholders, including SandRidge, on a pro rata basis.

By way of example, if the target distribution per unit for a particular quarterly period is $.50, then the subordination threshold would be $.40 and the incentive threshold would be $.60 for such quarter. This means that if the cash available for distribution to all holders for that quarter would result in a per unit distribution below $.40, the distribution to be made with respect to subordinated units will be reduced or eliminated in order to make a distribution, to the extent possible, up to the amount of the subordination threshold, on the common units. If, on the other hand, the cash available for distribution to all holders would result in a per unit distribution above $.60, then SandRidge would receive 50% of the amount by which the cash available for distribution on all the trust units exceeds $.60, with all trust unitholders (including SandRidge on a pro rata basis) sharing in the other 50% of such excess amount. See "Target Distributions and Subordination and Incentive Thresholds."

At the end of the fourth full calendar quarter following SandRidge's satisfaction of its drilling obligation with respect to the Development Wells, the subordinated units will automatically convert into common units on a one-for-one basis and SandRidge's right to receive incentive distributions will terminate. After such time, the common units will no longer have the protection of the subordination threshold, and all trust unitholders will share on a pro rata basis in the trust's distributions. SandRidge currently expects that it will complete its drilling obligation on or before December 31, 2015 and that, accordingly, the subordinated units will convert into common units on or before December 31, 2016.

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SandRidge is obligated to complete its drilling obligation by December 31, 2016, in which event the subordinated units would convert into common units on or before December 31, 2017. The period during which the subordinated units are outstanding is referred to as the "subordination period."

SandRidge's management has prepared the prospective financial information set forth below to present the target distributions to the holders of the trust units based on the estimates and assumptions described under "Target Distributions and Subordination and Incentive Thresholds." The accompanying prospective financial information was not prepared with a view toward complying with the guidelines of the U.S. Securities and Exchange Commission ("SEC") or the guidelines established by the American Institute of Certified Public Accountants with respect to preparation and presentation of prospective financial information. More specifically, such information omits items that are not relevant to the trust. SandRidge's management believes the prospective financial information was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the royalty interests. However, this information is based on estimates and judgments, and readers of this prospectus are cautioned not to place undue reliance on the prospective financial information.

The prospective financial information included in this prospectus has been prepared by, and is the responsibility of, SandRidge's management. PricewaterhouseCoopers LLP, the trust's and SandRidge's independent registered public accountant, has not examined, compiled or performed any procedures with respect to the accompanying prospective financial information and, accordingly, PricewaterhouseCoopers LLP expresses no opinion or any other form of assurance with respect thereto. The reports of PricewaterhouseCoopers LLP included in this prospectus relate to the Statement of Assets and Trust Corpus of the trust and the historical Statement of Revenues and Direct Operating Expenses of the Underlying Properties. The foregoing reports do not extend to the prospective financial information and should not be read to do so.

The following table sets forth the target distributions and subordination and incentive thresholds for each calendar quarter through the fourth quarter of 2017. The effective date of the conveyance of the royalty interests is January 1, 2012, which means that the trust will be credited with the proceeds of production attributable to the royalty interests from that date even though the trust properties will not be conveyed to the trust until the closing of this offering. Please see " Calculation of Target Distributions" below. The first distribution, which will cover the first quarter of 2012, is expected to be made on or about May 30, 2012 to record unitholders as of May 15, 2012. Due to the timing of the payment of production proceeds to the trust, the trust expects that the first distribution will include sales for oil and natural gas for two months. Thereafter, quarterly distributions will generally include royalties attributable to sales of oil and natural gas for three months, including one month of the prior quarter. The trustee intends to

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withhold $1.0 million from the first distribution to establish a cash reserve available for trust administrative expenses.

Period	**Subordination Threshold**[(1)]	**Target Distribution**	**Incentive Threshold**[(1)]
		(per unit)	
2012:			
First Quarter[(2)]	$ .32	$ .40	$.48
Second Quarter	.47	.58	.70
Third Quarter	.47	.59	.70
Fourth Quarter	.49	.61	.73
2013:			
First Quarter	.53	.66	.80
Second Quarter	.56	.70	.84
Third Quarter	.54	.68	.81
Fourth Quarter	.56	.70	.84
2014:			
First Quarter	.58	.73	.87
Second Quarter	.61	.76	.91
Third Quarter	.61	.76	.91
Fourth Quarter	.58	.73	.87
2015:			
First Quarter	.64	.80	.96
Second Quarter	.65	.82	.98
Third Quarter	.65	.81	.98
Fourth Quarter	.65	.81	.97
2016:			
First Quarter	.68	.85	1.02
Second Quarter	.65	.81	.97
Third Quarter	.59	.74	.89
Fourth Quarter	.55	.69	.83
2017:			
First Quarter	.52	.65	.78
Second Quarter	.49	.61	.74
Third Quarter	.47	.59	.70
Fourth Quarter	.45	.56	.68

(1) The subordination and incentive thresholds terminate after the fourth full calendar quarter following SandRidge's completion of its drilling obligation.

(2) Includes proceeds attributable to the first two months of production from January 1, 2012 to February 29, 2012, and gives effect to $1.0 million of reserves for general and administrative expenses withheld by the trustee and additional administrative costs relating to the formation of the trust.

For additional information with respect to the subordination and incentive thresholds, please see "Target Distributions and Subordination and Incentive Thresholds" and "Description of the Royalty Interests."

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Calculation of Target Distributions

The following table presents the calculation of the target distributions for each quarter through and including the quarter ending December 31, 2012. The target distributions were prepared by SandRidge based on assumptions of production volumes, pricing and other factors. The production forecasts used to calculate target distributions are based on estimates by Netherland Sewell. Payments to unitholders will generally be made 60 days following each calendar quarter. SandRidge will make payments to the trust that will include cash from production from the first two months of the quarter just ended as well as the last month of the immediately preceding quarter. Actual cash distributions to the trust unitholders will fluctuate quarterly based on the quantity of oil and natural gas produced from the Underlying Properties, the prices received for oil and natural gas production, the trust's hedging arrangements and other factors. Please read "Target Distributions and Subordination and Incentive Thresholds Significant Assumptions Used to Calculate the Target Distributions."

On a pro forma basis, cash available for distribution was $16.6 million for the nine-month period ended September 30, 2011. See "Unaudited Pro Forma Financial Information."

	March 31, 2012[(1)]	June 30, 2012	September 30, 2012	December 31, 2012
	(In thousands, except volumetric and per unit data)			
Estimated production from trust properties				
Oil sales volumes (MBbl)	185	249	249	261
Natural gas sales volumes (MMcf)	1,042	1,427	1,430	1,490
Total sales volumes (MBoe)	358	487	488	509
% Proved developed producing (PDP) sales volumes	99%	86%	71%	59%
% Proved undeveloped (Development) sales volumes	0%	9%	26%	39%
% Probable undeveloped (Development) sales volumes	1%	4%	4%	3%
% Oil volumes	52%	51%	51%	51%
% Natural gas volumes	48%	49%	49%	49%
*Commodity price and derivative contract position*s				
NYMEX futures price[(2)]				
Oil ($/Bbl)	$99.93	$103.29	$103.10	$102.00
Natural gas ($/MMBtu)	3.04	3.08	3.24	3.36
Assumed realized weighted unhedged price[(3)]				
Oil ($/Bbl)	$94.90	$98.26	$98.07	$96.97
Natural gas ($/Mcf)	3.04	3.08	3.24	3.36
Assumed realized weighted hedged price				
Oil ($/Bbl)*				
Percent of oil volumes hedged*				
Oil hedged price ($/Bbl)*				
Estimated cash available for distribution				
Oil sales revenues	$ 17,525	$ 24,473	$ 24,451	$ 25,298
Natural gas sales revenues	3,167	4,397	4,633	5,012
Realized gains (losses) from derivative contracts*				
Operating revenues and realized gains (losses) from derivative contracts	20,692	28,870	29,084	30,310
Production taxes	(174)	(250)	(259)	(327)
Ad valorem taxes	(166)	(196)	(157)	(203)
Trust administrative expenses	(1,217)	(325)	(325)	(325)
Total trust expenses	(1,556)	(770)	(741)	(854)
Cash available for distribution	$ 19,136	$ 28,099	$ 28,343	$ 29,455
Trust units outstanding	48,250	48,250	48,250	48,250
Target distribution per trust unit	$.40	$.58	$.59	$.61
Subordination threshold per trust unit	$.32	$.47	$.47	$.49
Incentive threshold per trust unit	$.48	$.70	$.70	$.73

(1) Includes proceeds attributable to the first two months of production from January 1, 2012 to February 29, 2012.

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(2) Average NYMEX futures prices, as reported on January 3, 2012. For a description of the effect of lower NYMEX prices on target distributions, please read "Target Distributions and Subordination and Incentive Thresholds Sensitivity of Target Distributions to Changes in Oil and Natural Gas Prices and Volumes."

(3) Sales price net of forecasted quality, Btu content, transportation costs, and marketing costs. For information about the estimates and assumptions made in preparing the table above, see "Target Distributions and Subordination and Incentive Thresholds Significant Assumptions Used to Calculate the Target Distributions."

(4) Includes trustee cash reserve of $1.0 million and additional administrative costs relating to the formation of the trust.

* Information with respect to assumed realized weighted hedged price for oil ($/Bbl), percent of oil volumes hedged, oil hedged price ($/Bbl), and realized gains (losses) from derivative contracts will be provided after hedging arrangements are finalized with respect to estimated future production attributable to the royalty interests.

SandRidge Energy, Inc.

SandRidge is a publicly traded, independent oil and natural gas company concentrating on development and production activities related to the exploitation of its significant holdings in West Texas and the Mid-Continent area of Oklahoma and Kansas. As of December 31, 2011, its market capitalization was approximately $3.4 billion, and as of December 31, 2010 it had total estimated net proved reserves of 545.9 MMBoe. As of December 31, 2011, SandRidge had approximately 1.5 million net acres leased in the Mississippian formation in northern Oklahoma and Kansas and plans to devote a significant portion of its future capital budget to increasing its oil and natural gas production in this area. As of December 31, 2011, SandRidge was operating 19 rigs in the Mississippian formation in northern Oklahoma and southern Kansas. SandRidge also owns and operates other interests in the Mississippian formation, Permian Basin, Mid-Continent, West Texas Overthrust, Gulf Coast and Gulf of Mexico. SandRidge also owns and operates gas gathering and processing facilities, CO_2 treating and transportation facilities, and drilling rig, oil field service and oil and gas marketing businesses.

SandRidge's principal executive offices are located at 123 Robert S. Kerr Avenue, Oklahoma City, Oklahoma 73102 and its telephone number is (405) 429-5500. Its website is *http://www.sandridgeenergy.com*.

The trust units do not represent interests in or obligations of SandRidge.

Key Investment Considerations

The following are some key investment considerations related to the Underlying Properties, the royalty interests and the common units:

- *The royalty interests will not be burdened by operating or capital costs.* The trust will not be responsible for any operating or capital costs associated with the Underlying Properties, including the costs to drill the Development Wells. The trust will bear its proportionate share of post-production costs, applicable taxes and trust administrative expenses.

- *Exposure to oil price volatility will be mitigated through .* Hedging arrangements covering a portion of expected production will be implemented both pursuant to a derivatives agreement between the trust and SandRidge and hedges entered into by the trust directly with unaffiliated hedge counterparties. Under the combined hedging arrangements, approximately % of the expected production and approximately % of the expected revenues upon which the target distributions are based from through will be hedged. These hedging arrangements are expected to reduce the trust's exposure to fluctuations in the price of oil through .

- *A substantial portion of the revenue and production attributable to the royalty interests has long-term exposure to oil and natural gas prices.* Over the 20-year producing life of the trust, 76% of net revenues (based on January 3, 2012 strip prices) and 51% of production are projected to be derived from oil, and 24% of net revenues (based on January 3, 2012 strip prices) and 49% of production are projected to be derived from natural gas. As a result, the unhedged portion of oil production during the hedge period, all oil production after the hedge period and all natural gas production both during and after the hedge period are directly exposed to oil and natural gas prices, 9

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respectively, and the amount of trust distributions and consequently trust performance is expected to be highly correlated to fluctuations in the price of oil and natural gas.

There is potential for depletion of Producing Wells to be offset by development drilling. SandRidge intends to drill the Development Wells by December 31, 2015 and is obligated to complete such drilling by December 31, 2016. Based on the anticipated drilling schedule, the average daily production net to the trust is expected to increase from actual production of 4,655 Boe/d for December 2011 to expected production of 7,749 Boe/d for January 2016, after which time production will decline until the termination of the trust.

SandRidge's interests are aligned with those of the trust unitholders. SandRidge has significant incentives to complete its drilling obligation and increase production from the Underlying Properties as a result of the following factors:

- SandRidge will initially have a significant economic interest in the Underlying Properties through its 20% retained interest in the Producing Wells and its 30% retained interest in the Development Wells, as well as its ownership of approximately 48.2% of the trust units. Based on these interests, SandRidge will initially have an effective average net revenue interest of 31.4% in the Producing Wells and 30.2% in the Development Wells, compared with an effective average net revenue interest for the holders of trust units other than SandRidge of 22.2% in the Producing Wells and 17.2% in the Development Wells.

- A majority of the trust units that SandRidge will own, constituting 25% of the total trust units outstanding, will be subordinated units that will not be entitled to receive distributions unless there is sufficient cash to pay the amount of the subordination threshold to the common units. These subordinated units will automatically convert into common units on a one-for-one basis, following which they will no longer be subject to the subordination threshold, at the end of the fourth full calendar quarter following SandRidge's satisfaction of its drilling obligation with respect to the Development Wells.

- To the extent that the trust has cash available for distribution in excess of the incentive thresholds during the subordination period, SandRidge will be entitled to receive 50% of such cash as incentive distributions, plus its pro rata share of the remaining 50% of such cash by virtue of its ownership of 23,250,000 trust units.

- SandRidge will not be permitted to drill and complete any wells for its own account within the AMI or sell the Underlying Properties until it has satisfied its drilling obligation.

- If SandRidge does not fulfill its drilling obligation by December 31, 2016, the trust may foreclose on the Drilling Support Lien to the extent of SandRidge's remaining interests in the undeveloped portions of the AMI (up to the maximum amount of $ million, which amount will be reduced proportionately as each Development Well is drilled). See "The Trust Development Agreement and Drilling Support Lien" beginning on page 48.

The Mississippian formation represents a core asset for SandRidge. The approximately 1.5 million net acres held by SandRidge in the Mississippian formation in northern Oklahoma and Kansas represent one of its core assets. SandRidge has grown its position in this part of the Mississippian formation during the last three years based on its belief that the formation can provide significant returns on invested capital and will be a key asset in growing its oil and natural gas production over the next several years. SandRidge had 19 rigs drilling horizontal wells in the Mississippian formation in northern Oklahoma and southern Kansas at the end of 2011.

SandRidge is an experienced operator in the Mississippian formation. Since 2009, SandRidge has drilled, as operator, 205 horizontal wells in the Mississippian formation in northern Oklahoma and southern Kansas, 174 of which are completed and the remaining 31 of which are awaiting

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completion and expected to be productive. As of December 31, 2011, SandRidge estimates that it operated approximately 47% of the horizontal producing wells in the Mississippian formation in northern Oklahoma and southern Kansas, and that approximately 44% of the drilling rigs in such area were drilling for SandRidge's account. The majority of the horizontal wells drilled in the Mississippian formation in northern Oklahoma and southern Kansas have been drilled in Noble, Kay, Alfalfa, Grant and Woods counties in Oklahoma and Harper, Comanche, Sumner and Barber counties in Kansas, the same counties in which the Underlying Properties are located. SandRidge operates 79% of the Producing Wells and expects to operate approximately 67% of the Development Wells during the subordination period, allowing SandRidge to control the timing and amount of discretionary expenditures for operational and development activities with respect to the majority of the Development Wells.

Rigs and services are readily available to allow timely drilling and completion of the Development Wells. As of December 31, 2011, SandRidge had 19 rigs operating in the Mississippian formation in northern Oklahoma and southern Kansas and plans to drill more than 350 horizontal wells targeting the Mississippian formation in 2012, some of which are in the AMI. SandRidge estimates that four rigs will be required to complete its drilling obligation within the expected development period. SandRidge owns and operates drilling rigs and a related oil field services business that provides pulling units, trucking, rental tools, location and road construction and roustabout services. As of December 31, 2011, SandRidge owned 31 drilling rigs, which it uses to drill wells for its own account as well as that of other oil and natural gas companies. SandRidge will use a combination of its own rigs and oil field services business and third party rigs and services to drill and complete the Development Wells. SandRidge's direct access to drilling rigs and related oil field services should substantially mitigate any potential shortage of drilling and completion equipment and enable SandRidge to maintain its projected drilling schedule.

Well control and vertical drilling and production history in the Mississippian formation significantly reduce drilling, reserve recovery and production decline risk. The Mississippian formation's geology is well understood as a result of the thousands of vertical wells drilled and produced there since the 1940s, including 73 vertical wells drilled on the Underlying Properties, and over 400 horizontal wells drilled in the region in the Mississippian formation. With data from the vertical and horizontal wells that have been drilled, SandRidge and other operators in the region have gained a thorough understanding of how to best identify the location of productive reservoirs and potential horizontal well bore paths, the permeability and porosity of the underlying rock properties and the amount and percentage mix of recoverable oil and gas. With this and other data derived from the vertical history, operators have been able to apply modern drilling technologies to determine more efficient ways to drill, complete and generate production from wells in the formation.

SandRidge is a recognized sponsor with a successful track record and experienced management. SandRidge has a history of active and successful drilling. From the beginning of 2007 through September 30, 2011, SandRidge drilled 1,803 gross (1,651 net) oil and natural gas wells, investing approximately $5.8 billion in exploration and production activity. During this same period, SandRidge produced over 82.4 MMBoe (494.6 Bcfe) of oil and natural gas. SandRidge currently operates approximately 4,400 wells. SandRidge's executive management team averages over 25 years of experience in the oil and natural gas industry, and SandRidge's field personnel have extensive operational experience. SandRidge has recently sponsored two other royalty trusts, SandRidge Mississippian Trust I and SandRidge Permian Trust. See "SandRidge Energy, Inc. SandRidge's Experience with Other Royalty Trusts."

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Proved and Probable Reserves

Proved and Probable Reserves of Underlying Properties and Royalty Interests. The following table sets forth estimated proved and probable reserves and the PV-10 value as of December 31, 2011 attributable to the Underlying Properties, the PDP Royalty Interest and the Development Royalty Interest, in each case derived from the reserve report. The reserve report was prepared by Netherland Sewell in accordance with criteria established by the SEC. A summary of the reserve report is included as Annex A to this prospectus.

Reserve quantities attributable to the royalty interests are calculated by multiplying the gross reserves for each property by the royalty interest assigned to the trust in each property. The reserves related to the Underlying Properties include all of the proved and probable reserves expected to be economically produced during the life of the properties. The reserves and revenues attributable to the trust's interests include only the reserves attributable to the Underlying Properties that are expected to be produced within the 20-year period in which the trust owns the Term Royalties as well as the residual interest in the reserves that the trust will own on the Termination Date.

Proved reserves are reserves that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward from known reservoirs under existing economic conditions, operating methods and government regulations prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain. Probable reserves are reserves that are less certain to be recovered than proved reserves but that, together with proved reserves, are at least as likely as not to be recovered. Estimates of probable reserves are less certain than estimates of proved reserves and are subject to substantially greater risk of not actually being realized. With respect to the Underlying Properties, and subject to the criteria described above, the proved reserves are limited to productive units and undeveloped offset units, and the probable reserves are limited to step-out units from the proved units. There are 67 Producing Wells and 122 Development Well locations attributable to proved undeveloped, or "PUD," reserves or 1.8 Development Well locations attributable to PUD reserves for every Producing Well. There are 84 Development Well locations attributable to probable reserves or 1.3 Development Well locations attributable to probable reserves for every Producing Well. For a discussion of the uncertainties associated with estimates of probable reserves, see "Risk Factors Actual reserves and future production may be less than current estimates, which could reduce cash distributions by the trust and the value of the trust units."

Estimates of reserves are also continually subject to revisions based on production history, results of additional exploration and development, price changes, and other factors. See "The Underlying Properties Oil and Natural Gas Reserves" and "The Underlying Properties The Reserve Report" for information about the estimated reserves attributable to the trust and a discussion of the methods used to estimate such reserves and the allocation of proved and probable reserves to the trust.

	Proved Reserves[1]				Probable Reserves[1]			
	Oil (MBbl)	Natural Gas (MMcf)	Total (MBoe)	PV-10 Value[2] (Dollars in Thousands)	Oil (MBbl)	Natural Gas (MMcf)	Total (MBoe)	PV-10 Value[2] (Dollars in Thousands)
Underlying Properties	18,958	137,303	41,842	$ 662,121	7,611	55,679	16,891	$ 176,418
Royalty Interests:								
PDP Royalty Interests (80%)[3]	4,793	32,580	10,223	$ 285,978				
Development Royalty Interests (70%)	7,416	50,792	15,882	$ 402,631	4,579	31,075	9,758	$ 211,261
Total	12,210	83,371	26,105	$ 688,609	4,579	31,075	9,758	$ 211,261

(1) The proved and probable reserves were determined using a 12-month unweighted arithmetic average of the first-day-of-the-month prices for oil and natural gas for the period from December 31, 2010 through December 31, 2011, without giving effect to derivative transactions, and were held constant

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for the life of the properties. The prices used in the reserve report, as well as SandRidge's internal reports, yield weighted average prices at the wellhead, which are based on first-day-of-the-month reference prices and adjusted for transportation and regional price differentials. The reference prices and the equivalent weighted average wellhead prices are both presented in the table below.

	Reference prices		Weighted average wellhead prices	
	Oil (per Bbl)	Natural gas (per Mcf)	Oil (per Bbl)	Natural gas (per Mcf)
December 31, 2011	$ 92.71	$ 4.118	$ 91.21	$ 4.118

(2)

PV-10 is the present value of estimated future net revenue to be generated from the production of proved or probable reserves, discounted using an annual discount rate of 10%, calculated without deducting future income taxes. PV-10 is a non-GAAP financial measure and generally differs from standardized measure of discounted net cash flows, or Standardized Measure, the most directly comparable GAAP financial measure, because it does not include the effects of income taxes on future net revenues. Because the historical financial information related to the Underlying Properties consists solely of revenues and direct operating expenses and does not include the effect of income taxes, we expect the PV-10 and Standardized Measure attributable to the Underlying Properties to be equivalent. Because the trust will not bear federal income tax expense, we also expect the PV-10 and Standardized Measure attributable to the royalty interests to be equivalent. Neither PV-10 nor Standardized Measure represents an estimate of the fair market value of the Underlying Properties or the royalty interests. SandRidge and others in the industry use PV-10 as a measure to compare the relative size and value of proved and probable reserves held by companies without regard to the specific tax characteristics of such entities. PV-10 for the royalty interests has been calculated without deduction for production and development costs, as the trust will not bear those costs.

(3)

Includes reserves associated with wells in the process of being completed.

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Annual Production Attributable to Royalty Interests. The following bar graph shows estimated annual production from the Producing Wells and the Development Wells based on the pricing and other assumptions set forth in the reserve report. The production estimates include the impact of additional production that is expected as a result of the drilling of the Development Wells.

Net Production to Trust

Key Risk Factors

Below is a summary of certain key risk factors related to the Underlying Properties, the royalty interests and the common units. This list is not exhaustive. Please also read carefully the full discussion of these risks and other risks described under "Risk Factors" beginning on page 20.

Drilling for and producing oil and natural gas on the Underlying Properties are high risk activities with many uncertainties that could delay the anticipated drilling schedule for the Development Wells and adversely affect future production from the Underlying Properties. Any such delays or reductions in production could decrease future revenues that are available for distribution to unitholders.

Oil and natural gas prices fluctuate due to a number of factors that are beyond the control of the trust and SandRidge, and lower prices could reduce proceeds to the trust and cash distributions to unitholders.

Actual reserves and future production may be less than current estimates, which could reduce cash distributions by the trust and the value of the trust units.

In certain circumstances the trust may have to make cash payments under the hedging arrangements and these payments could be significant.

Estimates of target distributions to unitholders, subordination thresholds and incentive thresholds are based on assumptions that are inherently subjective and are subject to significant business, economic, financial, legal, regulatory and competitive risks and uncertainties that could cause actual cash distributions to differ materially from those estimated.

The subordination of certain trust units held by SandRidge does not assure that you will in fact receive any specified return on your investment in the trust.

The hedging arrangements for the trust will cover only a portion of the production attributable to the trust, such arrangements will limit the trust's ability to benefit from commodity price increases for hedged volumes, and such arrangements will be secured by the trust's royalty interests in the Underlying Properties and may require the trust to make cash payments in excess of its receipts. Following this offering, except in limited circumstances involving the restructuring of an existing hedge, the trust will have no ability to terminate its hedging arrangements or enter into additional hedges. The hedging counterparties may foreclose on their lien on the trust's royalty interests in certain circumstances.

Conflicts of interest could arise between SandRidge and the trust unitholders.

The value of the trust's royalty interest and its ultimate cash available for distribution will be highly dependent on SandRidge's ability to perform its drilling obligation and other obligations to the trust, which will depend on SandRidge's future financial condition, liquidity and access to capital, and financial performance.

The trust's tax treatment depends on its status as a partnership for U.S. federal income tax purposes. If the U.S. Internal Revenue Service ("IRS") were to treat the trust as a corporation for U.S. federal income tax purposes, then its cash available for distribution to unitholders would be substantially reduced.

The tax treatment of an investment in trust units could be affected by recent and potential legislative changes, possibly on a retroactive basis.

The trust will adopt positions that may not conform to all aspects of existing Treasury Regulations. If the IRS contests the tax positions the trust takes, the value of the trust units may be adversely affected, the cost of any IRS contest will reduce the trust's cash available for distribution and income, gain, loss and deduction may be reallocated among trust unitholders.

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Structure of the Trust

The following chart shows the relationship of SandRidge, the trust and the public unitholders (without giving effect to the exercise of the underwriters' over-allotment option).

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* SandRidge will have an effective average net revenue interest of 31.4% in the Producing Wells and 30.2% in the Development Wells. Public unitholders (that is, holders of trust units other than SandRidge) will have an effective average net revenue interest of 22.2% in the Producing Wells and 17.2% in the Development Wells.

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THE OFFERING

Common units offered to public	25,000,000 common units (28,750,000 common units, if the underwriters exercise their over-allotment option in full)
Trust units owned by SandRidge after the offering	11,187,500 common units and 12,062,500 subordinated units (7,437,500 common units and 12,062,500 subordinated units, if the underwriters exercise their over-allotment option in full) See "The Trust Formation Transactions."
Total units outstanding after the offering	48,250,000 trust units, consisting of 36,187,500 common units and 12,062,500 subordinated units
Over-allotment option	3,750,000 common units will be issued and retained by the trust at the initial closing, to be used to satisfy (if necessary) the over-allotment option granted to the underwriters. If the over-allotment option is exercised, the trust will sell to the underwriters such number of the retained units as is necessary to satisfy the over-allotment option, and will then deliver the net proceeds of such sale, together with any remaining unsold units, to SandRidge (or a SandRidge subsidiary) as partial consideration for the conveyance of the Perpetual Royalties. If the over-allotment option is not exercised by the underwriters, the retained units will be delivered to SandRidge (or a SandRidge subsidiary), as partial consideration for the conveyance of the Perpetual Royalties, promptly following the 30th day after the initial closing.
Directed unit program	The underwriters have reserved up to 5% of the common units being offered by this prospectus for sale to SandRidge's directors, officers, and certain other persons associated with SandRidge, at the initial public offering price. The sales will be made by Morgan Stanley & Co. LLC through a directed unit program. See "Underwriters Directed Unit Program."
Use of proceeds	The trust is offering the common units to be sold in this offering. Assuming no exercise of the underwriters' over-allotment option and an initial public offering price of $ per common unit, the estimated net proceeds of this offering will be approximately $ million, after deducting underwriting discounts and commissions and offering expenses. The trust will deliver the net proceeds to one or more wholly-owned subsidiaries of SandRidge as full consideration for the conveyance of the term royalty interests and, if applicable, as partial consideration for the conveyance of the perpetual royalty interests. SandRidge intends to use the offering proceeds, including proceeds from any exercise of the underwriters' over-allotment option, for general corporate purposes, which may include the funding of the drilling obligation.
Proposed NYSE symbol	"SDR"

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Trustee	The Bank of New York Mellon Trust Company, N.A.
Quarterly cash distributions	Quarterly cash distributions during the term of the trust will be made by the trustee on or about the 60th day following the end of each calendar quarter to unitholders of record on or about the 45th day following each calendar quarter. The first distribution, which will cover the first quarter of 2012, is expected to be made on or about May 30, 2012 to record unitholders as of May 15, 2012. Due to the timing of the payment of production proceeds to the trust, the trust expects that the first distribution will include sales for oil and natural gas for two months. The trustee intends to withhold $1.0 million from the first distribution to establish a cash reserve available for trust administrative expenses. Actual cash distributions to the trust unitholders will fluctuate quarterly based on the quantity of oil and natural gas produced from the Underlying Properties, the prices received for oil and natural gas production, the trust's hedging arrangements and other factors. Because payments to the trust will be generated by depleting assets and production from the Underlying Properties will diminish over time, a portion of each distribution will represent a return of your original investment. Given that the production from the Underlying Properties is expected to initially increase and then subsequently decline over time, the target distributions are also expected to initially increase before declining over time.
Voting rights in the trust	Matters voted on by trust unitholders will generally be subject to approval by holders of a majority of the common units (excluding common units owned by SandRidge and its affiliates) and holders of a majority of the trust units, in each case voting in person or by proxy at a meeting of such holders at which a quorum is present. SandRidge will not be entitled to vote on the removal of the trustee or appointment of a successor trustee. However, at any time SandRidge and its affiliates own less than 10% of the total trust units outstanding, matters voted on by trust unitholders will be subject to approval by a majority of the trust units, including units owned by SandRidge, voting in person or by proxy at a meeting of such holders at which a quorum is present.
Termination of the trust	The trust will dissolve and begin to liquidate on the Termination Date, which is December 31, 2031, and will soon thereafter wind up its affairs and terminate. At the Termination Date, the Term Royalties will revert automatically to SandRidge. The Perpetual Royalties will be retained by the trust at the Termination Date and thereafter sold, and the net proceeds of the sale, as well as any remaining trust cash reserves, will be distributed to the unitholders in accordance with their interests. SandRidge will have a right of first refusal to purchase the Perpetual Royalties after the Termination Date.

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U.S. federal income tax considerations	The trust will be treated as a partnership for U.S. federal income tax purposes. Consequently, the trust will not incur any U.S. federal income tax liability. Instead, trust unitholders will be allocated an amount of the trust's income, gain, loss or deductions corresponding to their interest in the trust, which amounts may differ in timing or amount from actual distributions. The Term PDP Royalty will, and the Term Development Royalty should, be treated as debt instruments for U.S. federal income tax purposes. The trust will be required to treat a portion of each payment it receives with respect to each such royalty interest as interest income in accordance with the "noncontingent bond method" under the original issue discount rules contained in the Internal Revenue Code of 1986, as amended, and the corresponding IRS regulations. The Perpetual PDP Royalty and the Perpetual Development Royalty will be granted on a perpetual basis. The Perpetual PDP Royalty will, and the Perpetual Development Royalty should, be treated as mineral royalty interests for U.S. federal income tax purposes, generating ordinary income subject to depletion. The terms "Term PDP Royalty," "Term Development Royalty," "Perpetual PDP Royalty," and "Perpetual Development Royalty" as used above are defined in "The Trust Formation Transactions." Please read "U.S. Federal Income Tax Considerations" for more information.
Estimated ratio of taxable income to distributions	SandRidge estimates that if you own the units you purchase in this offering through the record date for distributions for the period ending December 31, 2014, you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be approximately % of the cash distributed to you with respect to that period. For example, if you receive an annual distribution of $ per unit, the trust estimates that your average allocable federal taxable income per year will be approximately $ per unit. Please read "U.S. Federal Income Tax Considerations" for more information.

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RISK FACTORS

You should carefully consider the risks described below before making an investment decision. The trust's cash available for distribution could be materially adversely affected by any of these risks. The trading price of the common units could decline due to any of these risks, or you may lose all or part of your investment.

Risks Related to the Units

Drilling for and producing oil and natural gas on the Underlying Properties are high risk activities with many uncertainties that could delay or change the anticipated drilling schedule for the Development Wells and adversely affect future production from the Underlying Properties. Any such delays or reductions in production could decrease future revenues that are available for distribution to unitholders.

The drilling and completion of the Development Wells are subject to numerous risks beyond SandRidge's and the trust's control, including risks that could delay or change the current drilling schedule for the Development Wells and the risk that drilling will not result in commercially viable oil and natural gas production. Drilling for oil and natural gas can be unprofitable if dry wells are drilled and if productive wells do not produce sufficient revenues to return a profit. SandRidge's and any third-party operators' decisions to develop or otherwise exploit certain areas within the AMI will depend in part on the evaluation of data obtained through geophysical and geological analyses, production data and engineering studies, the results of which are often inconclusive or subject to varying interpretations. The estimated costs of drilling, completing and operating wells are uncertain before drilling commences. Overruns in budgeted expenditures are common risks that can make a particular project uneconomical. There can be no assurance that a Development Well that is successfully completed will pay out the capital costs spent to drill it. Drilling and production operations on the Underlying Properties may be curtailed, delayed or canceled as a result of various factors, including the following:

- delays imposed by or resulting from compliance with regulatory requirements including permitting;
- unusual or unexpected geological formations and miscalculations;
- shortages of or delays in obtaining equipment and qualified personnel;
- shortages of or delays in obtaining water for hydraulic fracturing operations;
- equipment malfunctions, failures or accidents;
- lack of available gathering facilities or delays in construction of gathering facilities;
- lack of available capacity on interconnecting transmission pipelines;
- lack of adequate electrical infrastructure;
- unexpected operational events and drilling conditions;
- pipe or cement failures and casing collapses;

- pressures, fires, blowouts, and explosions;
- lost or damaged drilling and service tools;
- loss of drilling fluid circulation;
- uncontrollable flows of oil, natural gas, brine, water or drilling fluids;
- natural disasters;
- environmental hazards, such as oil and natural gas leaks, pipeline ruptures and discharges of toxic gases or well fluids;

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- adverse weather conditions such as extreme cold, fires caused by extreme heat or lack of rain, and severe storms or tornadoes;
- reductions in oil and natural gas prices;
- oil and natural gas property title problems; and
- market limitations for oil and natural gas.

In the event that drilling of the Development Wells is delayed or the Producing Wells or Development Wells have lower than anticipated production due to one of the factors above, or for any other reason, cash distributions to unitholders may be reduced. In addition, wells drilled in the Mississippian formation in the AMI typically produce a large volume of water, which requires the drilling of saltwater disposal wells. SandRidge's inability to drill these wells or otherwise dispose of the water produced from the Producing Wells and Development Wells in an efficient manner could delay production and therefore the trust's receipt of proceeds from the royalty interests. Under the Development Agreement, SandRidge will receive credit for drilling a Development Well if the well is drilled in the AMI and perforated (or made ready to commence stimulation) horizontally for completion in the Mississippian formation, even if such well does not successfully produce hydrocarbons.

Oil and natural gas prices fluctuate due to a number of factors that are beyond the control of the trust and SandRidge, and lower prices could reduce proceeds to the trust and cash distributions to unitholders.

The trust's reserves and quarterly cash distributions are highly dependent upon the prices realized from the sale of oil and natural gas. The markets for these commodities are very volatile. Oil and natural gas prices can fluctuate widely in response to a variety of factors that are beyond the control of the trust and SandRidge. These factors include, among others:

- regional, domestic and foreign supply, and perceptions of supply, of oil and natural gas;
- the price of foreign imports;
- U.S. and worldwide political and economic conditions;
- the level of demand, and perceptions of demand, for oil and natural gas;
- weather conditions and seasonal trends;
- anticipated future prices of oil and natural gas, alternative fuels and other commodities;
- technological advances affecting energy consumption and energy supply;
- the proximity, capacity, cost and availability of pipeline infrastructure, treating, transportation and refining capacity;
- natural disasters and other acts of force majeure;

- domestic and foreign governmental regulations and taxation;

- energy conservation and environmental measures; and

- the price and availability of alternative fuels.

For oil, from January 1, 2008 through December 31, 2011, the highest monthly NYMEX settled price was $140.00 per Bbl and the lowest was $41.68 per Bbl. For natural gas, from January 1, 2008 through December 31, 2011, the highest monthly NYMEX settled price was $13.11 per MMBtu and the lowest was $2.84 per MMBtu. In addition, the market price of oil and natural gas is generally higher in the winter months than during other months of the year due to increased demand for oil and natural gas for heating purposes during the winter season.

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Lower oil and natural gas prices will reduce proceeds to which the trust is entitled and may ultimately reduce the amount of oil and natural gas that is economic to produce from the Underlying Properties. As a result, SandRidge or any third-party operator of any of the Underlying Properties could determine during periods of low oil and natural gas prices to shut in or curtail production from wells on the Underlying Properties. In addition, the operator of the Underlying Properties could determine during periods of low oil and natural gas prices to plug and abandon marginal wells that otherwise may have been allowed to continue to produce for a longer period under conditions of higher prices. Specifically, SandRidge or any third party operator may abandon, at its cost, any well or property if it reasonably believes that the well or property can no longer produce oil and natural gas in commercially economic quantities. This could result in termination of the portion of the royalty interest relating to the abandoned well or property, and SandRidge would have no obligation to drill a replacement well. In addition, lower oil and natural gas prices could make it more likely that leases in the undeveloped acreage will expire at the end of their respective primary terms as a result of the failure to establish production from such leasehold acreage in commercially paying quantities prior to such date. The volatility of oil and natural gas prices also reduces the accuracy of target distributions to trust unitholders. For a discussion of certain risks related to the trust's hedging arrangements, see " The hedging arrangements for the trust will cover only a portion of the production attributable to the trust, and such arrangements will limit the trust's ability to benefit from commodity price increases for hedged volumes above the corresponding hedge price."

Actual reserves and future production may be less than current estimates, which could reduce cash distributions by the trust and the value of the trust units.

The value of the trust units and the amount of future cash distributions to the trust unitholders will depend upon, among other things, the accuracy of the reserves estimated to be attributable to the trust's royalty interests. It is not possible to accurately measure underground accumulations of oil and natural gas in an exact way, and estimating reserves is inherently uncertain. Further, estimates of probable reserves are, by definition, less certain than estimates of proved reserves and are subject to substantially greater risk of not actually being realized. As discussed below, the process of estimating oil and natural gas reserves requires interpretations of available technical data and many assumptions. Any significant inaccuracies in these interpretations or assumptions could materially affect the estimated quantities and present value of reserves shown in this prospectus. This could result in actual production and revenues for the Underlying Properties being materially less than estimated amounts.

In order to prepare the estimates of reserves attributable to the Underlying Properties and the trust, SandRidge and the trust must project production rates and the timing of development expenditures. In so doing, SandRidge and the trust must analyze available geological, geophysical, production and engineering data. The extent, quality and reliability of this data can vary.

In addition, petroleum engineers are required to make subjective estimates of underground accumulations of oil and natural gas based on factors and assumptions that include:

- historical production from the area compared with production rates from other producing areas;
- oil and natural gas prices, production levels, Btu content, production expenses, transportation costs, severance and excise taxes and capital expenditures; and
- the assumed effect of governmental regulation.

Changes in these assumptions or actual production costs incurred and results of actual development could materially decrease reserve estimates and, because they are inherently less certain than proved reserves, this variability is likely to be higher for probable reserves estimates.

Estimates of reserves are also continually subject to revisions based on production history, results of additional exploration and development, price changes, and other factors. See "The Underlying Properties Oil and Natural Gas Reserves" and "The Underlying Properties The Reserve Report" for information about the estimated reserves attributable to the trust and a discussion of the methods used to estimate such reserves and the allocation of proved and probable reserves to the trust.

Reserve estimates for fields that do not have a lengthy production history are less reliable than estimates for fields with lengthy production histories. Less production history may contribute to less accurate estimates of reserves, future production rates and the timing of development expenditures. Most of the Producing Wells have been operational for less than one year and estimated reserves vary substantially from well to well and are not directly correlated to perforated lateral length or completion technique. Although SandRidge and Netherland Sewell analyzed historical production data from vertical wells drilled in the AMI since the 1940s, there can be no assurance that this data can accurately predict future production from horizontal wells. The lack of operational history for horizontal wells in the Mississippian formation may also contribute to the inaccuracy of estimates of reserves. A material and adverse variance of actual production, revenues and expenditures from those underlying reserve estimates would have a material adverse effect on the financial condition, results of operations and cash flows of the trust and would reduce cash distributions to trust unitholders. As with all horizontal drilling programs, there is a risk that some or all of a horizontal well could miss the target reservoir. As a result, you may not receive the benefit of the total amount of reserves reflected in the reserve report, notwithstanding the fact that SandRidge has satisfied its drilling obligation. See "Summary The Development Wells."

In certain circumstances the trust may have to make cash payments under the hedging arrangements and these payments could be significant; such arrangements will be secured by the trust's royalty interests in the Underlying Properties.

If actual production is below the amounts forecast in the reserve report and oil prices rise, the hedging arrangements entered into by the trust may result in the trust having to make cash payments under the hedging arrangements which could, in certain circumstances, be significant. Swap contracts underlying the derivatives agreement between SandRidge and the trust and swap contracts entered into between the trust and unaffiliated hedge counterparties provide the trust with the right to receive from SandRidge or the hedge counterparties, as applicable, the excess of the fixed price specified in the hedge contract over a floating market price, multiplied by the volume of production hedged. If the floating market price exceeds the specified fixed price, the trust must pay SandRidge or its hedge counterparties, as applicable, this difference in price multiplied by the volume of production hedged, even if the production attributable to the trust's royalty interests is insufficient to cover the volume of production specified in the applicable hedge contracts. Accordingly, if the production attributable to the trust's royalty interests is less than the volume hedged and the floating market price exceeds the specified fixed price, the trust will have to make payments against which it will have insufficient offsetting cash receipts from the sale of production attributable to its royalty interests. Furthermore, if one or more of the purchasers of the production attributable to the Underlying Properties defaults on a payment obligation, the trust may have insufficient cash receipts to make payments under the hedging arrangements. If these payments become too large, the trust's liquidity and cash available for distribution may be adversely affected.

In addition, the trust's obligations to the counterparties under its direct hedge contracts will be secured by a first priority lien on the trust's royalty interests in the Underlying Properties. If the trust fails to make any required payments to its unaffiliated hedge counterparties, these counterparties will have a right to foreclose on the trust's royalty interests and may sell the trust's royalty interests in order to satisfy the trust's payment obligations. Following foreclosure by the hedging counterparties, the counterparties may not be able to secure a replacement operator and any amounts recovered in such foreclosure action would not result in any distribution to the trust unitholders. In addition, the trust's hedging arrangements will contain a prohibition on the trust granting additional liens on any of its properties, other than customary permitted liens and liens in favor of the trustees of the trust. Please see "The Trust Hedging Arrangements" for more details on the prices and production volumes associated with the trust's hedging arrangements.

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Estimates of the target distributions to unitholders, subordination thresholds and incentive thresholds are based on assumptions that are inherently subjective and are subject to significant business, economic, financial, legal, regulatory and competitive risks and uncertainties that could cause actual cash distributions to differ materially from those estimated.

The estimates of target distributions to unitholders, subordination thresholds and incentive thresholds, as set forth in this prospectus, are based on SandRidge's calculations, and SandRidge has not received an opinion or report on such calculations from any independent accountants, financial advisers, or engineers. Such calculations are based on assumptions about drilling, production, oil and natural gas prices, hedging activities, capital expenditures, expenses, tax rates and production tax credits under state law, the location of Development Wells, and other matters that are inherently uncertain and are subject to significant business, economic, financial, legal, regulatory and competitive risks and uncertainties that could cause actual results to differ materially from those estimated. For example, these estimates have assumed that oil and natural gas production is sold at prices consistent with monthly NYMEX forward pricing as of January 3, 2012 for the period ending December 31, 2014, and assumed price increases after December 31, 2014 of 2.5% annually, capped at $120.00 per Bbl of oil in January 2025 and $7.00 per MMBtu of natural gas in September 2031; however, actual sales prices may be significantly lower. Additionally, these estimates assume that the Development Wells will be drilled on SandRidge's current anticipated schedule at the locations referenced in the reserve report and the related Underlying Properties will achieve production volumes set forth in the reserve report; however, the drilling of the Development Wells may be delayed. Development Wells may be drilled at locations with higher post-production expenses and applicable taxes and actual production volumes may be significantly lower. Further, after wells are completed, production operations may be curtailed, delayed or terminated as a result of a variety of risks and uncertainties, including those described above under " Drilling for and producing oil and natural gas on the Underlying Properties are high risk activities with many uncertainties that could delay the anticipated drilling schedule for the Development Wells and adversely affect future production from the Underlying Properties. Any such delays or reductions in production could decrease future revenues that are available for distribution to unitholders."

Furthermore, neither the target distribution nor the subordination threshold for each quarter during the subordination period necessarily represents the actual cash distributions you will receive. To the extent actual production volumes or sales prices of oil and natural gas differ from the assumptions used to generate the target distributions, the actual distributions you receive may be lower than the target distribution and the subordination threshold for the applicable quarter. A cash distribution to trust unitholders below the target distribution amount or the subordination threshold may materially adversely affect the market price of the trust units.

The subordination of certain trust units held by SandRidge does not assure that you will in fact receive any specified return on your investment in the trust.

Although SandRidge will not be entitled to receive any distribution on its subordinated units unless there is enough cash for all of the common units to receive a distribution equal to the subordination threshold for such quarter (which is 20% below the target distribution level for the corresponding quarter), the subordinated units constitute only a 25% interest in the trust, and this feature does not guarantee that common units will receive a distribution equal to the subordination threshold, or any distribution at all. Additionally, the subordination period will terminate and the subordinated units will automatically convert into common units on a one-for-one basis, following which they will no longer be subject to the subordination threshold, at the end of the fourth full calendar quarter following SandRidge's satisfaction of its drilling obligation with respect to the Development Wells. Depending on the prices at which SandRidge is able to sell volumes attributable to the trust, the common units may receive a distribution that is below the subordination threshold.

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Quarterly cash distributions will be made by the trust based on the proceeds received by the trust pursuant to the royalty interests for the preceding calendar quarter. If a quarterly cash distribution is lower than the target distribution amount or subordination threshold set forth in this prospectus for any quarter, the common units will not be entitled to receive any additional distributions nor will the units be entitled to arrearages in any future quarter.

The historical and pro forma financial information included in this prospectus may not be representative of the trust's future distributable income.

The historical financial information for the Underlying Properties included in this prospectus is derived from SandRidge's historical financial statements for periods prior to the trust's initial public offering without giving effect to the terms and conditions of the royalty interests and, as a result, does not reflect what the trust's distributable income will be in the future.

In preparing the pro forma statement of distributable income included in this prospectus, SandRidge has made adjustments to the historical financial information for the Underlying Properties based upon currently available information and upon assumptions that SandRidge's management believes are reasonable in order to reflect, on a pro forma basis, the impact of the conveyance of the royalty interests to the trust and the other items discussed in the unaudited pro forma financial statement and related notes. The estimates and assumptions used in the calculation of the pro forma financial information in this prospectus may be materially different from the trust's actual experience. Accordingly, the pro forma financial information included in this prospectus does not purport to represent what the trust's distributable income would actually have been had it been in operation during the periods presented or what the trust's distributable income will be in the future, nor does the pro forma financial information give effect to any events other than those discussed in the unaudited pro forma financial statement and related notes.

Shortages or increases in costs of equipment, services and qualified personnel could delay the drilling of the Development Wells and result in a reduction in the amount of cash available for distribution.

The demand for qualified and experienced personnel to conduct field operations, geologists, geophysicists, engineers and other professionals in the oil and natural gas industry can fluctuate significantly, often in correlation with oil and natural gas prices, causing periodic shortages. Historically, there have been shortages of drilling rigs and other equipment as demand for rigs and equipment has increased along with the number of wells being drilled. These factors also cause significant increases in costs for equipment, services and personnel. Higher oil and natural gas prices generally stimulate demand and result in increased prices for drilling rigs, crews and associated supplies, equipment and services. Shortages of field personnel and equipment or price increases could significantly hinder SandRidge's ability to perform the drilling obligation and delay completion of the Development Wells, which would reduce future distributions to trust unitholders.

Due to the trust's lack of industry and geographic diversification, adverse developments in the trust's existing area of operation could adversely impact its financial condition, results of operations and cash flows and reduce its ability to make distributions to the unitholders.

The Underlying Properties will be operated for oil and natural gas production only and are focused exclusively in the Mississippian formation in northern Oklahoma and southern Kansas. This concentration exposes the trust's interests to operational and regulatory risk in that area. Due to the lack of diversification in industry type and location of the trust's interests, adverse developments in the oil and natural gas market or the area of the Underlying Properties, including, for example, transportation or treatment capacity constraints, curtailment of production or treatment plant closures for scheduled maintenance, could have a significantly greater impact on the trust's financial condition, results of operations and cash flows than if the trust's royalty interests were more diversified.

The generation of proceeds for distribution by the trust depends in part on access to and the operation of gathering, transportation and processing facilities. Any limitation in the availability of those facilities could interfere with sales of oil and natural gas production from the Underlying Properties.

The amount of oil and natural gas that may be produced and sold from any well to which the Underlying Properties relate is subject to curtailment in certain circumstances, such as by reason of weather conditions, pipeline interruptions due to scheduled and unscheduled maintenance, failure of tendered oil and natural gas to meet quality specifications of gathering lines or downstream transporters, excessive line pressure which prevents delivery, physical damage to the gathering system or transportation system or lack of contracted capacity on such systems. The curtailments may vary from a few days to several months. In many cases, SandRidge is provided limited notice, if any, as to when production will be curtailed and the duration of such curtailments. If SandRidge is forced to reduce production due to such a curtailment, the revenues of the trust and the amount of cash distributions to the trust unitholders would similarly be reduced due to the reduction of proceeds from the sale of production. Although SandRidge currently does not have any material production shut-in and does not shut-in production on a routine basis as a result of lack of accessibility to transportation or lack of processing facilities, there can be no assurance this will be the case in the future.

Some of the Development Wells on the Underlying Properties may be drilled in locations that currently are not serviced by natural gas gathering and transportation pipelines or locations in which existing gathering and transportation pipelines do not have sufficient capacity to transport additional production. As a result, SandRidge may not be able to sell the natural gas production from certain Development Wells until the necessary gathering systems and/or transportation pipelines are constructed or until the necessary transportation capacity on an interstate pipeline is obtained. In particular, the system SandRidge intends to use to compress and process the natural gas produced from certain of the Underlying Properties could be near its capacity and may not be able to process all of SandRidge's gas. Any delay in the expansion of such system or the construction or expansion of any other natural gas gathering systems beyond the currently estimated construction schedules, or a delay in the procurement of additional transportation capacity would delay the receipt of any proceeds that may be associated with the natural gas production from the Development Wells.

The trust units may lose value as a result of title deficiencies with respect to the Underlying Properties.

The existence of title deficiencies with respect to the Underlying Properties could reduce the value or render properties worthless, thus adversely affecting the distributions to unitholders. SandRidge does not obtain title insurance covering oil, gas and mineral leaseholds. Additionally, undeveloped leasehold acreage has greater risk of title defects than developed acreage.

SandRidge has not necessarily obtained drilling title opinions on all of the Underlying Properties. Prior to drilling of a Development Well, SandRidge intends to obtain a drilling title opinion to identify defects in title to the leasehold. Frequently, as a result of title examinations, certain curative work may be required to correct identified title defects, and such curative work entails time and expense. SandRidge's inability or failure to cure title defects could render some locations undrillable or cause SandRidge to lose its rights to some or all production from some of the Underlying Properties, which could result in a reduction in proceeds available for distribution to unitholders and the value of the trust units if a comparable additional location to drill a Development Well cannot be identified.

The trust is passive in nature and will have no voting rights in SandRidge, managerial, contractual or other ability to influence SandRidge, or control over the field operations of, sale of oil and natural gas from, or development of, the Underlying Properties.

Trust unitholders have no voting rights with respect to SandRidge and, therefore, will have no managerial, contractual or other ability to influence SandRidge's activities or operations of the Underlying Properties. In addition, some of the Development Wells may be operated by third parties unrelated to

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SandRidge. Such third party operators may not have the operational expertise of SandRidge within the AMI. Oil and natural gas properties are typically managed pursuant to an operating agreement among the working interest owners in the properties. The typical operating agreement contains procedures whereby the owners of the aggregate working interest in the property designate one of the interest owners to be the operator of the property. Under these arrangements, the operator is typically responsible for making all decisions relating to drilling activities, sale of production, compliance with regulatory requirements and other matters that affect the property. The failure of an operator to adequately perform operations could reduce production from the Underlying Properties and cash available for distribution to unitholders. Neither the trustee nor the trust unitholders has any contractual ability to influence or control the field operations of, sale of oil and natural gas from, or future development of, the Underlying Properties.

The oil and natural gas reserves estimated to be attributable to the Underlying Properties of the trust are depleting assets and production from those reserves will diminish over time. Furthermore, the trust is precluded from acquiring other oil and gas properties or royalty interests to replace the depleting assets and production.

The proceeds payable to the trust from the royalty interests are derived from the sale of the production of oil and natural gas from the Underlying Properties. The oil and natural gas reserves attributable to the Underlying Properties are depleting assets, which means that the reserves of oil and natural gas attributable to the Underlying Properties will decline over time as will the quantity of oil and natural gas produced from the Underlying Properties.

Future maintenance may affect the quantity of proved reserves that can be economically produced from the Underlying Properties to which the wells relate. The timing and size of these projects will depend on, among other factors, the market prices of oil and natural gas. With the exception of SandRidge's commitment to drill the Development Wells, SandRidge has no contractual obligation to make capital expenditures on the Underlying Properties in the future. Furthermore, for properties on which SandRidge is not designated as the operator, SandRidge has no control over the timing or amount of those capital expenditures. SandRidge also has the right to non-consent and not participate in the capital expenditures on properties for which it is not the operator, in which case SandRidge and the trust will not receive the production resulting from such capital expenditures. If SandRidge or other operators of the wells to which the Underlying Properties relate do not implement maintenance projects when warranted, the future rate of production decline of proved reserves may be higher than the rate currently expected by SandRidge or estimated in the reserve report.

The trust agreement will provide that the trust's business activities will generally be limited to owning the royalty interests and entering into the hedging arrangements and activities reasonably related thereto, including activities required or permitted by the terms of the conveyances related to the royalty interests. As a result, the trust will not be permitted to acquire other oil and gas properties or royalty interests to replace the depleting assets and production attributable to the trust.

An increase in the differential between the price realized by SandRidge for oil and natural gas produced from the Underlying Properties and the NYMEX or other benchmark price of oil or natural gas could reduce the proceeds to the trust and therefore the cash distributions by the trust and the value of trust units.

The prices received for SandRidge's oil and natural gas production usually fall below benchmark prices such as NYMEX. The difference between the price received and the benchmark price is called a differential. The amount of the differential will depend on a variety of factors, including discounts based on the quality and location of hydrocarbons produced, Btu content and post-production costs. These factors can cause differentials to be volatile from period to period. SandRidge has little or no control over the factors that determine the amount of the differential, and cannot accurately predict differentials for natural gas or crude oil. Increases in the differential between the realized price of oil or natural gas and the benchmark price for oil or natural gas could reduce the proceeds to the trust and therefore the cash distributions made by the trust and the value of the trust units. The estimated realized prices for natural

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gas used to prepare the target distributions are the NYMEX futures prices for natural gas, and the estimated realized prices for oil used to prepare the target distributions assume a $5.03 per barrel negative differential from the NYMEX futures prices for oil. For more information on the differentials assumed for purposes of preparing the target distributions, see "Target Distributions and Subordination and Incentive Thresholds Significant Assumptions Used to Calculate the Target Distributions."

The amount of cash available for distribution by the trust will be reduced by post-production costs and applicable taxes associated with the trust's royalty interests, trust expenses and incentive distributions payable to SandRidge.

The royalty interests and the trust will bear certain costs and expenses that will reduce the amount of cash received by or available for distribution by the trust to the holders of the trust units. These costs and expenses include the following:

- the trust's share of the costs incurred by SandRidge to gather, store, compress, transport, process, treat, dehydrate and market the oil and natural gas (excluding costs of marketing services provided by SandRidge);

- the trust's share of applicable taxes, including taxes on the oil and natural gas and property taxes;

- trust administrative expenses, including fees paid to the trustee and the Delaware trustee, the annual administrative services fee payable to SandRidge, tax return and Schedule K-1 preparation and mailing costs, independent auditor fees and registrar and transfer agent fees, and costs associated with annual and quarterly reports to unitholders; and

- any amounts owed to counterparties under the trust's hedging arrangements.

In addition, the amount of funds available for distribution to unitholders will be reduced by the amount of any cash reserves maintained by the trustee in respect of anticipated future trust administrative expenses.

Further, during the subordination period, SandRidge will be entitled to receive a quarterly incentive distribution from the trust equal to 50% of the amount by which cash available to be paid to unitholders exceeds the incentive threshold for the applicable quarter. See "Target Distributions and Subordination and Incentive Thresholds."

The amount of costs and expenses borne by the trust may vary materially from quarter-to-quarter. The extent by which the costs and expenses of the trust are higher or lower in any quarter will directly decrease or increase the amount received by the trust and available for distribution to the unitholders. For a further summary of post-production costs and applicable taxes for the producing lives of the Producing Wells and Development Wells, see "The Underlying Properties." Historical post-production costs and taxes, however, may not be indicative of future post-production costs and taxes.

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The hedging arrangements for the trust will cover only a portion of the production attributable to the trust, and such arrangements will limit the trust's ability to benefit from commodity price increases for hedged volumes above the corresponding hedge price.

The trust will enter into oil hedge contracts with unaffiliated counterparties. Additionally, pursuant to the derivatives agreement, SandRidge will provide the trust with the economic effect of certain oil hedge contracts that it plans to enter into with third parties. Under the combined hedging arrangements, approximately % of the expected production and approximately % of the expected revenues upon which the target distributions are based from through will be hedged. The remaining estimated production of oil during that time, all production of natural gas during that time, and all production after such time will not be hedged. With respect to unhedged volumes and periods, the trust will not be protected against the price risks inherent in holding interests in oil and natural gas, commodities that are frequently characterized by significant price volatility. Furthermore, while the use of hedging arrangements limits the downside risk of price declines, they may also limit the trust's ability to benefit from increases in oil prices above the hedge price on the portion of the production attributable to the trust's royalty interests that is hedged.

The trust's receipt of any payments due to it based on the trust's hedge contracts with unaffiliated hedge counterparties and the derivatives agreement with SandRidge depends upon the financial position of the trust's unaffiliated hedging counterparties, SandRidge and SandRidge's hedging counterparties. The trust's counterparties under its hedge contracts with unaffiliated third parties will be institutions with a corporate credit rating of at least A/A2 as rated by Standard & Poor's or Moody's. The trust's counterparty under the derivatives agreement is SandRidge, whose counterparties will also be institutions with a corporate credit rating of at least A/A2. In the event that any of the counterparties to the oil hedge contracts default on their obligations to make payments under such contracts, the cash distributions to the trust unitholders would likely be materially reduced as the hedge payments are intended to provide additional cash to the trust during periods of lower oil prices. SandRidge will not be required to make payments to the trust under the derivatives agreement to the extent of payment defaults by SandRidge's hedge contract counterparties. Following this offering, except in limited circumstances involving the restructuring of an existing hedge, the trust will have no ability to terminate its hedge contracts or enter into additional hedges of its own. See " SandRidge's ability to satisfy its obligations to the trust depends on its financial position, and in the event of a default by SandRidge in its obligation to drill the Development Wells, or in the event of SandRidge's bankruptcy, it may be expensive and time-consuming for the trust to exercise its remedies."

For Development Wells drilled on properties where SandRidge is not the operator, SandRidge will rely on third party operators to drill the Development Wells, and for Development Wells where SandRidge is the operator, SandRidge may rely on third party servicers to conduct the drilling operations.

SandRidge expects to operate approximately 67% of the Development Wells during the subordination period. For Development Wells drilled on properties where SandRidge is not the operator, however, SandRidge will rely on third party operators to drill the Development Wells. In addition, where SandRidge is the operator of a Development Well, it may rely on third party service providers to perform the necessary drilling operations. The ability of third-party operators to help SandRidge meet the drilling obligation, and the ability of third-party servicers to perform drilling operations for SandRidge, will depend on those operators' future financial condition and economic performance and access to capital, which, in turn, will depend upon the supply and demand for oil and natural gas, prevailing economic conditions and financial, business and other factors. The failure of a third-party operator to adequately perform operations could delay drilling or completion of wells, or reduce production from the Underlying Properties and the cash available for distribution to trust unitholders. SandRidge may be provided little or no notice by these operators that they are failing to drill the Development Wells in accordance with pre-existing schedules. If the Development Wells take longer to be drilled and completed than currently anticipated, this may delay revenue attributable to the production of oil and natural gas by such wells. The

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revenues distributable to the trust and the amount of cash distributable to the trust unitholders would similarly be delayed.

Because SandRidge does not have a majority working interest in the non-operated properties comprising the Underlying Properties, SandRidge may not be able to remove the operator in the event of poor or untimely performance. If the Development Wells take longer to be drilled than currently anticipated, this may delay revenue attributable to the production of oil and natural gas by such wells. The revenues distributable to the trust and the amount of cash distributable to the trust unitholders would similarly be delayed.

Production of oil and natural gas on the Underlying Properties could be materially and adversely affected by severe or unseasonable weather.

Production of oil and natural gas on the Underlying Properties could be materially and adversely affected by severe weather. Repercussions of severe weather conditions may include:

- evacuation of personnel and curtailment of operations;
- weather-related damage to drilling rigs or other facilities, resulting in suspension of operations;
- inability to deliver materials to worksites; and
- weather-related damage to pipelines and other transportation facilities.

The trustee may, under certain circumstances, sell the royalty interests and dissolve the trust. The trust will begin to liquidate following the end of the 20-year period in which the trust is in existence.

The royalty interests will be sold and the trust will be dissolved upon the occurrence of certain events. For example, the trustee must sell the royalty interests if unitholders approve the sale or vote to dissolve the trust. The trustee must also sell the royalty interests if cash available for distribution for any four consecutive quarters, on a cumulative basis, is less than $5.0 million. The sale of all of the royalty interests will result in the dissolution of the trust. Upon the dissolution of the trust, the net proceeds of any such sale will be distributed to the trust unitholders in accordance with their interests and unitholders will not be entitled to receive any proceeds from the sale of production from the Underlying Properties following such date.

At the Termination Date, the Term Royalties will automatically revert to SandRidge, while the Perpetual Royalties will be sold and the proceeds will be distributed to the unitholders (including SandRidge to the extent of any trust units it owns) at the Termination Date or soon thereafter. The price received by the trust from any purchaser of the Perpetual Royalties will depend, among other things, on the prices of oil and natural gas at that time. There can be no assurance that the prices of oil and natural gas will be at levels such that trust unitholders will receive any particular amount of cash in return for the trust's sale of the Perpetual Royalties. Moreover, SandRidge will have a right of first refusal to purchase the Perpetual Royalties at the Termination Date, which may reduce the inclination of third parties to place a bid, and thereby reduce the value received by the trust in a sale. If the trustee receives a bid from a proposed purchaser other than SandRidge and wants to sell all or part of the Perpetual Royalties to such third party, the trustee will be required to give notice to SandRidge and identify the proposed purchaser and proposed sale price, and other terms of the bid. See "The Trust."

There has been no public market for the common units and no independent appraisal of the value of the royalty interests has been performed.

The initial public offering price of the common units will be determined by negotiation among SandRidge, the trust and the underwriters. Among the factors to be considered in determining the initial public offering price, in addition to prevailing market conditions, will be current and historical oil and natural gas prices, current and prospective conditions in the supply and demand for oil and natural gas, reserve and production quantities estimated for the royalty interests and the trust's cash distributions prospects. None of SandRidge, the trust or the underwriters will obtain any independent appraisal or other opinion of the value of the royalty interests other than the reserve report prepared by Netherland Sewell.

The trust is managed by a trustee who cannot be replaced except at a special meeting of trust unitholders.

The business and affairs of the trust will be managed by the trustee. Your voting rights as a trust unitholder are more limited than those of stockholders of most public corporations. For example, there is no requirement for annual meetings of trust unitholders or for an annual or other periodic re-election of the trustee. The trust agreement provides that the trustee may only be removed and replaced by the holders of a majority of the outstanding trust units, excluding trust units held by SandRidge, voting in person or by proxy at a special meeting of trust unitholders at which a quorum is present called by either the trustee or the holders of not less than 10% of the outstanding trust units. As a result, it may be difficult for public unitholders to remove or replace the trustee without the cooperation of holders of a substantial percentage of the outstanding trust units.

Trust unitholders have limited ability to enforce provisions of the royalty interests, and SandRidge's liability to the trust is limited.

The trust agreement permits the trustee and the trust to sue SandRidge or any other future owner of the Underlying Properties to enforce the terms of the conveyances creating the PDP Royalty Interest and the Development Royalty Interest. If the trustee does not take appropriate action to enforce provisions of these conveyances, a trust unitholder's recourse would be limited to bringing a lawsuit against the trustee to compel the trustee to take specified actions. The trust agreement expressly limits a trust unitholder's ability to directly sue SandRidge or any other party other than the trustee. As a result, trust unitholders will not be able to sue SandRidge or any future owner of the Underlying Properties to enforce the trust's rights under the conveyances. Furthermore, the royalty interest conveyances provide that, except as set forth in the conveyances, SandRidge will not be liable to the trust for the manner in which it performs its duties in operating the Underlying Properties as long as it acts in good faith and, to the fullest extent permitted by law, will owe no fiduciary duties to the trust or the unitholders.

Courts outside of Delaware may not recognize the limited liability of the trust unitholders provided under Delaware law.

Under the Delaware Statutory Trust Act, trust unitholders will be entitled to the same limitation of personal liability extended to stockholders of private corporations for profit under the General Corporation Law of the State of Delaware. No assurance can be given, however, that the courts in jurisdictions outside of Delaware will give effect to such limitation.

SandRidge may sell trust units in the public or private markets, and such sales could have an adverse impact on the trading price of the common units.

After the closing of the offering, SandRidge will hold an aggregate of 11,187,500 common units and 12,062,500 subordinated units. All of the subordinated units will automatically convert into common units on a one-for-one basis at the end of the subordination period. SandRidge has agreed not to sell any trust units for a period of 180 days after the date of this prospectus without the consent of Morgan Stanley & Co. LLC and Raymond James & Associates, Inc., acting as representatives of the several underwriters. See "Trust Units Eligible for Future Sale SandRidge Lock-up Agreement." After such period, SandRidge may sell trust units in the public or private markets, and any such sales could have an adverse impact on the price of the common units or on any trading market that may develop. The trust has granted registration rights to SandRidge, which, if exercised, would facilitate sales of common units by SandRidge to the public. See "Trust Units Eligible for Future Sale Registration Rights Agreement."

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Conflicts of interest could arise between SandRidge and the trust unitholders.

As a working interest owner in the Underlying Properties, SandRidge could have interests that conflict with the interests of the trust and the trust unitholders. For example:

- Notwithstanding its drilling obligation to the trust, SandRidge's interests may conflict with those of the trust and the trust unitholders in situations involving the development, maintenance, operation or abandonment of the Underlying Properties. Additionally, SandRidge may, consistent with its obligation to act as a reasonably prudent operator, abandon a well that is uneconomic, or not generating revenues from production in excess of its operating costs, even though such well is still generating revenue for the trust unitholders. Subsequent to fulfilling its drilling obligation, SandRidge may make decisions with respect to expenditures and decisions to allocate resources on projects in other areas that adversely affect the Underlying Properties, including reducing expenditures on these properties, which could cause oil and natural gas production to decline at a faster rate and thereby result in lower cash distributions by the trust in the future.

- Following the satisfaction of its drilling obligation to the trust, SandRidge may, without the consent or approval of the trust unitholders, sell all or any part of its retained interest in the Underlying Properties, if the Underlying Properties are sold subject to and burdened by the royalty interests. Although SandRidge must require any purchaser of its retained interest in the Underlying Properties to assume SandRidge's obligations with respect to those properties, such sale may not be in the best interests of the trust and the trust unitholders. For example, any purchaser may lack SandRidge's experience in the Mississippian formation or its creditworthiness. See " SandRidge may sell all or a portion of the Underlying Properties, subject to and burdened by the royalty interests, after satisfying its drilling obligation to the trust; any such purchaser could have a weaker financial position and/or be less experienced in oil and natural gas development and production than SandRidge" and "Description of the Royalty Interests Additional Features of the Royalty Interests Sale and Release of Underlying Properties."

- Following the satisfaction of its drilling obligation to the trust, SandRidge may, without the consent or approval of the trust unitholders, require the trust to release royalty interests with an aggregate value of up to $5.0 million during any 12-month period in connection with a sale by SandRidge of a portion of its retained interest in the Underlying Properties. Although these releases are conditioned upon the trust receiving an amount equal to the fair value to the trust of such royalty interests, the fair value received by the trust for such royalty interests may not fully compensate the trust for the value of future production attributable to the royalty interests disposed of. See "Description of the Royalty Interests Additional Features of the Royalty Interests Sale and Release of Underlying Properties."

- SandRidge is permitted under the conveyance agreements creating the royalty interests to enter into new processing and transportation contracts without obtaining bids from or otherwise negotiating with any independent third parties, and SandRidge will deduct from the trust's proceeds any charges under such contracts attributable to production from the trust properties. Provisions in the conveyance agreements, however, require that charges under future contracts with affiliates of SandRidge relating to processing or transportation of oil and natural gas be comparable to charges prevailing in the area for similar services.

- After expiration of a 180-day lock-up period, SandRidge can sell its units regardless of the effects such sale may have on common unit prices or on the trust itself. Additionally, SandRidge can vote its trust units in its sole discretion.

In addition, SandRidge has agreed that, if at any time the trust's cash on hand (including available cash reserves) is not sufficient to pay the trust's ordinary course administrative expenses as they become due, SandRidge will loan funds to the trust necessary to pay such expenses. Any such loan will be on an unsecured basis, and the terms of such loan will be substantially the same as those which would be

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obtained in an arms' length transaction between SandRidge and an unaffiliated third party. If SandRidge provides such funds to the trust, it would become a creditor of the trust and its interests as a creditor could conflict with the interests of unitholders. Finally, as hedge manager to the trust, SandRidge will have the ability to negotiate the terms of any novation or transfer of any hedge contract to which it is a party to the trust.

SandRidge may sell all or a portion of the Underlying Properties, subject to and burdened by the royalty interests, after satisfying its drilling obligation to the trust; any such purchaser could have a weaker financial position and/or be less experienced in oil and natural gas development and production than SandRidge.

You will not be entitled to vote on any sale of the Underlying Properties if the Underlying Properties are sold subject to and burdened by the royalty interests and the trust will not receive any proceeds from any such sale. The purchaser would be responsible for all of SandRidge's obligations relating to the royalty interests on the portion of the Underlying Properties sold, and SandRidge would have no continuing obligation to the trust for those properties. Additionally, SandRidge may enter into farmout or joint venture arrangements with respect to the wells burdened by the trust's royalty interest. Any purchaser, farmout counterparty or joint venture partner could have a weaker financial position and/or be less experienced in oil and natural gas development and production than SandRidge.

SandRidge's ability to satisfy its obligations to the trust depends on its financial position, and in the event of a default by SandRidge in its obligation to drill the Development Wells, or in the event of SandRidge's bankruptcy, it may be expensive and time-consuming for the trust to exercise its remedies.

Pursuant to the terms of the development agreement, SandRidge will be obligated to drill, or cause to be drilled, the Development Wells at its own expense. SandRidge operates 79% of the Producing Wells and expects to operate approximately 67% of the Development Wells during the subordination period. The conveyances provide that SandRidge will be obligated to market, or cause to be marketed, the oil and natural gas production related to the Underlying Properties. Additionally, SandRidge will be the counterparty to the trust's derivatives agreement and will have certain obligations to the trust under the agreement. In the event that SandRidge defaults on its obligation to make payments under the derivatives agreement, the cash distributions to the trust unitholders may be materially reduced as these payments are intended to provide additional cash to the trust during periods of lower oil and natural gas prices. Due to the trust's reliance on SandRidge to fulfill these numerous obligations, the value of the trust's royalty interest and its ultimate cash available for distribution will be highly dependent on SandRidge's performance.

SandRidge has drilling obligations to two other royalty trusts, which will require it to make capital expenditures over the next several years at the same time it plans to drill the Development Wells. SandRidge's ability to satisfy its drilling obligation to the trust will depend on, among other things, the availability of sufficient funds and drilling rigs. More generally, SandRidge's ability to satisfy its drilling obligation to the trust and to perform its other obligations to the trust will depend on its future financial condition and economic performance and access to capital, which in turn will depend upon the supply and demand for oil and natural gas, prevailing economic conditions and financial, business and other factors, many of which are beyond SandRidge's control. See "SandRidge Energy, Inc." and "Where You Can Find More Information" for additional information relating to SandRidge.

In the event that SandRidge defaults on its obligation to drill the Development Wells, the trust would be able to foreclose on the Drilling Support Lien to the extent of SandRidge's remaining interests in the undeveloped portions of the AMI, attempt to collect money damages from SandRidge and pursue other available legal remedies against SandRidge. However, the trust is not permitted to obtain specific performance from SandRidge of its drilling obligation, and the maximum amount the trust can recover in a foreclosure or other action is limited to approximately $ million, which amount will be reduced proportionately as each Development Well is drilled. There can be no assurance that the value of

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SandRidge's interests in the undeveloped portions of the AMI secured by the Drilling Support Lien will be equal to the amount recoverable at any given time, and such interests may be worth considerably less. The process of foreclosing on such collateral may be expensive and time-consuming and delay the drilling and completion of the Development Wells; such delays and expenses would reduce trust distributions by reducing the amount of proceeds available for distribution. Any amounts actually recovered in a foreclosure action would be applied to completion of SandRidge's drilling obligation, would not result in any distribution to the trust unitholders and may be insufficient to drill the number of wells needed for the trust to realize the full value of the Development Royalty Interest. Furthermore, the trust would have to seek a new party to perform the drilling and operations of the wells. The trust may not be able to find a replacement driller or operator, and it may not be able to enter into a new agreement with such replacement party on favorable terms within a reasonable period of time. As long as the trust's royalty interests are pledged as collateral to the trust's hedge counterparties, the trust's arranging for a replacement driller or operator may be more difficult or impossible. In such an event, the production from the trust's properties and the trust's revenues would decline. If a decline in the trust's revenues prevents it from satisfying its obligations under its hedging arrangements, the hedging counterparties could foreclose on the trust's royalty interests. The possibility of this foreclosure could deter the trust from exercising its right to foreclose on the Drilling Support Lien.

SandRidge will not be required to maintain a segregated account for proceeds payable to the trust. The proceeds of the royalty interests may be commingled with proceeds of SandRidge's retained interest in the Underlying Properties for the period of time between SandRidge's sale of production attributable to the trust's royalty interests and the quarterly payment to the trust of its share of proceeds. It is possible that the trust may not have adequate facts to trace its entitlement to funds in the commingled pool of funds and that other persons may, in asserting claims against SandRidge's retained interest, be able to assert claims to the proceeds that should be delivered to the trust. If there is an event of default under SandRidge's credit facility, SandRidge must keep its accounts with banks that enter into control agreements with the administrative agent under the credit facility, which would permit the administrative agent to direct payment of funds in such accounts during the pendency of an event of default. In addition, during any bankruptcy of SandRidge, it is possible that payments of the royalties may be delayed or deferred. During the pendency of any SandRidge bankruptcy proceedings, the trust's ability to foreclose on the Drilling Support Lien, and the ability to collect cash payments being held in SandRidge's accounts that are attributable to production from the trust properties, may be stayed by the bankruptcy court. Delay in realizing on the collateral for the Drilling Support Lien is possible, and it cannot be guaranteed that a bankruptcy court would permit such foreclosure. It is possible that the bankruptcy would also delay the execution of a new agreement with another driller or operator. If the trust enters into a new agreement with a drilling or operating partner, the new partner might not achieve the same levels of production or sell oil and natural gas at the same prices as SandRidge was able to achieve.

Oil and natural gas wells are subject to operational hazards that can cause substantial losses. SandRidge maintains insurance; however, SandRidge may not be adequately insured for all such hazards.

There are a variety of operating risks inherent in oil and natural gas production and associated activities, such as fires, leaks, explosions, mechanical problems, major equipment failures, blowouts, uncontrollable flow of oil, natural gas, water or drilling fluids, casing collapses, abnormally pressurized formations and natural disasters. The occurrence of any of these or similar accidents that temporarily or permanently halt the production and sale of oil and natural gas at any of the Underlying Properties will reduce trust distributions by reducing the amount of proceeds available for distribution.

Additionally, if any of such risks or similar accidents occur, SandRidge could incur substantial losses as a result of injury or loss of life, severe damage or destruction of property, natural resources and equipment, regulatory investigation and penalties and environmental damage and clean-up responsibility. If SandRidge experiences any of these problems, its ability to conduct operations and perform its obligations to the trust could be adversely affected. While SandRidge intends to obtain and maintain insurance coverage it deems appropriate for these risks with respect to the Underlying Properties, SandRidge's operations may result in liabilities exceeding such insurance coverage or liabilities not covered by insurance. If a well is damaged, SandRidge would have no obligation to drill a replacement well or make the trust whole for the loss.

For more information on SandRidge's insurance coverage, please see "The Underlying Properties Insurance."

SandRidge is subject to complex federal, state, local and other laws and regulations that could adversely affect the cost, manner or feasibility of conducting its operations or expose SandRidge to significant liabilities.

SandRidge's oil and natural gas exploration, production, transportation and treatment operations are subject to complex and stringent laws and regulations. In order to conduct its operations in compliance with these laws and regulations, SandRidge must obtain and maintain numerous permits, approvals and certificates from various federal, state and local governmental authorities. SandRidge may incur substantial costs in order to maintain compliance with these existing laws and regulations. Further, in light of the explosion and fire on the drilling rig Deepwater Horizon in the Gulf of Mexico, as well as recent incidents involving the release of oil and natural gas and fluids as a result of drilling activities in the United States, there has been a variety of regulatory initiatives at the federal and state levels to restrict oil and natural gas drilling operations in certain locations. Any increased regulation or suspension of oil and natural gas exploration and production, or revision or reinterpretation of existing laws and regulations, that arises out of these incidents or otherwise could result in delays and higher operating costs. Such costs or significant delays could have a material adverse effect on SandRidge's business, financial condition and results of operations. SandRidge must also comply with laws and regulations prohibiting fraud and market manipulations in energy markets. To the extent SandRidge is a shipper on interstate pipelines, it must comply with the tariffs of such pipelines and with federal policies related to the use of interstate capacity.

Laws and regulations governing oil and natural gas exploration and production may also affect production levels. SandRidge is required to comply with federal and state laws and regulations governing conservation matters, including provisions related to the unitization or pooling of the oil and natural gas properties; the establishment of maximum rates of production from wells; the spacing of wells; and the plugging and abandonment of wells. These and other laws and regulations can limit the amount of oil and natural gas SandRidge can produce from its wells, limit the number of wells it can drill, or limit the locations at which it can conduct drilling operations, which in turn could negatively impact trust distributions, estimated and actual future net revenues to the trust and estimates of reserves attributable to the trust's interests.

New laws or regulations, or changes to existing laws or regulations may unfavorably impact SandRidge, could result in increased operating costs and have a material adverse effect on SandRidge's financial condition and results of operations. For example, Congress has recently considered, and may continue to consider, legislation that, if adopted in its proposed form, would subject companies involved in oil and natural gas exploration and production activities to, among other items, additional regulation of and restrictions on hydraulic fracturing of wells, and the elimination of most U.S. federal tax incentives and deductions available to oil and natural gas exploration and production activities. In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act and rules promulgated thereunder could reduce trading positions in the energy futures markets and materially reduce hedging opportunities for SandRidge, which could adversely affect its revenues and cash flows during periods of low commodity prices, and which could adversely affect the ability to restructure the trust's hedges when it might be desirable to do so.

Additionally, state and federal regulatory authorities may expand or alter applicable pipeline safety laws and regulations, compliance with which may require increased capital costs on the part of SandRidge and third party downstream oil and natural gas transporters. These and other potential regulations could increase SandRidge's operating costs, reduce SandRidge's liquidity, delay SandRidge's operations,

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increase direct and third party post production costs associated with the trust's interests or otherwise alter the way SandRidge conducts its business, which could have a material adverse effect on SandRidge's financial condition, results of operations and cash flows and which could reduce cash received by or available for distribution, including any amounts paid by SandRidge for transportation on downstream interstate pipelines.

The operations of SandRidge are subject to environmental laws and regulations that could adversely affect the cost, manner or feasibility of conducting operations or result in significant costs and liabilities.

The oil and natural gas exploration and production operations of SandRidge in the Mississippian formation are subject to stringent and comprehensive federal, state and local laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection. These laws and regulations may impose numerous obligations that are applicable to SandRidge's operations including the acquisition of a permit before conducting drilling; water withdrawal or waste disposal activities; the restriction of types, quantities and concentration of materials that can be released into the environment; the limitation or prohibition of drilling activities on certain lands lying within wilderness, wetlands and other protected areas; and the imposition of substantial liabilities for pollution resulting from operations. Numerous governmental authorities, such as the U.S. Environmental Protection Agency ("EPA") and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued under them, often requiring difficult and costly actions. Failure to comply with these laws and regulations may result in the assessment of administrative, civil or criminal penalties; the imposition of investigatory or remedial obligations; and the issuance of injunctions limiting or preventing some or all of SandRidge's operations.

There is inherent risk of incurring significant environmental costs and liabilities in the performance of SandRidge's operations due to its handling of petroleum hydrocarbons and wastes, because of air emissions and wastewater discharges related to its operations, and as a result of historical industry operations and waste disposal practices. Under certain environmental laws and regulations, SandRidge could be subject to joint and several strict liability for the removal or remediation of previously released materials or property contamination regardless of whether SandRidge was responsible for the release or contamination or if the operations were in compliance with all applicable laws at the time those actions were taken. Private parties, including the owners of properties upon which SandRidge's wells are drilled and facilities where SandRidge's petroleum hydrocarbons or wastes are taken for reclamation or disposal may also have the right to pursue legal actions to enforce compliance, as well as to seek damages for contamination even in the absence of non-compliance, with environmental laws and regulations or for personal injury or property damage. In addition, the risk of accidental spills or releases could expose SandRidge to significant liabilities that could have a material adverse effect on its financial condition or results of operations. Changes in environmental laws and regulations occur frequently, and any changes that result in more stringent or costly construction, drilling, water management, completion, waste handling, storage, transport, disposal or cleanup requirements could require SandRidge to make significant expenditures to attain and maintain compliance and may otherwise have a material adverse effect on its results of operations, competitive position or financial condition. SandRidge may not be able to recover some or any of these costs from insurance. As a result of the increased cost of compliance, SandRidge may decide to discontinue drilling. Additionally, permitting delays may inhibit SandRidge's ability to drill the Development Wells on schedule.

For more information on the environmental laws and regulations governing SandRidge's operations, please see "The Underlying Properties Regulation."

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Climate change laws and regulations restricting emissions of "greenhouse gases" could result in increased operating costs and reduced demand for the oil and natural gas that SandRidge produces while the physical effects of climate change could disrupt SandRidge's production and cause SandRidge to incur significant costs in preparing for or responding to those effects.

In December 2009, the EPA published its findings that emissions of carbon dioxide, methane and other greenhouse gases ("GHGs") present a danger to public health and the environment. These findings allow the agency to adopt and implement regulations that restrict emissions of GHGs under existing provisions of the federal Clean Air Act. Accordingly, the EPA has adopted regulations that require a reduction in emissions of GHGs from motor vehicles and also trigger Clean Air Act construction and operating permit review for GHG emissions from certain large stationary sources. The EPA's rules relating to emissions of GHGs from large stationary sources of emissions are currently subject to a number of political and legal challenges, but the federal courts have thus far declined to issue any injunctions to prevent EPA from implementing, or requiring state environmental agencies to implement, the rules. In addition, in October 2009, the EPA published a final rule requiring the reporting of GHG emissions from specified large GHG emission sources in the United States, beginning in 2011 for emissions occurring in 2010. In November 2010, the EPA published a final rule that expands its October 2009 final rule on reporting of GHG emissions to require certain owners and operators of onshore oil and natural gas production to monitor greenhouse gas emissions beginning in 2011 and to report those emissions beginning in 2012. Both houses of Congress have from time to time considered legislation to reduce emissions of GHGs and almost one-half of the states, either individually or through multi-state regional initiatives, already have begun implementing legal measures to reduce emissions of GHGs. The adoption and implementation of any regulations imposing reporting obligations on, or limiting emissions of GHGs from, SandRidge's equipment and operations could require SandRidge to incur additional costs to reduce emissions of GHGs associated with its operations or could adversely affect demand for the oil and natural gas that it produces. Finally, some scientists have concluded that increasing concentrations of greenhouse gases in the Earth's atmosphere may produce climate change that could have significant physical effects, such as increased frequency and severity of storms, droughts, and floods and other climatic events; if any such effects were to occur, they could have an adverse effect on SandRidge's assets and operations.

Federal and state legislative and regulatory initiatives as well as governmental reviews relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays as well as adversely affect SandRidge's level of production.

Hydraulic fracturing is an important and common practice that is used to stimulate production of hydrocarbons from tight formations, such as shales. SandRidge makes extensive use of hydraulic fracturing in producing from the Underlying Properties. The process involves the injection of water, sand and chemicals under pressure into formations to fracture the surrounding rock and stimulate production. The process is typically regulated by state oil and gas commissions. However, the EPA recently asserted federal regulatory authority over certain hydraulic fracturing practices not currently employed by SandRidge in the AMI. Also, legislation has been introduced, but not enacted, in Congress to provide for federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the fracturing process. In addition, some states have adopted, and other states are considering adopting, regulations that could restrict hydraulic fracturing in certain circumstances. If new laws or regulations that significantly restrict or regulate hydraulic fracturing are adopted, such legal requirements could cause project delays and make it more difficult or costly for SandRidge to perform fracturing to stimulate production from the Mississippian formation. These delays or additional costs could adversely affect the determination of whether a well is commercially viable. Restrictions on hydraulic fracturing could also reduce the amount of oil and natural gas that SandRidge is ultimately able to produce in commercial quantities from the Underlying Properties.

In addition, a number of federal agencies are analyzing, or have been requested to review, a variety of environmental issues associated with hydraulic fracturing. The White House Council on Environmental

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Quality is coordinating an administration-wide review of hydraulic fracturing practices, and a committee of the United States House of Representatives has conducted an investigation of hydraulic fracturing practices. The EPA has commenced a study of the potential environmental effects of hydraulic fracturing on drinking water and groundwater, with initial results expected to be available by late 2012 and final results by 2014. Moreover, the EPA announced on October 20, 2011 that it is also launching a study regarding wastewater resulting from hydraulic fracturing activities and currently plans to propose standards by 2014 that such wastewater must meet before being transported to a treatment plant. In addition, the U.S. Department of Energy is conducting an investigation of practices the agency could recommend to better protect the environment from drilling using hydraulic fracturing completion methods. Also, the U.S. Department of the Interior is considering disclosure requirements or other mandates for hydraulic fracturing on federal lands. Additionally, certain members of Congress have called upon the U.S. Government Accountability Office to investigate how hydraulic fracturing might adversely affect water resources; the U.S. Securities & Exchange Commission to investigate the natural gas industry and any possible misleading of investors or the public regarding the economic feasibility of pursuing natural gas deposits in shales by means of hydraulic fracturing; and the U.S. Energy Information Administration to provide a better understanding of that agency's estimates regarding natural gas reserves, including reserves from shale formations, as well as uncertainties associated with those estimates. These ongoing or proposed studies, depending on their degree of pursuit and any meaningful results obtained, could spur initiatives to further regulate hydraulic fracturing under the federal Safe Drinking Water Act or other regulatory mechanisms.

The trust will be subject to the requirements of the Sarbanes-Oxley Act of 2002, which may impose cost and operating challenges on it.

The trust will be subject to certain of the requirements of the Sarbanes-Oxley Act of 2002, which will require, among other things, maintenance by the trust of, and reports regarding the effectiveness of, a system of internal control over financial reporting. Complying with these requirements may pose operational challenges and may cause the trust to incur unanticipated expenses. Any failure by the trust to comply with these requirements could lead to a loss of public confidence in the trust's internal controls and in the accuracy of the trust's publicly reported results.

Tax Risks Related to the Units

The trust's tax treatment depends on its status as a partnership for U.S. federal income tax purposes. If the U.S. Internal Revenue Service ("IRS") were to treat the trust as a corporation for U.S. federal income tax purposes, then its cash available for distribution to unitholders would be substantially reduced.

The anticipated after-tax economic benefit of an investment in the trust units depends largely on the trust being treated as a partnership for U.S. federal income tax purposes. The trust has not requested, and does not plan to request, a ruling from the Internal Revenue Service, or IRS, on this or any other tax matter affecting it.

It is possible in certain circumstances for a publicly traded trust otherwise treated as a partnership, such as the trust, to be treated as a corporation for U.S. federal income tax purposes. Although the trust does not believe based upon its current activities that it is so treated, a change in current law could cause it to be treated as a corporation for U.S. federal income tax purposes or otherwise subject it to taxation as an entity.

If the trust were treated as a corporation for U.S. federal income tax purposes, it would pay federal income tax on its taxable income at the corporate tax rate, which is currently a maximum of 35%. Distributions to you would generally be taxed again as corporate distributions, and no income, gains, losses, deductions or credits would flow through to you without first being subjected to taxation at the entity level. Because a tax would be imposed upon the trust as a corporation, its cash available for distribution to you would be substantially reduced. Therefore, treatment of the trust as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to the trust unitholders, likely causing a substantial reduction in the value of the trust units.

The trust agreement provides that if a law is enacted or existing law is modified or interpreted in a manner that subjects the trust to additional amounts of entity-level taxation for state or local income tax purposes, the subordination threshold amounts, incentive threshold amounts and target distribution amounts may be adjusted to reflect the impact of that law on the trust.

If the trust were subjected to a material amount of additional entity-level taxation by individual states, it would reduce the trust's cash available for distribution to unitholders.

Changes in current state law may subject the trust to additional entity-level taxation by individual states. Because of widespread state budget deficits and other reasons, several states are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise and other forms of taxation. Imposition of such taxes may substantially reduce the cash available for distribution to unitholders and, therefore, negatively impact the value of an investment in trust units. The trust agreement provides that if a law is enacted or existing law is modified or interpreted in a manner that subjects the trust to additional amounts of entity-level taxation for state or local income tax purposes, the subordination threshold amounts, incentive threshold amounts and target distribution amounts may be adjusted to reflect the impact of that law on the trust.

The tax treatment of an investment in trust units could be affected by recent and potential legislative changes, possibly on a retroactive basis.

The Health Care and Education Reconciliation Act of 2010 includes a provision that, in taxable years beginning after December 31, 2012, subjects an individual having adjusted gross income in excess of $200,000 (or $250,000 for married taxpayers filing joint returns) to an additional "Medicare tax" equal generally to 3.8% of the lesser of such excess or the individual's net investment income, which appears to include interest income and royalty income derived from investments such as the trust units as well as any net gain from the disposition of trust units. In addition, absent new legislation extending the current rates, beginning January 1, 2013, the highest marginal U.S. federal income tax rate applicable to ordinary income and long-term capital gains of individuals will increase to 39.6% and 20%, respectively. Moreover, these rates are subject to change by new legislation at any time.

Current law may change so as to cause the trust to be treated as a corporation for U.S. federal income tax purposes or otherwise subject the trust to entity-level taxation. Specifically, the present U.S. federal income tax treatment of publicly traded partnerships, including the trust, or an investment in the trust units may be modified by administrative, legislative or judicial interpretation at any time. For example, at the federal level, legislation has been proposed in the past that would have eliminated partnership tax treatment for certain publicly traded partnerships. Although such legislation would not have applied to the trust as it was proposed, it could be reintroduced in a manner that does apply to the trust.

The trust agreement provides that if a law is enacted or existing law is modified or interpreted in a manner that subjects the trust to taxation as a corporation or otherwise subjects it to entity-level taxation for U.S. federal income tax purposes, the subordination threshold amounts, incentive threshold amounts and target distribution amounts may be adjusted to reflect the impact of that law on the trust.

The trust will adopt positions that may not conform to all aspects of existing Treasury Regulations. If the IRS contests the tax positions the trust takes, the value of the trust units may be adversely affected, the cost of any IRS contest will reduce the trust's cash available for distribution and income, gain, loss and deduction may be reallocated among trust unitholders.

If the IRS contests any of the U.S. federal income tax positions the trust takes, the value of the trust units may be adversely affected because the cost of any IRS contest will reduce the trust's cash available for

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distribution and income, gain, loss and deduction may be reallocated among trust unitholders. For example, the trust will generally prorate its items of income, gain, loss and deduction between transferors and transferees of the trust units each quarter based upon the record ownership of the trust units on the quarterly record date in such quarter instead of on the basis of the date a particular trust unit is transferred. Although simplifying conventions are contemplated by the Internal Revenue Code, and most publicly traded partnerships use similar simplifying conventions, the use of these methods may not be permitted under existing Treasury Regulations.

The trust has not requested a ruling from the IRS with respect to its treatment as a partnership for U.S. federal income tax purposes or any other matter affecting the trust. The IRS may adopt positions that differ from the conclusions of the trust's counsel expressed in this prospectus or from the positions the trust takes. It may be necessary to resort to administrative or court proceedings to attempt to sustain some or all of the conclusions of the trust's counsel or the positions the trust takes. A court may not agree with some or all of the conclusions of the trust's counsel or positions the trust takes. Any contest with the IRS may materially and adversely impact the market for the trust units and the price at which they trade. In addition, the trust's costs of any contest with the IRS will be borne indirectly by the trust unitholders because the costs will reduce the trust's cash available for distribution.

You will be required to pay taxes on your share of the trust's income even if you do not receive any cash distributions from the trust.

Because the trust unitholders will be treated as partners to whom the trust will allocate taxable income that could be different in amount than the cash the trust distributes, you will be required to pay any federal income taxes and, in some cases, state and local income taxes on your share of the trust's taxable income even if you receive no cash distributions from the trust. You may not receive cash distributions from the trust equal to your share of the trust's taxable income or even equal to the actual tax liability that results from that income.

Tax gain or loss on the disposition of the trust units could be more or less than expected.

If you sell your trust units, you will recognize a gain or loss equal to the difference between the amount realized and your tax basis in those trust units. Because distributions in excess of your allocable share of the trust's net taxable income decrease your tax basis in your trust units, the amount, if any, of such prior excess distributions with respect to the trust units you sell will, in effect, become taxable income to you if you sell such trust units at a price greater than your tax basis in those trust units, even if the price you receive is less than your original cost. Furthermore, a substantial portion of the amount realized, whether or not representing gain, may be taxed as ordinary income due to potential recapture items, including depletion recapture. Please read "U.S. Federal Income Tax Considerations Disposition of Trust Units Recognition of Gain or Loss" for a further discussion of the foregoing.

The ownership and disposition of trust units by non-U.S. persons may result in adverse tax consequences to them.

Investment in trust units by non-U.S. persons raises issues unique to them. For example, distributions to non-U.S. persons will be reduced by withholding taxes at the highest applicable effective tax rate, and non-U.S. persons may be required to file U.S. federal income tax returns and pay tax on their share of the trust's taxable income or proceeds from the sale of trust units. If you are a non-U.S. person, you should consult a tax advisor before investing in the trust units.

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The trust will treat each purchaser of trust units as having the same economic attributes without regard to the actual trust units purchased. The IRS may challenge this treatment, which could adversely affect the value of the trust units.

Due to a number of factors, including the trust's inability to match transferors and transferees of trust units, the trust will adopt positions that may not conform to all aspects of existing Treasury Regulations. A successful IRS challenge to those positions could adversely alter the tax effects of an i