

SANDRIDGE ENERGY INC
Form S-1
January 05, 2011
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As filed with the Securities and Exchange Commission on January 5, 2011

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

FORM S-1

SandRidge Mississippian Trust I

(Exact name of co-registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

1311

(Primary Standard Industrial Classification Code Number)

27-6990649

(I.R.S. Employer Identification No.)

919 Congress Avenue, Suite 500

Austin, Texas 78701

(512) 236-6599

FORM S-3

SandRidge Energy, Inc.

(Exact name of co-registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

1311

(Primary Standard Industrial Classification Code Number)

20-8084793

(I.R.S. Employer Identification No.)

123 Robert S. Kerr Avenue

Oklahoma City, Oklahoma 73102

(405) 429-5500

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(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)

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Tom L. Ward

Chairman, Chief Executive Officer and President

SandRidge Energy, Inc.

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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: "

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. "

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. "

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. "

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 I
Large accelerated filer "

Accelerated filer "

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Non-accelerated filer	<input checked="" type="checkbox"/>	(Do not check if a smaller reporting company)	Smaller reporting company	..
SandRidge Energy, Inc.				
Large accelerated filer	<input checked="" type="checkbox"/>		Accelerated filer	..
Non-accelerated filer	<input type="checkbox"/>	(Do not check if a smaller reporting company)	Smaller reporting company	..

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 of Beneficial Interest in SandRidge Mississippian Trust I	\$287,500,000	\$33,379

- (1) Includes trust 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 preliminary 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 preliminary prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities, in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated January 5, 2011

PRELIMINARY PROSPECTUS

SandRidge Mississippian Trust I

12,500,000 Common Units

This is an initial public offering of common units representing beneficial interests in SandRidge Mississippian Trust I. 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 common and subordinated units collectively representing a 51% beneficial interest in the trust, as well as all of the net proceeds of this offering. SandRidge will also enter into an agreement with the trust to provide the trust with the benefit of certain hedging arrangements with respect to a portion of the anticipated oil and natural gas production covered by the royalty interests.

Prior to this offering, there has been no public market for the common units. SandRidge expects that the 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 SDT.

The Trust Units. Trust units, consisting of the common and subordinated units, are units of beneficial interest 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 term and perpetual royalty interests in oil and natural gas properties leased by SandRidge in the Mississippian formation in Alfalfa, Garfield, Grant, Major and Woods counties in Oklahoma. These royalty interests will entitle the trust to receive (a) 90% of the proceeds attributable to SandRidge's net revenue interest in the sale of production from 37 horizontal producing wells and (b) 50% of the proceeds attributable to SandRidge's net revenue interest in the sale of production from 123 horizontal development wells to be drilled on drilling locations included within an Area of Mutual Interest consisting of approximately 63,500 gross acres (42,600 net acres) held by SandRidge. The number of wells required to be drilled may increase or decrease in proportion to SandRidge's actual net revenue interest in each well. 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 held by the trust.

Ownership of Trust Units by SandRidge. After the completion of this offering, SandRidge will own 6,475,000 common units and 6,325,000 subordinated units, together representing 51% of all outstanding trust units. If the underwriters exercise their over-allotment option in full, SandRidge will own 4,600,000 common units and 6,325,000 subordinated units, together representing 43% of trust units.

Incentive Distributions and Subordinated Units. SandRidge will be entitled to receive incentive distributions equal to 50% of the amount, if any, by which the cash available for distribution on all of the trust units in any quarter during the subordination period described herein exceeds certain target distribution levels by more than 20%. Trust unitholders, including SandRidge, will be entitled to receive the remaining 50% of such amount on a pro rata basis. A portion of the trust units owned by SandRidge will be subordinated units and will not be entitled to receive distributions to the extent necessary to support specified distribution levels on the common units. The subordinated units will convert into common units following SandRidge's satisfaction of its drilling obligation. Please see Target Distributions and Subordination and Incentive Thresholds.

Investing in the common units involves a high degree of risk. Before buying any common units, you should read the discussion of material risks of investing in the common units in Risk Factors beginning on page 17 of this prospectus.

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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Common Unit	Total
Price to the public	\$	\$
Underwriting discounts and commissions (1)	\$	\$
Proceeds to the trust (before expenses) (1)	\$	\$

(1) Excludes a structuring fee equal to 0.50% of the gross proceeds of this offering, or approximately \$ million, payable to Raymond James & Associates, Inc.

The underwriters may also purchase up to an additional 1,875,000 common units at the initial public offering price, less underwriting discounts and commissions, to cover over-allotments, if any, within 30 days of the date of this prospectus. If the underwriters exercise this option in full, the total underwriting discounts and commissions will be \$, and the trust s total proceeds, after deducting underwriting discounts and commissions and before expenses, will be \$.

The underwriters are offering the common units as set forth under Underwriting. Delivery of the common units will be made on or about , 2011.

RAYMOND JAMES

, 2011

MORGAN STANLEY

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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 (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 oil and natural gas reserves as of December 31, 2010 included in this prospectus. These estimates are contained in summaries prepared by Netherland Sewell of its reserve reports for (i) the Underlying Properties held by SandRidge, dated January 4, 2011, and (ii) the royalty interests held by the trust, dated January 5, 2011. 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, its subsidiaries. The royalty interests held by the trust are sometimes referred to herein 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 I

SandRidge Mississippian Trust I is a Delaware statutory trust formed in December 2010 to own (a) royalty interests to be conveyed to the trust by SandRidge in 37 horizontal wells producing from the Mississippian formation in Alfalfa, Garfield, Grant, Major and Woods counties in Oklahoma (the *Producing Wells*), and (b) royalty interests in 123 horizontal development wells to be drilled in the Mississippian formation (the *PUD Wells* or *development wells*) within an Area of Mutual Interest, or *AMI*, as identified on the inside front cover of this prospectus. SandRidge presently holds approximately 63,500 gross acres (42,600 net acres) in the AMI. SandRidge is obligated to drill, or cause to be drilled, the PUD Wells from drilling locations in the AMI by December 31, 2014. Until SandRidge has satisfied its drilling obligation, it will not be permitted to drill and complete any well on lease acreage included within the AMI for its own account.

The royalty interests will be conveyed from SandRidge's interest in the *Producing Wells* and the *PUD Wells* in the Mississippian formation (the *Underlying Properties*). The royalty interest in the *Producing Wells* (the *PDP Royalty Interest*) entitles the trust to receive 90% 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 *PUD Wells* (the *PUD Royalty Interest*) entitles the trust to receive 50% 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 *PUD Wells*.

Generally, the percentage of production proceeds to be received by the trust with respect to a well will equal the product of (i) the percentage of proceeds to which the trust is entitled under the terms of the conveyances (90% for the *Producing Wells* and 50% for the *PUD Wells*) multiplied by (ii) SandRidge's net revenue interest in the well. SandRidge on average owns a 56.4% net revenue interest in the *Producing Wells*. Therefore, the trust will have an average 50.7% net revenue interest in the *Producing Wells*. SandRidge on average owns a 57.0% net revenue interest in the properties in the AMI on which the *PUD Wells* will be drilled, and based on this net revenue

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interest, the trust would have an average 28.5% net revenue interest in the PUD Wells. SandRidge's actual net revenue interest in any particular PUD Well may differ from this average, and will depend on SandRidge's working interest and the royalty interests as well as similar revenue burdens owed to third parties with respect to such well.

The trust will not be responsible for any costs related to the drilling of the PUD Wells or any other operating and capital 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 PUD Royalty Interest. Post-production costs will generally consist of costs incurred to gather, store, compress, transport, process, treat, dehydrate and market the oil and natural gas produced. The trust's cash receipts will be adjusted to account for hedging arrangements under a derivatives agreement with SandRidge and will be reduced by trust general and administrative expenses.

SandRidge will enter into a derivatives agreement with the trust to provide the trust with the benefit of hedging contracts entered into between SandRidge and third parties. Under this arrangement, approximately 61% of the estimated oil production through December 31, 2015, and approximately 60% of the estimated natural gas production through December 31, 2015, will be hedged. 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, 2030. The first distribution, which will cover the first and second quarters of 2011, is expected to be made on or about August 30, 2011 to record unitholders as of August 15, 2011. The trustee intends to withhold \$1.0 million from the first distribution to establish a cash reserve available for trust administrative expenses. The trust will dissolve and begin to liquidate on December 31, 2030 (the "Termination Date") and will soon thereafter wind up its affairs and terminate. At the Termination Date, 50% of the PDP Royalty Interest and 50% of the PUD Royalty Interest will revert automatically to SandRidge. The remaining 50% of each of the PDP Royalty Interest and the PUD Royalty Interest 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 pro rata. SandRidge will have a right of first refusal to purchase the royalty interests retained by the trust at the Termination Date.

SandRidge will retain 10% of the proceeds from the sale of oil and natural gas attributable to its net revenue interest in the Producing Wells, as well as 50% of the proceeds from the sale of future production attributable to its net revenue interest in the PUD Wells. SandRidge initially will own 51% of the trust units. By virtue of SandRidge's retained interest in the Producing Wells and the PUD Wells, as well as its ownership of 51% of the trust units, it will have a significant economic interest in the Underlying Properties.

SandRidge operates 73% of the Producing Wells. SandRidge owns a majority working interest in approximately 75% of the locations on which it expects to drill the PUD Wells, and it expects to operate such wells during the subordination period described herein. In addition, for those wells it operates, SandRidge has agreed to continue operating the properties to which the PDP Royalty Interest and the PUD Royalty Interest relate and to 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.

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As of December 31, 2010 and after giving effect to the conveyance of the PDP Royalty Interest and the PUD Royalty Interest to the trust, the total reserves estimated to be attributable to the trust were 19,276 MBoe (48% oil). This amount includes 6,860 MBoe attributable to the PDP Royalty Interest and 12,416 MBoe attributable to the PUD Royalty Interest, respectively.

The business and affairs of the trust will be managed by The Bank of New York Mellon Trust Company, N.A., as trustee. Although SandRidge will operate a substantial number of the Underlying Properties, SandRidge will have no ability to manage or influence the management of the trust. Please see Description of the Trust Units Voting Rights of Trust Unitholders.

The Development Wells

Pursuant to a development agreement between SandRidge and the trust, SandRidge is obligated to drill, or cause to be drilled, 123 PUD Wells in the AMI by December 31, 2014. In the event of delays, SandRidge will have until December 31, 2015 to fulfill its drilling obligation. SandRidge will be credited for drilling one full development well if the perforated length of the well is equal to or greater than 2,500 feet and SandRidge's net revenue interest in the well is equal to 57.0%. For wells with a perforated length of less than 2,500 feet, SandRidge will receive proportionate partial credit. For wells in which SandRidge has a net revenue interest greater than or less than 57.0%, SandRidge will receive credit for such well in the proportion that its net revenue interest in the well bears to 57.0%. As a result, SandRidge may be required to drill more or less than 123 wells in order to fulfill its drilling obligation. SandRidge may, in its sole discretion and at its own cost, acquire additional net revenue interests in the Underlying Properties, which would increase the trust's net revenue interest in wells drilled on such properties.

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 average perforated interval lengths for future wells will be generally consistent with the perforated interval length of the completed Producing Wells within the AMI and other Mississippian wells outside of the AMI that have been drilled exclusively for SandRidge's account. However, due to the complexity of well completions, it may be appropriate in some instances to complete wells with shorter perforated interval lengths. In fact, completions to date reflect that greater than anticipated reserve recoveries may be achieved from producing perforated interval lengths substantially shorter than 2,500 feet. For example, the four Producing Wells completed to less than 2,500 feet of perforated interval length have an average estimated ultimate reserve recovery that exceeds the median estimated ultimate reserve recovery for all Producing Wells completed to date.

The PUD reserves reflected in the reserve report assume that SandRidge will drill and complete the 123 PUD Wells with the same completion technique, and bearing the same capital and other costs, as the 37 Producing Wells completed to date. These 37 Producing Wells produce from perforated interval lengths ranging from less than 500 feet to more than 4,500 feet. The average perforated interval length contributing to production of the 37 Producing Wells is approximately 3,900 feet, which is longer than the 2,500 foot perforated interval length upon which the definition of one full development well is based.

Because (a) the average perforated interval length of the wells assumed for purposes of calculating the PUD reserves is substantially longer than the minimum perforated interval length required for SandRidge to receive credit for one full development well and (b) there is no guarantee that wells drilled with shorter perforated interval lengths will achieve the same reserve

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recoveries as wells drilled with longer perforated interval lengths, you may not receive the benefit of the total amount of PUD reserves reflected in the reserve report, notwithstanding the fact that SandRidge has satisfied its drilling obligation. In addition to its obligation to act as a reasonably prudent operator, SandRidge's significant retained economic interest in the trust and its opportunity to earn incentive distributions provide it with substantial incentives to pursue well completions with perforated interval lengths greater than 2,500 feet to the extent necessary to optimize reserve recoveries for the benefit of the trust.

SandRidge will grant to the trust a lien on its interest in the AMI (except the Producing Wells and any other wells which 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 PUD Wells (the Drilling Support Lien). The amount obtained by the trust pursuant to the Drilling Support Lien may not exceed \$166.1 million. As SandRidge fulfills its drilling obligation over time, the total dollar amount that may be recovered will be proportionately reduced and the drilled PUD Wells will be released from the lien.

Mississippian Formation

The Mississippian formation is located on the Anadarko Shelf in northern Oklahoma and south-central Kansas. The top of this expansive carbonate hydrocarbon system is encountered between 4,000 and 6,000 feet and lies stratigraphically between the Pennsylvanian-aged Morrow Sand and the Devonian-aged Woodford Shale formations. The Mississippian formation may 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. Beginning in 2007, the application of horizontal cased-hole drilling and multi-stage hydraulic fracturing treatments have demonstrated the potential for extracting significant additional quantities of oil and natural gas from the formation. We believe the geological predictability derived from the large number of historical vertical wells substantially mitigates the reservoir risk associated with the horizontal drilling program.

Since the beginning of 2009, there have been over 95 horizontal wells drilled and completed in the Mississippian formation in Oklahoma, including 37 completed by SandRidge. As of December 2010, there were 14 horizontal rigs drilling in the formation, with nine 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, an operator can drill one horizontal well, which is the equivalent of several vertical wells, and as a result achieve better returns on drilling investments with horizontal drilling. SandRidge has approximately 650,000 net acres leased in the Mississippian formation in Oklahoma and Kansas.

Target Distributions and Subordination and Incentive Thresholds

SandRidge has calculated quarterly target levels of 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, the trust's administrative expenses and other factors. Annex B reflects that while target distributions initially increase as SandRidge completes its drilling obligation and production increases, over time target distributions decline as a result of the depletion of the reserves in the Underlying Properties. 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. The target distributions were derived by assuming that

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oil and natural gas production from the trust properties will equal the volumes reflected in the reserve report attached as Annex A to this prospectus and that prices received for such production will be consistent with NYMEX forward pricing as of December 17, 2010 for the 36-month period ending December 31, 2013, and assumed price increases thereafter 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 per Bbl would reach the \$120.00 per Bbl cap in 2025 and the price per MMBtu would reach the \$7.00 per MMBtu cap in 2022. The target distributions also give effect to estimated post-production expenses and projected trust general and administrative expenses.

In order to provide support for cash distributions on the common units, SandRidge has agreed to subordinate 6,325,000 of the trust units it will retain following this offering, which will constitute 25% of the outstanding trust units. 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. 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 portion 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.

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 at the end of the fourth full calendar quarter following SandRidge's satisfaction of its drilling obligation to the trust with respect to the PUD Wells. SandRidge currently expects that it will complete its drilling obligation on or before December 31, 2014 and that, accordingly, the subordinated units will convert into common units on or before December 31, 2015. In the event of delays, SandRidge will have until December 31, 2015 under its contractual obligation to drill all the PUD Wells, in which event the subordinated units would convert into common units on or before December 31, 2016. 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 projected cash 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 but, in the view of SandRidge's management, 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.

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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 neither examined, compiled nor performed any procedures with respect to the accompanying prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an 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 Statements of Revenues and Direct Operating Expenses of the Underlying Properties. The reports do not extend to the prospective financial information and should not be read to do so.

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The following table sets forth the target distributions and subordination and incentive thresholds for each calendar quarter through the fourth quarter of 2016. The effective date of the conveyance of the royalty interests is January 1, 2011, 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 and second quarters of 2011, is expected to be made on or about August 30, 2011 to record unitholders as of August 15, 2011. 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 five 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 withhold \$1.0 million from the first distribution to establish a cash reserve available for trust administrative expenses.

Period	Subordination Threshold(1)	Target Distribution (per unit)	Incentive Threshold(1)
2011:			
First and Second Quarters(2)	\$ 0.83	\$ 1.04	\$ 1.25
Third Quarter	0.52	0.65	0.78
Fourth Quarter	0.50	0.62	0.75
2012:			
First Quarter	0.52	0.65	0.78
Second Quarter	0.55	0.69	0.83
Third Quarter	0.58	0.73	0.87
Fourth Quarter	0.58	0.72	0.86
2013:			
First Quarter	0.60	0.74	0.89
Second Quarter	0.61	0.77	0.92
Third Quarter	0.61	0.77	0.92
Fourth Quarter	0.61	0.76	0.92
2014:			
First Quarter	0.63	0.79	0.95
Second Quarter	0.67	0.84	1.01
Third Quarter	0.71	0.89	1.07
Fourth Quarter	0.73	0.92	1.10
2015:			
First Quarter	0.69	0.87	1.04
Second Quarter	0.64	0.80	0.96
Third Quarter	0.60	0.75	0.89
Fourth Quarter	0.56	0.70	0.84
2016:			
First Quarter	0.54	0.67	0.80
Second Quarter	0.51	0.64	0.77
Third Quarter	0.49	0.61	0.74
Fourth Quarter	0.47	0.59	0.71

(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 five months of production from January 1, 2011 to May 31, 2011, 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.

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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.

Calculation of Target Distributions

The following table presents the calculation of the target distributions for each quarter through and including the quarter ending March 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. Generally, 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, when SandRidge receives payment for such production and other factors. Please read Target Distributions and Subordination and Incentive Thresholds Significant Assumptions Used to Calculate the Target Distributions.

Period	June 30, 2011(1)	September 30, 2011	December 31, 2011	March 31, 2012
(In thousands, except volumetric and per unit data)				
<i>Estimated production from trust properties</i>				
Oil sales volumes (MBbl)	262	154	146	149
Natural gas sales volumes (MMcf)	1,661	959	910	921
Total sales volumes (MBoe)	539	314	298	302
% PDP sales volumes	86%	69%	63%	56%
% PUD sales volumes	14%	31%	37%	44%
% Oil volumes	49%	49%	49%	49%
% Natural gas volumes	51%	51%	51%	51%
<i>Commodity price and derivative contract positions</i>				
NYMEX futures price(2)				
Oil (\$/Bbl)	\$ 89.23	\$ 90.86	\$ 91.24	\$ 91.35
Natural gas (\$/MMBtu)	\$ 4.10	\$ 4.25	\$ 4.43	\$ 4.98
Assumed realized unhedged price(3)				
Oil (\$/Bbl)	\$ 84.23	\$ 85.86	\$ 86.24	\$ 86.35
Natural gas (\$/Mcf)	\$ 3.75	\$ 3.89	\$ 4.06	\$ 4.55
Assumed realized hedged weighted price*				
Oil (\$/Bbl)*				
Natural gas (\$/Mcf)*				
Percent of oil volumes hedged*				
Oil hedged price (\$/Bbl)*				
Percent of natural gas volumes hedged*				
Natural gas hedged price (\$/MMBtu)*				
<i>Estimated cash available for distribution</i>				
Oil sales revenues	\$ 22,088	\$ 13,195	\$ 12,601	\$ 12,858
Natural gas sales revenues	6,231	3,730	3,693	4,194
Realized gains (losses) from derivative contracts*				
Operating revenues and realized gains (losses) from derivative contracts				
	\$ 28,319	\$ 16,926	\$ 16,293	\$ 17,052
Production taxes	348	199	189	194
Ad valorem taxes	140	84	81	84
Trust administrative expenses	1,460(4)	225	225	226
Total trust expenses	1,948	507	494	504
Cash available for distribution	\$ 26,371	\$ 16,418	\$ 15,799	\$ 16,548

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Trust units outstanding	25,300	25,300	25,300	25,300
Target distribution per trust unit	\$ 1.04	\$ 0.65	\$ 0.62	\$ 0.65
Subordination threshold per trust unit	\$ 0.83	\$ 0.52	\$ 0.50	\$ 0.52
Incentive threshold per trust unit	\$ 1.25	\$ 0.78	\$ 0.75	\$ 0.78

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- (1) Includes proceeds attributable to the first five months of production from January 1, 2011 to May 31, 2011.
 - (2) Average NYMEX futures prices, as reported December 17, 2010. For a description of the effect of lower NYMEX prices on projected cash 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 hedged weighted price for oil (\$/Bbl) and natural gas (\$/Mcf), percent of oil volumes hedged, oil hedged price (\$/Bbl), percent of natural gas volumes hedged, natural gas hedged price (\$/MMBtu), 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, 2010, its market capitalization was approximately \$3.0 billion and, as of December 31, 2009, it had total estimated net proved reserves of 1,312.2 Bcfe. SandRidge has approximately 650,000 net acres leased in the Mississippian formation and plans to devote a significant portion of its future capital budget to increasing its oil and natural gas production and acreage in this area. As of December 31, 2010, SandRidge was operating nine rigs in the Mississippian formation. SandRidge also owns and operates other interests in the Mid-Continent, Cotton Valley Trend in East Texas, Gulf Coast and Gulf of Mexico.

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:

Royalty interests not 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 PUD Wells. The trust will bear post-production costs, certain taxes and trust administrative expenses.

Exposure to oil and natural gas price volatility mitigated through December 31, 2015. Pursuant to a derivatives agreement, SandRidge will provide the trust with the benefit of certain hedging arrangements it has or will enter into with third parties.

Approximately 61% of the estimated oil production through December 31, 2015 will be hedged via swap contracts.

Approximately 60% of the estimated natural gas production through December 31, 2015 will be hedged via swap and collar contracts.

These hedging contracts should reduce commodity price risks inherent in holding interests in oil and natural gas through the fourth quarter of 2015. After the expiration of the derivatives agreement, the trust will have no additional hedges and will not have the ability to enter into any additional hedge contracts.

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Alignment of interests between SandRidge and the trust unitholders. SandRidge is significantly incentivized to complete its drilling obligation, increase production from the Underlying Properties and obtain the best prices for the oil and natural gas production from the Underlying Properties as a result of the following factors:

SandRidge will have a significant economic interest in the Underlying Properties through its 50% retained interest in the PUD Wells, 10% retained interest in the Producing Wells and its ownership of approximately 51% of the trust units.

A portion of the trust units that SandRidge will own, constituting 25% of the total outstanding trust units, 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 only convert into common units at the end of the fourth full calendar quarter following SandRidge's satisfaction of its drilling obligation to the trust.

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 retention of 12,800,000 total units.

SandRidge will not be permitted to drill and complete any development wells in the Mississippian formation on the lease acreage within the AMI for its own account or sell the Underlying Properties until it has satisfied its drilling obligation.

Mississippian formation represents a core asset for SandRidge. The 650,000 net acres held by SandRidge in the Mississippian formation represent one of its core assets. SandRidge has grown its position in the Mississippian formation during the last three years based on its belief that the formation can provide significant returns on invested capital and will likely be a key asset in growing its oil and gas production over the next several years. SandRidge estimates that it will have ten rigs operating in the Mississippian formation in the first quarter of 2011. Because of its significant net acreage position in this area, SandRidge expects to focus on developing the Underlying Properties quickly to support the further development of its overall position in the Mississippian formation.

SandRidge's experience as an operator in the Mississippian formation. Since 2009, SandRidge has drilled and completed 37 horizontal wells throughout the Mississippian formation in northern Oklahoma and southern Kansas, and achieved a 100% drilling success for the wells drilled. The majority of the horizontal wells drilled in the Mississippian in Oklahoma have been drilled in Alfalfa, Garfield, Grant, Major and Woods counties, the location of the Underlying Properties. SandRidge operates 73% of the Producing Wells. SandRidge owns a majority working interest in approximately 75% of the locations on which it expects to drill the PUD Wells, and it expects to operate such 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 PUD Wells.

Rigs and services readily available to allow timely drilling and completion of wells. As of December 31, 2010, SandRidge had nine rigs operating in the Mississippian formation in northern Oklahoma and southern Kansas and plans to drill more than 100 horizontal Mississippian wells in 2011, some of which are in the AMI. SandRidge estimates that only three rigs will be required to complete its drilling obligation within its contractual commitment to the trust. SandRidge owns and operates drilling rigs and a related oil field services business that provides pulling units, trucking, rental tools, location and road

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construction and roustabout services. As of December 31, 2010, SandRidge owned 31 drilling rigs, which it uses to drill wells for its own account as well as 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 PUD 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.

Potential for initial depletion to be offset by results of development drilling. SandRidge is obligated to drill the PUD Wells by December 31, 2014. Furthermore, SandRidge is incentivized to increase production in the near term in order to receive incentive distributions and to benefit from its retained interest in both the Underlying Properties and the trust. While production from the trust properties will decline over the long term, the anticipated production from the PUD Wells is expected to more than offset depletion of the Producing Wells during the drilling period.

Well control and vertical drilling history 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. With data from the vertical 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, 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 believes the geological predictability derived from the large number of historical vertical wells substantially mitigates the reservoir risk associated with the horizontal drilling program.

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, 2010, SandRidge drilled 1,308 gross (1,188 net) oil and gas wells, investing \$4.2 billion in exploration and production activity. During this same period, SandRidge produced over 43.2 million Boe (259 Bcfe) of oil and gas. SandRidge currently operates approximately 4,800 wells. SandRidge's executive management team averages over 25 years of experience in the oil and gas industry, and SandRidge's field personnel have extensive operational experience.

Proved Reserves

Proved Reserves of Underlying Properties and Royalty Interests. The following table sets forth certain estimated proved reserves and the PV-10 value as of December 31, 2010 attributable to the Underlying Properties, the PDP Royalty Interest and the PUD 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.

In accordance with SEC rules, the reserves presented below were determined using the 12-month unweighted arithmetic average of the first-day-of-the-month price for the period from January 1, 2010 through December 1, 2010, without giving effect to derivative transactions, and were held constant for the life of the properties. The reference prices used were \$75.96 per Bbl of oil and \$4.376 per Mcf of natural gas.

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Proved 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 proved 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 royalty interest as well as the 50% residual interest in the reserves that the trust will own on the Termination Date. A summary of the reserve report is included as Annex A to this prospectus.

	Oil (MBbl)	Proved Reserves Natural Gas (MMcf)	Total (MBoe)	PV-10 Value (1) (Dollars in millions)
Underlying Properties	18,526	113,527	37,447	\$ 469.5
Royalty Interests:				
PDP Royalty Interests (90%) (2)	2,913	23,682	6,860	\$ 155.7
PUD Royalty Interests (50%)	6,422	35,964	12,416	274.9
Total	9,335	59,646	19,276	\$ 430.6

(1) PV-10 is the present value of estimated future net revenue to be generated from the production of proved 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 for each period 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 for each period 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. We and others in the industry use PV-10 as a measure to compare the relative size and value of proved reserves held by companies without regard to the specific tax characteristics of such entities.

(2) 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 PUD 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 PUD Wells.

Structure of the Trust

The following chart shows the relationship of SandRidge, the trust and the public unitholders.

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The Offering

Common units offered to public	12,500,000 common units (14,375,000 common units, if the underwriters exercise their over-allotment option in full)
Trust units owned by SandRidge after the offering	6,475,000 common units and 6,325,000 subordinated units (4,600,000 common units and 6,325,000 subordinated units, if the underwriters exercise their over-allotment option in full)
Total units outstanding after the offering	18,975,000 common units and 6,325,000 subordinated units
Over-allotment option	1,875,000 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 as partial consideration for the conveyance of the royalty interests. If the over-allotment option is not exercised by the underwriters, the retained units will be delivered to SandRidge, as partial consideration for the conveyance of the royalty interests, promptly following the 30th day after the initial closing.
Use of proceeds	<p>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 use the net proceeds to pay a wholly-owned subsidiary of SandRidge for the conveyance of the PDP Royalty Interest and the PUD Royalty Interest.</p> <p>SandRidge intends to use the offering proceeds paid to SandRidge's subsidiary and from any exercise of the underwriters' over-allotment option to repay borrowings under its credit facility and for general corporate purposes, which may include the funding of the drilling obligation. See Use of Proceeds.</p>
Proposed NYSE symbol	SDT
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

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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 and second quarters of 2011, is expected to be made on or about August 30, 2011 to record unitholders as of August 15, 2011. 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 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 a majority of the outstanding common units (excluding common units owned by SandRidge and its affiliates) and a majority of the outstanding 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 outstanding trust units, matters voted on by trust unitholders will be subject to approval by a majority of the outstanding 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, 2030, and will soon thereafter wind up its affairs and terminate. At the Termination Date, 50% of the PDP Royalty Interest and 50% of the PUD Royalty Interest will revert automatically to SandRidge. The remaining 50% of each of the PDP Royalty Interest and the PUD Royalty Interest 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 pro rata. SandRidge will have a right of first refusal to purchase the royalty interests retained by the trust at 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.

Certain of the royalty interests will be granted on a term basis, and 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 interests 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.

Certain of the royalty interests will be granted on a perpetual basis, and either will or should be treated as mineral royalty interests for U.S. federal income tax purposes, generating ordinary income subject to depletion.

Please read "U.S. Federal Income Tax Considerations" for more information.

Estimated ratio of taxable income to distributions

The trust estimates that if you own the units you purchase in this offering through the record date for distributions for the period ending December 31, 2013, you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be approximately 80% or less of the cash distributed to you with respect to that period. For example, if you receive an annual distribution of \$1.00 per unit, the trust estimates that your average allocable federal taxable income per year will be no more than approximately 80% per unit.

Please read "U.S. Federal Income Tax Considerations" for more information.

Key Risk Factors

There are a number of risks associated with the Underlying Properties, the royalty interests and the common units. Please read carefully the full discussion of these risk factors under "Risk Factors" beginning on page 17.

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RISK FACTORS

Risks Related to the Units

Drilling and completion of the PUD Wells on the Underlying Properties are high risk activities with many uncertainties that could delay the anticipated drilling schedule 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 PUD Wells are subject to numerous risks beyond SandRidge's and the trust's control, including risks that could delay the current drilling schedule for the PUD Wells (including the drilling schedule of third party operators that may drill the PUD 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 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 costs of drilling, completing and operating wells for SandRidge and third-party operators are often uncertain before drilling commences. Overruns in budgeted expenditures are common risks that can make a particular project uneconomical. 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;

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;

unexpected operational events and drilling conditions;

pipe or cement failures;

casing collapses;

pressures, fires and blowouts;

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lost or damaged drilling and service tools;

loss of drilling fluid circulation;

uncontrollable flows of oil and natural gas and fluids;

natural disasters;

environmental hazards, such as oil and natural gas leaks, pipeline ruptures and discharges of toxic gases;

adverse weather conditions;

reductions in oil and natural gas prices;

oil and natural gas property title problems; and

market limitations for oil and natural gas.

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In the event that drilling of development wells is delayed or development wells have lower than anticipated production due to one of the factors above or for any other reason, estimated future distributions to unitholders may be reduced. In addition, because horizontal wells drilled in the Mississippian formation in the AMI typically produce a larger volume of water than wells drilled in other areas, more saltwater disposal wells must be drilled by SandRidge. SandRidge's inability to drill these wells or otherwise dispose of the water produced from the Producing Wells and PUD Wells in an efficient manner could delay production and therefore the trust's receipt of proceeds from the royalty interests.

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;

acts of force majeure;

domestic and foreign governmental regulations and taxation;

energy conservation and environmental measures; and

the price and availability of alternative fuels.

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For oil, from 2007 through 2010, the highest monthly NYMEX settled price was \$134.62 per Bbl and the lowest was \$33.87 per Bbl. For natural gas, from 2007 through 2010, the highest monthly NYMEX settled price was \$13.105 per MMBtu and the lowest was \$2.843 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.

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 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 any well or property if it reasonably believes that the well or property can no longer

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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. The volatility of oil and natural gas prices also reduces the accuracy of estimates of future cash distributions to trust unitholders.

SandRidge plans to enter into a derivatives agreement with the trust to provide the trust with the benefit of certain hedge contracts with third parties, covering approximately 61% of the oil and 60% of the natural gas volumes expected to be produced from the Underlying Properties through December 31, 2015. The derivatives agreement will not cover all of the oil and natural gas volumes that are expected to be produced during the term of the trust. The trust does not have the ability to enter into any hedge contracts relating to oil and natural gas volumes expected to be produced after December 31, 2015. As a result, the amounts of the cash distributions to unitholders may fluctuate even more significantly after such period as a result of changes in oil and natural gas prices because there will be no hedge contracts in place to reduce the effects of such price changes.

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. The trust's reserve quantities and revenues are based on estimates of reserve quantities and revenues for the Underlying Properties. See "The Underlying Properties Oil and Natural Gas Reserves" for a discussion of the method of allocating proved reserves to the trust. It is not possible to measure underground accumulations of oil and natural gas in an exact way, and estimating reserves is inherently uncertain. Ultimately, actual production and revenues for the Underlying Properties could be materially less than estimated amounts. 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.

Reserve estimates for fields that do not have a lengthy production history are less reliable than estimates for fields with lengthy production histories. A lack of production history may contribute to inaccuracy in estimates of proved 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 total 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 proved 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.

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The average perforated interval length of the wells assumed for purposes of calculating the PUD reserves (approximately 3,900 feet) is longer than the minimum perforated interval length required for SandRidge to receive credit for one full development well under the development agreement (2,500 feet). Further, there is no guarantee that wells drilled with shorter perforated interval lengths will achieve the same reserve recoveries as wells drilled with longer perforated interval lengths. As a result, you may not receive the benefit of the total amount of PUD reserves reflected in the reserve report, notwithstanding the fact that SandRidge has satisfied its drilling obligation. See Summary The Development Wells.

Estimates of future cash 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 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 NYMEX forward pricing as of December 17, 2010 for the 36-month period ending December 31, 2013, and assumed price increases thereafter of 2.5% annually, capped at \$120.00 per Bbl of oil in 2025 and \$7.00 per MMBtu of natural gas in 2022; however, actual sales prices may be significantly lower. Additionally, these estimates assume that the PUD Wells will be drilled on SandRidge's current anticipated schedule 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 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 and completion of the PUD Wells on the Underlying Properties are high risk activities with many uncertainties that could delay the anticipated drilling schedule 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

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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 convert into common units at the end of the fourth full calendar quarter following SandRidge's completion of its drilling obligation. 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.

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 relating to the Underlying Properties 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. The historical financial information for the Underlying Properties included in this prospectus does not give 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 statements of distributable income included in this prospectus, we have made adjustments to the historical financial information for the Underlying Properties based upon currently available information and upon assumptions that our 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 statements 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 statements and related notes.

In order to satisfy its drilling obligation to the trust, SandRidge will rely upon third parties to drill the PUD Wells where SandRidge is not the operator.

Pursuant to the development agreement between SandRidge and the trust, SandRidge is obligated to drill, or cause to be drilled, 123 PUD Wells in the AMI. SandRidge owns a majority working interest in approximately 75% of the locations on which it expects to drill the PUD Wells, and it expects to operate such wells during the subordination period. In order to satisfy its drilling obligation, SandRidge will rely upon third-party operators to drill certain of these development wells. A significant portion of these wells may be drilled by a single third-party operator. The ability of third-party operators to help SandRidge meet the drilling obligation 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 an operator to adequately perform operations could 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 PUD Wells in accordance with pre-existing schedules.

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Because SandRidge does not have a majority working interest in most of 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 PUD Wells take longer to be drilled than currently anticipated, this may delay revenue earned from 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.

For those PUD Wells where SandRidge is the operator, SandRidge may rely on third party servicers to conduct the drilling operations.

Where SandRidge is the operator of a PUD Well, it may rely on third party servicers to perform the necessary drilling operations. The ability of third-party servicers to perform such drilling operations will depend on those servicers' 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 servicer to adequately perform operations could delay drilling or completion or reduce production from the Underlying Properties and the cash available for distribution to trust unitholders. If the PUD Wells take longer to be drilled and completed than currently anticipated, this may delay revenue earned from 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.

Shortages or increases in costs of equipment, services and qualified personnel could delay the drilling of the PUD 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 obligations 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 Alfalfa, Garfield, Grant, Major and Woods counties in Oklahoma. This concentration could disproportionately expose 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 plan 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.

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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.

Some of the PUD Wells on the Underlying Properties will 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 PUD 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 is 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 PUD Wells.

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

The existence of a title deficiency with respect to the Underlying Properties could reduce the value or render a property 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.

Consistent with industry practice, SandRidge has not yet obtained drilling title opinions on the properties upon which SandRidge intends to drill the PUD Wells. Prior to the drilling of a PUD Well, SandRidge intends to obtain a drilling title opinion to identify defects in title to the leasehold. Frequently, as a result of such examinations, certain curative work must be done 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 PUD Well cannot be identified.

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The trust is passive in nature and will have no stockholder 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 PUD Wells may be operated by third parties unrelated to 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. 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 trust units are a passive investment that entitle the trust unitholder to only receive cash distributions from the royalty interests and hedging contracts being passed through to the trust.

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 a result, the quantity of oil and natural gas produced from the Underlying Properties will decline over time.

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 PUD 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 be limited to owning the royalty interests and any activity reasonably related to such ownership, 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.

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An increase in the differential between the price realized by SandRidge for oil or 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 the relevant benchmark prices, such as NYMEX, that are used for calculating hedge positions. 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. SandRidge cannot accurately predict natural gas or crude oil differentials. Increases in the differential between the realized price of oil and natural gas and the benchmark price for oil and natural gas could reduce the proceeds to the trust and therefore the cash distributions by the trust and the value of the trust units.

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 gas;

the trust's share of applicable taxes on the oil and gas; and

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.

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 all unitholders exceed 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 PUD 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 contracts entered into by SandRidge pursuant to the derivatives agreement will cover only a portion of the oil and natural gas production attributable to the trust, and such contracts limit the trust's ability to benefit from commodity price increases for hedged volumes above the corresponding hedge price.

Pursuant to the derivatives agreement, SandRidge will provide the trust with the benefit of certain oil and natural gas hedging contracts that it plans to enter into with third parties. The derivatives agreement will cover only a portion of the estimated oil and natural gas production attributable to the trust's royalty interests, and will terminate after December 31, 2015. The trust's receipt of any payments due to it based on the derivatives agreement depends upon the financial position of SandRidge and SandRidge's hedge contract counterparties. A default by SandRidge or any of the hedge contract counterparties could reduce the amount of cash available for distribution to the trust unitholders. 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 PUD 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 derivatives agreement, approximately 61% of the estimated oil production and 60% of the estimated natural gas production attributable to the trust's royalty interests will be hedged until December 31, 2015. The remaining estimated production of oil and natural gas during that time and all production after such time will not be hedged to protect against the price risks inherent in holding interests in oil and natural gas, a commodity that is 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 and natural gas prices above the hedge price on the portion of the production attributable to the trust's royalty interests that is hedged. The trust will not have any ability to terminate the hedging contracts.

The trust's counterparty under the derivatives agreement is SandRidge, whose counterparties are established institutions. In the event that any of the counterparties to the oil and natural gas hedging 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 and natural gas prices. Under the derivatives agreement SandRidge will not be required to pay the trust to the extent of payment defaults by SandRidge's hedge contract counterparties. The trust will have no ability to enter into its own hedges.

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 owns the Term Royalties.

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 is less than \$1.0 million in each of any four consecutive quarters. 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 pro rata 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

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SandRidge to the extent of any trust units it owns) at the Termination Date or soon thereafter. The price received by the trust by 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 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 PUD 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.

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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 6,475,000 common units and 6,325,000 subordinated units. All of the subordinated units will automatically convert into common units 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 Raymond James & Associates, Inc., acting as representative 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.

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 abandon a well that is uneconomic 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.

SandRidge may sell some or all of the Underlying Properties, subject to its obligation not to sell any property relating to the PUD Royalty Interest prior to satisfying its obligation to drill the PUD Wells. Such sale may not be in the best interests of the trust unitholders. Any purchaser may lack SandRidge's experience in the Mississippian formation or its creditworthiness.

SandRidge may, without the consent of the trust unitholders, require the trust to release royalty interests with an aggregate value to the trust of up to \$5.0 million during any 12-month period. These releases will be made only in connection with the sale by SandRidge of the Underlying Properties and are conditioned upon the trust receiving an amount equal to the fair value to the trust of such royalty interests. See The Underlying Properties Sale and Abandonment of the Underlying Properties.

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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 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.

SandRidge may sell all or a portion of the Underlying Properties, subject to and burdened by the royalty interests, after satisfying its drilling obligations 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 PUD 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 PUD Wells at its own expense. SandRidge is also the operator of 73% of the Producing Wells. SandRidge owns a majority working interest in approximately 75% of the locations on which it expects to drill the PUD Wells, and it expects to operate such wells until completion of its drilling obligation. The conveyances also 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. 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.

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SandRidge's ability to perform these obligations 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 PUD Wells, the trust's remedy would be to foreclose on the trust's Drilling Support Lien on all of SandRidge's remaining interests in the AMI to recover the security interest in the amount of \$166.1 million, which amount will be reduced proportionately as each PUD Well is drilled. The process of foreclosing on such collateral may be expensive and time-consuming and delay the drilling and completion of the PUD Wells; such delays and expenses would reduce trust distributions by reducing the amount of proceeds available for distribution. The amount of the security interest recovered is required to be applied to completion of the drilling obligations of SandRidge, will 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 PUD 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.

The proceeds of the royalty interests may be commingled, for a period of time, with proceeds of SandRidge's retained interest in the Underlying Properties, and SandRidge will not be required to maintain a segregated account for proceeds payable to the trust. 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 and 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.

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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.

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 level 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 is currently considering 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, the elimination of most U.S. federal tax incentives and deductions available to oil and natural gas exploration and production activities, and the prohibition or additional regulation of private energy commodity derivative and hedging activities.

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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, 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 may 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 not 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 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 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 PUD Wells on schedule.

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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.

On December 15, 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 would restrict emissions of GHGs under existing provisions of the federal Clean Air Act. Accordingly, the EPA has proposed regulations that would require a reduction in emissions of GHGs from motor vehicles and adopted regulations that could trigger permit review for GHG emissions from certain stationary sources. In addition, on October 30, 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. On November 30, 2010, the EPA published a final rule that expands its October 2009 final rule on reporting of GHG emissions to include owners and operators of onshore oil and natural gas production, effective December 30, 2010. Both houses of Congress have actively considered legislation to reduce emissions of GHGs and the Obama Administration has indicated its support for legislation to reduce GHG emissions through an emission allowance system. At the state level, 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 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, it should be noted that some scientists have concluded that increasing concentrations of greenhouse gases in the Earth's atmosphere may produce climate changes that 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 relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays as well as adversely affect SandRidge's services.

Hydraulic fracturing is an important and common practice that is used to stimulate production of hydrocarbons from tight formations. 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 but is not subject to regulation at the federal level. The EPA has commenced a study of the potential environmental impacts of hydraulic fracturing activities, with results of the study anticipated to be available by late 2012, and a committee of the U.S. House of Representatives is also conducting an investigation of hydraulic fracturing practices. Legislation has been introduced before 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 make it more difficult or costly for SandRidge to perform fracturing to stimulate production from the Mississippian formation and thereby 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.

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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 was 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%, and would likely be required to pay state income tax on its taxable income at the corporate tax rate of such state. 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 taxation as a corporation or otherwise subjects it to entity-level taxation for U.S. federal income tax purposes, the minimum quarterly distribution amount and the 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

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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. Any such legislation would likely also affect the trust tax treatment for state tax purposes.

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 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 month based upon the ownership of the trust units on the first day of each month, 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.

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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.

Tax-exempt entities and non-U.S. persons face unique tax issues from owning the trust units that may result in adverse tax consequences to them.

Investment in trust units by tax-exempt entities, such as individual retirement accounts (known as IRAs), and 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. If you are a tax exempt entity or a non-U.S. person, you should consult a tax advisor before investing in the trust units.

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 affect the amount of tax benefits available to you. It also could affect the timing of these tax benefits or the amount of gain from your sale of trust units and could have a negative impact on the value of the trust units or result in audit adjustments to your tax returns. Please read "U.S. Federal Income Tax Considerations - Tax Consequences of Trust Unit Ownership - Section 754 Election."

The trust will prorate its items of income, gain, loss and deduction between transferors and transferees of the trust units each month based upon the ownership of the trust units on the first day of each month, instead of on the basis of the date a particular trust unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among the trust unitholders.

The trust will generally prorate its items of income, gain, loss and deduction between transferors and transferees of the trust units each month based upon the ownership of the trust units on the first day of each month, instead of on the basis of the date a particular trust unit is transferred. The use of this proration method may not be permitted under existing Treasury Regulations, and, accordingly, the trust's counsel is unable to opine as to the validity of this method. Recently, however, the U.S. Treasury Department issued proposed Treasury Regulations that provide a safe harbor pursuant to which publicly traded partnerships may use a similar monthly simplifying convention to allocate tax items among transferor and transferee unitholders. Nonetheless, the proposed regulations do not specifically authorize the use of the proration method the trust will adopt. If the IRS were to challenge the trust's proration method, the trust may be required to change its allocation of items of income, gain, loss and deduction among the trust unitholders. Please read "U.S. Federal Income Tax Considerations - Disposition of Trust Units - Allocations Between Transferors and Transferees."

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A trust unitholder whose trust units are loaned to a short seller to cover a short sale of trust units may be considered as having disposed of those trust units. If so, he would no longer be treated for tax purposes as a partner with respect to those trust units during the period of the loan and may recognize gain or loss from the disposition.

Because a trust unitholder whose trust units are loaned to a short seller to cover a short sale of trust units may be considered as having disposed of the loaned trust units, he may no longer be treated for tax purposes as a partner with respect to those trust units during the period of the loan to the short seller and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan to the short seller, any of the trust's income, gain, loss or deduction with respect to those trust units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those trust units could be fully taxable as ordinary income. The trust's counsel has not rendered an opinion regarding the treatment of a unitholder where trust units are loaned to a short seller to cover a short sale of trust units; therefore, trust unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a loan to a short seller are urged to modify any applicable brokerage account agreements to prohibit their brokers from loaning their trust units.

The trust will adopt certain valuation methodologies that may affect the income, gain, loss and deduction allocable to the trust unitholders. The IRS may challenge this treatment, which could adversely affect the value of the trust units.

The U.S. federal income tax consequences of the ownership and disposition of trust units will depend in part on the trust's estimates of the relative fair market values, and the initial tax bases of the trust's assets. Although the trust may from time to time consult with professional appraisers regarding valuation matters, the trust will make many of the relative fair market value estimates itself. These estimates and determinations of basis are subject to challenge and will not be binding on the IRS or the courts. If the estimates of fair market value or basis are later found to be incorrect, the character and amount of items of income, gain, loss or deductions previously reported by trust unitholders might change, and trust unitholders might be required to adjust their tax liability for prior years and incur interest and penalties with respect to those adjustments.

The sale or exchange of 50% or more of the trust's capital and profits interests during any twelve-month period will result in the termination of the trust's partnership status for U.S. federal income tax purposes.

The trust will be considered to have technically terminated for U.S. federal income tax purposes if there is a sale or exchange of 50% or more of the total interests in its capital and profits within a twelve-month period. For purposes of determining whether the 50% threshold has been met, multiple sales of the same trust unit within any 12 month period will be counted only once. The trust's termination would, among other things, result in the closing of its taxable year for all trust unitholders, which would result in the trust filing two tax returns (and the trust unitholders could receive two Schedules K-1) for one calendar year. The IRS has recently announced a relief procedure whereby if a publicly traded partnership that has technically terminated requests and the IRS grants special relief, among other things, the partnership will be required to provide only a single Schedule K-1 to unitholders for the tax year in which the termination occurs. In the case of a unitholder reporting on a taxable year other than a calendar year ending December 31, the closing of the trust's taxable year may also result in more than 12 months of the trust's taxable income being includable in his taxable income for the year of termination. A technical termination would not affect the trust's classification as a partnership for U.S. federal income tax purposes, but instead, the trust would be treated as a new partnership for tax purposes. If treated as a new partnership, the trust must make new tax elections and could be subject to penalties if the trust is unable to determine that a technical termination occurred.

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Certain U.S. federal income tax preferences currently available with respect to oil and natural gas production may be eliminated as a result of future legislation.

Among the changes contained in President Obama's Budget Proposal for Fiscal Year 2011 is the elimination of certain key U.S. federal income tax preferences relating to oil and natural gas exploration and production. The President's budget proposes to eliminate certain tax preferences applicable to taxpayers engaged in the exploration or production of natural resources. Specifically, the budget proposes to repeal the deduction for percentage depletion with respect to wells, including interests such as the Perpetual Royalty Interests, in which case only cost depletion would be available.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on assumptions and beliefs that the trust and SandRidge believe to be reasonable; however, assumed facts almost always vary from actual results, and the differences between assumed facts and actual results can be material, depending upon the circumstances. Where the trust or SandRidge expresses an expectation or belief as to future results, that expectation or belief is expressed in good faith and based on assumptions believed to have a reasonable basis. It cannot be assured, however, that the stated expectation or belief will occur or be achieved or accomplished. All statements other than statements of historical facts included or incorporated by reference in this prospectus, including, without limitation, statements regarding the proved oil and natural gas reserves associated with the Underlying Properties, the trust's or SandRidge's future financial position, business strategy, budgets, pending acquisitions, recent acquisitions and divestitures, project costs and plans and objectives for future operations, including the information under the heading "Target Distributions and Subordination and Incentive Thresholds," statements pertaining to future development activities and costs, and other statements in this prospectus that are prospective and constitute forward-looking statements are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act.

The words estimate, project, predict, believe, expect, anticipate, potential, could, may, foresee, plan, goal, will, should, and similar expressions will generally identify forward-looking statements. Our forward-looking statements, whether written or oral, are expressly qualified by these cautionary statements and any other cautionary statements that may accompany those statements. In addition, neither the trust nor SandRidge undertakes an obligation to update or revise any forward-looking statements to reflect events or circumstances after the date of this prospectus.

With this in mind, you should consider the risks discussed under the heading "Risk Factors" in this prospectus, as well as those contained in SandRidge's Annual Report on Form 10-K for the year ended December 31, 2009, its Quarterly Reports on Form 10-Q for the periods ended March 31, 2010, June 30, 2010 and September 30, 2010 and other disclosures about SandRidge that are included in or incorporated by reference into this prospectus.

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USE OF PROCEEDS

The trust is offering all of 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 use all of the net proceeds to pay SandRidge's wholly-owned subsidiary for the conveyance of the PDP Royalty Interest and the PUD Royalty Interest.

At the initial closing, 1,875,000 common units will be issued and retained by the trust and will 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 as partial consideration for the conveyance of the royalty interests. If the over-allotment option is not exercised by the underwriters, the retained units will be delivered to SandRidge, as partial consideration for the conveyance of the royalty interests, promptly following the 30th day after the initial closing.

SandRidge intends to use the proceeds received from the offering that are paid to SandRidge's subsidiary to repay borrowings under its credit facility and for general corporate purposes, which may include the funding of the drilling obligation. As of December 31, 2010, the outstanding balance on SandRidge's credit facility, which matures in 2014, was approximately \$340 million, and the weighted average interest rate of the credit facility was 2.51%. Borrowings under the credit facility in the past year were incurred by SandRidge for general corporate purposes, including to fund its capital expenditures program and a portion of the consideration used for its acquisition of Arena Resources, Inc., which closed in July 2010.

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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, 2010, its market capitalization was approximately \$3.0 billion and, as of December 31, 2009, it had total estimated net proved reserves of 1,312.2 Bcfe. SandRidge has approximately 650,000 net acres leased in the Mississippian formation and plans to devote a significant portion of its future capital budget to increasing its acreage and oil and natural gas production in this area. As of December 31, 2010, SandRidge was operating nine rigs in the Mississippian formation. SandRidge also owns and operates other interests in the Mid-Continent, Cotton Valley Trend in East Texas, Gulf Coast and Gulf of Mexico.

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.

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THE TRUST

The trust is a statutory trust created under the Delaware Statutory Trust Act in December 2010. The business and affairs of the trust will be managed by The Bank of New York Mellon Trust Company, N.A., as trustee. In addition, the Corporation Trust Company will act as Delaware trustee of the trust. The Delaware trustee will have only minimal rights and duties as are necessary to satisfy the requirements of having a trustee in Delaware who will accept service of process on the trust under the Delaware Statutory Trust Act. Although SandRidge will operate a substantial number of the Underlying Properties, SandRidge will have no ability to manage or influence the management of the trust and, to the fullest extent permitted by law, will owe no fiduciary duties to the trust or the unitholders.

The trustee can authorize the trust to borrow money to pay trust administrative or incidental expenses that exceed cash held by the trust. The trustee may authorize the trust to borrow from the trustee as a lender provided the terms of the loan are fair to the trust unitholders. The trustee may also deposit funds awaiting distribution in an account with itself, if the interest paid to the trust at least equals amounts paid by the trustee on similar deposits, and make other short term investments with the funds distributed to the trust. The trustee may also hold funds awaiting distribution in a non-interest bearing account.

The trust will be responsible for paying all legal, accounting, tax advisory, engineering, printing costs and other administrative and out-of-pocket expenses incurred by or at the direction of the trustee or the Delaware trustee, including tax return and Schedule K-1 preparation and mailing costs, independent auditor fees and registrar and transfer agent fees. The trust will also be responsible for paying other expenses incurred as a result of being a publicly traded entity, including costs associated with annual and quarterly reports to unitholders. These trust administrative expenses are anticipated to aggregate approximately \$900,000 per year, although such costs could be greater or less depending on future events that cannot be predicted. Included in the annual estimate is an annual administrative fee of \$150,000 for the trustee, which may be adjusted beginning on the fifth anniversary of the trust as provided in the trust agreement, an annual administrative fee of \$2,300 for the Delaware trustee and an annual fee of \$200,000 payable to SandRidge pursuant to the terms of the administrative services agreement. The trustee will also receive a one-time acceptance fee of \$10,000. These costs will be deducted by the trust before distributions are made to trust unitholders. The trustee intends to withhold \$1.0 million from the first distribution to unitholders to establish a cash reserve available to the trustee to pay trust administrative expenses.

Formation Transactions

At or prior to the closing of the offering, SandRidge's wholly owned subsidiary, SandRidge Exploration and Production, LLC (SandRidge E&P), will convey to the trust a 90% royalty interest in the Producing Wells and a 50% royalty interest in the PUD Wells.

The 90% royalty interest in the Producing Wells will consist of a term royalty interest entitling the trust to receive 45% of the proceeds from the sale of oil and natural gas production attributable to SandRidge's net revenue interest in the Producing Wells (after deducting post-production costs and any applicable taxes) for a period of 20 years commencing on January 1, 2011 (the Term PDP Royalty) and a perpetual royalty interest entitling the trust to receive 45% of the proceeds from the sale of oil and natural gas production attributable to SandRidge's net revenue interest in the Producing Wells (after deducting post-production costs and any applicable taxes) (the Perpetual PDP Royalty).

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The 50% royalty interest in the PUD Wells will consist of a term royalty interest entitling the trust to receive 25% of the proceeds from the sale of the production of oil and natural gas attributable to SandRidge's net revenue interest in the PUD Wells (after deducting post-production costs and any applicable taxes) for a period of 20 years commencing on January 1, 2011 (the Term PUD Royalty) and a perpetual royalty interest entitling the trust to receive 25% of the proceeds from the sale of oil and natural gas production attributable to SandRidge's net revenue interest in the PUD Wells (after deducting post-production costs and any applicable taxes) (the Perpetual PUD Royalty).

The Term PDP Royalty and the Term PUD Royalty are collectively referred to as the Term Royalties, while the Perpetual PDP Royalty and the Perpetual PUD Royalty are collectively referred to as the Perpetual Royalties. In exchange for the Term Royalties and the Perpetual Royalties, the trust will issue to SandRidge E&P, up to 6,475,000 common units constituting 26% of the trust units outstanding and 6,325,000 subordinated units constituting 25% of the trust units outstanding, along with all of the net proceeds of this offering. See Use of Proceeds.

1,875,000 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 as partial consideration for the conveyance of the royalty interests. If the over-allotment option is not exercised by the underwriters, the retained units will be delivered to SandRidge, as partial consideration for the conveyance of the royalty interests, promptly following the 30th day after the initial closing.

The trust will sell the 12,500,000 common units offered hereby to the public, representing a 49% interest in the trust.

SandRidge and the trust will enter into several agreements in connection with the conveyance of the royalty interests, including: (1) a development agreement, which sets forth SandRidge's drilling obligation to the trust with respect to the PUD Wells, (2) a derivatives agreement, pursuant to which SandRidge will provide the trust with the benefit of certain hedging contracts entered into between SandRidge and third parties and (3) an administrative services agreement, which outlines SandRidge's duty to provide administrative services to the trust. These agreements are described in more detail below.

Termination Date; Liquidation

The trust will dissolve and begin to liquidate on the Termination Date, which is December 31, 2030, and will soon thereafter wind up its affairs and terminate. 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 at the Termination Date or soon thereafter, but only after the trust has paid, or made reasonable provision for payment of, all liabilities of the trust. See Description of the Royalty Interests Sale of the Perpetual Royalties. Any additional cash held in reserve by the trustee will also be distributed to unitholders.

Development Agreement

In connection with the closing of this offering, the trust will enter into a development agreement with SandRidge that will obligate SandRidge to drill, or cause to be drilled, all of the PUD Wells by December 31, 2014. In the event of delays, SandRidge will have until December 31, 2015 to fulfill its drilling obligation. SandRidge will grant to the trust the Drilling Support Lien, covering SandRidge's interest in the AMI (except the Producing Wells and any other wells that are

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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 PUD Wells. The amount obtained by the trust pursuant to the Drilling Support Lien may not exceed \$166.1 million. As SandRidge fulfills its drilling obligation over time, the total dollar amount that may be recovered will be proportionately reduced and the completed PUD Wells will be released from the lien.

Under the development agreement, a PUD Well is calculated based on the perforated length of the well (measured from the first perforation along the measured depth to the last perforation along the measured depth) and SandRidge's net revenue interest in such well. SandRidge will be credited for drilling one full development well if the perforated length of the well is equal to or greater than 2,500 feet and SandRidge's net revenue interest in the well is equal to 57.0%.

For wells with a perforated length of less than 2,500 feet, SandRidge will receive partial credit equal to the fraction calculated by dividing the well's perforated length by 2,500 feet. SandRidge will not receive any extra credit for wells with perforated lengths in excess of 2,500 feet.

For wells in which SandRidge has a net revenue interest greater than or less than 57.0%, SandRidge will receive credit for such well in the proportion that its net revenue interest in the well bears to 57.0%.

Accordingly, for example, if SandRidge drilled one well in which it has a 80% net revenue interest, and such well was drilled to a perforated length of 2,500 feet, such well would count for purposes of the development agreement as 1.404 PUD Wells (i.e., $2,500/2,500 \times 80\%/57.0\%$). If, on the other hand, SandRidge drilled one well in which it has a 50% net revenue interest, and such well was drilled to a perforated length of 2,000 feet, such well would count for purposes of the development agreement as only 0.702 PUD Wells (i.e., $2,000/2,500 \times 50\%/57.0\%$).

Given that SandRidge's actual net revenue interest in each PUD Well may be greater than or less than 57.0% and the perforated length of each well drilled may be less than 2,500 feet, SandRidge may be required to drill more or less than 123 wells in order to fulfill its drilling obligation.

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 average perforated interval lengths for future wells will be generally consistent with the perforated interval length of the completed Producing Wells within the AMI and other Mississippian wells outside of the AMI that have been drilled exclusively for SandRidge's account. However, due to the complexity of well completions, it may be appropriate in some instances to complete wells with shorter perforated interval lengths. In fact, completions to date reflect that greater than anticipated reserve recoveries may be achieved from producing perforated interval lengths substantially shorter than 2,500 feet. For example, the four Producing Wells completed to less than 2,500 feet of perforated interval length have an average estimated ultimate reserve recovery that exceeds the median estimated ultimate reserve recovery for all Producing Wells completed to date.

The PUD reserves reflected in the reserve report assume that SandRidge will drill and complete the 123 PUD Wells with the same completion technique, and bearing the same capital and other costs, as the 37 Producing Wells completed to date. These 37 Producing Wells produce from perforated interval lengths contributing to production ranging from less than 500 feet to more than 4,500 feet. The average perforated interval length contributing to production of the 37 Producing Wells is approximately 3,900 feet, which is longer than the 2,500 foot perforated interval length upon which the definition of one full development well is based.

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Because (a) the average perforated interval length of the wells assumed for purposes of calculating the PUD reserves is longer than the minimum perforated interval length required for SandRidge to receive credit for one full development well and (b) there is no guarantee that wells drilled with shorter perforated interval lengths will achieve the same reserve recoveries as wells drilled with longer perforated interval lengths, you may not receive the benefit of the total amount of PUD reserves reflected in the reserve report, notwithstanding the fact that SandRidge has satisfied its drilling obligation. In addition to its obligation to act as a reasonably prudent operator, SandRidge's significant retained economic interest in the trust and its opportunity to earn incentive distributions provide it with substantial incentives to pursue well completions with perforated interval lengths greater than 2,500 feet to the extent necessary to optimize reserve recoveries for the benefit of the trust.

SandRidge may, and anticipates that it will, rely on third-party operators to fulfill a portion of its drilling obligation.

SandRidge is required to complete and equip each development well that reasonably appears to SandRidge to be capable of producing oil and natural gas in quantities sufficient to pay completion, equipping and operating costs. In making such decisions, SandRidge is required to act as a reasonably prudent operator in the AMI under the same or similar circumstances as it would act if it were acting with respect to its own properties, disregarding the existence of the royalty interests as burdens affecting such property. See *The Underlying Properties Sale and Abandonment of Underlying Properties*. The trust will not bear any of the costs of drilling and completing the PUD Wells that SandRidge drills or causes to be drilled.

SandRidge will covenant and agree not to drill and complete, and will not permit any other person within its control to drill and complete, any well in the AMI other than a development well until such time as SandRidge has met its commitment to drill the PUD Wells. Once SandRidge has completed its drilling obligation, the trustee will be required to release the Drilling Support Lien in full. Upon the trustee's release of the Drilling Support Lien, SandRidge will further agree not to drill and complete, and will not permit any other person within its control to drill and complete, any well on the lease acreage that will have a perforated segment that will be within 660 feet of any perforated interval of a PUD Well or Producing Well in the AMI.

Hedging Arrangements

At the closing of this offering, SandRidge will enter into a derivatives agreement with the trust to provide the trust with the benefit of certain hedging contracts entered into between SandRidge and third parties. This agreement will be a pass-through agreement whereby SandRidge will pay the trust amounts it receives from its counterparties under the hedge contracts, and the trust will be required to pay SandRidge any amounts that SandRidge is required to pay its counterparties under such hedge contracts. During the term of the derivatives agreement, SandRidge will determine the amounts due to (or from) the trust under the derivatives agreement. While the derivatives agreement is expected to limit the downside risk of oil and natural gas price declines, it may also limit the trust's ability to benefit from increases in oil and natural gas prices above the hedge price on the portion of the production attributable to the trust's royalty interests that is hedged.

The trust's counterparty under the derivatives agreement is SandRidge, whose counterparties are established institutions. In the event that any of the counterparties to the oil and natural gas hedging contracts default on their obligations to make payments under such contracts, the cash distributions to the trust unitholders could be materially reduced as the hedge payments are intended to provide additional cash to the trust during periods of lower oil and natural gas prices.

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SandRidge will not be required to pay the trust to the extent of payment defaults by SandRidge's hedge contract counterparties. A default by SandRidge or any of the hedge contract counterparties could reduce the amount of cash available for distribution to the trust unitholders. The trust will have no ability to enter into its own hedges.

Pursuant to the derivatives agreement, approximately 61% of the estimated oil production and 60% of the estimated natural gas production attributable to the trust's royalty interests will be hedged until December 31, 2015. The remaining estimated production of oil and natural gas during that time and all production after such time will not be hedged.

The following table illustrates SandRidge's current expectation for the percentage of oil and natural gas volumes attributable to the trust's royalty interest that are planned to be hedged pursuant to the hedging contracts SandRidge plans to enter into with third parties before the closing of this offering. The percentages of oil and natural gas volumes shown in the table reflect SandRidge's current expectation but may change.

Year	Percentage of Oil Volumes Expected to be Hedged	Percentage of Natural Gas Volumes Expected to be Hedged
2011	80%	90%
2012	70%	65%
2013	60%	50%
2014	50%	50%
2015	50%	50%

Administrative Services Agreement

In connection with the closing of this offering, the trust will enter into an administrative services agreement with SandRidge pursuant to which SandRidge will provide the trust with certain accounting, tax preparation, bookkeeping and informational services related to the royalty interests. In return for these services, the trust will pay to SandRidge, on a quarterly basis, a total annual fee of \$200,000. SandRidge will also be entitled to receive reimbursement for its actual out-of-pocket fees, costs and expenses incurred in connection with the provision of any of the services under the agreement.

The administrative services agreement will terminate upon the earliest to occur of: (i) December 31, 2030, (ii) the date that all of the royalty interests have been terminated or are no longer held by the trust, (iii) with respect to services to be provided with respect to any Underlying Properties being transferred by SandRidge, the date that either SandRidge or the trustee may designate by delivering 90-days prior written notice, provided that SandRidge's drilling obligation has been completed and the transferee of such Underlying Properties assumes responsibility to perform the services in place of SandRidge and (iv) a date mutually agreed by SandRidge and the trustee.

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TARGET DISTRIBUTIONS AND SUBORDINATION AND INCENTIVE THRESHOLDS

SandRidge will create the royalty interests through conveyances to the trust of royalty interests in specified oil and natural gas properties in the AMI. The PDP Royalty Interest will entitle the trust to receive 90% 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 Producing Wells for a period of 20 years commencing on January 1, 2011. The PUD Royalty Interest will entitle the trust to receive 50% of the proceeds (exclusive of any production or development costs but after deducting post-production costs and any applicable taxes) from the sale of future production of oil and natural gas attributable to SandRidge's net revenue interest in the PUD Wells for a period of 20 years commencing on January 1, 2011.

The amount of trust revenues and cash distributions to trust unitholders will depend on:

the timing of initial production from the PUD Wells;

oil and natural gas prices received;

the volume of oil and natural gas produced and sold;

amounts realized under hedging arrangements;

post-production costs and any applicable taxes; and

the trust's general and administrative expenses.

SandRidge has calculated quarterly target levels of cash distributions for the life of the trust. Such target distribution levels are set forth on Annex B to this prospectus. The target distributions were prepared by SandRidge on a cash basis based on assumptions of production volumes, pricing and other assumptions that are described below in Significant Assumptions Used to Calculate the Target Distributions. The production forecasts are estimates prepared by Netherland Sewell and have been used to calculate target distributions. Actual cash distributions may vary from those presented. SandRidge will pay to the trust each quarter an amount equal to the trust's royalty interest in the proceeds of production from the Underlying Properties received during the calendar quarter most recently ended (after deducting post-production costs and any applicable taxes). The trust, in turn, will make quarterly cash distributions of substantially all of its quarterly cash receipts, after deduction of fees and expenses for the administration of the trust, to holders of trust units.

The first distribution, which will cover the first and second quarters of 2011, is expected to be made on or about August 30, 2011 to record unitholders as of August 15, 2011. The trustee intends to withhold \$1.0 million from the first distribution to establish a cash reserve available to pay trust administrative expenses. If the trustee uses such cash reserve to pay for trust administrative expenses, the reserve must be replenished before any further quarterly distributions are made to trust unitholders. 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 five months. Thereafter, quarterly distributions will generally include royalties on sales of oil and natural gas for three months, including the first two months of the quarter just ended as well as the last month of the immediately preceding quarter. 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.

In order to provide support for cash distributions on the common units, SandRidge has agreed to subordinate 6,325,000 of the trust units it will retain following this offering, which will constitute 25% of the outstanding trust units. The subordinated units will be entitled to receive

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pro rata distributions from the trust 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 trust units, the distribution to be made with respect to the subordinated units will be reduced or eliminated in order to make a distribution, to the extent possible, of up to the subordination threshold amount on the common units. Each applicable quarterly subordination threshold is 20% below the target distribution level for the corresponding quarter, as reflected on Annex B. In exchange for agreeing to subordinate these trust units, and in order to provide additional financial incentive to SandRidge to perform its drilling obligation and 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 during the subordination period exceeds the target distribution for such quarter by more than 20%. SandRidge's right to receive incentive distributions will terminate upon the expiration of the subordination period.

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 at the end of the fourth full calendar quarter following SandRidge's satisfaction of its drilling obligation to the trust. The trust currently expects that SandRidge will complete its drilling obligation on or before December 31, 2014 and that, accordingly, the subordinated units would convert into common units on or before December 31, 2015. In the event of delays, SandRidge will have until December 31, 2015 under the development agreement to drill all the PUD Wells, in which event the subordinated units would convert into common units on or before December 31, 2016.

SandRidge's management has prepared the prospective financial information set forth below to present the projected cash distributions to the holders of the trust units based on the estimates and assumptions described below. The accompanying prospective financial information was not prepared with a view toward complying with the guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants with respect to preparation and presentation of prospective financial information, but, in the view of SandRidge's management, 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 neither examined, compiled nor performed any procedures with respect to the accompanying prospective financial information and, accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The reports of PricewaterhouseCoopers LLP included in this prospectus relate to the historical Statement of Assets and Trust Corpus of the trust and the historical Statements of Revenues and Direct Operating Expenses of the Underlying Properties. The 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 2016. The effective date of the conveyance of the royalty interests is January 1, 2011, which means that the trust will receive credit for 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.

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Period	Subordination Threshold(1)	Target Distribution (per unit)	Incentive Threshold(1)
2011:			
Second Quarter(2)	\$ 0.83	\$ 1.04	\$ 1.25
Third Quarter	0.52	0.65	0.78
Fourth Quarter	0.50	0.62	0.75
2012:			
First Quarter	0.52	0.65	0.78
Second Quarter	0.55	0.69	0.83
Third Quarter	0.58	0.73	0.87
Fourth Quarter	0.58	0.72	0.86
2013:			
First Quarter	0.60	0.74	0.89
Second Quarter	0.61	0.77	0.92
Third Quarter	0.61	0.77	0.92
Fourth Quarter	0.61	0.76	0.92
2014:			
First Quarter	0.63	0.79	0.95
Second Quarter	0.67	0.84	1.01
Third Quarter	0.71	0.89	1.07
Fourth Quarter	0.73	0.92	1.10
2015:			
First Quarter	0.69	0.87	1.04
Second Quarter	0.64	0.80	0.96
Third Quarter	0.60	0.75	0.89
Fourth Quarter	0.56	0.70	0.84
2016:			
First Quarter	0.54	0.67	0.80
Second Quarter	0.51	0.64	0.77
Third Quarter	0.49	0.61	0.74
Fourth Quarter	0.47	0.59	0.71

(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 five months of production from January 1, 2011 to May 31, 2011, 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.

SandRidge has prepared the projected operational and financial information set forth above and below in order to present the target distributions attributable to the oil and natural gas sales volumes reflected in the reserve report attached hereto as Annex A. The target distributions, in the view of SandRidge's management, were prepared on a reasonable basis based on the assumptions outlined in Significant Assumptions Used to Calculate the Target Distributions.

The projections outlined below should not be relied upon as being necessarily indicative of future results. Neither SandRidge nor the trust undertakes any obligation to update the financial forecast to reflect events or circumstances after the date of this prospectus and readers of this prospectus are cautioned not to place undue reliance on the projected financial information.

The projections and assumptions on which they are based are subject to significant uncertainties, many of which are beyond the control of SandRidge and the trust. **Actual cash**

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distributions to trust unitholders, therefore, could vary significantly based upon events or conditions occurring that are different from the events or conditions assumed to occur for purposes of these projections.

Cash distributions to trust unitholders will be particularly sensitive to fluctuations in oil and natural gas prices and production volumes. See

Sensitivity of Target Distributions to Oil and Natural Gas Prices and Volumes, which shows estimated effects to cash distributions through March 31, 2012 from changes in assumed realized oil and natural gas prices as well as changes in estimated production volumes. As a result of typical production declines for oil and natural gas properties, production estimates generally decrease from year to year. However, the production estimates included in the table below reflect that these declines are expected to be offset by additional production from PUD Wells as they are completed and begin to produce. The timing of the completion of, and the amount of production attributable to, the PUD Wells are substantially dependent on SandRidge executing its drilling plans with respect to the drilling and completion of the PUD Wells in a manner substantially similar to those underlying the assumptions used in establishing these target distributions. In addition, the completion of SandRidge's drilling obligation will depend, in part, on the completion of drilling for certain PUD Wells by third parties, over whom SandRidge has no control, in a manner consistent with the assumptions used in establishing these target distributions. Please see Risk Factors for risks relating to the timing of drilling and amount of production attributable to the PUD Wells. **As a result of these factors, the target distributions shown in the tables below are not necessarily indicative of distributions for future years.**

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. See Risk Factors 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.

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The table below presents the calculation of the target distributions for each quarter through and including the quarter ending March 31, 2012.

Period	June 30, 2011(1)	September 30, 2011	December 31, 2011	March 31, 2012
<i>(In thousands, except volumetric and per unit data)</i>				
<i>Estimated production from trust properties</i>				
Oil sales volumes (MBbl)	262	154	146	149
Natural gas sales volumes (MMcf)	1,661	959	910	921
Total sales volumes (MBoe)	539	314	298	302
% PDP sales volumes	86%	69%	63%	56%
% PUD sales volumes	14%	31%	37%	44%
% Oil volumes	49%	49%	49%	49%
% Natural gas volumes	51%	51%	51%	51%
<i>Commodity price and derivative contract positions</i>				
NYMEX futures price(2)				
Oil (\$/Bbl)	\$ 89.23	\$ 90.86	\$ 91.24	\$ 91.35
Natural gas (\$/MMBtu)	\$ 4.10	\$ 4.25	\$ 4.43	\$ 4.98
Assumed realized unhedged price(3)				
Oil (\$/Bbl)	\$ 84.23	\$ 85.86	\$ 86.24	\$ 86.35
Natural gas (\$/Mcf)	\$ 3.75	\$ 3.89	\$ 4.06	\$ 4.55
Assumed realized hedged weighted price*				
Oil (\$/Bbl)*				
Natural gas (\$/Mcf)*				
Percent of oil volumes hedged*				
Oil hedged price (\$/Bbl)*				
Percent of natural gas volumes hedged*				
Natural gas hedged price (\$/MMBtu)*				
<i>Estimated cash available for distribution</i>				
Oil sales revenues	\$ 22,088	\$ 13,195	\$ 12,601	\$ 12,858
Natural gas sales revenues	6,231	3,730	3,693	4,194
Realized gains (losses) from derivative contracts*				
Operating revenues and realized gains (losses) from derivative contracts				
	\$ 28,319	\$ 16,926	\$ 16,293	\$ 17,052
Production taxes	348	199	189	194
Ad valorem taxes	140	84	81	84
Trust administrative expenses	1,460(4)	225	225	226
Total trust expenses	1,948	507	494	504
Cash available for distribution	\$ 26,371	\$ 16,418	\$ 15,799	\$ 16,548
Trust units outstanding	25,300	25,300	25,300	25,300
Target distribution per trust unit	\$ 1.04	\$ 0.65	\$ 0.62	\$ 0.65
Subordination threshold per trust unit	\$ 0.83	\$ 0.52	\$ 0.50	\$ 0.52
Incentive threshold per trust unit	\$			