USEDC 2025 DRILLING FUND 1 LP
INVESTMENT HIGHLIGHTS

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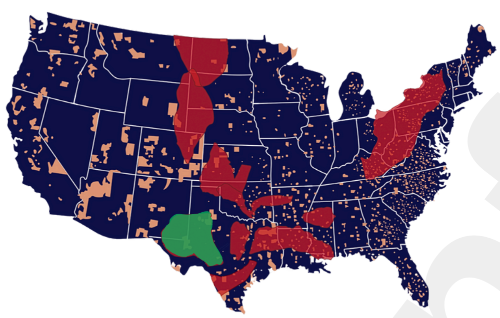
INVESTMENT SUMMARY

Offering Size[1] :	$250 Million
Unit Size[2,3]:	$100,000
Closing Date:	December 31, 2025
Investment Objectives[4]:	Quarterly Cash Distributions Tax Deductions Depletion Allowance
Suitability[5]:	Accredited Investors Only

AREAS OF OPERATION



Designated Opportunity Zone
Major Oil & Gas Formations in the USA
Permian Basin

USEDC Drilling Fund 1 LP (the "partnership" or the "fund") intends to participate in the drilling of new oil and natural gas wells in regions identified by the Managing General Partner ("U.S. Energy") to provide competitive returns at current commodity prices. We believe that the majority of the capital expenditure of the fund will be focused in the Permian Basin, specifically the Delaware and Midland Basins. The fund may also participate in wells in other formations, including the Powder River Basin, Haynesville Shale and Barnett Shale - Ft. Worth Basin.

INVESTMENT UNITS & TAX BENEFITS[6]

General Partner Investors (GP Units)

- GP investors are eligible for up to **90+% income tax deduction** of investment amount.
- **Intangible Drilling Costs (IDCs)** are generally expected to be at least **69%** of the GP Unit proceeds.
- Any net proceeds from GP Units will be applied first toward IDCs to maximize tax deductions.

Limited Partners (LP Units)

- LP investors can allocate their investment to either:
  - **Lease acquisition & tangible equipment expenses**, OR
  - **Intangible Drilling Costs (IDCs)**, similar to GP investors.
- Tax deductions for LPs **only apply to passive income** and cannot offset wages or active business income.
- **Unused passive losses** may be carried forward for future use.

Limited Liability Company (LLC Units)

- LLC investors' funds are used first for:
  - **Lease acquisition costs; and**
  - **Tangible equipment costs**
- **Qualified entities** (e.g., retirement accounts) must invest through LLC Units.
- LLC investors will be members of a **Delaware LLC**, which acts as a limited partner in the fund.
- **Distributions may be subject to UBIT (Unrelated Business Income Tax).**

INVESTOR DISTRIBUTIONS[7]

- **Quarterly distributions** are targeted to begin **in early 2026** after the partnership closes, subject to available cash flow.
- **Preferred Cash Distributions:** If investors earn less than 12% average annual cash-on-cash return (the "Hurdle Rate") during the first five years after 75% of wells are producing, **U.S. Energy will forfeit up to 100% of its 15% working interest for up to 60 months** (the "Hurdle Period") to support investor returns (see Preferred Cash Distributions in the PPM).

An Investment in the Partnership is speculative and involves a high degree of risk. You should invest in the Partnership only if you can afford a complete loss of your Investment. An Investment in the Partnership is an illiquid investment, and there is no market for the units.

This brochure is qualified in its entirety by reference to the Private Placement Memorandum. You and your professional advisors should carefully read the Private Placement Memorandum, including the "Risk Factors," "Conflicts of Interests" and "Material United Stated Federal Income Tax Considerations" sections. THIS BROCHURE MUST BE READ IN CONJUNCTION WITH THE PRIVATE PLACEMENT MEMORANDUM IN ORDER TO UNDERSTAND FULLY ALL OF THE IMPLICATIONS AND RISKS OF THE OFFERING OF SECURITIES TO WHICH IT RELATES. THIS IS NEITHER AN OFFER TO SELL NOR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES DESCRIBED HEREIN. THE OFFERING IS MADE ONLY BY THE PRIVATE PLACEMENT MEMORANDUM. Delivery of this brochure must be preceded or accompanied by the Private Placement Memorandum. Oil & gas equipment pictured in this brochure is not owned by USEDC 2025 Drilling Fund 1 LP. Westmoreland Capital Corporation (Member: FINRA CRD 11469) - an affiliate of U.S. Energy Development Corporation.

LONG-TERM TAX ADVANTAGED INCOME

For all investors, approximately 15% of the gross income is tax free as a result of the Depletion Deduction under current tax code provisions. Depletion will be allocated among the investors based upon their interest in partnership revenues.

RISK MANAGEMENT

While U.S. Energy maintains significant safeguards, procedures and policies to protect investors against potential general partner and operational risks; in the unlikely event that there ever was a claim against the partnership, U.S. Energy provides the following layers of investor protection: insurance with effective excess limits of $50,000,000, joint venture partner assets and insurance (if there is a JV partner), sub contractor assets and insurance, automatic conversion from general partner to limited partner status, partnership assets and managing general partner indemnification. There can, however, be no assurance that the managing general partner's assets, including its liquid assets, will be sufficient to satisfy its indemnification obligation.

PRESENTMENT FEATURE[8]

This investment is not intended to be a liquid investment and is intended for long-term investors only. However, investors have the ability, subject to certain limitations, to present their investment in the partnership to U.S. Energy for purchase starting January 1, 2030 limited to 10% of the Parternship's total units per year. The managing general partner may suspend its repurchase obligation if it determines that it does not have the necessary cash flow or cannot borrow funds for this purpose on terms it deems reasonable.

SPONSOR EXPERIENCE: U.S. ENERGY DEVELOPMENT CORPORATION

U.S. Energy Development Corporation is an exploration & production (E&P) operating company which designs and manages direct investment opportunities for accredited investors and institutional partners. A leader in oil & gas direct investments for clients with tax planning needs, over the past 40 years, the firm has invested in, operated and/or drilled more than 4,000 wells in 13 states and Canada and has deployed more than $3.0 billion on behalf of its partners. U.S. Energy's Corporate Headquarters is located in Fort Worth, Texas.

PARTNERSHIP RISK FACTORS:

Your investment in the partnership is speculative and subject to certain risks. The following is not a complete list of all the risks related to your investment. See "Risk Factors," in the Private Placement Memorandum.

- The drilling of oil and natural gas wells involves the risk that the well will not provide enough revenue to return the amount of your investment.
- The revenues are directly related to the ability to market the oil and gas and their price, which is volatile and cannot be predicted. If oil and/or gas prices decrease, then your investment return will decrease.
- If you choose to invest as an General Partner Investors, then you will have unlimited liability during the drilling of the wells for partnership obligations until you are converted to a limited partner. However, you will continue to have the responsibilities of a general partner for partnership liabilities and obligations incurred before the effective date of the conversion.
- Lack of liquidity or a market for the units.
- Total reliance on the managing general partner and its affiliates.
- You may owe taxes in excess of your cash distributions from the partnership.
- The investor's deduction for intangible drilling costs may be limited for purposes of the alternative minimum tax.
- Distributions may be a return of capital. Your investment in the partnership is speculative and subject to certain risks. The following is not a complete list of all the risks related to your investment. See "Risk Factors," in the Private Placement Memorandum.
- The information contained in this Investment Highlights is intended for informational purposes only and is not intended as individualized tax advice to potential investors. The tax ramifications of an investment in an oil and gas program sponsored by U.S. Energy Development Corporation will vary from investor to investor depending on each individual's circumstances. You are encouraged to seek independent tax advice with respect to the tax ramifications to you of an investment in an oil and gas program sponsored by U.S. Energy Development Corporation. The information contained in this Investment Highlights is not intended to be used, and it cannot be used, by any recipient for the purpose of (i) avoiding penalties that may be imposed on the recipient under United States federal tax laws or (ii) promoting, marketing or recommending to another party any tax-related matters addressed herein.

1. Subject to Increase to $300,000,000, provided that the maximum number of investors shall be 1,999.
2. The minimum subscription is one unit; however, partial units may be accepted in the managing general partner's discretion. Larger subscriptions will be accepted in $1,000 increments. (See "Terms of the Offering" in the Private Placement Memorandum).
3. Except in certain instances described in the Private Placement Memorandum, 10% of the amount invested will be applied to the payment of the following fees and commissions: a dealer-manager fee of 2%; a sales commission of up to 7%; a due diligence fee of 0.5%; and a marketing fee of 0.5%. The balance of organization and offering costs will be paid by U.S. Energy.
4. There can be no guarantee that the investment objectives will be attained.
5. See "Suitability Standards" in the Private Placement Memorandum.
6. As more fully described in the Private Placement Memorandum, there are significant differences between the types of units that are available; including that owners of General Partner Units have unlimited liability for events occurring during the drilling phase of the Partnership's wells while Limited Partner Unit owners have limited liability and that intangible drilling cost deductions attributable to Limited Partner owners may only be applied to passive income. You are encouraged to seek independent tax advice prior to investment. Unrelated business taxable income (UBTI) is income regularly generated by a tax-exempt entity by means of taxable activities.
7. Cash Distributions. Provide quarterly cash distributions to you beginning approximately 12 months after the closing of the partnership (which may be delayed in the discretion of the managing general partner until sufficient partnership production revenues are received) until the wells are depleted with a preferred average annual cash flow of 12% during the first five years of distributions after seventy five percent of the partnership's wells are generating production revenues, based on cumulative distributions and your original subscription amount. The preferred return and its calculation are described in Section 5.05(d) of the Amended and Restated Agreement of Limited Partnership that is attached as Exhibit A to the Private Placement Memorandum. You should review that Section for a more complete explanation of this feature. **Distributions may be a return of capital.**
8. Pursuant to the Presentment Feature, the managing general partner may not purchase more than 10% of the partnership units in any year. See "Presentment Feature" in the Private Placement Memorandum.