

ARENA RESOURCES INC  
Form 425  
July 02, 2010

**Filed by SandRidge Energy, Inc.**  
**pursuant to Rule 425 under the Securities**  
**Act of 1933, as amended, and deemed filed**  
**pursuant to Rule 14a-6 under the Securities**  
**Exchange Act of 1934, as amended**  
**Subject Company: Arena Resources, Inc.**  
**Commission File No.: 001-31657**

SandRidge  
Energy Merger with Arena Resources  
Investor Presentation  
July 2010

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2  
Important Additional Information Filed with the SEC  
This  
presentation  
is  
being  
made  
in  
respect  
of  
the

proposed  
business  
combination  
involving  
SandRidge  
Energy,  
Inc.  
( SandRidge )  
and  
Arena  
Resources,  
Inc.  
( Arena ).  
In  
connection  
with  
the  
proposed  
transaction,  
SandRidge  
filed  
with  
the  
SEC  
a  
Registration  
Statement  
on  
Form  
S-4,  
as  
amended,  
on  
April  
30,  
2010  
containing  
a  
joint  
proxy  
statement/prospectus,  
and  
a  
supplement  
to  
the  
joint  
proxy  
statement/prospectus  
on

June  
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2010,  
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SEC  
by  
SandRidge  
and  
Arena  
through  
the  
web  
site  
maintained  
by  
the  
SEC  
at  
[www.sec.gov](http://www.sec.gov).  
Free  
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Registration  
Statement  
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a  
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SandRidge  
Energy,  
Inc.,  
123  
Robert  
S.  
Kerr  
Avenue,  
Oklahoma  
City,  
Oklahoma  
73102,  
Attention:  
Investor  
Relations,  
or  
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directing  
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to  
Arena  
Resources,  
Inc.,  
6555  
South Lewis Avenue, Tulsa, Oklahoma 74136, Attention: Investor Relations.  
SandRidge,  
Arena  
and  
their  
respective  
directors  
and  
executive  
officers  
and  
other



persons  
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directors  
and  
executive  
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is  
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in  
SandRidge's  
Annual  
Report  
on  
Form  
10-K  
for  
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year  
ended  
December  
31,  
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SEC  
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March  
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for  
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stockholders,  
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2009,  
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SEC  
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Annual  
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on  
Form  
10-K/A  
for  
the  
year  
ended  
December  
31,  
2009,  
which  
was  
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SEC  
and  
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30,  
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and  
Arena's  
proxy  
statement  
for  
its  
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meeting  
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stockholders,  
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was  
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SEC  
on

October  
29,  
2009.  
Other  
information  
regarding  
the  
participants  
in  
the  
proxy  
solicitation  
and  
a  
description  
of  
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direct  
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interests,  
by  
security  
holdings  
or  
otherwise,  
is  
contained  
in  
the  
joint  
proxy  
statement/prospectus,  
the  
supplement  
and  
other  
relevant  
materials  
filed  
with  
the  
SEC.

Important Information Regarding the Preparation of this Presentation

This  
presentation  
was  
prepared  
solely  
by

SandRidge  
and  
Arena.  
Although  
some  
of  
the  
information  
in  
this  
presentation  
refers  
to  
analyses  
of  
Tudor,  
Pickering,  
Holt  
&  
Co.  
Securities,  
Inc.  
( Tudor  
Pickering ),  
Tudor  
Pickering  
did  
not  
prepare  
any  
part  
of  
this  
presentation.  
Tudor  
Pickering  
rendered  
an  
opinion  
to  
the  
board  
of  
directors  
of  
Arena  
in  
connection  
with  
the

merger  
described  
in  
this  
presentation  
on  
June  
1,  
2010.  
The  
opinion  
speaks  
only  
as  
of  
that  
date  
and  
is  
subject  
to  
a  
number  
of  
qualifications  
and  
limitations.  
The  
opinion  
does  
not  
reflect  
changes  
that  
may  
occur  
or  
may  
have  
occurred  
after  
June  
1,  
2010,  
which  
could  
significantly  
alter  
the  
value

of  
Arena  
or  
SandRidge  
or  
the  
respective  
trading  
prices  
of  
their  
common  
stock.  
Tudor  
Pickering  
has  
not  
performed  
any  
further  
analysis  
of  
the  
merger  
following  
the  
date  
of  
its  
opinion.  
This  
presentation  
should  
not  
be  
consulted  
for,  
or  
construed  
as  
a  
summary  
of,  
Tudor  
Pickering's  
opinion  
or  
the  
assumptions  
made,

procedures followed, matters considered, and qualifications and limitations of the review undertaken by Tudor Pickering in rendering its opinion. For that information, investors should refer to the full text of the Tudor Pickering opinion, which is included with the supplement to the joint proxy statement/prospectus dated June 14, 2010 and



the  
summary  
thereof  
included  
therein  
under  
the  
caption  
Opinion  
of  
Arena's  
Financial  
Advisor.  
Tudor  
Pickering  
has  
advised  
that  
it  
believes  
that  
its  
analyses  
must  
be  
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and  
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it,  
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considering  
all  
analyses  
and  
factors  
in

their  
entirety,  
could  
create  
a  
misleading  
or  
incomplete  
view  
of  
the  
evaluation process underlying its opinion.

Safe Harbor Language on Forward Looking Statements:

This  
presentation  
includes  
"forward-looking  
statements"  
within  
the  
meaning  
of  
Section  
27A  
of  
the  
Securities  
Act  
of  
1933,  
as  
amended,  
and  
Section  
21E  
of  
the  
Securities  
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Act  
of  
1934,  
as  
amended.  
These  
statements  
express  
a  
belief,  
expectation

or  
intention  
and  
are  
generally  
accompanied  
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that  
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projected  
future  
events  
or  
outcomes.  
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forward-looking  
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current  
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and  
assumptions  
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However,  
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risks  
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including  
the  
ability  
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SandRidge  
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stockholders  
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global  
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Factors"  
of  
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Annual  
Report  
on  
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10-K  
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SandRidge  
with  
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SEC  
on  
March  
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II,  
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"Risk  
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2010;  
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Item  
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2010.  
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this  
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statements.

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developments  
anticipated  
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be  
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or,  
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if  
substantially  
realized,  
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have  
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expected  
consequences

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or  
effects  
on  
our  
company  
or  
our  
business  
or  
operations.

Such  
statements  
are  
not  
guarantees  
of  
future  
performance  
and  
actual  
results

or developments may differ materially from those projected in the forward-looking statements. We undertake no obligation to



3

SandRidge & Arena: Key Attributes of the Combination

Complementary assets that will  
be maximized through the  
combined entity

Strategic Rationale

Merger has the unanimous  
support of both companies  
boards and management teams  
and ARD stock trades in tight  
range to implied offer price

Strong Endorsement for  
Transaction

Arena stockholders

pro forma

ownership significantly exceeds

Arena's relative operational

contribution to the combined

company (47.2% owned by ARD

stockholders

pro forma)

Disproportionate Ownership for

Arena Stockholders

Arena trading among the best in

peer group

SandRidge is trading above the

median of market peers

Strong Post Announcement

Trading Performance

Acquisition premium exceeds

market medians across sectors

for similar mergers

Transaction multiples are at the

top of the range versus

comparable transactions

2010E EBITDA (x): 8.6x

Price/ 2010E Cash Flow (x): 8.5x

Reserve Value (\$ / Boe): \$19.51

Production (\$ / Mboe/d): \$164.4

Top Quartile Transaction

Multiples

Breakup fee reduced below

market norm

30-day go-shop

period from

June 1

July 1 to actively solicit

competitive bids

Go-Shop Provided Solid Market

Test of Deal

June 2, 2010:  
Transaction  
Terms are  
Amended  
4  
SandRidge  
& Arena: Merger Update  
Increased consideration payable to Arena stockholders

Cash consideration raised from \$2.50 per share to \$4.50 per share

Following  
the  
amendment,  
each  
outstanding  
share  
of  
Arena  
will  
be  
converted  
in  
the  
merger  
into  
the  
right  
to  
receive  
4.7771  
shares  
of  
SandRidge  
common  
stock  
plus  
\$4.50  
per  
share  
in  
cash

Introduced a 30-day "go-shop" period, which commenced on June 1, 2010 and expired on July 1, 2010

Permitted Arena to proactively solicit competing takeover proposals  
Reduced termination fee

From  
\$50  
million  
to  
\$39  
million,  
representing  
approximately  
2.9%  
of  
the  
equity  
value  
of

Arena  
under  
the revised merger terms at the time of the announcement  
30-day "go-shop" period concluded on July 1, 2010  
24 companies were contacted by SunTrust Robinson Humphrey, Inc. (financial advisor to Arena), after  
a thorough pre-screen of possible strategic acquirers based on:

Wherewithal for a sizable acquisition

Presence  
in  
the  
Permian  
Basin  
or  
other  
oil  
plays  
or  
an  
expressed  
interest  
in  
acquiring  
oil  
assets

Despite wide-spread news and industry coverage of the go-shop , only two reverse inquiries were  
received both from entities with smaller market capitalizations than Arena

Arena effectively put in play since initial announcement on April 4

While several parties expressed initial interest in Arena and its assets, none executed a confidentiality  
agreement or submitted a takeover proposal which could reasonably be expected to result in a  
Company Superior Proposal

Market  
affirmed  
the  
merger  
with  
SandRidge  
as  
the  
best  
strategic  
transaction  
available  
to  
Arena  
stockholders  
Results of Go-  
Shop

Period

Updated terms represent a unanimously approved transaction supported by both management teams and boards of directors includes a period of over 75 days where Arena has been "in play" with no other buyer interest

Despite Q1 '10 production growth, Arena is hitting inventory wall with a limited supply of reserve and acreage to develop and continues to face operational hurdles

Standalone Arena would likely need to look for a complete and transformational acquisition to maintain its growth

Combined

entity

offers

over

14,000

drilling

locations

and

over  
11  
Tcfe  
of  
inventory  
to  
support  
future  
growth

100% of Arena standalone represents 2,700 drilling locations; 47.2% of combined entity represents 7,000 locations  
5

Why *This*  
Deal, *Now*,  
for Arena?

Merger fully recognizes the value Arena has created for its stockholders to date  
Arena stockholders receive 47.2% ownership stake in pro forma entity compared to an operational contribution from Arena of  
27%

(a)  
Transaction multiples are among the highest in peer trading levels and comparable transactions  
Arena has consistently communicated a clear rationale for merging with SandRidge  
and believes the results of the

Go-Shop  
process further affirm the competitiveness of the SandRidge  
transaction

Compelling  
Valuation

Accelerated capital expenditures in the combined company will result in greater growth than Arena standalone  
Operational  
efficiencies  
from  
SandRidge

rig  
fleet  
of  
\$5.0-17.0MM  
per  
incremental

rig  
(b)  
G&A savings present value of over \$100MM

(b)  
Increased hedging capacity to lock-in incremental \$1.5-2.0 billion revenue for \$3 billion total revenue hedged  
Proven access to the capital markets

(a)  
Operational  
contribution  
percent  
is  
the



average  
of  
the  
following  
metrics:  
2009  
SEC  
PV-10,  
2009  
12/31/09  
Spot  
PV-10,  
10-year  
Average  
NYMEX  
Strip  
PV-10,  
2009  
Proved  
Reserves,  
2009  
Proved  
Developed  
Reserves  
&  
Q1 10  
Production  
(b)  
Based  
on  
constant  
NYMEX  
oil  
prices  
varying  
between  
\$70  
and  
\$85/bbl  
and  
\$4.50/MMBtu  
NYMEX  
gas  
escalating  
to  
\$6.00  
in  
2014.  
Impact  
based

on  
hypothetical  
Fuhrman-Mascho  
type  
curve.  
Assumes  
discount  
rate  
of  
12%,  
\$8.50/Boe  
operating  
costs,  
production  
and  
ad  
valorem  
taxes  
of  
5.0%  
of  
revenue,  
production  
related  
G&A  
of  
\$1.50/Boe,  
oil  
differential  
of  
(\$5.00)/bbl  
and  
gas  
differential  
of  
\$1.00/Mcf  
(due  
to  
liquids  
content)  
Superior  
Upside  
Strategic Fit  
Enhanced  
Management  
Depth  
Synergies  
Arena's assets plug-in to SandRidge's  
current oil portfolio  
SandRidge

has extensive operational expertise to optimize Fuhrman-Mascho

Added scope and diversity of asset base provides revenue generating insurance, cost competitive advantages and optionality around production mix

SandRidge

has proven team with complete complement of geological, operational and financial expertise

SandRidge

bring a team of ~35 geologists and ~50 engineers to Arena's team of 3 geologists

Although Arena's board recognizes the need for a transformational acquisition, Arena has not historically purchased and integrated large scale acquisitions

SandRidge

team is vested and committed to the growth of the combined entity

Tom

Ward,

CEO,

owns

12.6%

of

SandRidge;

Insiders

hold

20.7%

on

a

standalone

basis



\$0  
\$80  
\$160  
\$240  
\$320  
\$400  
0  
4,000  
8,000  
12,000  
16,000  
20,000  
2010  
2012  
2014  
2016  
2018  
2020  
2022  
2024  
\$0  
\$500  
\$1,000  
\$1,500  
\$2,000  
\$2,500  
0  
20,000  
40,000  
60,000  
80,000  
100,000  
2010  
2012  
2014  
2016  
2018

6

#### Arena Gains Enhanced Growth Profile

Arena's reserve development is front-loaded with proved reserves peaking in 2012

As standalone entity, Arena would face pressure to replace drilling inventory for future growth; the Company would likely need to pursue strategic acquisitions or a merger in the next few years

SandRidge has a significantly larger reserve base with significant growth opportunities through 2014 and beyond

Strategic combination enables Arena to take advantage of existing premium valuation

Arena has a strong portfolio of assets with significant near-term opportunities, but standalone sees a run-off of reserves over the next few years

#### Arena 3P Production

(a)

#### SandRidge 3P Production

(a)

Standalone Arena Needs Future Source of Growth

Arena's 3P Reserves peak in 2014

SD has considerable running room with its inventory of reserves

Source: SandRidge investor presentations & Company management

(a)

3P Production and capital expenditures based on management expectations as of YE 2009

PDP

PBP

PNP

PUD

Prob

Poss

CAPX

Q1'10  
Production  
Proved  
Reserves  
Proved Dev.  
Reserves  
NYMEX  
PV-10  
SEC PV-10  
Drilling  
Locations

100% ARD Standalone

ARD stockholders' 47.2% Stake in Combined Entity

7

Arena Stockholders Will Own Piece of Larger Pie

The SandRidge

transaction is accretive to ARD stockholders across all metrics

8.2MBoe/D

69.3 MMBoe

135.9 MMBoe

26.3 MMBoe

77.1 MMBoe

2,700

7,000

\$1,121 MM

\$1,266 MM

\$1,820 MM

\$2,554 MM

27.3 MBoe/D

Source:

SandRidge

investor

presentations

&

Company

management

(a)

ARD

stockholders

pro

forma

stake

in

combined

entity

calculated

based

on

ARD

stockholders

47.2%

ownership

in

combined

entity

multiplied

by

pro

forma

metrics

Arena stockholders receive 47.2% ownership stake in pro forma entity



(a)

A combination with SandRidge

offers Arena's stockholders greater exposure to oil assets and a significantly larger production and reserve base across both oil and gas

Combined entity increases reserve base and drilling inventory substantially

Drilling

Locations

increase

from

2,700

to

over

14,000

(5,700

oil

well

drilling

locations)

Proved

developed

reserves

in

increase

from

26.3

MMBoe

to

163.4

MMBoe

\$10.00

\$11.91

\$8.51

\$0.00

\$6.00

\$12.00

\$18.00

Analyst

price targets (a)

Future share price

(peer mults) (b)

Future share price  
(current mults) (b)  
SandRidge implied value per share

8  
SandRidge  
Value Potential

(a)  
Based on public information analysis

(b)  
Future  
share  
prices  
of  
Arena  
and  
SandRidge  
calculated  
by  
multiplying  
2013E  
cash  
flow  
per  
share  
by  
select  
multiples.

The  
peer  
multiples  
used  
for  
Arena  
and  
SandRidge  
were  
5.3x  
and  
4.9x,  
respectively,  
and  
the  
current  
multiples  
for  
Arena  
and  
SandRidge

were 6.3x and 3.5x, respectively. An equity discount rate of 13% was then used to discount the future share prices to the present.

(c)

Utilizes  
Forest  
purchase  
multiple  
of  
\$94.7  
/  
MBoe  
/  
d  
less  
2010  
YTD  
capex  
of  
\$70  
million  
(d)  
Utilizes  
Arena  
purchase  
multiple  
of  
\$164.4  
/  
MBoe  
/  
d  
(based  
on  
Q1 10  
production)  
less  
2010  
YTD  
capex  
of  
\$70  
million  
Source:  
Supplement  
to  
joint  
proxy  
statement/prospectus;  
Permian  
production  
per  
SandRidge  
management

SandRidge  
Permian Production  
Rapid growth due to recent activity in new Permian assets acquired  
from Forest Oil  
Able  
to  
achieve  
growth  
on  
previously  
zero  
growth  
asset  
due  
to  
in  
place  
operational expertise

Put backup midstream processing partners in place

Installed redundant electrical systems  
SandRidge  
has substantial upside potential and a proven ability to enhance value through operational expertise  
Implied SandRidge  
Standalone Value  
Unlocking Additional Value  
Recently signed LOI for proposed \$140MM Cana Shale  
divestiture highlights hidden asset value not recognized by the  
market

No associated proved reserves or current production  
Complementary geographic overlap in the Permian Basin and  
extending into the West Texas Overthrust  
Center of SandRidge s  
oil field service operations (Ft. Stockton)  
within ~60 miles of all major assets of both SandRidge  
and  
Arena  
Immediate ability to employ inactive, owned rigs in the region  
SandRidge  
is currently one of the largest contractors in the  
region of pressure pumping, workover  
rigs, gas processing and  
storage, and infrastructure requirements  
Production Increase  
@ Forest Permian  
Multiple  
(c)  
@ Arena Permian

Multiple

(d)

2,440 Boe/d

\$161 million

\$331 million

Value Creation

Average standalone price:

\$10.14

Percent above current:

71%

SD Price as of 6/1/10:

\$6.10

Liquids

57%

Gas

43%

PF Proved Reserves (YE 09)

9

Vision of Future Growth

Arena benefits from significant synergy potential that can be realized as a result of the unique strategic fit for both companies

(a)

Production reflects December 2009 average for SD; 3/2/2010 for ARD

(b)

Based

on

constant

NYMEX

oil

prices

varying

between

\$70

and

\$85/bbl

and

\$4.50/MMBtu

NYMEX

gas

escalating

to

\$6.00

in

2014.

Impact

based

on

hypothetical

Fuhrman-Mascho

type

curve.

Assumes

discount

rate

of

12%,

\$8.50/Boe

operating costs, production and ad valorem taxes of 5.0% of revenue, production related G&A of \$1.50/Boe, oil differential of

Source: SandRidge

Company Presentation

West Texas Asset Overlap

Combined Company . . . .a Leading Permian Player

Continued significant oil exposure through combined entity

SandRidge

currently produces more oil than Arena. Q1 10 oil

production was 1.2 MMBbbls

compared to Arena's 0.6 MMBbbls

Creation of a leading Permian player with significant operational and

basin expertise, 21.5 Mboe/d

production and 183 Mmboe

reserves

within a combined company with 57.8 Mboe/d



production

(a)

and

reserves of 288 MMboe

Provides ownership in SandRidge s

desirable, recently acquired

Forest Permian assets

Combined 5,700 potential oil well drilling locations

Exposure to significant oil development potential from multiple assets

SandRidge s

financial performance responds favorably to changes in

both oil and gas prices

A \$10 / bbl change in oil price represents an \$8.9MM increase in

2010E EBITDA

(b)

Similarly, a \$1 / MMBtu

change in gas prices represents a \$9.1MM

increase in 2010E EBITDA

(b)

SandRidge s

asset mix means that shareholders are able to capitalize on

favorable long-term commodity trends both oil & gas

Liquids

58%

Gas

42%

PF Q1' 10 Revenue

Liquids

82%

Gas

18%

PF PV-10 (YE 2009)

10

Attractive Valuation and Consideration to Arena Stockholders

(a)

Based on unaffected offer value as of June 1, 2010

(b)

Deal

value

in

excess

of

median

utilizes  
proved  
reserves  
of  
69.3  
MMBoe,  
Q1  
production  
of  
8,217  
Boe  
/  
d  
and  
FY  
+  
1  
EBITDA  
of  
\$162  
million  
(c)  
Corporate  
Transaction  
Multiples  
are  
North  
American  
precedent  
deals  
over  
\$200MM  
in  
enterprise  
value  
with  
pro  
forma  
ownership  
between  
43%-51%  
over  
the  
last  
10  
years  
(Source:  
Dealogic)  
(d)  
Based

on  
public  
information  
analysis  
(e)  
Based  
on  
6/1/10  
Tudor  
Pickering  
DCF  
analysis  
of  
SandRidge  
and  
Arena  
using  
disclosed  
commodity  
price  
sensitivities

(f)  
Based  
on  
6/1/10  
Tudor  
Pickering  
NAV  
analysis  
of  
SandRidge  
and  
Arena  
using  
disclosed  
commodity  
price  
sensitivities

(g)  
Based  
on  
6/1/10  
Tudor  
Pickering  
NAV  
analysis

operating  
case  
using

NYMEX  
strip  
as  
of  
5/28/10  
(h)  
Future  
share  
prices  
of  
Arena  
and  
SandRidge  
were  
calculated  
by  
multiplying  
2013E  
cash  
flow  
per  
share  
by  
select  
multiples.  
The  
peer  
multiples  
used  
for  
Arena  
and  
SandRidge  
were  
5.3x  
and  
4.9x,  
respectively,  
and  
the  
current  
multiples  
for  
Arena  
and  
SandRidge  
were  
6.3x  
and  
3.5x,

respectively.

An  
equity  
discount  
rate  
of  
13%  
was  
then  
used  
to  
discount  
the  
future  
share  
prices  
to  
the  
present  
Source:  
Supplement  
to  
joint  
proxy  
statement/prospectus.

See  
Opinion  
of  
Arena's  
Financial  
Advisor  
beginning

on  
page  
S-40  
thereof  
with  
respect

to  
Tudor  
Pickering  
analysis

Comparable Transaction Summary

Implied Value per Share of the Merger Consideration vs. Arena Standalone

Transaction metrics are attractive relative to peer medians and merger consideration exceeds Arena's value on a standalone basis

Transaction Metrics

Peer Median

Arena at Offer

(a)

Enterprise value / Boe

\$12.77

\$19.51

Enterprise value / MBoe / d

\$58.5

\$164.4

Enterprise value / FY + 1 EBITDA

5.8x

8.6x

Transaction Premiums

10-yr Median

(c)

Initial Announcement (4/1/10)

1-day prior

5.8%

16.8%

1-week prior

8.3%

26.8%

Deal Value in Excess of

Median (\$mm)

(b)

\$467

\$870

\$454

Arena Transaction Unaffected Premiums

Revised Terms (6/1/10)

7.3%

12.5%

4.1%  
3.4%  
2.5%  
2.1%  
-2.1%  
-3.6%  
-4.6%  
-5.6%  
-7.9%  
-12.4%  
-15.0%



-10.0%  
-5.0%  
0.0%  
5.0%  
10.0%  
15.0%

CXO

Gas

ARD

REN

Oil

CLR

PXD

WLL

DNR

BRY

SandRidge & Peers

Arena & Peers

11

Analysis of Trading Activity Since Amendment of Merger Terms

Since the announcement of the amended merger terms on 6/2/10, SandRidge and Arena have performed better than their peers

Note: Market data as of July 1, 2010; Oil & Gas commodity prices based on NYMEX 24-month strip; Median excludes comm

Source: Capital IQ, Bloomberg

Share Price Performance since June 1, 2010 (prior to amendment to merger terms)

median

6.4%

5.3%

3.4%

-2.1%

-3.0%

-3.4%

-5.0%

-5.6%

-5.7%

-8.8%

-15.0%

-10.0%

-5.0%

0.0%

5.0%

10.0%

15.0%

PXP

FST

Gas

Oil

SD

NFX

COG

XEC  
SM  
XCO

Spread: ARD to Implied Offer Price (weekly averages)

Source: Bloomberg, as of 7/1/10

The spread between Arena's stock price and the implied offer price has continued to tighten

Market Perspective

12

Appendix

\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*  
\*\*\*\*\*

Strategic Fit

Arena management believes they need another leg to the story to continue to grow the Company, and efforts in acquiring new assets have been unsuccessful of late. The Company also **expects**

economics

in

the

Fuhrman

Mascho

may

deteriorate

as

it  
begins  
to  
drill  
away  
from  
the  
core  
over  
the  
next  
few  
years.  
As  
a  
result,  
ARD  
believes  
that  
this  
transaction  
gives  
the  
Company  
the  
most  
potential  
upside  
as  
it  
is  
acquiring  
natural  
gas  
assets  
near  
a  
potential  
bottom  
in  
the  
commodity.  
RBC  
Capital  
Markets  
(April  
6th,  
2010)  
The  
key

asset  
of  
Arena  
is  
the  
Fuhrman  
Mascho  
play  
with  
low-risk  
San  
Andres  
wells  
at  
around  
4,300  
feet  
as  
well  
as  
Clear  
Fork  
potential  
at  
6,000  
feet.  
Though  
the  
stated  
reserves  
of  
Arena  
were  
69  
Mmboe  
with  
approximately  
8,500  
Boepd  
of  
net  
production  
as  
of  
early  
March,  
we  
believe  
SandRidge  
should

be  
able  
to  
greatly  
ramp  
both  
rather  
quickly  
as  
the  
company  
has  
the  
resources  
to  
mitigate  
any  
midstream  
issues  
and  
has  
the  
assets  
to  
become  
more  
active  
with  
the properties.  
Wunderlich  
Securities  
(June  
22nd,  
2010)  
Sales Process  
From  
our  
perspective,  
the  
inclusion  
of  
a  
30-day  
go-shop  
period  
addresses  
one  
of  
the  
primary



shareholder  
concerns  
in  
that  
it  
allows  
ARD  
shareholders  
a  
broader  
evaluation  
of  
potential  
options.

While the amendment extends the near-term uncertainty overhang on SD shares, **we do not see a**  
higher bid as a significant risk given the robust transaction metrics associated with the  
current  
offer.

Bank  
of  
America  
Merrill  
Lynch  
(June  
3rd,  
2010)  
Premium  
Valuation

**The acquisition appears to be a good deal for ARD shareholders**, as the deal price was struck  
at  
just  
above  
our  
target  
price.

C.K.  
Cooper  
&  
Company  
(April  
5th,  
2010)

**Deal metrics point to attractive takeout price:** Given the \$1.57 billion acquisition price, we  
estimate the deal corresponds to \$22.70 per proved BOE, \$47 per PDP BOE, and \$185,000 per  
flowing  
BOE/D.  
Management  
had  
been  
guiding

to  
a  
30%  
production  
growth  
in  
2010.  
UBS  
(April  
5th,  
2010)

Research Analyst Commentary

14

Note: Permission to cite nor quote from the source report was neither sought nor obtained

\$164.4  
5.8x  
\$58.5  
\$12.77  
8.6x  
\$19.51  
Proved Reserves (\$/Boe)  
Daily Production  
(\$/MBoe/d)  
2010E EBITDA  
\$164.4

6.6x  
7.6x  
\$95.0  
\$20.67  
8.5x  
8.6x  
\$19.51  
Proved Reserves  
(\$/Boe)  
Daily Production  
(\$/MBoe/d)  
2010E EBITDA  
2010E P / CF  
Comparable Company Analysis  
(a)  
(a)  
Comparable companies include: BRY, CXO, DNR, PXD, WLL  
Source:  
Supplement  
to  
joint  
proxy  
statement/prospectus.  
See  
Opinion  
of  
Arena's  
Financial  
Advisor  
beginning  
on  
page  
S-40  
thereof  
with  
respect  
to  
Tudor  
Pickering  
analysis  
Comparables Analysis  
Comparable Transaction Analysis  
Comparables Median  
Arena Merger Consideration  
Implied merger consideration represents a premium valuation to Arena stockholders across a variety of measures

Source:  
Supplement  
to  
joint  
proxy  
statement  
prospectus.  
See  
Opinion  
of  
Arena s

Financial  
Advisor  
beginning  
on  
page  
S-40  
thereof  
with  
respect  
to  
Tudor  
Pickering  
analysis

Transaction Metrics Attractive Relative to Relevant Industry Comparables  
Arena's transaction multiples are significantly better than the median  
for comparable transactions across all  
standard metrics

Transaction Value /  
Acquiror / Target  
Year of  
Announcement

Proved Reserves  
(\$/Boe)

Daily Production  
(\$/Mboe/d)

EBITDA (year of  
announcement)

EBITDA (year following  
announcement)

Exxon Mobil / XTO Energy  
2009

\$17.63

\$82.9

5.9x

6.7x

Denbury / Encore

2009

21.21

105.1

9.4x

8.4x

Plains Exploration / Pogo

2007

15.02

65.3

5.0x

5.8x

Petrohawk / KCS

2006

24.37

72.3  
5.3x  
4.5x  
Occidental Petroleum / Vintage  
2005  
9.03  
52.0  
6.7x  
5.0x  
Chevron / Unocal  
2005  
10.32  
44.1  
4.9x  
5.0x  
Petrohawk / Mission Resources  
2005  
14.52  
53.0  
NA  
NA  
Cimarex Energy / Magnum Huner  
2005  
12.77  
58.5  
4.9x  
NA  
Noble Energy / Patina Oil & Gas  
2004  
13.30  
60.3  
8.5x  
7.6x  
Pioneer Natural Resources / Evergreen  
2004  
8.02  
79.9  
10.2x  
8.1x  
Kerr-McGee / Westport Resources  
2004  
11.68  
37.7  
5.7x  
5.8x  
Plains Exploration / Nuevo Energy  
2004  
4.52  
19.0  
NA

NA

Whiting Petroleum / Equity Oil

2004

4.70

24.1

NA

NA

Median

\$12.77

\$58.5

5.8x

5.8x

Merger Consideration

\$19.51

\$164.4

8.6x

6.9x

16



17  
Transaction Premium in Excess of Comparables  
Precedent North American transactions  
(with target pro forma stockholder ownership  $\geq 43\%$  and  $\leq 51\%$ ,  $> \$200$  million over the last 10 years)  
Source: Dealogic  
(a)  
Pro forma Arena stockholder ownership based supplement to joint proxy statement/prospectus  
Date  
Announced  
Target  
Acquiror

Industry  
Deal Value  
(\$mm)  
Target  
Ownership %  
Prior  
1-day  
Prior  
1-week  
03/23/10  
FNX Mining Co Inc  
Quadra Mining Ltd  
Materials  
1,284  
48.0%  
1.8%  
2.1%  
11/02/09  
The Black & Decker Corp  
The Stanley Works  
Consumer Staples  
4,241  
49.5%  
22.1%  
17.2%  
07/29/08  
Solana Resources Ltd  
Gran Tierra Energy Inc  
Energy and Power  
617  
49.0%  
25.5%  
11.4%  
12/07/07  
Gemstar-TV Guide Intl Inc  
Macrovision Corp  
Media and Entertainment  
2,306  
47.0%  
10.7%  
12.2%  
11/13/07  
Tutogen Medical Inc  
Regeneration Technologies Inc  
Healthcare  
274  
45.0%  
26.7%  
14.0%  
02/05/07

Hanover Compressor Co  
Universal Compression Holdings  
Energy and Power

2,074

47.0%

2.4%

5.8%

01/29/07

Abitibi-Consolidated Inc

Bowater Inc

Materials

4,270

48.0%

1.4%

0.8%

11/01/06

Caremark Rx Inc

CVS Corp

Healthcare

25,093

45.5%

21.5%

20.3%

09/19/06

Denison Mines Inc

International Uranium Corp

Materials

386

50.0%

1.6%

8.1%

09/14/06

Cambior Inc

IAMGold Corp

Materials

1,233

43.0%

31.5%

24.1%

06/26/06

XM Satellite Radio Hldgs Inc

Sirius Satellite Radio Inc

Media and Entertainment

5,760

50.0%

26.5%

28.7%

04/21/06

KCS Energy Inc

Petrohawk Energy Corp

Energy and Power  
1,879  
50.0%  
9.6%  
18.7%  
09/19/05  
Acclaim Energy Trust  
StarPoint Energy Trust  
Financials  
1,735  
47.0%  
(1.5%)  
3.5%  
06/15/05  
Integrated Circuit Systems Inc  
Integrated Device Tech Inc  
High Technology  
1,610  
46.0%  
21.5%  
16.3%  
03/21/05  
Mykrolis Corp  
Entegris Inc  
High Technology  
474  
44.0%  
5.0%  
2.8%  
12/15/04  
Nextel Communications Inc  
Sprint Corp  
Telecommunications  
46,514  
50.0%  
16.7%  
10.1%  
08/12/04  
Varco International Inc  
National-Oilwell Inc  
Energy and Power  
2,944  
49.0%  
9.2%  
10.0%  
03/17/04  
Apogent Technologies Inc  
Fisher Scientific Intl Inc  
Healthcare  
3,669

43.0%  
5.5%  
4.7%  
02/04/04  
Cable Design Technologies Corp  
Belden Inc  
High Technology  
508  
45.0%  
(0.5%)  
(3.9%)  
06/20/03  
Biogen Inc  
IDEC Pharmaceuticals Corp  
Healthcare  
6,059  
49.5%  
3.7%  
(3.0%)  
02/19/03  
Sports Authority Inc  
Gart Sports Co  
Retail  
306  
50.0%  
(0.5%)  
5.2%  
02/22/02  
Visionics Corp  
Identix Inc  
High Technology  
269  
47.6%  
(7.3%)  
(9.7%)  
01/27/02  
Alberta Energy Co Ltd  
PanCanadian Energy Corp  
Energy and Power  
9,233  
46.0%  
11.8%  
16.7%  
01/17/02  
Proxim Inc  
Western Multiplex Corp  
Telecommunications  
205  
50.0%  
(9.0%)

(28.1%)  
11/18/01  
Conoco Inc  
Phillips Petroleum Co Inc  
Energy and Power  
24,786  
43.4%  
(0.3%)  
(10.2%)  
10/01/01  
Virata Corp  
GlobeSpan Inc  
High Technology  
391  
47.5%  
(7.6%)  
(6.9%)  
09/04/01  
Global Marine Inc  
Santa Fe International Corp  
Energy and Power  
3,818  
50.6%  
16.8%  
9.5%  
08/29/01  
Westvaco Corp  
Mead Corp  
Materials  
5,608  
50.2%  
5.8%  
8.3%  
05/23/01  
Marine Drilling Cos  
Pride International Inc  
Energy and Power  
1,996  
44.0%  
13.4%  
16.2%  
10-yr Median  
5.8%  
8.3%  
SandRidge Energy / Arena Resources transaction with unaffected share price as of 4/1/10  
1,535  
47.2%  
(a)  
16.8%  
26.8%

SandRidge Energy / Arena Resources transaction with unaffected share price as of 6/1/10

1,285

47.2%

(a)

7.3%

12.5%

Premium to Target Price