

SANDRIDGE ENERGY INC
Form S-1/A
July 29, 2011

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As filed with the Securities and Exchange Commission on July 29, 2011

Registration No. 333-174492

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

REGISTRATION STATEMENT

UNDER
THE SECURITIES ACT OF 1933

Amendment No. 3
to

FORM S-1

SandRidge Permian Trust

(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)

45-6276683

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

**919 Congress Avenue, Suite 500
Austin, Texas 78701
(512) 236-6599**

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

**Michael J. Ulrich
The Bank of New York Mellon Trust Company, N.A.
919 Congress Avenue, Suite 500
Austin, Texas 78701
(512) 236-6599**

Amendment No. 3
to

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**

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

**Tom L. Ward
Chairman and Chief Executive Officer
SandRidge Energy, Inc.
123 Robert S. Kerr Avenue
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(405) 429-5500**

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(Name, address, including zip code, and telephone number, including area code, of agent for service)

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

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

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

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

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

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

SandRidge Permian Trust

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

SandRidge Energy, Inc.

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

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

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)

Issued July 29, 2011

31,500,000 Common Units

SandRidge Permian Trust

Representing Beneficial Interests

This is an initial public offering of common units representing beneficial interests in SandRidge Permian Trust. The trust is selling all of the units offered hereby. SandRidge Energy, Inc. ("SandRidge") will convey to the trust certain royalty interests in exchange for the net proceeds of this offering, as well as common and subordinated units collectively representing a 40% beneficial interest in the trust (without giving effect to the exercise of the underwriters' over-allotment option). SandRidge anticipates that the initial public offering price will be between \$19.00 and \$21.00 per common unit.

The common units representing beneficial interests have been approved for listing on the New York Stock Exchange under the symbol "PER."

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

The Trust. The trust will own term and perpetual royalty interests in certain of SandRidge's properties in the Permian Basin in Andrews County, Texas. These royalty interests will entitle the trust to receive, after the deduction of certain costs, (a) 80% of the proceeds attributable to SandRidge's net revenue interest in the sale of production from 509 producing wells and (b) 70% of the proceeds attributable to SandRidge's net revenue interest in the sale of production from 888 development wells to be drilled on drilling locations included within an area of mutual interest consisting of approximately 16,800 gross acres (15,900 net acres) held by SandRidge. The trust will not be responsible for any costs related to the drilling of the development wells. The trust will be treated as a partnership for U.S. federal income tax purposes.

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

Investing in the common units involves risks. See "Risk Factors" beginning on page 19.

These risks include the following:

Drilling risks could delay the anticipated drilling schedule for the development wells to be drilled by SandRidge, which could adversely affect future production and decrease distribution to unitholders.

Oil and natural gas price fluctuations could reduce proceeds to the trust and cash distributions to unitholders.

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Actual reserves and future production may be less than current estimates.

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

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

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

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

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

	PRICE \$	A COMMON UNIT	
	Price to Public	Underwriting Discounts and Commissions(1)	Proceeds to Trust(2)
Per Common Unit	\$	\$	\$
Total	\$	\$	\$

(1) Excludes a structuring fee equal to 0.50% of the gross proceeds of this offering, or approximately \$ million, payable to Morgan Stanley & Co. LLC.

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

The trust has granted the underwriters the right to purchase up to an additional 4,725,000 common units to cover over-allotments.

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

The underwriters expect to deliver the common units to purchasers on _____, 2011.

MORGAN STANLEY Deutsche Bank Securities Baird Wunderlich Securities , 2011	RAYMOND JAMES Goldman, Sachs & Co. Oppenheimer & Co. SunTrust Robinson Humphrey	RBC CAPITAL MARKETS Morgan Keegan Johnson Rice & Company L.L.C.	WELLS FARGO SECURITIES J.P. Morgan Sanders Morris Harris Inc. Tuohy Brothers
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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, natural gas and natural gas liquids reserves as of March 31, 2011 included in this prospectus. These estimates are contained in summaries prepared by Netherland Sewell of their reserve reports for (1) the Underlying Properties held by SandRidge, dated May 23, 2011, and (2) the royalty interests to be held by the trust, dated May 24, 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 term "Arena Properties" refers to all of the oil and natural gas properties owned by Arena Resources, Inc. ("Arena") at the time of its acquisition by SandRidge in July 2010. The term "Underlying Properties" means the portion of the Arena Properties from which SandRidge will convey the royalty interests to the trust. The royalty interests to be conveyed to the trust are sometimes referred to as the "trust properties."

Unless otherwise indicated, all information in this prospectus assumes an initial public offering price of \$20.00 per common unit and no exercise of the underwriters' over-allotment option.

SandRidge Permian Trust

SandRidge Permian Trust is a Delaware statutory trust formed to own royalty interests to be conveyed to the trust by SandRidge in (a) 509 producing wells, including 13 wells currently awaiting completion (the "Producing Wells"), and (b) 888 development wells to be drilled (the "Development Wells") within an "Area of Mutual Interest," or "AMI." The AMI consists of the Grayburg/San Andres formation in the Permian Basin in Andrews County, Texas on the acreage identified on the inside front cover of this prospectus. SandRidge presently holds approximately 16,800 gross acres (15,900 net acres) in the AMI. SandRidge is obligated to drill, or cause to be drilled, the Development Wells from drilling locations in the AMI on or before March 31, 2016. Except in limited circumstances, until SandRidge has satisfied its drilling obligation to the trust, it will not be permitted to drill and complete any wells for its own account within the AMI. See "The Trust Development Agreement and Drilling Support Lien Additional Provisions."

SandRidge acquired the Underlying Properties in July 2010 and expects to operate substantially all of the Underlying Properties. The royalty interest in the Producing Wells (the "PDP Royalty Interest") entitles the trust to receive 80% of the proceeds (exclusive of any production or development costs but after deducting post-production costs and any applicable taxes) from the sale of production of oil, natural gas and natural gas liquids attributable to SandRidge's net revenue interest in the Producing Wells. The royalty interest in the Development Wells (the "Development Royalty Interest") entitles the trust to receive 70% of the proceeds (exclusive of any production or development costs but after deducting post-production costs and any applicable taxes) from the sale of oil, natural gas and natural gas liquids production attributable to SandRidge's net revenue interest in the Development Wells.

As of March 31, 2011 and after giving effect to the conveyance of the PDP Royalty Interest and the Development Royalty Interest to the trust, the total reserves estimated to be attributable to the trust were 21.8 million barrels of oil equivalent ("MMBoe"). This amount includes 5.8 MMBoe attributable to the PDP Royalty Interest and 16.0 MMBoe attributable to the Development Royalty Interest. The reserves consist of 96% liquids (87% oil and 9% natural gas liquids) and 4% natural gas.

The percentage of production proceeds to be received by the trust with respect to a well will equal the product of (a) the percentage of proceeds to which the trust is entitled under the terms of the conveyances

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(80% for the Producing Wells and 70% for the Development Wells) multiplied by (b) SandRidge's net revenue interest in the well. SandRidge on average owns a 73.0% net revenue interest in the Producing Wells. Therefore, the trust will have an average 58.4% net revenue interest in the Producing Wells. SandRidge on average owns a 69.3% net revenue interest in the properties in the AMI on which the Development Wells will be drilled, and based on this net revenue interest, the trust would have an average 48.5% net revenue interest in the Development Wells. SandRidge's actual net revenue interest in any particular Development Well may differ from this average.

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

Hedging arrangements covering a portion of expected production will be implemented in two ways. First, SandRidge will enter into a derivatives agreement with the trust to provide the trust with the effect of specified hedge contracts entered into between SandRidge and third parties. Under the derivatives agreement, SandRidge will pay the trust amounts it receives from its hedge counterparties, and the trust will pay SandRidge any amounts that SandRidge is required to pay such counterparties. Second, the trust will enter into hedge contracts directly with unaffiliated hedge counterparties. As a party to these contracts, the trust will receive payments directly from its counterparties, and be required to pay any amounts owed directly to its counterparties. Under the combined hedging arrangements, approximately 73% of the expected production and 79% of the expected revenues upon which the target distributions are based from August 1, 2011 through March 31, 2015 will be hedged. Under the derivatives agreement, as Development Wells are drilled, SandRidge will have the right to assign or novate to the trust any of the SandRidge-provided hedges in certain circumstances. Please see "The Trust Hedging Arrangements" and "Target Distributions and Subordination and Incentive Thresholds."

The trust will make quarterly cash distributions of substantially all of its cash receipts, after deducting the trust's administrative expenses, on or about 60 days following the completion of each quarter through (and including) the quarter ending March 31, 2031. The first distribution, which will cover the second and third quarters of 2011 (consisting of proceeds attributable to five months of production), is expected to be made on or about November 30, 2011 to record unitholders as of November 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 March 31, 2031 (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 Development Royalty Interest will revert automatically to SandRidge. The remaining 50% of each of the PDP Royalty Interest and the Development 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 in accordance with their interests. SandRidge will have a right of first refusal to purchase the royalty interests retained by the trust at the Termination Date.

SandRidge will retain 20% of the proceeds from the sale of oil, natural gas and natural gas liquids attributable to its net revenue interest in the Producing Wells, as well as 30% of the proceeds from the sale of future production attributable to its net revenue interest in the Development Wells. SandRidge initially will own 40% of the trust units (without giving effect to the exercise of the underwriters' over-allotment option). By virtue of SandRidge's retained interest in the Producing Wells and the Development Wells, as well as its ownership of 40% of the trust units, it will have an effective average net revenue interest of 38.0% in the Producing Wells and 40.2% in the Development Wells, compared with an effective average

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net revenue interest for the holders of trust units other than SandRidge of 35.0% in the Producing Wells and 29.1% in the Development Wells.

SandRidge operates all of the Producing Wells. SandRidge owns a majority working interest in substantially all of the drilling locations on which it expects to drill the Development Wells, and expects to operate such wells during the subordination period described herein. In addition, for those wells it operates, SandRidge has agreed to operate the properties and cause to be marketed oil, natural gas and natural gas liquids produced from these properties in the same manner it would if such properties were not burdened by the royalty interests.

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

The Development Wells

Pursuant to a development agreement with the trust, SandRidge is obligated to drill, or cause to be drilled, 888 Development Wells in the AMI on or before March 31, 2015. In the event of delays, SandRidge will have until March 31, 2016 to fulfill its drilling obligation. SandRidge will be credited for drilling one full Development Well if the well is drilled and completed in the Grayburg/San Andres formation and SandRidge's net revenue interest in the well is equal to 69.3%. For wells in which SandRidge has a net revenue interest greater than or less than 69.3%, SandRidge will receive credit for such well in the proportion that its net revenue interest in the well bears to 69.3%. As a result, SandRidge may be required to drill more or less than 888 wells in order to fulfill its drilling obligation. In addition, in certain circumstances, SandRidge may receive additional Development Well credit for drilling horizontal wells. See "The Trust Development Agreement and Drilling Support Lien."

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 properties. Accordingly, SandRidge expects that the drilling and completion techniques used for the Development Wells will be generally consistent with those used for the Producing Wells within the AMI and other producing wells outside of the AMI that have targeted the Grayburg/San Andres formation. The proved undeveloped reserves reflected in the reserve report assume that SandRidge will drill and complete the 888 Development Wells with the same completion technique, and bearing the same capital and other costs, as the 509 Producing Wells.

SandRidge Exploration and Production, LLC ("SandRidge E&P"), a wholly owned subsidiary of 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 Development Wells (the "Drilling Support Lien"). The amount obtained by the trust pursuant to the Drilling Support Lien may not exceed approximately \$295 million. As SandRidge fulfills its drilling obligation over time, the total dollar amount that may be recovered will be proportionately reduced and the drilled Development Wells will be released from the lien. After SandRidge has satisfied its drilling obligation under the development agreement, it may sell, without the consent or approval of the trust unitholders, all or any part of its interest in the Underlying Properties, as long as such sale is subject to and burdened by the royalty interests.

As of the date of this prospectus, SandRidge's drilling activity with respect to the Development Wells is consistent with the drilling schedule contemplated by the development agreement.

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Underlying Properties

The Underlying Properties are located in the greater Fuhrman-Mascho field area, a region in Andrews County, Texas that primarily produces oil from the Grayburg/San Andres formation within the Permian Basin. SandRidge currently operates three drilling rigs within the AMI and, as of March 31, 2011, had drilled 101 wells since acquiring the properties in July 2010. Within the AMI, SandRidge operates 509 wells and has 888 proven undeveloped locations as of March 31, 2011. These 888 proven locations are a combination of 5-acre, 10-acre and 20-acre infill spacing locations. As of March 31, 2011, average daily production from the Underlying Properties was approximately 3,400 Boe/d.

Permian Basin. The Permian Basin extends throughout southwest Texas and southeast New Mexico over an area approximately 250 miles wide and 300 miles long. It is one of the largest, most active and longest-producing oil basins in the United States. In 2010, production from the Permian Basin accounted for approximately 17% of total U.S. crude oil production, making this basin the second largest oil producing area after the Gulf of Mexico. The Permian Basin has been producing oil for over 80 years resulting in cumulative production of approximately 29 billion barrels.

SandRidge currently operates approximately 2,600 gross producing wells in the Permian Basin, with an average working interest of 94%. SandRidge's average daily net production for the month of March 2011 in the Permian Basin was approximately 28,800 Boe/d. SandRidge was operating 16 rigs in the basin as of March 2011. SandRidge drilled 484 wells in this area in 2010 and expects to drill over 800 wells in 2011.

Fuhrman-Mascho Field. The Fuhrman-Mascho field is located near the center of the Central Basin Platform in the Permian Basin. The field produces from the Grayburg/San Andres formation from average depths of approximately 4,000 to 5,000 feet. The Fuhrman-Mascho field is the fifth largest producing field in the Permian Basin and since its discovery in 1930, the field has produced approximately 142 MMBoe. SandRidge currently operates eight drilling rigs in the area and has drilled 307 wells as of March 31, 2011 since acquiring the properties in July 2010.

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, payments under the hedge arrangements, 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 oil, natural gas and natural gas liquids production from the trust properties will equal the volumes reflected in the reserve report attached as Annex A to this prospectus, adjusted for actual volumes realized in April, May and June 2011, and that prices received for such production will be consistent with settled NYMEX pricing for April through June 2011, monthly NYMEX forward pricing as of July 15, 2011 for the remainder of the period ending March 31, 2014, and assumed price increases after March 31, 2014 of 2.5% annually, capped at \$120.00 per Bbl of oil and \$7.00 per MMBtu of natural gas. Using these assumptions, the price of oil would reach the \$120.00 per Bbl cap in 2023, and the price of natural gas would reach the \$7.00 per MMBtu cap in 2022. The target distributions also give effect to estimated post-production expenses and assumed trust general and administrative expenses.

In order to provide support for cash distributions on the common units, SandRidge has agreed to subordinate 13,125,000 of the trust units it will retain following this offering, which will constitute 25% of the total trust units outstanding. The subordinated units will be entitled to receive pro rata distributions

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from the trust each quarter if and to the extent there is sufficient cash to provide a cash distribution on the common units that is no less than the applicable quarterly subordination threshold. If there is not sufficient cash to fund such a distribution on all of the common units, the distribution to be made with respect to the subordinated units will be reduced or eliminated for such quarter in order to make a distribution, to the extent possible, of up to the subordination threshold amount on all the common units, including the common units held by SandRidge. Each quarterly subordination threshold is 20% below the target distribution level for the corresponding quarter (each, a "subordination threshold").

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

By way of example, if the target distribution per unit for a particular quarterly period is \$.55, then the subordination threshold would be \$.44 and the incentive threshold would be \$.66 for such quarter. This means that if the cash available for distribution to all holders for that quarter would result in a per unit distribution below \$.44, the distribution to be made with respect to subordinated units will be reduced or eliminated in order to make a distribution, to the extent possible, up to the amount of the subordination threshold, on the common units. If, on the other hand, the cash available for distribution to all holders would result in a per unit distribution above \$.66, then SandRidge would receive 50% of the amount by which the cash available for distribution on all the trust units exceeds \$.66, with all trust unitholders (including SandRidge on a pro rata basis) sharing in the other 50% of such excess amount. See "Target Distributions and Subordination and Incentive Thresholds."

At the end of the fourth full calendar quarter following SandRidge's satisfaction of its drilling obligation with respect to the Development Wells, the subordinated units will automatically convert into common units on a one-for-one basis and SandRidge's right to receive incentive distributions will terminate. After such time, the common units will no longer have the protection of the subordination threshold, and all trust unitholders will share on a pro rata basis in the trust's distributions. SandRidge currently expects that it will complete its drilling obligation on or before March 31, 2015 and that, accordingly, the subordinated units will convert into common units on or before March 31, 2016. In the event of delays, SandRidge will have until March 31, 2016 under its contractual obligation to drill all the Development Wells, in which event the subordinated units would convert into common units on or before March 31, 2017. The period during which the subordinated units are outstanding is referred to as the "subordination period."

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

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The prospective financial information included in this prospectus has been prepared by, and is the responsibility of, SandRidge's management. Neither PricewaterhouseCoopers LLP, the trust's and SandRidge's independent registered public accountant, nor Hansen Barnett & Maxwell, P.C., Arena Resources, Inc.'s independent registered public accountant, has examined, compiled or performed any procedures with respect to the accompanying prospective financial information and, accordingly, neither PricewaterhouseCoopers LLP nor Hansen Barnett & Maxwell, P.C. expresses 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 Arena Properties, and the report of Hansen Barnett & Maxwell, P.C. included in this prospectus relates to the historical consolidated financial statements of Arena Resources, Inc. The foregoing reports do not extend to the prospective financial information and should not be read to do so.

The following table sets forth the target distributions and subordination and incentive thresholds for each calendar quarter through the first quarter of 2017. The effective date of the conveyance of the royalty interests is April 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 second and third quarters of 2011, is expected to be made on or about November 30, 2011 to record unitholders as of November 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, natural gas and natural gas liquids for five months. Thereafter, quarterly distributions will generally include royalties attributable to sales of oil, natural gas and natural gas liquids for three months, including

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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:			
Second and Third Quarters ⁽²⁾	\$.53	\$.66	\$.79
Fourth Quarter	.39	.49	.59
2012:			
First Quarter	.42	.53	.63
Second Quarter	.44	.55	.66
Third Quarter	.47	.58	.70
Fourth Quarter	.49	.62	.74
2013:			
First Quarter	.51	.64	.77
Second Quarter	.53	.66	.80
Third Quarter	.56	.70	.84
Fourth Quarter	.58	.73	.87
2014:			
First Quarter	.61	.76	.91
Second Quarter	.63	.79	.95
Third Quarter	.65	.82	.98
Fourth Quarter	.66	.82	.98
2015:			
First Quarter	.64	.80	.96
Second Quarter	.61	.77	.92
Third Quarter	.56	.70	.85
Fourth Quarter	.54	.68	.81
2016:			
First Quarter	.53	.67	.80
Second Quarter	.52	.65	.78
Third Quarter	.51	.64	.77
Fourth Quarter	.50	.63	.75
2017:			
First Quarter	.49	.61	.74

(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 April 1, 2011 to August 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.

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

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Calculation of Target Distributions

The following table presents the calculation of the target distributions for each quarter through and including the quarter ending June 30, 2012. The target distributions were prepared by SandRidge based on assumptions of production volumes, pricing and other factors. The production forecasts used to calculate target distributions are based on estimates by Netherland Sewell. Payments to unitholders will generally be made 60 days following each calendar quarter. SandRidge will make payments to the trust that will include cash from production from the first two months of the quarter just ended as well as the last month of the immediately preceding quarter. Actual cash distributions to the trust unitholders will fluctuate quarterly based on the quantity of oil, natural gas and natural gas liquids produced from the Underlying Properties, the prices received for oil, natural gas and natural gas liquids 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."

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On a pro forma basis, cash available for distribution was \$60.7 million for the year ended December 31, 2010, and \$19.7 million for the three months ended March 31, 2011. See "Unaudited Pro Forma Financial Information."

	September 30, 2011 ⁽¹⁾	December 31, 2011	March 31, 2012	June 30, 2012
(In thousands, except volumetric and per unit data)				
<i>Estimated production from trust properties</i>				
Oil sales volumes (MBbl)	384	278	294	306
Natural gas sales volumes (MMcf)	107	74	78	80
Natural gas liquids volumes (MBbl)	40	29	30	32
Total sales volumes (MBoe)	441	319	337	351
% Proved developed producing (PDP) sales volumes	88%	57%	48%	42%
% Proved undeveloped (PUD) sales volumes	12%	43%	52%	58%
% Oil volumes	87%	87%	87%	87%
% Natural gas volumes	4%	4%	4%	4%
% Natural gas liquids volumes	9%	9%	9%	9%
<i>Commodity price and derivative contract positions</i>				
<i>NYMEX futures price⁽²⁾</i>				
Oil (\$/Bbl)	\$ 99.33	\$ 98.03	\$ 99.48	\$ 100.70
Natural gas (\$/MMBtu)	\$ 4.40	\$ 4.57	\$ 4.88	\$ 4.81
Natural gas liquids (\$/Bbl)	\$ 49.61	\$ 49.01	\$ 49.74	\$ 50.35
<i>Assumed realized weighted unhedged price⁽³⁾</i>				
Oil (\$/Bbl)	\$ 95.97	\$ 93.76	\$ 95.21	\$ 96.43
Natural gas (\$/Mcf)	3.17	3.29	3.51	3.46
Natural gas liquids (\$/Bbl)	47.97	47.40	48.10	48.69
<i>Assumed realized weighted hedged price</i>				
Oil (\$/Bbl)	96.53	95.34	97.04	97.85
Natural gas (\$/Mcf)	3.17	3.29	3.51	3.46
Percent of oil volumes hedged	98% ⁽⁴⁾	89%	93%	95%
Oil hedged price (\$/Bbl)	99.80	99.80	101.46	102.20
Percent of natural gas volumes hedged	0%	0%	0%	0%
<i>Estimated cash available for distribution</i>				
Oil sales revenues	\$ 36,814	\$ 26,067	\$ 27,982	\$ 29,552
Natural gas sales revenues	338	243	273	279
Natural gas liquids sales revenue	1,916	1,374	1,463	1,536
Realized gains (losses) from derivative contracts	215	441	539	436
Operating revenues and realized gains (losses) from derivative contracts	\$ 39,283	\$ 28,125	\$ 30,257	\$ 31,803
Production taxes	(1,862)	(1,320)	(1,417)	(1,496)
Ad valorem taxes	(977)	(692)	(743)	(784)
Franchise taxes	(137)	(98)	(106)	(111)
Trust administrative expenses	(1,750) ⁽⁵⁾	(325)	(325)	(325)
Total trust expenses	(4,727)	(2,436)	(2,591)	(2,716)
Cash available for distribution	\$ 34,556	\$ 25,689	\$ 27,666	\$ 29,087
Trust units outstanding	52,500	52,500	52,500	52,500
Target distribution per trust unit	\$.66	\$.49	\$.53	\$.55
Subordination threshold per trust unit	\$.53	\$.39	\$.42	\$.44
Incentive threshold per trust unit	\$.79	\$.59	\$.63	\$.66

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- (1) Includes proceeds attributable to the first five months of production from April 1, 2011 to August 31, 2011.
- (2) Average NYMEX futures prices, as reported July 15, 2011. For a description of the effect of lower NYMEX prices on target distributions, please read "Target Distributions and Subordination and Incentive Thresholds Sensitivity of Target Distributions to Changes in Oil, Natural Gas and Natural Gas Liquids 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) Hedging percentage excludes production from April 1, 2011 to July 31, 2011.

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

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 July 28, 2011, its market capitalization was approximately \$4.8 billion, and as of December 31, 2010 it had total estimated net proved reserves of 545.9 MMBoe. SandRidge has approximately 210,000 net acres in the Permian Basin. SandRidge also owns and operates other interests in the Mississippian Formation, Mid-Continent, Cotton Valley Trend in East Texas, Gulf Coast and Gulf of Mexico. SandRidge also owns and operates gas gathering and processing facilities, CO₂ treating and transportation facilities, and drilling rig, oil field service and oil and gas marketing businesses.

SandRidge's principal executive offices are located at 123 Robert S. Kerr Avenue, Oklahoma City, Oklahoma 73102 and its telephone number is (405) 429-5500. Its website is <http://www.sandridgeenergy.com>. The principal offices of the trust are located at 919 Congress Avenue, Suite 500, Austin, Texas 78701, and its telephone number is (512) 236-6599.

The 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:

Well established production history in the region. The Underlying Properties are located in the greater Fuhrman-Mascho field area in the Permian Basin. The Fuhrman-Mascho field is the 34th largest U.S. oil field based on U.S. Energy Information Association estimates of 2009 proved reserves. The field was discovered in 1930 and produced approximately 4.1 MMBbls in 2009, up 24% from 2007 production of 3.3 MMBbls. Since acquiring Arena in July 2010, SandRidge has drilled 101 wells and currently operates 496 producing wells in the AMI.

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 Development Wells. The trust will bear post-production costs, certain taxes and trust administrative expenses.

Exposure to oil price volatility mitigated through March 31, 2015. Hedging arrangements covering a portion of expected production will be implemented both pursuant to a derivatives agreement between the trust and SandRidge and hedges entered into by the trust directly with unaffiliated hedge counterparties. Under the combined hedging arrangements, approximately 73% of the expected production and approximately 79% of the expected revenues upon which the target distributions are based from August 1, 2011 through March 31, 2015 will be hedged. These hedging arrangements should reduce commodity price risk inherent in holding interests in oil through March 31, 2015.

Potential for initial depletion to be offset by results of development drilling. SandRidge is obligated to drill the Development Wells by March 31, 2015 or, in the event of delays, March 31, 2016. Based on the anticipated drilling schedule, the average daily production net to the trust is expected to increase from 2,700 Boe/d for March 2011 to 5,700 Boe/d for July 2014, after which time production will decline until the termination of the trust.

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Alignment of interests between SandRidge and the trust unitholders. SandRidge has significant incentives to complete its drilling obligation and increase production from the Underlying Properties as a result of the following factors:

By virtue of SandRidge's 20% retained interest in the Producing Wells and its 30% retained interest in the Development Wells, as well as its ownership of 40% of the trust units, it will have an effective average net revenue interest of 38.0% in the Producing Wells and 40.2% in the Development Wells, compared with an effective average net revenue interest for the holders of trust units other than SandRidge of 35.0% in the Producing Wells and 29.1% in the Development Wells.

A majority of the trust units that SandRidge will own, constituting 25% of the total trust units outstanding, will be subordinated units that will not be entitled to receive distributions unless there is sufficient cash to pay the amount of the subordination threshold to the common units. These subordinated units will 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 ownership of 21,000,000 trust units.

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

SandRidge's experience as an operator in the Permian Basin. Since 2009, SandRidge has drilled, as operator, 315 wells targeting the Grayburg/San Andres formation in the Permian Basin. The majority of the wells drilled in the Grayburg/San Andres formation have been drilled in Andrews County, the location of the Underlying Properties. SandRidge operates all of the Producing Wells. SandRidge owns a majority working interest in substantially all of the locations on which it expects to drill the Development 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 substantially all of the Development Wells.

Rigs and services readily available to allow timely drilling and completion of wells. As of March 31, 2011, SandRidge had eight rigs operating in the greater Fuhrman-Mascho field area and plans to drill more than 450 wells targeting the Grayburg/San Andres formations 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 construction and roustabout services. As of March 31, 2011, SandRidge owned 31 drilling rigs, which it uses to drill wells for its own account as well as that of other oil and natural gas companies. SandRidge will use a combination of its own rigs and oil field services business and third party rigs and services to drill and complete the Development Wells. SandRidge's direct access to drilling rigs and related oil field services should substantially mitigate any potential shortage of drilling and completion equipment and enable SandRidge to achieve its projected drilling schedule.

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 December 31, 2010, SandRidge drilled 1,542 gross (1,404 net) oil and gas wells, investing \$4.5 billion in exploration and production activity. During this same period, SandRidge produced over 65 MMBoe of oil and gas. SandRidge currently operates approximately 5,000 wells. SandRidge's executive management team

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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 March 31, 2011 attributable to the Underlying Properties, the PDP Royalty Interest and the Development Royalty Interest, in each case derived from the reserve report. The reserve report was prepared by Netherland Sewell in accordance with criteria established by the SEC.

Proved reserve quantities attributable to the royalty interests are calculated by multiplying the gross reserves for each property attributable to SandRidge's interest 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 term royalty interest as well as the 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.

	Proved Reserves ⁽¹⁾			PV-10
	Oil (MBbl) ⁽²⁾	Natural Gas (MMcf)	Total (MBoe)	Value ⁽³⁾ (Dollars in millions)
Underlying Properties	30,644	7,215	31,847	\$ 580.8
Royalty Interests:				
PDP Royalty Interests (80%) ⁽⁴⁾	5,577	1,375	5,806	\$ 213.7
Development Royalty Interests (70%)	15,401	3,570	15,996	\$ 555.8
Total	20,977	4,945	21,802	\$ 769.5

- (1) The proved reserves were determined using a 12-month unweighted arithmetic average of the first-day-of-the-month prices for oil and natural gas for the period from April 1, 2010 through March 1, 2011, without giving effect to derivative transactions, and were held constant for the life of the properties. The prices used in the reserve report, as well as SandRidge's internal reports, yield weighted average prices at the wellhead, which are based on first-day-of-the-month reference prices and adjusted for transportation and regional price differentials. The reference prices and the equivalent weighted average wellhead prices are both presented in the table below.

	Reference prices		Weighted average wellhead prices	
	Oil (per Bbl)	Natural gas (per Mcf)	Oil (per Bbl)	Natural gas (per Mcf)
March 31, 2011	\$ 80.04	\$ 4.102	\$ 75.58	\$ 3.003

- (2) Includes natural gas liquids.
- (3) 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

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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.

(4)

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

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

Key Risk Factors

Below is a summary of certain key risk factors related to the Underlying Properties, the royalty interests and the common units. This list is not exhaustive. Please also read carefully the full discussion of these risks and other risks described under "Risk Factors" beginning on page 19.

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

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

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

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

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

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

The hedging arrangements will cover only a portion of the expected 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. In addition, the trust may be required to pay its counterparties under the hedging arrangements. Following this offering, the trust will not have the ability to enter into additional hedges on its own, except in the limited circumstances involving the restructuring of an existing hedge.

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

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

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

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

Structure of the Trust

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

*

SandRidge will have an effective average net revenue interest of 38.0% in the Producing Wells and 40.2% in the Development Wells. Public unitholders (that is, holders of trust units other than SandRidge) will have an effective average net revenue interest of 35.0% in the Producing Wells and 29.1% in the Development Wells.

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THE OFFERING

Common units offered to public	31,500,000 common units (36,225,000 common units, if the underwriters exercise their over-allotment option in full)
Trust units owned by SandRidge after the offering	7,875,000 common units and 13,125,000 subordinated units (3,150,000 common units and 13,125,000 subordinated units, if the underwriters exercise their over-allotment option in full) See "The Trust Formation Transactions."
Total units outstanding after the offering	52,500,000 trust units, consisting of 39,375,000 common units and 13,125,000 subordinated units
Over-allotment option	4,725,000 common units will be issued and retained by the trust at the initial closing, to be used to satisfy (if necessary) the over-allotment option granted to the underwriters. If the over-allotment option is exercised, the trust will sell to the underwriters such number of the retained units as is necessary to satisfy the over-allotment option, and will then deliver the net proceeds of such sale, together with any remaining unsold units, to SandRidge (or a SandRidge subsidiary) as partial consideration for the conveyance of the perpetual royalty interests. If the over-allotment option is not exercised by the underwriters, the retained units will be delivered to SandRidge (or a SandRidge subsidiary), as partial consideration for the conveyance of the perpetual royalty interests, promptly following the 30th day after the initial closing.
Directed unit program	The underwriters have reserved up to 5% of the common units being offered by this prospectus for sale to SandRidge's directors, officers, and certain other persons associated with SandRidge, at the initial public offering price. The sales will be made by Morgan Stanley & Co. LLC through a directed unit program. See "Underwriters Directed Unit Program."
Use of proceeds	The trust is offering the common units to be sold in this offering. Assuming no exercise of the underwriters' over-allotment option and an initial public offering price of \$20.00 per common unit, the estimated net proceeds of this offering will be approximately \$586.7 million, after deducting underwriting discounts and commissions and offering expenses. The trust will deliver the net proceeds to one or more wholly-owned subsidiaries of SandRidge as full consideration for the conveyance of the term royalty interests and, if applicable, as partial consideration for the conveyance of the perpetual royalty interests.

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	<p>SandRidge intends to use the offering proceeds, including proceeds 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. Affiliates of Morgan Stanley & Co. LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC, RBC Capital Markets, LLC, SunTrust Robinson Humphrey, Inc. and Wells Fargo Securities, LLC are lenders under the SandRidge credit facility being repaid with the offering proceeds being paid to SandRidge and will therefore receive a portion of the proceeds of the offering. See "Use of Proceeds" and "Underwriters."</p>
NYSE symbol	"PER"
Trustee	The Bank of New York Mellon Trust Company, N.A.
Quarterly cash distributions	<p>Quarterly cash distributions during the term of the trust will be made by the trustee on or about the 60th day following the end of each calendar quarter to unitholders of record on or about the 45th day following each calendar quarter. The first distribution, which will cover the second and third quarters of 2011, is expected to be made on or about November 30, 2011 to record unitholders as of November 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, natural gas and natural gas liquids for five months. The trustee intends to withhold \$1.0 million from the first distribution to establish a cash reserve available for trust administrative expenses.</p> <p>Actual cash distributions to the trust unitholders will fluctuate quarterly based on the quantity of oil, natural gas and natural gas liquids produced from the Underlying Properties, the prices received for oil, natural gas and natural gas liquids 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.</p>

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Voting rights in the trust	Matters voted on by trust unitholders will generally be subject to approval by holders of a majority of the common units (excluding common units owned by SandRidge and its affiliates) and holders of a majority of the trust units, in each case voting in person or by proxy at a meeting of such holders at which a quorum is present. SandRidge will not be entitled to vote on the removal of the trustee or appointment of a successor trustee. However, at any time SandRidge and its affiliates own less than 10% of the total trust units outstanding, matters voted on by trust unitholders will be subject to approval by a majority of the trust units, including units owned by SandRidge, voting in person or by proxy at a meeting of such holders at which a quorum is present.
Termination of the trust	The trust will dissolve and begin to liquidate on the Termination Date, which is March 31, 2031, and will soon thereafter wind up its affairs and terminate. At the Termination Date, 50% of the PDP Royalty Interest and 50% of the Development Royalty Interest will revert automatically to SandRidge. The remaining 50% of each of the PDP Royalty Interest and the Development 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 in accordance with their interests. SandRidge will have a right of first refusal to purchase the royalty interests retained by the trust at the Termination Date.
U.S. federal income tax considerations	<p>The trust will be treated as a partnership for U.S. federal income tax purposes. Consequently, the trust will not incur any U.S. federal income tax liability. Instead, trust unitholders will be allocated an amount of the trust's income, gain, loss or deductions corresponding to their interest in the trust, which amounts may differ in timing or amount from actual distributions. The Term PDP Royalty will, and the Term Development Royalty should, be treated as debt instruments for U.S. federal income tax purposes. The trust will be required to treat a portion of each payment it receives with respect to each such royalty 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.</p> <p>The Perpetual PDP Royalty and the Perpetual Development Royalty will be granted on a perpetual basis. The Perpetual PDP Royalty will and the Perpetual Development Royalty should be treated as mineral royalty interests for U.S. federal income tax purposes, generating ordinary income subject to depletion.</p>

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Estimated ratio of taxable income to distributions

Please read "U.S. Federal Income Tax Considerations" for more information. SandRidge estimates that if you own the units you purchase in this offering through the record date for distributions for the period ending December 31, 2013, you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be approximately 55% 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 approximately \$.55 per unit. Please read "U.S. Federal Income Tax Considerations" for more information.

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RISK FACTORS

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

Risks Related to the Units

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

The drilling and completion of the Development Wells are subject to numerous risks beyond SandRidge's and the trust's control, including risks that could delay the current drilling schedule for the Development Wells and the risk that drilling will not result in commercially viable oil, natural gas and natural gas liquids production. Drilling for oil, natural gas and natural gas liquids 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 are often uncertain before drilling commences. Overruns in budgeted expenditures are common risks that can make a particular project uneconomical. There can be no assurance that a Development Well that is successfully completed will pay out the capital costs spent to drill it. Drilling and production operations on the Underlying Properties may be curtailed, delayed or canceled as a result of various factors, including the following:

delays imposed by or resulting from compliance with regulatory requirements including permitting;

unusual or unexpected geological formations and miscalculations;

shortages of or delays in obtaining equipment and qualified personnel;

equipment malfunctions, failures or accidents;

lack of available gathering facilities or delays in construction of gathering facilities;

lack of available capacity on interconnecting transmission pipelines;

lack of adequate electrical infrastructure;

unexpected operational events and drilling conditions;

pipe or cement failures and casing collapses;

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pressures, fires, blowouts, and explosions;

lost or damaged drilling and service tools;

loss of drilling fluid circulation;

uncontrollable flows of oil, natural gas and natural gas liquids water or drilling fluids;

natural disasters;

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

adverse weather conditions such as extreme cold, fires caused by extreme heat or lack of rain, and severe storms or tornadoes;

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reductions in oil, natural gas and natural gas liquids prices;

oil and natural gas property title problems; and

market limitations for oil, natural gas and natural gas liquids.

In the event that drilling of Development Wells is delayed or the Producing Wells or Development Wells have lower than anticipated production due to one of the factors above or for any other reason, cash distributions to unitholders may be reduced. In addition, wells drilled in the Permian Basin in the AMI typically produce a large volume of water, which requires the drilling of saltwater disposal wells. SandRidge's inability to drill these wells or otherwise dispose of the water produced from the Producing Wells and Development Wells in an efficient manner could delay production and therefore the trust's receipt of proceeds from the royalty interests.

Oil, natural gas and natural gas liquids 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, natural gas and natural gas liquids. The markets for these commodities are very volatile. Oil, natural gas and natural gas liquids 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, natural gas and natural gas liquids;

the price of foreign imports;

U.S. and worldwide political and economic conditions;

the level of demand, and perceptions of demand, for oil, natural gas and natural gas liquids;

weather conditions and seasonal trends;

anticipated future prices of oil, natural gas and natural gas liquids, 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.

For oil, from 2007 through 2010, the highest monthly NYMEX settled price was \$140.00 per Bbl and the lowest was \$41.68 per Bbl. For natural gas, from 2007 through 2010, the highest monthly NYMEX settled price was \$13.35 per MMBtu and the lowest was \$2.98 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, natural gas and natural gas liquids prices will reduce proceeds to which the trust is entitled and may ultimately reduce the amount of oil, natural gas and natural gas liquids 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, natural gas and natural gas liquids prices to shut in or curtail production from wells on the Underlying Properties. In addition, the operator of the

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Underlying Properties could determine during periods of low oil and natural gas prices to plug and abandon marginal wells that otherwise may have been allowed to continue to produce for a longer period under conditions of higher prices. Specifically, SandRidge or any third party operator may abandon any well or property if it reasonably believes that the well or property can no longer produce oil, natural gas and natural gas liquids 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, natural gas and natural gas liquids prices also reduces the accuracy of target distributions to trust unitholders. For a discussion of certain risks related to the trust's hedging arrangements, see "The hedging arrangements for the trust will cover only a portion of the production attributable to the trust, and such arrangements will limit the trust's ability to benefit from commodity price increases for hedged volumes above the corresponding hedge price."

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

The value of the trust units and the amount of future cash distributions to the trust unitholders will depend upon, among other things, the accuracy of the future production estimated to be attributable to the trust's royalty interests. See "The Underlying Properties Oil, Natural Gas and Natural Gas Liquids Reserves" for a discussion of the method of allocating proved reserves to the trust. It is not possible to measure underground accumulations of oil, natural gas and natural gas liquids 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, natural gas and natural gas liquids based on factors and assumptions that include:

historical production from the area compared with production rates from other producing areas;

oil, natural gas and natural gas liquids 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. As with all drilling programs, there is a risk that the quality of the target reservoir is less than that assumed for purposes of the reserve report. As a result, you may not receive the benefit of the total amount of proved undeveloped reserves reflected in the reserve report, notwithstanding the fact that SandRidge has satisfied its drilling obligation. See "Summary The Development Wells."

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

If actual production is below the amounts forecast in the reserve report and oil or natural gas prices rise, the hedging arrangements entered into by the trust may result in the trust having to make cash payments under the hedging arrangements which could, in certain circumstances, be significant. Swap contracts underlying the derivatives agreement between SandRidge and the trust and swap contracts entered into between the trust and unaffiliated hedge counterparties provide the trust with the right to receive from SandRidge or the hedge counterparties, as applicable, the excess of the fixed price specified in the hedge contract over a floating market price, multiplied by the volume of production hedged. If the floating market price exceeds the specified fixed price, the trust must pay SandRidge or its hedge counterparties, as applicable, this difference in price multiplied by the volume of production hedged, even if the production attributable to the trust's royalty interests is insufficient to cover the volume of production specified in the applicable hedge contracts. Accordingly, if the production attributable to the trust's royalty interests is less than the volume hedged and the floating market price exceeds the specified

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fixed price, the trust will have to make payments against which it will have insufficient offsetting cash receipts from the sale of production attributable to its royalty interests. Furthermore, if one or more of the purchasers of the production attributable to the Underlying Properties defaults on a payment obligation, the trust may have insufficient cash receipts to make payments under the hedging arrangements. If these payments become too large, the trust's liquidity and cash available for distribution may be adversely affected. In addition, the trust's obligations to the counterparties under its direct hedge contracts will be secured by a first priority lien on the trust's existing and future royalty interests in the Underlying Properties. If the trust fails to make any required payments to its unaffiliated hedge counterparties, these counterparties will have a right to foreclose on the trust's royalty interests and may sell the trust's royalty interests in order to satisfy the trust's payment obligations. Please see "The Trust Hedging Arrangements" for more details on the prices and production volumes associated with the trust's hedging arrangements.

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

The estimates of target distributions to unitholders, subordination thresholds and incentive thresholds, as set forth in this prospectus, are based on SandRidge's calculations, and SandRidge has not received an opinion or report on such calculations from any independent accountants, financial advisers, or engineers. Such calculations are based on assumptions about drilling, production, oil, natural gas and natural gas liquids 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, natural gas and natural gas liquids production is sold at prices consistent with settled NYMEX pricing for April through June 2011, monthly NYMEX forward pricing as of July 15, 2011 for the remainder of the period ending March 31, 2014, and assumed price increases after March 31, 2014 of 2.5% annually, capped at \$120.00 per Bbl of oil in 2023 and \$7.00 per MMBtu of natural gas in 2022; however, actual sales prices may be significantly lower. Additionally, these estimates assume that the Development Wells will be drilled on SandRidge's current anticipated schedule 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 for and producing oil, natural gas and natural gas liquids on the Underlying Properties are high risk activities with many uncertainties that could delay the anticipated drilling schedule for the Development Wells and adversely affect future production from the Underlying Properties. Any such delays or reductions in production could decrease future revenues that are available for distribution to unitholders."

Furthermore, neither the target distribution nor the subordination threshold for each quarter during the subordination period necessarily represents the actual cash distributions you will receive. To the extent actual production volumes or sales prices of oil, natural gas and natural gas liquids 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.

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

Although SandRidge will not be entitled to receive any distribution on its subordinated units unless there is enough cash for all of the common units to receive a distribution equal to the subordination threshold for such quarter (which is 20% below the target distribution level for the corresponding quarter), the subordinated units constitute only a 25% interest in the trust, and this feature does not guarantee that common units will receive a distribution equal to the subordination threshold, or any distribution at all. Additionally, the subordination period will terminate and the subordinated units will 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 included in this prospectus may not be representative of the trust's future distributable income.

The historical financial information included in this prospectus is derived from Arena's and SandRidge's historical financial statements for periods prior to the trust's initial public offering. The historical statements of revenues and direct operating expenses of the Arena Properties included in this prospectus do not give effect to the terms and conditions of the royalty interests and, as a result, do not reflect what the trust's distributable income will be in the future. Further, the historical results of the Arena Properties and the historical results of operations of Arena Resources, Inc. reflect a substantially larger asset base than the Underlying Properties. In addition, for periods prior to 2010 the historical results of operations of Arena Resources, Inc. are presented and discussed on a consolidated basis and include all items of income and expense presented in a consolidated statement of operations, whereas the pro forma statements of revenues and direct operating expense for the portion of the Underlying Properties attributable to the royalty interests to be held by the trust exclude a number of items of income and expense applicable to consolidated statements of operations, such as general and administrative expenses, interest expense, depreciation, depletion and amortization, income taxes, and hedging items. For more information, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations Factors Affecting the Comparability of the Historical Financial Results of the Arena Properties or Arena Resources, Inc. to the Future Results of the Trust."

In preparing the pro forma statements of distributable income included in this prospectus, SandRidge has made adjustments to the historical pro forma financial information for the Underlying Properties based upon currently available information and upon assumptions that SandRidge and the trust believe 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.

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

The demand for qualified and experienced personnel to conduct field operations, geologists, geophysicists, engineers and other professionals in the oil and natural gas industry can fluctuate significantly, often in correlation with oil, natural gas and natural gas liquids 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, natural gas and natural gas liquids prices generally stimulate demand and result in increased prices for drilling rigs, crews and associated supplies, equipment and services. Shortages of field personnel and equipment or price increases could significantly hinder SandRidge's ability to perform the drilling obligation and delay completion of the Development Wells, which would reduce future distributions to trust unitholders.

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

The Underlying Properties will be operated for oil, natural gas and natural gas liquids production only and are focused exclusively in the Permian Basin in Andrews County, Texas. 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, natural gas and natural gas liquids 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.

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, natural gas and natural gas liquids production from the Underlying Properties.

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

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

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Any delay in the expansion of such system or the construction or expansion of any other natural gas gathering systems beyond the currently estimated construction schedules, or a delay in the procurement of additional transportation capacity would delay the receipt of any proceeds that may be associated with the natural gas production from the Development Wells.

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

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

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

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

Trust unitholders have no voting rights with respect to SandRidge and, therefore, will have no managerial, contractual or other ability to influence SandRidge's activities or operations of the Underlying Properties. In addition, some of the Development Wells may be operated by third parties unrelated to SandRidge. Such third party operators may not have the operational expertise of SandRidge within the AMI. Oil, natural gas and natural gas liquids 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, natural gas and natural gas liquids from, or future development of, the Underlying Properties.

The oil, natural gas and natural gas liquids 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, natural gas and natural gas liquids from the Underlying Properties. The oil, natural gas and natural gas liquids reserves attributable to the Underlying Properties are depleting assets, which means that the reserves of oil, natural gas and natural gas liquids attributable to the Underlying Properties will decline over time. As a result, the quantity of oil, natural gas and natural gas liquids 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, natural gas and natural gas liquids. With the exception of SandRidge's commitment to drill the Development Wells, SandRidge has no contractual obligation to make capital expenditures on the Underlying Properties in the future. Furthermore, for properties on

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which SandRidge is not designated as the operator, SandRidge has no control over the timing or amount of those capital expenditures. SandRidge also has the right to non-consent and not participate in the capital expenditures on properties for which it is not the operator, in which case SandRidge and the trust will not receive the production resulting from such capital expenditures. If SandRidge or other operators of the wells to which the Underlying Properties relate do not implement maintenance projects when warranted, the future rate of production decline of proved reserves may be higher than the rate currently expected by SandRidge or estimated in the reserve report.

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

An increase in the differential between the price realized by SandRidge for oil, natural gas and natural gas liquids 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, natural gas and natural gas liquids production usually fall below benchmark prices such as NYMEX. The difference between the price received and the benchmark price is called a differential. The amount of the differential will depend on a variety of factors, including discounts based on the quality and location of hydrocarbons produced, Btu content and post-production costs. These factors can cause differentials to be volatile from period to period. SandRidge has little or no control over the factors that determine the amount of the differential, and cannot accurately predict natural gas or crude oil differentials. Increases in the differential between the realized price of oil, natural gas and natural gas liquids and the benchmark price for oil, natural gas and natural gas liquids could reduce the proceeds to the trust and therefore the cash distributions by the trust and the value of the trust units. The target distributions were prepared using (a) for natural gas, an assumed negative differential of 28% from NYMEX futures prices for natural gas, (b) for oil, an assumed negative differential of \$4.27 from NYMEX futures prices for oil and (c) for natural gas liquids, an assumed negative differential of 51.65% from NYMEX futures prices for oil. For more information on the differentials assumed for purposes of preparing the target distributions, see "Target Distributions and Subordination and Incentive Thresholds Significant Assumptions Used to Calculate the Target Distributions."

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

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

the trust's share of the costs incurred by SandRidge to gather, store, compress, transport, process, treat, dehydrate and market the oil and gas;

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

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

the trust's liability for Texas franchise tax.

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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 Development Wells, see "The Underlying Properties." Historical post-production costs and taxes, however, may not be indicative of future post-production costs and taxes.

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

The trust will enter into oil hedge contracts with unaffiliated counterparties. Additionally, pursuant to the derivatives agreement, SandRidge will provide the trust with the effect of certain oil hedge contracts that it plans to enter into with third parties. Under the combined hedging arrangements, approximately 73% of the expected production and approximately 79% of the expected revenues upon which the target distributions are based from August 1, 2011 through March 31, 2015 will be hedged. The remaining estimated production of oil during that time, all production of natural gas and natural gas liquids during that time, and all production after such time will not be hedged. With respect to unhedged volumes and periods, the trust will not be protected against the price risks inherent in holding interests in oil, 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 prices above the hedge price on the portion of the production attributable to the trust's royalty interests that is hedged.

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

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

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

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

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

evacuation of personnel and curtailment of operations;

weather-related damage to drilling rigs or other facilities, resulting in suspension of operations;

inability to deliver materials to worksites; and

weather-related damage to pipelines and other transportation facilities.

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

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

At the Termination Date, 50% of the PDP Royalty Interest and 50% of the Development Royalty Interest will automatically revert to SandRidge, while the remaining 50% of the PDP Royalty Interest and 50% of the Development Royalty Interest will be sold and the proceeds will be distributed to the unitholders (including SandRidge to the extent of any trust units it owns) at the Termination Date or soon thereafter. The price received by the trust by any purchaser of the remaining royalty interests will depend, among other things, on the prices of oil, natural gas and natural gas liquids at that time. There can be no assurance that the prices of oil, natural gas and natural gas liquids will be at levels such that trust

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unitholders will receive any particular amount of cash in return for the trust's sale of such royalty interests. Moreover, SandRidge will have a right of first refusal to purchase such royalty interests 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 remaining royalty interests 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, natural gas and natural gas liquids prices, current and prospective conditions in the supply and demand for oil, natural gas and natural gas liquids, reserve and production quantities estimated for the royalty interests and the trust's cash distributions prospects. None of SandRidge, the trust or the underwriters will obtain any independent appraisal or other opinion of the value of the royalty interests other than the reserve report prepared by Netherland Sewell.

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

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

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

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

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

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

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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 7,875,000 common units and 13,125,000 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 Morgan Stanley & Co. LLC, Raymond James & Associates, Inc., RBC Capital Markets, LLC and Wells Fargo Securities, LLC, acting as representatives of the several underwriters. See "Trust Units Eligible for Future Sale SandRidge Lock-up Agreement." After such period, SandRidge may sell trust units in the public or private markets, and any such sales could have an adverse impact on the price of the common units or on any trading market that may develop. The trust has granted registration rights to SandRidge, which, if exercised, would facilitate sales of common units by SandRidge to the public. See "Trust Units Eligible for Future Sale Registration Rights Agreement."

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

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

Notwithstanding its drilling obligation to the trust, SandRidge's interests may conflict with those of the trust and the trust unitholders in situations involving the development, maintenance, operation or abandonment of the Underlying Properties. Additionally, SandRidge may, consistent with its obligation to act as a reasonably prudent operator, abandon a well that is uneconomic, or not generating revenues from production in excess of its operating costs, even though such well is still generating revenue for the trust unitholders. Subsequent to fulfilling its drilling obligation, SandRidge may make decisions with respect to expenditures and decisions to allocate resources on projects in other areas that adversely affect the Underlying Properties, including reducing expenditures on these properties, which could cause oil, natural gas and natural gas liquids 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 Development Royalty Interest prior to satisfying its obligation to drill the Development Wells. Such sale may not be in the best interests of the trust unitholders. Any purchaser may lack SandRidge's experience in the Permian Basin or its creditworthiness.

In connection with the sale by SandRidge of some or all of the Underlying Properties, SandRidge may require the trust to release for sale 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 conditional upon the trust receiving an amount equal to the fair value to the trust of such royalty interests, but will not require the consent of the trust unitholders. See "The Underlying Properties Sale and Abandonment of the Underlying Properties."

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

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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. Finally, as hedge manager to the trust, SandRidge will have the ability to negotiate the terms of any novation, assignment or transfer of any hedge contract to which it is a party to the trust.

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

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

Pursuant to the terms of the development agreement, SandRidge will be obligated to drill, or cause to be drilled, the Development Wells at its own expense. SandRidge owns a majority working interest in substantially all of the locations on which it expects to drill the Development Wells, and it expects to operate such wells until completion of its drilling obligation. SandRidge is also the operator of all of the Producing Wells. The conveyances provide that SandRidge will be obligated to market, or cause to be marketed, the oil, natural gas and natural gas liquids production related to the Underlying Properties. Additionally, SandRidge will be the counterparty to the trust's derivatives agreement and will have certain obligations to the trust under the agreement. In the event that SandRidge defaults on its obligation to make payments under the derivatives agreement, the cash distributions to the trust unitholders may be materially reduced as these payments are intended to provide additional cash to the trust during periods of lower oil, natural gas and natural gas liquids prices. Due to the trust's reliance on SandRidge to fulfill these numerous obligations, the value of the trust's royalty interest and its ultimate cash available for distribution will be highly dependent on SandRidge's performance.

SandRidge'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, natural gas and natural gas liquids, prevailing economic conditions and financial, business and other factors, many of which are beyond SandRidge's control. See "SandRidge Energy, Inc." and "Where You Can Find More Information" for additional information relating to SandRidge.

In the event that SandRidge defaults on its obligation to drill the Development Wells, the trust would be able to foreclose on the Drilling Support Lien to the extent of SandRidge's remaining interests in the undeveloped portions of the AMI. The maximum amount the trust can recover in such a foreclosure action is approximately \$295 million, which amount will be reduced proportionately as each Development Well is drilled. There can be no assurance that the value of SandRidge's interests in the undeveloped portions of

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the AMI secured by the Drilling Support Lien will be equal to the amount recoverable at any given time, and such interests may be worth considerably less. The process of foreclosing on such collateral may be expensive and time-consuming and delay the drilling and completion of the Development Wells; such delays and expenses would reduce trust distributions by reducing the amount of proceeds available for distribution. Any amounts actually recovered in a foreclosure action would be applied to completion of SandRidge's drilling obligation, would not result in any distribution to the trust unitholders and may be insufficient to drill the number of wells needed for the trust to realize the full value of the Development Royalty Interest. Furthermore, the trust would have to seek a new party to perform the drilling and operations of the wells. The trust may not be able to find a replacement driller or operator, and it may not be able to enter into a new agreement with such replacement party on favorable terms within a reasonable period of time.

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

Oil, natural gas and natural gas liquids 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, natural gas and natural gas liquids production and associated activities, such as fires, leaks, explosions, mechanical problems, major equipment failures, blowouts, uncontrollable flow of oil, natural gas and natural gas liquids, 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, natural gas and natural gas liquids at any of the Underlying Properties will reduce trust distributions by reducing the amount of proceeds available for distribution.

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

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

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

SandRidge's oil, natural gas and natural gas liquids 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, natural gas and natural gas liquids 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, natural gas and natural gas liquids drilling operations in certain locations. Any increased regulation or suspension of oil, natural gas and natural gas liquids 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, natural gas and natural gas liquids 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, natural gas and natural gas liquids 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, natural gas and natural gas liquids 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, natural gas and natural gas liquids 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, natural gas and natural gas liquids exploration and production activities, and the prohibition or additional regulation of private energy commodity derivative and hedging activities.

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, natural gas and natural gas liquids 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.

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

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

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

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

Climate change laws and regulations restricting emissions of "greenhouse gases" could result in increased operating costs and reduced demand for the oil, natural gas and natural gas liquids 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 restrict emissions of GHGs under existing provisions of the federal Clean Air Act. Accordingly, the EPA has adopted regulations that require a reduction in emissions of GHGs from motor vehicles and also trigger permit review for GHG emissions

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from certain large stationary sources. The EPA's rules relating to emissions of GHGs from large stationary sources of emissions are currently subject to a number of political and legal challenges, but the federal courts have thus far declined to issue any injunctions to prevent EPA from implementing, or requiring state environmental agencies to implement, the rules. In addition, 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 require certain owners and operators of onshore oil, natural gas and natural gas liquids production to monitor greenhouse gas emissions beginning in 2011 and to report those emissions beginning in 2012. Both houses of Congress have from time to time considered legislation to reduce emissions of GHGs and almost one-half of the states, either individually or through multi-state regional initiatives, already have begun implementing legal measures to reduce emissions of GHGs. The adoption and implementation of any regulations imposing reporting obligations on, or limiting emissions of GHGs from, SandRidge's equipment and operations could require SandRidge to incur costs to reduce emissions of GHGs associated with its operations or could adversely affect demand for the oil, natural gas and natural gas liquids 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 change that could have significant physical effects, such as increased frequency and severity of storms, droughts, and floods and other climatic events; if any such effects were to occur, they could have an adverse effect on SandRidge's assets and operations.

Federal and state legislative and regulatory initiatives 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, such as shales. The process involves the injection of water, sand and chemicals under pressure into formations to fracture the surrounding rock and stimulate production. The process is typically regulated by state oil and gas commissions. However, the EPA recently asserted federal regulatory authority over certain hydraulic fracturing practices not currently employed by SandRidge in the AMI. At the same time, the EPA has commenced a study of the potential environmental impacts of hydraulic fracturing activities, with initial results of the study anticipated to be available by late 2012 and final results by 2014. Also, for the second consecutive session, legislation has been introduced, but not adopted, in Congress to provide for federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the fracturing process. In addition, some states have adopted, and other states are considering adopting, regulations that could restrict hydraulic fracturing in certain circumstances. For instance, in June 2011, Texas adopted a law that requires disclosure to the Railroad Commission of Texas of the additives and other chemicals contained in hydraulic fracturing fluids used in the state, subject to certain trade secret protections. 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 Permian Basin and thereby affect the determination of whether a well is commercially viable. Restrictions on hydraulic fracturing could also reduce the amount of oil, natural gas and natural gas liquids that SandRidge is ultimately able to produce in commercial quantities from the Underlying Properties.

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

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comply with these requirements could lead to a loss of public confidence in the trust's internal controls and in the accuracy of the trust's publicly reported results.

Tax Risks Related to the Units

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

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

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

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

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

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

Changes in current state law may subject the trust to additional entity-level taxation by individual states. Because of widespread state budget deficits and other reasons, several states are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise and other forms of taxation. For example, the trust will be required to pay Texas franchise tax each year at a maximum effective rate of .7% of its gross income apportioned to Texas in the prior year. This rate of tax is subject to change by new legislation at any time. Some portion of the revenues will be subject to the Texas franchise tax. Imposition of any similar taxes by any other state may substantially reduce the cash available for distribution to unitholders and, therefore, negatively impact the value of an investment in trust units.

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

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

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

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

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

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

If the IRS contests any of the U.S. federal income tax positions the trust takes, the value of the trust units may be adversely affected because the cost of any IRS contest will reduce the trust's cash available for distribution and income, gain, loss and deduction may be reallocated among trust unitholders. For example, the trust will generally prorate its items of income, gain, loss and deduction between transferors and transferees of the trust units each quarter based upon the record ownership of the trust units on the quarterly record date in such quarter instead of on the basis of the date a particular trust unit is transferred. Although simplifying conventions are contemplated by the Internal Revenue Code, and most publicly traded partnerships use similar simplifying conventions, the use of these methods may not be permitted under existing Treasury Regulations.

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

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

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

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

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

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

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

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

Due to a number of factors, including the trust's inability to match transferors and transferees of trust units, the trust will adopt positions that may not conform to all aspects of existing Treasury Regulations. A successful IRS challenge to those positions could adversely alter the tax effects of an investment in trust units. It also could affect the timing of 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 quarter based upon the record ownership of the trust units on the quarterly record date in such quarter instead of on the basis of the date a particular trust unit is transferred. 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 based upon the record ownership of the trust units on the quarterly record date in such quarter instead of on the basis of the date a particular trust unit is transferred. 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. If the IRS were to challenge the trust's

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proration method, the trust may be required to change its allocation of items of income, gain, loss and deduction among the trust unitholders and the costs to the trust of implementing and reporting under any such changed method may be significant. Please read "U.S. Federal Income Tax Considerations Disposition of Trust Units Allocations Between Transferors and Transferees."

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

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must make new tax elections and could be subject to penalties if the trust is unable to determine that a technical termination occurred.

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

Among the proposed changes contained in President Obama's Budget Proposal for Fiscal Year 2012 is the elimination of certain key U.S. federal income tax preferences relating to oil, natural gas and natural gas liquids 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 perpetual royalty interests in such wells, 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. 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, natural gas and natural gas liquids 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.

The words "estimate," "assume," "target," "project," "predict," "believe," "expect," "anticipate," "potential," "could," "may," "foresee," "plan," "goal," "should" and "intend" and similar expressions will generally identify forward-looking statements. 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, 2010 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 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 \$20.0 per common unit, the estimated net proceeds of this offering will be approximately \$586.7 million, after deducting underwriting discounts and commissions and offering expenses. The trust will deliver all of the net proceeds to one or more of SandRidge's wholly-owned subsidiaries as full consideration for the conveyance of the term royalty interests and, if applicable, as partial consideration for the conveyance of the perpetual royalty interests.

At the initial closing, 4,725,000 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 one or more SandRidge subsidiaries as partial consideration for the conveyance of certain of the royalty interests. If the over-allotment option is not exercised by the underwriters, the retained units will be delivered to SandRidge subsidiaries, as partial consideration for the conveyance of certain of the royalty interests, promptly following the 30th day after the initial closing.

SandRidge intends to use the proceeds received from the offering to repay borrowings under its credit facility and for general corporate purposes, which may include the funding of the drilling obligation. Although SandRidge has no plans to immediately draw down a substantial amount under its credit facility, it expects to draw on the facility from time to time to fund its capital expenditures. As of June 30, 2011, the outstanding balance on SandRidge's credit facility, which matures in 2014, was approximately \$80.0 million, and the weighted average interest rate of the credit facility was 2.44%. Borrowings under the credit facility in the past year were incurred by SandRidge for general corporate purposes, including to fund its capital expenditures. Affiliates of Morgan Stanley & Co. LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC, RBC Capital Markets, LLC, SunTrust Robinson Humphrey, Inc. and Wells Fargo Securities, LLC are lenders under the SandRidge credit facility being repaid with the offering proceeds being paid to SandRidge and will therefore receive a portion of the proceeds of the offering.

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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 July 28, 2011, its market capitalization was approximately \$4.8 billion, and as of December 31, 2010 it had total estimated net proved reserves of 545.9 MMBoe. SandRidge has approximately 210,000 net acres in the Permian Basin. SandRidge also owns and operates other interests in the Mississippian Formation, Mid-Continent, Cotton Valley Trend in East Texas, Gulf Coast and Gulf of Mexico. SandRidge also owns and operates gas gathering and processing facilities, CO₂ treating and transportation facilities, and drilling rig, oil field service and oil and gas marketing businesses.

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

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

SandRidge's Experience With Prior Royalty Trusts

SandRidge has sponsored one prior royalty trust, SandRidge Mississippian Trust I (NYSE: SDT) (the "Mississippian Trust"), a publicly-traded trust that is similar to SandRidge Permian Trust. In connection with the formation of the Mississippian Trust, SandRidge conveyed royalty interests in specified oil and natural gas properties, limited to depths commonly known as the Mississippian formation, located in Alfalfa, Garfield, Grant, Major and Woods Counties in Oklahoma to the Mississippian Trust in exchange for trust units and the net proceeds of the Mississippian Trust's initial public offering. The terms of the royalty interests being conveyed in connection with the formation of SandRidge Permian Trust are similar to those of the royalty interests that were conveyed to the Mississippian Trust.

The Mississippian Trust completed its initial public offering on April 12, 2011. The net proceeds to the Mississippian Trust, before offering expenses of approximately \$2.6 million, were approximately \$338.7 million, and were delivered to SandRidge as partial consideration for the conveyance of royalty interests to the Mississippian Trust.

SandRidge owns 3,750,000 common units and 7,000,000 subordinated units in the Mississippian Trust, together representing an approximately 38.4% beneficial interest in the Mississippian Trust.

The Mississippian Trust makes 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. On July 22, 2011, the Mississippian Trust declared a cash distribution of approximately \$1.07 per unit covering production for the period from January 1, 2011 to May 31, 2011 for record holders as of August 15, 2011. The distribution will be paid on or about August 30, 2011.

Under a development agreement, SandRidge is obligated to drill, or cause to be drilled, a total of 123 development wells by December 31, 2014, the production from which will be subject to the royalty interests. In the event of delays, SandRidge will have until December 31, 2015 to fulfill its drilling obligation. A wholly owned subsidiary of SandRidge has granted to the Mississippian Trust a lien covering its interest in the area of mutual interest in which the trust underlying properties are located in order to secure the estimated amount of the drilling costs for the Mississippian Trust's interests in the undeveloped underlying properties (the "Drilling Support Lien"). The amount obtained by the Mississippian Trust pursuant to the Drilling Support Lien may not exceed \$166.1 million. As SandRidge fulfills its drilling obligation over time, the total amount that may be recovered will be proportionately reduced and the completed development wells will be released from the lien. As of June 30, 2011, seven development wells had been drilled and the maximum amount recoverable under the Drilling Support Lien had been reduced to \$156.6 million.

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Under an administrative services agreement, the Mississippian Trust is required to pay SandRidge an annual administrative services fee of \$200,000 for accounting, tax preparation, bookkeeping and informational services to be performed by SandRidge on behalf of the Mississippian Trust. The Mississippian Trust is also party to a derivatives agreement with SandRidge that provides the Mississippian Trust with the benefit of certain oil and natural gas derivative contracts previously entered into by SandRidge with third parties. The underlying commodity derivative contracts cover volumes of oil and natural gas production through December 31, 2015. Under this arrangement, SandRidge will pay the Mississippian Trust amounts it receives from its counterparties in accordance with the underlying contracts, and the Mississippian Trust will pay SandRidge any amounts that SandRidge is required to pay its counterparties under such contracts.

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THE TRUST

The trust is a statutory trust created under the Delaware Statutory Trust Act in May 2011. 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 substantially all of the Underlying Properties, SandRidge will have no ability to manage or influence the management of the trust (except through its limited voting rights as a holder of trust units and its limited ability to manage the hedging program) 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 any payment obligations under the hedging arrangements and 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 \$1.3 million 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 April 1, 2017 as provided in the trust agreement, an annual administrative fee of \$2,400 for the Delaware trustee, an annual fee of \$300,000 payable to SandRidge pursuant to the terms of the administrative services agreement and an annual fee of \$15,000 payable to the collateral agent under the security instruments in respect of the lien securing the trust's obligations under its direct hedge contracts. 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 will cause to be conveyed to the trust a 80% royalty interest in the Producing Wells and a 70% royalty interest in the Development Wells.

The 80% royalty interest in the Producing Wells will consist of a term royalty interest entitling the trust to receive 40% of the proceeds from the sale of oil, natural gas and natural gas liquids 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 April 1, 2011 (the "Term PDP Royalty") and a perpetual royalty interest entitling the trust to receive 40% of the proceeds from the sale of oil, natural gas and natural gas liquids 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").

The 70% royalty interest in the Development Wells will consist of a term royalty interest entitling the trust to receive 35% of the proceeds from the sale of the production of oil, natural gas and natural gas liquids attributable to SandRidge's net revenue interest in the Development Wells (after deducting

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post-production costs and any applicable taxes) for a period of 20 years commencing on April 1, 2011 (the "Term Development Royalty") and a perpetual royalty interest entitling the trust to receive 35% of the proceeds from the sale of oil, natural gas and natural gas liquids production attributable to SandRidge's net revenue interest in the Development Wells (after deducting post-production costs and any applicable taxes) (the "Perpetual Development Royalty").

The Term PDP Royalty and the Term Development Royalty are collectively referred to as the "Term Royalties," while the Perpetual PDP Royalty and the Perpetual Development Royalty are collectively referred to as the "Perpetual Royalties." The Perpetual Royalties will be conveyed directly from SandRidge E&P to the trust. The Term Royalties will be conveyed from SandRidge E&P to another wholly owned subsidiary of SandRidge ("Term Royalty Subsidiary") in exchange for a demand note in a principal amount expected to be a significant portion of the net proceeds of the offering, and then assigned from that subsidiary to the trust. In exchange for the Perpetual Royalties, the trust will issue to SandRidge E&P, 7,875,000 common units and 13,125,000 subordinated units. In exchange for the Term Royalties, the trust will pay a significant portion of the net proceeds of this offering to the Term Royalty Subsidiary, and the Term Royalty Subsidiary will use such proceeds to repay the demand note to SandRidge E&P. Any proceeds not paid to the Term Royalty Subsidiary will be paid to SandRidge E&P, as additional consideration for the conveyance of the Perpetual Royalties. See "Use of Proceeds."

4,725,000 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 one or more SandRidge subsidiaries as partial consideration for the conveyance of the Perpetual Royalties. If the over-allotment option is not exercised by the underwriters, the retained units will be delivered to SandRidge subsidiaries, as partial consideration for the conveyance of the Perpetual Royalties, promptly following the 30th day after the initial closing.

The trust will sell the 31,500,000 common units offered hereby to the public, representing a 60% 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 Development Wells, (2) a derivatives agreement, pursuant to which SandRidge will provide the trust with the effect of certain hedge contracts entered into between SandRidge and third parties, (3) an administrative services agreement, which outlines SandRidge's duty to provide administrative services to the trust, (4) the Drilling Support Lien and (5) a registration rights agreement, which is described under "Trust Units Eligible For Resale Registration Rights Agreement." 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 March 31, 2031, 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 and Drilling Support Lien

In connection with the closing of this offering, the trust will enter into a development agreement with SandRidge and SandRidge E&P that will obligate SandRidge to drill, or cause to be drilled, all of the

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Development Wells on or before March 31, 2015. In the event of delays, SandRidge will have until March 31, 2016 to fulfill its drilling obligation. SandRidge may rely on third-party operators to fulfill a portion of its drilling obligation. In order to secure the estimated amount of the drilling costs for the trust's interests in the Development Wells, SandRidge E&P will grant to the trust the Drilling Support Lien, covering SandRidge E&P's interest in the AMI (except the Producing Wells and any other wells that are already producing and not subject to the royalty interests). The amount obtained by the trust pursuant to the Drilling Support Lien may not exceed approximately \$295 million. As SandRidge fulfills its drilling obligation over time, the total dollar amount that may be recovered will be proportionately reduced and the completed Development Wells will be released from the lien.

Under the development agreement, SandRidge will be credited for drilling one full Development Well if the well is drilled and completed in the Grayburg/San Andres formation and SandRidge's net revenue interest in the well is equal to 69.3%. For a well in which SandRidge has a net revenue interest greater than or less than 69.3%, SandRidge will receive credit for such well in the proportion that its net revenue interest in the well bears to 69.3%. For example, if SandRidge drilled a well in which it has a 86.6% net revenue interest, such well would count for purposes of the development agreement as 1.25 Development Wells (i.e., $86.6\% / 69.3\%$).

Horizontal Wells. Although SandRidge expects to satisfy its drilling obligation by drilling vertical wells, it may drill horizontal wells in the future, once certain criteria are achieved. Under the development agreement, SandRidge will be able to drill horizontal wells to satisfy its drilling obligation to the trust after five horizontal wells have been, subsequent to this offering, drilled and completed in the Grayburg/San Andres formation in the greater Fuhrman-Mascho field area (whether by SandRidge or any other operators). The initial five horizontal wells are intended to demonstrate the viability of drilling horizontal wells in the AMI, an area in which horizontal drilling and completion techniques have not previously been utilized. None of any such initial five horizontal wells that are drilled by SandRidge would count as Development Wells for purposes of the development agreement. If such initial five horizontal wells have been drilled and completed, SandRidge may, at its option, drill, or cause to be drilled, horizontal wells that will count toward the satisfaction of its drilling obligation to the trust. SandRidge is not required to drill any horizontal wells for the trust. If SandRidge chooses to drill horizontal wells to fulfill its drilling obligation, it will receive credit under the development agreement for horizontal Development Wells based on the proportion that SandRidge's net revenue interest in a horizontal Development Well bears to 69.3% and based on a ratio of capital costs for such horizontal wells compared to historical drilling costs. For the first ten horizontal Development Wells that SandRidge drills and completes in the Grayburg/San Andres formation, this ratio will be calculated using the proportion that the capital cost required to drill and complete such well bears to the average drilling and completion cost per well of the most recent 20 vertical Development Wells. For example, if SandRidge drilled, or caused to be drilled, a horizontal Development Well in which it had a 69.3% net revenue interest, and such well cost \$2.0 million to drill and complete relative to an average drilling and completion cost of \$.5 million per well for the most recent 20 vertical Development Wells completed at the time the first horizontal Development Well was completed, then such horizontal well would count for purposes of the development agreement as four Development Wells (i.e., $(69.3\% / 69.3\%) \times (\$2.0 \text{ million} / \$.5 \text{ million})$).

After the first ten horizontal Development Wells that SandRidge drills, or causes to be drilled, are completed, this ratio will be fixed for all additional horizontal wells it drills and completes in the Grayburg/San Andres formation based on the costs of the first ten horizontal Development Wells. This fixed ratio (the "CapEx Ratio") will be calculated by dividing (1) the average capital cost spent per well to drill and complete the first ten horizontal Development Wells by (2) the average capital cost spent per well to drill and complete the 20 vertical Development Wells most recently completed at the time the first horizontal Development Well was completed. Credit would be given to SandRidge for each horizontal Development Well completed based on the CapEx Ratio and the proportion that SandRidge's net revenue interest in such well bears to 69.3%. For example, if SandRidge drilled, or caused to be drilled, a horizontal

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Development Well in which it had a 69.3% net revenue interest and the CapEx Ratio was equal to four, such well would count for purposes of the development agreement as four Development Wells (i.e., $4.0 \times (69.3\% / 69.3\%)$).

Additional Provisions. In drilling and completing the Development Wells, 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 properties. For example, SandRidge is required to complete and equip each Development Well that reasonably appears to SandRidge to be capable of producing oil, natural gas and natural gas liquids in quantities sufficient to pay completion, equipping and operating costs.

The proved undeveloped reserves reflected in the reserve report assume that SandRidge will drill and complete the 888 Development Wells with the same completion technique, and bearing the same capital and other costs, as the 509 Producing Wells, all of which were drilled and completed as vertical wells. The trust will not bear any of the costs of drilling and completing the Development Wells that SandRidge drills or causes to be drilled.

SandRidge may drill up to five horizontal wells to test the results of horizontal drilling in the AMI, but is not required to do so. The trust would not own any interests in such test horizontal wells and such wells would not count toward SandRidge's drilling obligation. Otherwise, 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 Development 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 that will have a perforation that will be within 170 feet of any perforation of any Development Well or Producing Well.

Given that SandRidge's actual net revenue interest in each Development Well may be greater than or less than 69.3%, and that SandRidge may drill and complete horizontal wells in order to fulfill its drilling obligation, SandRidge may be required to drill more or less than 888 gross wells in order to fulfill its drilling obligation.

Hedging Arrangements

Hedging arrangements covering a portion of expected production will be implemented by the trust in two ways. First, SandRidge will enter into a derivatives agreement with the trust to provide the trust with the effect of specified hedge contracts entered into between SandRidge and third parties. Under the derivatives agreement, SandRidge will pay the trust amounts it receives from its hedge counterparties, and the trust will pay SandRidge any amounts that SandRidge is required to pay such counterparties. Second, the trust will enter into hedge contracts directly with unaffiliated hedge counterparties. As a party to these contracts, the trust will receive payments directly from its counterparties, and be required to pay any amounts owed directly to its counterparties. Under the derivatives agreement, as Development Wells are drilled, SandRidge will have the right to assign or novate to the trust any of the SandRidge-provided hedges, or to replace them with hedges executed by the trust directly with counterparties, as long as the hedging effects of the assigned or replacement hedges are economically equivalent to the hedging effects of the SandRidge-provided hedges, the counterparties to the assigned or replacement hedges have a corporate credit rating equal to or better than A/A2 as rated by Standard and Poor's or Moody's and the counterparties to the existing hedges approve.

The trust's counterparty under the derivatives agreement is SandRidge, whose hedge counterparties will be institutions with corporate credit ratings equal to or better than A/A2, including Morgan Stanley Capital Group Inc., J. Aron & Company, an affiliate of Goldman, Sachs & Co., and Barclays Bank PLC. The counterparties to the trust's direct hedging contracts will also be institutions with corporate credit

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ratings of at least A/A2, including Morgan Stanley Capital Group Inc., J. Aron & Company, an affiliate of Goldman, Sachs & Co., and Barclays Bank PLC. In the event that one or more counterparties to the trust's hedging arrangements default on their obligations to make payments under such arrangements, 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. SandRidge will not be required to pay the trust to the extent of payment defaults by SandRidge's hedge contract counterparties. SandRidge will also have authority, in its role as hedge manager to the trust, to terminate, restructure or otherwise modify a portion of the trust's hedge contracts to the extent that SandRidge reasonably determines that the volumes hedged under such portion of the contracts exceed, or are expected to exceed, estimated production attributable to the trust's royalty interests over the periods hedged. Except in the limited circumstances involving the restructuring of an existing hedge, the trust will not have the ability to enter into additional hedges on its own and, accordingly, after the expiration of the hedging arrangements in March 31, 2015, there will be no hedges going forward. For more information on SandRidge's role as hedge manager for the trust, please see " Administrative Services Agreement."

The trust's obligations to the counterparties under its direct hedge contracts will be secured by a first priority lien on the trust's existing and future royalty interest in the Underlying Properties. In addition, the trust's direct hedge contracts will contain a prohibition on the trust granting additional liens on its existing and future royalty interest in the Underlying Properties, other than customary permitted liens and liens in favor of the trustee.

Under the combined hedging arrangements, approximately 73% of the expected production and 79% of the expected revenues upon which the target distributions are based from August 1, 2011 through March 31, 2015 will be hedged. All of the hedge contracts relate to oil production. Expressed in terms of oil production alone, approximately 84% of the estimated oil production from August 1, 2011 through March 31, 2015, will be hedged. The remaining estimated production of oil during that time, all production of natural gas and natural gas liquids during that time, and all production after such time will not be hedged.

The following table illustrates the type of contract, notional amount and weighted average fixed price or collar range for the oil hedge contracts that the trust will enter into directly or that SandRidge will pass through to the trust under the derivatives agreement.

Period and Type of Contract	Notional Amount (Bbls/d)	Weighted Average Fixed Price
August 1, 2011 to December 31, 2011	2,714	\$ 99.80
January 1, 2012 to December 31, 2012	3,151	102.20
January 1, 2013 to December 31, 2013	3,530	102.84
January 1, 2014 to December 31, 2014	3,867	101.75
January 1, 2015 to March 31, 2015	3,373	100.90

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 and the registration rights agreement.

Additionally, the administrative services agreement will designate SandRidge as the trust's hedge manager, pursuant to which SandRidge will have authority to administer the hedge contracts underlying the derivatives agreement, and, on behalf of the trust, to administer the trust's direct hedge contracts. As hedge manager, SandRidge will also have authority, in its discretion, to terminate, restructure or otherwise modify any or all of such hedge contracts to the extent that SandRidge reasonably determines that the volumes hedged under such contracts exceed, or are expected to exceed, estimated production attributable

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to the trust's royalty interests over the periods hedged. SandRidge will be required to use commercially reasonable efforts to effect such modifications to the hedge contracts in a manner that is cash neutral to the trust, for example, by resetting hedge prices and/or allocating a portion of hedged volumes over an extended period. However, in fulfilling its role as hedge manager, SandRidge will not act as a fiduciary for the trust, will have no affirmative duty to modify any of the trust's hedges, and will have no liability to the trust in connection with SandRidge's failure to modify, or any affirmative modification of, any of the trust's hedges. Moreover, SandRidge will be indemnified by the trust for any actions it takes in this regard.

In return for the services provided by SandRidge to the trust under the administrative services agreement, the trust will pay SandRidge, on a quarterly basis, a total annual fee of \$300,000. 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: (a) the date the trust shall have dissolved and commenced winding up in accordance with the trust agreement, (b) the date that all of the royalty interests have been terminated or are no longer held by the trust, (c) 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 (d) a date mutually agreed by SandRidge and the trustee.

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TARGET DISTRIBUTIONS AND SUBORDINATION AND INCENTIVE THRESHOLDS

SandRidge will convey to the trust royalty interests in specified oil, natural gas and natural gas liquids properties in the AMI. The PDP Royalty Interest will entitle the trust to receive 80% of the proceeds (exclusive of any production or development costs but after deducting post-production costs and any applicable taxes) from the sale of oil, natural gas and natural gas liquids production attributable to SandRidge's net revenue interest in the Producing Wells for a period of 20 years commencing on April 1, 2011. The Development Royalty Interest will entitle the trust to receive 70% of the proceeds (exclusive of any production or development costs but after deducting post-production costs and any applicable taxes) from the sale of future production of oil, natural gas and natural gas liquids attributable to SandRidge's net revenue interest in the Development Wells for a period of 20 years commencing on April 1, 2011.

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

- the timing of initial production from the Development Wells;
- oil, natural gas and natural gas liquids prices received;
- the volume of oil, natural gas and natural gas liquids produced and sold;
- amounts realized and paid 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 second and third quarters of 2011, is expected to be made on or about November 30, 2011 to record unitholders as of November 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, natural gas and natural gas liquids for five months. Thereafter, quarterly distributions will generally include royalties on sales of oil, natural gas and natural gas liquids 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 13,125,000 of the trust units it will retain following this offering, which will constitute 25% of the total trust units outstanding. The subordinated units will be entitled to receive pro rata distributions from the trust 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

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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. SandRidge currently expects that it will complete its drilling obligation on or before March 31, 2015 and that, accordingly, the subordinated units would convert into common units on or before March 31, 2016. In the event of delays, SandRidge will have until March 31, 2016 under the development agreement to drill all the Development Wells, in which event the subordinated units would convert into common units on or before March 31, 2017.

SandRidge's management has prepared the prospective financial information set forth below to present the target distributions to the holders of the trust units based on the estimates and assumptions described 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. More specifically, such information omits items that are not relevant to the trust, such as changes in financial position, an earnings per unit measure and certain non-cash expenses for depreciation, depletion and amortization used to arrive at a GAAP net income measure. SandRidge's management believes the prospective financial information was prepared on a reasonable basis, reflects the best currently available estimates and judgments, and presents, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the royalty interests. However, this information is based on estimates and judgments, and readers of this prospectus are cautioned not to place undue reliance on the prospective financial information.

The prospective financial information included in this prospectus has been prepared by, and is the responsibility of, SandRidge's management. Neither PricewaterhouseCoopers LLP, the trust's and SandRidge's independent registered public accountant, nor Hansen Barnett & Maxwell, P.C., Arena Resources, Inc.'s independent registered public accountant, has examined, compiled or performed any procedures with respect to the accompanying prospective financial information and, accordingly, neither PricewaterhouseCoopers LLP nor Hansen Barnett & Maxwell, P.C. expresses 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 Arena Properties, and the report of Hansen Barnett & Maxwell, P.C. included in this prospectus relates to the historical consolidated financial statements of Arena Resources, Inc. The foregoing reports do not extend to the prospective financial information and should not be read to do so.

The following table sets forth the target distributions and subordination and incentive thresholds for each calendar quarter through the first quarter of 2017. The effective date of the conveyance of the royalty interests is April 1, 2011, which means that the trust will receive credit for the proceeds of production

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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.

Period	Subordination Threshold ⁽¹⁾	Target Distribution (per unit)	Incentive Threshold ⁽¹⁾
2011:			
Second and Third Quarters ⁽²⁾	\$.53	\$.66	\$.79
Fourth Quarter	.39	.49	.59
2012:			
First Quarter	.42	.53	.63
Second Quarter	.44	.55	.66
Third Quarter	.47	.58	.70
Fourth Quarter	.49	.62	.74
2013:			
First Quarter	.51	.64	.77
Second Quarter	.53	.66	.80
Third Quarter	.56	.70	.84
Fourth Quarter	.58	.73	.87
2014:			
First Quarter	.61	.76	.91
Second Quarter	.63	.79	.95
Third Quarter	.65	.82	.98
Fourth Quarter	.66	.82	.98
2015:			
First Quarter	.64	.80	.96
Second Quarter	.61	.77	.92
Third Quarter	.56	.70	.85
Fourth Quarter	.54	.68	.81
2016:			
First Quarter	.53	.67	.80
Second Quarter	.52	.65	.78
Third Quarter	.51	.64	.77
Fourth Quarter	.50	.63	.75
2017:			
First Quarter	.49	.61	.74

(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 April 1, 2011 to August 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 operational and financial information set forth above and below in order to present the target distributions attributable to the oil, natural gas and natural gas liquids 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."

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The operational and financial targets 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 this 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 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 operational and financial targets.**

Cash distributions to trust unitholders will be particularly sensitive to fluctuations in oil, natural gas and natural gas liquids prices and production volumes. See "Sensitivity of Target Distributions to Oil, Natural Gas and Natural Gas Liquids Prices and Volumes," which shows estimated effects to cash distributions through June 30, 2012 from changes in assumed realized oil, natural gas and natural gas liquids prices as well as changes in estimated production volumes. As a result of typical production declines for oil, natural gas and natural gas liquids 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 Development Wells as they are completed and begin to produce. The timing of the completion of, and the amount of production attributable to, the Development Wells are substantially dependent on SandRidge executing its drilling plans with respect to the drilling and completion of the Development 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 Development 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 Development 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, natural gas and natural gas liquids 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 table below presents the calculation of the target distributions for each quarter through and including the quarter ending June 30, 2012. On a pro forma basis, cash available for distribution was

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\$60.7 million for the year ended December 31, 2010, and \$19.7 million for the three months ended March 31, 2011. See "Unaudited Pro Forma Financial Information."

	September 30, 2011 ⁽¹⁾	December 31, 2011	March 31, 2012	June 30, 2012
(In thousands, except volumetric and per unit data)				
<i>Estimated production from trust properties</i>				
Oil sales volumes (MBbl)	384	278	294	306
Natural gas sales volumes (MMcf)	107	74	78	80
Natural gas liquids volumes (MBbl)	40	29	30	32
Total sales volumes (MBoe)	441	319	337	351
% Proved developed producing (PDP) sales volumes	88%	57%	48%	42%
% Proved undeveloped (PUD) sales volumes	12%	43%	52%	58%
% Oil volumes	87%	87%	87%	87%
% Natural gas volumes	4%	4%	4%	4%
% Natural gas liquids volumes	9%	9%	9%	9%
<i>Commodity price and derivative contract positions</i>				
NYMEX futures price ⁽²⁾				
Oil (\$/Bbl)	\$ 99.33	\$ 98.03	\$ 99.48	\$ 100.70
Natural gas (\$/MMBtu)	\$ 4.40	\$ 4.57	\$ 4.88	\$ 4.81
Natural gas liquids (\$/Bbl)	\$ 49.61	\$ 49.01	\$ 49.74	\$ 50.35
Assumed realized weighted unhedged price ⁽³⁾				
Oil (\$/Bbl)	\$ 95.97	\$ 93.76	\$ 95.21	\$ 96.43
Natural gas (\$/Mcf)	3.17	3.29	3.51	3.46
Natural gas liquids (\$/Bbl)	47.97	47.40	48.10	48.69
Assumed realized weighted hedged price				
Oil (\$/Bbl)	96.53	95.34	97.04	97.85
Natural gas (\$/Mcf)	3.17	3.29	3.51	3.46
Percent of oil volumes hedged	98% ⁽⁴⁾	89%	93%	95%
Oil hedged price (\$/Bbl)	99.80	99.80	101.46	102.20
Percent of natural gas volumes hedged	0%	0%	0%	0%
Natural gas hedged price (\$/MMBtu)				
<i>Estimated cash available for distribution</i>				
Oil sales revenues	\$ 36,814	\$ 26,067	\$ 27,982	\$ 29,552
Natural gas sales revenues	338	243	273	279
Natural gas liquids sales revenue	1,916	1,374	1,463	1,536
Realized gains (losses) from derivative contracts	215	441	539	436
Operating revenues and realized gains (losses) from derivative contracts	\$ 39,283	\$ 28,125	\$ 30,257	\$ 31,803
Production taxes	(1,862)	(1,320)	(1,417)	(1,496)
Ad valorem taxes	(977)	(692)	(743)	(784)
Franchise taxes	(137)	(98)	(106)	(111)
Trust administrative expenses	(1,750) ⁽⁵⁾	(325)	(325)	(325)
Total trust expenses	(4,727)	(2,436)	(2,591)	(2,716)
Cash available for distribution	\$ 34,556	\$ 25,689	\$ 27,666	\$ 29,087
Trust units outstanding	52,500	52,500	52,500	52,500
Target distribution per trust unit	\$.66	\$.49	\$.53	\$.55
Subordination threshold per trust unit	\$.53	\$.39	\$.42	\$.44

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Incentive threshold per trust unit	\$..79	\$..59	\$..63	\$..66
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	September 30, 2011 ⁽¹⁾	December 31, 2011	March 31, 2012	June 30, 2012
(In thousands, except volumetric and per unit data)				
If actual cash exceeds target by 20%	\$ 41,468	\$ 30,827	\$ 33,199	\$ 34,904
Cash necessary to meet incentive threshold	41,468	30,827	33,199	34,904
Excess cash available for incentive distributions				
Distributions to unitholders ⁽⁶⁾				
Incentive distributions to SandRidge				
If actual cash available exceeds target by 40%	48,379	35,965	38,732	40,721
Cash necessary to meet incentive threshold	41,468	30,827	33,199	34,904
Excess cash available for incentive distributions				
Distributions to unitholders ⁽⁶⁾	6,911	5,138	5,533	5,817
Incentive distributions to SandRidge	3,456	2,569	2,767	2,909
If actual cash available falls short of target by 20%	27,645	20,551	22,133	23,269
Cash available for distribution to common units	20,734	15,413	16,600	17,452
Cash necessary to meet common unit subordination threshold	20,734	15,413	16,600	17,452
Cash short of subordination threshold				
Reduction in distribution to subordinated units to support subordination threshold				
Cash distributions to common unitholders	20,734	15,413	16,660	17,452
Cash distributions to subordinated units	6,911	5,138	5,533	5,817
If actual cash available falls short of target by 40%	20,734	15,413	16,660	17,452
Cash available for distribution to common units	15,550	11,560	12,450	13,089
Cash necessary to meet common unit subordination threshold	20,734	15,413	16,600	17,452
Cash short of subordination threshold				
Reduction in distribution to subordinated units to support subordination threshold				
Cash distributions to common unitholders	\$ 5,183	\$ 3,853	\$ 4,150	\$ 4,363
Cash distributions to common unitholders	\$ 20,734	\$ 15,413	\$ 16,600	\$ 17,452

Cash distributions to subordinated units

- (1) Includes proceeds attributable to the first five months of production from April 1, 2011 to August 31, 2011.
- (2) Average NYMEX futures prices, as reported July 15, 2011. For a description of the effect of lower NYMEX prices on target distributions, please read "Sensitivity of Target Distributions to Changes in Oil, Natural Gas and Natural Gas Liquids Prices and Volumes."
- (3)

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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 " Significant Assumptions Used to Calculate the Target Distributions."

- (4) Hedging percentage excludes production from April 1, 2011 to July 31, 2011.
- (5) Includes trustee cash reserve of \$1.0 million and additional administrative costs relating to the formation of the trust.
- (6) Includes distributions to SandRidge on a pro rata basis.

Significant Assumptions Used to Calculate the Target Distributions

In preparing the target distributions and subordination and incentive threshold tables above and sensitivity tables below, the revenues and expenses of the trust were calculated based on the terms of the conveyances creating the trust's royalty interests using the following assumptions and those set forth above under "Target Distributions and Subordination and Incentive Thresholds." These calculations are described under "Description of the Royalty Interests."

Production Estimates. Production estimates for each of the quarters during the life of the trust are based on the reserve report, adjusted for actual volumes realized in April, May and June 2011. The

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estimates of reserves and production relating to the Underlying Properties and the royalty interests included in the reserve report have been made in accordance with the SEC's rules for reserve reporting. Production attributable to the royalty interests from the Underlying Properties for the 12-months ending March 31, 2012 is estimated to be 1,223 MBoe. However, due to the timing of the payment of production proceeds to the trust, the production attributable to the distributions for the 12-months ending March 31, 2012 will be for the 11-months ending February 28, 2012, estimated to be 1,107 MBoe. The estimated production in the forecast period gives effect to the drilling and completion by SandRidge of approximately 888 Development Wells per year during the four-year drilling period, and the completion by SandRidge of its drilling obligation to the trust of 888 Development Wells on or before March 31, 2015. As a reasonably prudent operator, SandRidge is obligated to drill and complete the Development Wells consistent with the drilling and completion techniques used in the Producing Wells to enhance oil, natural gas and natural gas liquids recovery in a cost effective manner. See " Oil Prices" and " Natural Gas Prices" below for a description of changes in production due to price variations. Differing levels of production will result in different levels of distributions and cash returns.

If oil, natural gas and natural gas liquids prices decline, the operators of producing oil, natural gas and natural gas liquids properties may elect to reduce or completely suspend production. SandRidge is required under the applicable conveyance to act as a reasonably prudent operator with respect to the Underlying Properties 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 properties. No adjustments have been made to estimated production in the tables above to reflect potential reductions or suspensions of production by SandRidge or third party operators.

Oil Prices. The assumed oil prices utilized for purposes of preparing the target distributions are based on settled NYMEX pricing for April through June 2011, monthly NYMEX forward pricing for the remainder of the period ending March 31, 2014 and assumed price increases after March 31, 2014 of 2.5% annually, capped at \$120.00 per Bbl. Using these assumptions, the price per Bbl would reach the \$120.00 per Bbl cap in 2023. The table below sets forth NYMEX forward pricing as of July 15, 2011 for the period ending March 31, 2014.

Estimated Market Prices for Oil (\$/Bbl)
Based on NYMEX Pricing as of July 15, 2011

	2011	2012	2013	2014
January		99.49	102.99	103.55
February		99.94	103.06	103.47
March		100.34	103.12	103.40
April	\$ 109.96 ⁽¹⁾	100.71	103.17	
May	101.28 ⁽¹⁾	101.04	103.21	
June	96.25 ⁽¹⁾	101.36	103.25	
July	93.40	101.66	103.21	
August	97.24	101.88	103.23	
September	97.60	102.10	103.26	
October	97.99	102.33	103.35	
November	98.46	102.60	103.48	
December	98.99	102.90	103.64	

(1) Based on settled NYMEX pricing.

Natural Gas Prices. The assumed natural gas prices utilized for purposes of preparing the target distributions are based on NYMEX forward pricing for the remainder of the period ending March 31, 2014 and assumed price increases after March 31, 2014 of 2.5% annually, capped at \$7.00 per MMBtu. Using

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these assumptions, the price per MMBtu would reach the \$7.00 per MMBtu cap in 2022. The table below sets forth NYMEX forward pricing as of July 15, 2011 for the period ending March 31, 2014.

Estimated Market Prices for Natural Gas (\$/MMBtu)
Based on NYMEX Pricing as of July 15, 2011

	2011	2012	2013	2014
January		4.91	5.40	5.69
February		4.91	5.37	5.66
March		4.86	5.29	5.57
April	\$ 4.24 ⁽¹⁾	4.77	5.06	
May	4.31 ⁽¹⁾	4.79	5.07	
June	4.54 ⁽¹⁾	4.82	5.10	
July	4.36	4.86	5.14	
August	4.55	4.88	5.17	
September	4.52	4.89	5.18	
October	4.54	4.93	5.22	
November	4.64	5.07	5.36	
December	4.82	5.29	5.57	

(1)

Based on settled NYMEX pricing.

Natural Gas Liquids Prices. The assumed natural gas liquids prices utilized for purposes of preparing the target distributions are based on the pricing for oil set forth above the heading " Oil Prices," as well as a 51.65% negative differential from such prices in each relevant period.

Hedging. The trust will enter into hedge contracts directly with unaffiliated counterparties. Additionally, SandRidge will enter into a derivatives agreement with the trust in order to transfer to the trust the effect of the hedge contracts entered into between SandRidge and third parties. Pursuant to these arrangements, approximately 73% of the expected production and 79% of the expected revenues upon which the target distributions are based from August 1, 2011 through March 31, 2015 will be hedged. See "The Trust Hedging Arrangements."

Differentials. Proceeds to the trust will be calculated based on the actual price realized by SandRidge for oil, natural gas and natural gas liquids produced, which will differ from NYMEX prices as a result of:

discounts based on location,

quality of oil, natural gas and natural gas liquids produced,

estimated fuel usage for natural gas, and

post-production costs (generally consisting of costs incurred to gather, store, compress, transport, process, treat, dehydrate and market the oil, natural gas and natural gas liquids produced).

These charges are collectively referred to as pricing "differentials" from NYMEX pricing.

To prepare the target distributions, assumed differentials were subtracted from the NYMEX prices shown in the tables above, based on an analysis by SandRidge of historical realized prices for production from the region. The estimated realized prices for natural gas assume a 28.0% negative differential from the NYMEX futures price for natural gas which accounts for the historical volatility in differentials in the region.

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The estimated realized prices for oil assume a \$4.27 per barrel negative differential from the NYMEX futures price for oil based on the stability in recent periods of the differential. A flat dollar differential

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amount has been chosen because the realized oil differential has been stable in recent years for oil produced in the Permian Basin.

The estimated realized prices for natural gas liquids assume a 51.65% negative differential from the NYMEX futures price for oil based on two separate differentials: (1) a 50% negative differential from NYMEX prices for oil based on an analysis by SandRidge of the historical mix of hydrocarbon liquids that have been produced from its wells in the region and (2) an additional 1.75% negative differential from NYMEX prices for oil associated with fees paid for gathering and processing of the natural gas liquids, consistent with SandRidge's service contracts currently in place.

There can be no assurance that realized prices in the future will be the same as historical realized prices or the assumed realized prices used to prepare the target distributions.

Administrative Expense. Trust administrative expense per year is estimated to be approximately \$1.3 million, although such costs could be greater or less depending on future events that cannot be predicted. Included in this annual estimate, among other miscellaneous items, are annual administrative fees of \$150,000 for the trustee and \$300,000 for SandRidge. It has been assumed that the annual fee to SandRidge will remain flat for the life of the trust, the annual fee to the trustee will escalate at 2.5% after the first quarter of 2017, and the remaining estimated costs (\$850,000) will escalate at a rate of 2.5% annually starting in the third quarter of 2013. It has been assumed that the trust will also pay, out of the first cash payment received by the trust, the trustee's and Delaware trustee's legal expenses incurred in forming the trust as well as the trustee's acceptance fee in the amount of \$10,000. These costs will be deducted by the trust before distributions are made to trust unitholders.

Trustee's Cash Reserve. It has been assumed that the trustee will withhold \$1.0 million from the first distribution to unitholders to establish a cash reserve available for potential administrative expenses of the trust. No other cash reserves have been assumed.

Tax Treatment of Royalty Interests. For U.S. federal income tax purposes, the Term PDP Royalty will, and the Term Development Royalty should, be treated as debt instruments. Accordingly, the Term Royalties will be subject to the original issue discount, or OID, rules of the Internal Revenue Code, which require that payments made to the trust with respect to the Term Royalties will be treated first as consisting of a payment of interest to the extent of interest deemed accrued under the OID rules at the applicable federal rate and the excess, if any, will be treated as a payment of principal (which is non-taxable). For federal income tax purposes, the Perpetual PDP Royalties will be, and the Perpetual Development Royalties should be, treated as mineral royalty interests, which give rise to ordinary income subject to depletion.

Timing of Actual Cash Distributions. Quarterly cash distributions will be made on or about the 60th day following the end of each calendar quarter to unitholders of record on or about the 45th day following each calendar quarter. Due to the timing of SandRidge's receipt of cash for production, it has been assumed that cash distributions for each quarter will include production from the first two months of the quarter just ended as well as the last month of the immediately preceding quarter. The first distribution, which will cover the second and third quarters of 2011, is expected to be made on or about November 30, 2011 to record unitholders as of November 15, 2011, and will include sales for oil, natural gas and natural gas liquids for the months April through August 2011. Thereafter, quarterly distributions will generally relate to production of oil, natural gas and natural gas liquids for a three month period, including one month of the prior quarter.

Applicable Taxes. Texas levies a tax on the production of oil and natural gas in the state. For oil production, Texas currently imposes a production tax at 4.6% of the market value of the oil produced. For natural gas, Texas currently imposes a production tax of 7.5% of the market value of the gas. The trust will also be subject to the Texas franchise tax, which is imposed in each year at a maximum effective rate of .7% of the trust's gross income apportioned to Texas in the prior year.

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Incentive Distributions. 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. The incentive distributions terminate upon completion of the subordination period.

Sensitivity of Target Distributions to Changes in Oil, Natural Gas and Natural Gas Liquids Prices and Volumes

The amount of revenues of the trust and cash distributions to the trust unitholders will be directly dependent on the sales price for oil, natural gas and natural gas liquids sold, the volumes of oil, natural gas and natural gas liquids produced and, to some degree, variations in property and production taxes, if any, and post-production costs. The following tables demonstrate the effect that changes in the estimated oil, natural gas and natural gas liquids production for the forecast period ending June 30, 2012 as reflected in the reserve report and the impact that fluctuations in assumed realized oil, natural gas and natural gas liquids prices could have on cash distributions to the trust unitholders.

These tables set forth the sensitivity of annual cash distributions per trust unit for the forecast period ending June 30, 2012 based upon:

the assumption that a total of 39,375,000 common trust units and 13,125,000 subordinated units are issued and outstanding after the closing of the offering made hereby;

an assumed initial public offering price of \$20.00 per common unit;

various realizations of oil, natural gas and natural gas liquids production levels estimated in the reserve report;

various assumed realized oil, natural gas and natural gas liquids prices;

assumptions regarding applicable taxes and differentials; and

other assumptions described above under " Significant Assumptions Used to Calculate the Target Distributions."

The tables give effect to the subordination and incentive distribution features that are contained in the terms of the trust. For a description of the way in which those features would impact trust unitholders' distributions, please see "Target Distributions and Subordination and Incentive Thresholds."

The following tables are not a projection or forecast of the actual or estimated results from an investment in the common units. The purpose of these tables is to illustrate the sensitivity of cash distributions to changes in oil, natural gas and natural gas liquids production levels and the price of oil, natural gas and natural gas liquids. There is no assurance that the assumptions described below will actually occur or that oil, natural gas and natural gas liquids production levels and the prices of oil, natural gas and natural gas liquids will not change by amounts different from those shown in the tables.

The hedging arrangements for the trust will be in effect only through March 31, 2015, and thus there is likely to be greater fluctuation in cash distributions resulting from fluctuations in realized oil, natural gas and natural gas liquids prices in periods subsequent to such time. See "Risk Factors" for a discussion of various items that could impact production levels and the price of oil, natural gas and natural gas liquids.

These distributions are sensitized to both assumed NYMEX oil, natural gas and natural gas liquids prices as well as the assumed production from the trust properties. The quarterly distributions in the tables below are based on assumptions outlined in " Significant Assumptions Used to Calculate the Target Distributions." The tables set forth below provide examples of possible distributions for the quarters ending September 30, 2011, December 31, 2011 and March 31, 2012 and June 30, 2012 based on various NYMEX pricing and production assumptions.

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For scenarios in these tables that involve lower NYMEX oil or natural gas prices and production volumes, as applicable, the quarterly distribution per unit does not fall below the subordination threshold because the subordinated units support the common distributions.

For each table, the assumed NYMEX oil price per Bbl or natural gas price per MMBtu, as applicable, used to estimate quarterly distributions is also the assumed NYMEX oil price or gas price for all previous quarters.

**Estimated Distribution per Common Unit
for the Quarter Ending September 30, 2011**

**Estimated Distribution per Common Unit
for the Quarter Ending December 31, 2011**