



Ridgewood Energy

Part 2A of Form ADV: Firm Brochure

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This brochure provides information about the qualifications and business practices of Ridgewood Energy Corporation. If you have any questions about the content of this brochure, please contact us at 201.447.9000 or by e-mail at: investorrelations@ridgewoodenergy.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Ridgewood Energy Corporation also is available on the SEC's web site at www.adviserinfo.sec.gov.

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Advisory Business of Ridgewood Energy

Ridgewood Energy Corporation ("Ridgewood Energy" or the "Company") is a Delaware Corporation that was founded in 1982 by Robert E. Swanson. Ridgewood Energy remains privately owned by its founder, Robert Swanson, Matthew Swanson and certain family trusts. Robert Swanson is the Company's sole director.

Ridgewood Energy is primarily engaged in the business of furnishing investment, supervisory and management services (the "Services") to pooled investment funds (the "Funds"). Ridgewood Energy focuses on providing these Services in connection with investments in working interests in oil and gas projects in the U.S. waters of the Gulf of Mexico (the "Projects").

Generally, Services may include:

- Performing due diligence on and selecting Projects for the Funds.
- Monitor the drilling activities and production of successful Projects, if any. The day-to-day operations of the Projects are the responsibility of a project operator under an agreement with Ridgewood Energy and other owners of the Project.
- Handle financial matters, regulatory issues and other general and related matters.
- Financial oversight, tax preparation, and investor relations services to the Funds.

Ridgewood Energy does not provide Services with respect to any other types of investments or to individuals.

Ridgewood Energy has full, exclusive and complete discretion in the management and control of the Funds it sponsors, including the authority to invest in any asset on behalf of a Fund. As of December 31, 2011, the total amount of assets under management by Ridgewood Energy was \$623,711,000.00.

Fees and Compensation

For the Services, the Ridgewood Energy sponsored Funds ("Ridgewood Funds") pay the fees set out in their respective limited liability company or limited partnership agreement (the "Fund Agreement"). While the fees are not negotiable or refundable, Ridgewood Energy has the right to waive, and has in the past waived its fees.

Generally, the fee structure for Ridgewood Funds is as follows:

1. Investment Fee: A one-time investment fee of 5% of the total capital contributions made with respect to each series of interests in the Fund, without considering any discounts or waivers. The investment fee is intended to pay Ridgewood Energy for services associated with locating, investigating, evaluating, and negotiating investment opportunities and effecting related transactions. The fee is payable on each Ridgewood Funds' effective date and on each date on which the Ridgewood Fund receives and collects full payment for additional subscriptions.
2. Organizational, Distribution and Offering Fee: A one-time organizational, distribution and offering fee in an amount equal to 4% of the total capital contributions made to the Ridgewood Fund with respect each series of ownership interests. The organizational, distribution and offering fee is intended to pay for the expenses incurred to establish, and offer and sell interests in such Ridgewood Fund (including any series of ownership interests), including legal expenses, accounting expenses, consulting fees, printing, filing, postage and other expenses. The fee is payable on each Ridgewood Fund's effective date and on each date on which such Ridgewood Fund receives and collects full payment for additional subscriptions. The fee is payable monthly.
3. Management Fee: Until December 31, 2006, the management fee paid by the Ridgewood Funds was 2.5% of the total capital contributions to the such Funds. Effective January 1, 2007, the Company amended its policies to provide that the management fee is equal to 2.5% of the total shareholder contributions, net of cumulative dry-hole expenses incurred by the Ridgewood Energy Fund.

In addition to the foregoing fees, Ridgewood Energy receives a distributive share equal to fifteen percent (15%) of the available cash from operations distributed to each Ridgewood Fund's shareholders. The Agreement, generally provides, that Ridgewood Energy determines whether and to what extent distributions to shareholders will be made based on, among other things, available cash and future capital and reserves requirements. Losses attributable to the Ridgewood Funds' operations are likewise allocated fifteen percent (15%) to the Company.

Ridgewood Energy may provide Services to unaffiliated entities (the "Unaffiliated Entities"; collectively, with Ridgewood Funds, the "Clients"). The fees paid by such Unaffiliated Entities are negotiable and will be set forth in a writing signed by Ridgewood Energy and such Unaffiliated Entities.

Types of Clients

Ridgewood Energy does not provide services to individuals.

The majority of Ridgewood Energy's current clients are Ridgewood Funds. As of the date of this brochure, each Ridgewood Fund is either a Delaware limited partnership or limited liability company. Each Ridgewood Fund is operated in accordance with its Fund Agreement. The Fund Agreement is part of the organized structure of each Ridgewood Fund. The Fund Agreement is provided to every investor in such Ridgewood Fund at the time of its offering pursuant to Regulation D. Any person wishing to make an investment in a Ridgewood Fund must meet the investor accreditation standards set forth in such Fund's offering materials. Investors in Ridgewood Funds acknowledge that they understand that the Ridgewood Funds are private placements and are not transferrable, and it is possible for the investor to lose the entire amount of their investment.

Methods of Analysis, Investment Strategies and Risk of Loss

The investment strategy of the Ridgewood Funds is to generate cash flow from the production of oil and natural gas of those of its Projects that are commercial successes, if any. Ridgewood Energy selects every Project in which the Ridgewood Funds invest and recommends Projects to certain Unaffiliated Entities.

Ridgewood Energy performs extensive due diligence on each Project before investing a Ridgewood Fund's money or recommending it to the Unaffiliated Entities. Among the factors Ridgewood Energy considers when reviewing a potential Project, include (but are not limited to) the following:

- Identity of the operator and other partners in the project. Ridgewood Energy looks at the operator's drilling track record, resources and experience in oil and natural gas exploration. The other project partners' resources and experience in the industry is also considered.
- Technical quality of the Project. This review includes analysis of the project's geology, seismic profile, locational trends and whether the potential project has the potential for multiple prospects. The analysis will also focus on project risk factors, such as (but not limited to) reservoir peculiarities, operational, engineering and other related risks.
- Project economics. Ridgewood Energy reviews the potential project's possible revenues, rate of return, estimated exploratory and, if successful,

drilling schedules and costs, estimated time to first production if successful, and proximity to existing infrastructure.

- Investment terms. Ridgewood Energy's management assess the potential project's terms including the overall size of the working interest available and the portion of the budgeted expenses directed toward exploration versus development, if successful. This review also looks at the proposed transaction, including restrictions and obligations imposed on the Ridgewood Funds, lease terms and proposed timing of expenditures.

Ridgewood Energy does not invest the Ridgewood Funds' money in exchange-traded securities, money market funds, mutual funds, stocks, bonds or other securities, except that cash that has not yet been used to invest in a Project is invested in US Treasury Bills or is maintained in bank accounts.

The Projects are general exploratory or developmental, which means they carry the risk of being dry-holes – resulting in the loss of the entire amount invested in drilling the Project. On occasion, if the opportunity presents itself, Ridgewood Energy may consider investing in a discovered undeveloped project, which is a project that has been drilled and commercial quantities of oil and/or natural gas have been discovered, but additional funds are required to bring the project on production. All exploratory, discovered undeveloped and producing projects are subject to significant risks. Below is an explanation of some of the risks associated with engaging in oil and natural gas exploration and production activities. The below explanation of risks is not exhaustive.

1. Loss of the Entire Investment to Drill and Exploratory Project: Once drilling is completed, the operator may discover that the Project is a "Dry-Hole", meaning that the well was found to be incapable of producing either oil or natural gas in sufficient quantities to justify completion as an oil or natural gas well.
2. Unforeseen delays, cancellation and/or increase in drilling costs: Exploration and production activities in the U.S. Gulf of Mexico involve numerous risks that may cause a delay or cancellation of drilling activities or significantly increase the costs of such activities. Some of these risks include:
 - unexpected drilling conditions, pressure or irregularities in formations;
 - equipment failures or accidents;
 - fires, explosions, blow-outs and surface cratering;
 - marine risks such as capsizing or collisions;
 - adverse weather conditions, including hurricanes;

- shortages or delays in the delivery of equipment; and
 - Governmental action or inaction, such as new regulations or delay in issuing drilling permits.
3. Inability to Obtain Adequate Insurance Coverage: Projects in the U.S. Gulf of Mexico are exposed to the potential of significant losses resulting from natural disasters or other catastrophes. Although Ridgewood Energy procures insurance at such levels as it deems appropriate given the unpredictability of the losses that a Project may incur (if any), certain catastrophic events could result in liability to the Ridgewood Funds in excess of the insurance coverage limits such that investors in the Ridgewood Fund could lose their entire investment in the Fund
4. Volatile Commodity Prices: The Ridgewood Funds' ability to generate cash flow for its investors is highly dependent on Ridgewood Energy's ability to market the oil and natural gas produced, if any, by the Projects. The price of oil and natural gas is highly volatile and is affected by many factors, including (but without limitation):
- Price and quantity of foreign oil;
 - Consumer demand – including weather related seasonal demand;
 - Global economic conditions;
 - Political instability in other oil producing areas of the world, such as the Middle East, Asia and South America;
 - Technological advances and conservation efforts affecting energy consumption; and
 - Cost, proximity and capacity of necessary infrastructure to deliver the Project's oil and/or natural gas.

In an effort to mitigate the risk related to price volatility, some of the Funds may engage (either alone or with affiliates), in put contracts ("Put Contracts") that give the Funds (as owners of the contracts) the right to collect payment from the contract counterparty with respect to a contracted amount of oil or natural gas, if the market price of the Funds' oil or natural gas falls below a certain price on a specified date (as contracted). In a Put Contract there is no "selling forward" of any quantities of oil or natural gas and there is no production risk. The Funds may also participate in the forward sale of the Funds' estimated future oil and/or natural gas production.

In addition to the risks related to oil and natural gas exploration, there are risks to the Ridgewood Funds related to Ridgewood Energy's providing Services to numerous Clients. Inherent in the exercise of discretion as manager of the Ridgewood Funds, Ridgewood Energy will face conflicts of interests when

selecting and acquiring Projects for the Ridgewood Funds and recommending Projects to Unaffiliated Entities. These conflicts, include, but are not limited to:

1. Compensation Differences: To avoid questions concerning compensation, Ridgewood Energy uses the same structure for the Ridgewood Funds and the rates are competitive with rates charged by unaffiliated persons providing similar services.
2. Project Acquisition for New and Earlier Ridgewood Funds: In selecting Projects, Ridgewood Energy has complete and full discretion to determine whether an earlier or new Ridgewood Fund participates in a Project and the extent of such Fund's participation. Inherent in this process is a conflict between the new and earlier Ridgewood Fund.
3. Project Location: Ridgewood Energy may cause some Ridgewood Funds to invest in locations that are adjacent to wells and leases owned by earlier/other Ridgewood Funds. While the Projects are not to be drilled for the purpose of proving/disproving the existence of oil and/or natural gas on adjacent areas, such drilling activities may incidentally develop information valuable to a Ridgewood Fund that is not invested in such Project. Accordingly, a conflict of interest may, by the very nature of the business, exist between the interests of Ridgewood Funds owning adjacent Projects.
4. Activities of Project Operators. The Ridgewood Funds' projects are operated by Unaffiliated engaged in the business of oil and natural gas exploration. Those Unaffiliated' activities may compete with the Ridgewood Funds' interests.

Ridgewood Energy is aware that other conflicts may arise from time to time as it provides the Services to the Ridgewood Funds and Unaffiliated Entities. Ridgewood Energy exercises its fiduciary duty to its Clients in good faith and in accordance with applicable laws. Ridgewood Energy tries to resolve conflicts in the best interests of each Client. Under each Fund Agreement, however, Ridgewood Energy is not liable to the Ridgewood Funds' investors for such resolution unless Ridgewood Energy acted in bad faith, engaged in gross negligence or willful misconduct.

Other Financial Industry Activities and Affiliates

Robert E. Swanson is also the founder and principal of Ridgewood Securities Corporation ("Ridgewood Securities") and Ridgewood Capital Management, LLC ("Ridgewood Capital"). Ridgewood Securities is a licensed broker-dealer registered with the Securities and Exchange Commission. Ridgewood Securities

serves as placement agent for the Ridgewood Funds and funds sponsored and managed by Ridgewood Capital. Ridgewood Securities is only one of many broker-dealers that offer and sell the Ridgewood Funds' securities; all other broker-dealers are not affiliated with Ridgewood Securities, Ridgewood Capital or Ridgewood Energy. Ridgewood Securities is paid for its services as placement agent in accordance with the terms of the Fund Agreement. Unaffiliated broker dealers are paid a commission from the proceeds of the offering of a Ridgewood Fund's shares in accordance with and as disclosed in that Ridgewood Fund's Confidential Offering Memorandum and Fund Agreement.

Ridgewood Capital is a registered investment advisor that sponsors private placements (Regulation D offerings) focused on investing in venture capital companies. The Ridgewood Capital private placements do not invest in Projects.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Ridgewood Energy has adopted a code of ethics to govern the conduct of its employees. The code of ethics establishes Ridgewood Energy's standards of business conduct, which standards reflect the Company's fiduciary obligations to the Ridgewood Funds. The code of ethics also contains provisions requiring employees to comply with applicable federal and state securities laws. Certain employees of Ridgewood Energy are required to report to the Company certain personal securities transactions and holdings, and in certain instances obtain the consent of the Company before undertaking a securities transaction. Similarly, such employees are required to provide the Company with information about any business activities outside of their work for Ridgewood Energy, and as with securities transactions, first have to obtain Ridgewood Energy's consent to participate in certain outside business activities. In addition to the code of ethics, Ridgewood Energy has adopted internal reporting procedures, that when taken together with the code of ethics, requires employees to report any violations of the code or applicable securities or other laws to the Company or the appropriate authorities.

A copy of each of the code of ethics and internal reporting procedures has been posted to the Ridgewood Energy website. In addition, they are available to the Ridgewood Fund investors upon request.

Custody

Evidence of the Ridgewood Funds' ownership in the Projects and other securities (US Treasury Bills) are maintained at Raymond James Financial Services. Cash is held at Wells Fargo (formerly Wachovia N.A.) and Capital One N.A. Ridgewood Energy receives the Ridgewood Funds' account statements. These

custodians do not send duplicate account statements to the Ridgewood Funds' investors. Existing Ridgewood Funds will be audited for the calendar year ending December 2011 and such audited financial statements will be provided to investors via Ridgewood Energy's web-site or on paper upon request.

Investment Discretion and Voting Client Securities

As explained above, Ridgewood Energy has complete and total discretion over the selection of Projects for the Ridgewood Funds. This includes the authority to participate in Projects and make additional investments in completion or other work related to such Projects. The investors in the Ridgewood Funds are not required to approve any investment decision made by Ridgewood Energy.

With respect to the shares of Ridgewood Funds. Ridgewood Energy does not hold authority to vote on behalf of the Fund's investors. Under the Fund Agreements, however, there are a limited number of items for which a vote of investors is required.