CEO CFO

NYTEX Energy Holdings, Inc.
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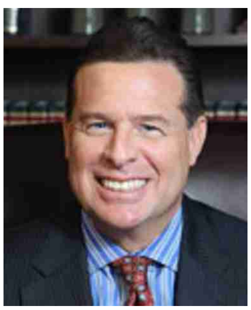
The Most Powerful Name In Corporate News and Information

Operating a Revenue Generating Oil Field Services Division that is Based On Revolutionary Horizontal Drilling and a Multi-Stage Fracture Stimulation Technology for Shale Formations as well as an Exploration and Production Division, NYTEX Energy Holdings, Inc. is Well Positioned for Future Growth

Basic Materials
Independent Oil & Gas
Oil & Gas Services
(NYTE-OTCBB)



Michael K. Galvis
President and CEO

BIO:
Michael K. Galvis has been the President and Chief Executive Officer and a director of the Company since October 31, 2008. He has also been the President and Chief Executive Officer and a director of NYTEX Petroleum, Inc., a wholly-owned subsidiary of the Company, since October 31, 2008, and the Chairman of Francis Drilling Fluid Services, Ltd. ("FDF"), a wholly-owned subsidiary of the Company, since November 23, 2010.

From March 2006 through October 2008, he was President, Treasurer and Secretary of NYTEX Petroleum, LLC, the predecessor to NYTEX Petroleum, Inc. From 1994 through February 2006 he was a Consultant for PetroQuest Exploration, Inc., a privately held Texas corporation engaged in the acquisition and development of oil and natural gas reserves in the U.S.

He has been in the oil and gas industry since 1983 with extensive experience in the drilling, operating and participating in onshore and offshore oil and gas wells in Texas, Louisiana, Arkansas, Oklahoma, Colorado, Mississippi, Illinois, North Dakota, and New Mexico. During that period his experience included generating and funding drilling prospects and evaluating and acquiring drill-ready prospects, producing oil and gas properties, oil and gas service companies and facilities, including managing and providing consulting services regarding such assets.

Company Profile:
NYTEX Energy Holdings, Inc. is a Dallas-based energy holding company consisting of two wholly-owned subsidiaries, Francis Drilling Fluids, Ltd. ("FDF") and NYTEX Petroleum, Inc. FDF is a thirty-four year old oilfield service company.

Headquartered in Crowley, LA, and delivering its products and services from 22 facilities in five states, FDF is a market leader in the transportation of oil and gas well fracturing proppants and a major supplier of liquid drilling and completion fluids in the United States. Within the transportation segment of the oilfield service industry, FDF's fleet is one of the largest. FDF's warehouses, storage capacity, transloading facilities and 13 rail spurs provide proximity access to prominent oil and gas shale plays in several states. NYTEX Petroleum, Inc. is an exploration and production company focusing on early stage development of minor oil and gas resource plays.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com

CEOCFO: Mr. Galvis, would you give us a little background on NYTEX Energy Holdings?

Mr. Galvis: NYTEX is an energy holdings company. It operates in two segments. One is oilfield services, where we sell products and services to the energy industry on both the drilling and production side. The other segment is exploration and production, generally referred to as E&P. We formed NYTEX to capitalize on a breakthrough technology the likes of which we have not seen since the advent of the rotary drilling rig in terms of how it has completely changed the industry, and that is horizontal drilling and multi-stage fracturing into oil and natural gas shale formations. It started in the Barnett Shale located in North Texas by Mitchell Energy and its geo-scientists, one of whom is actually with NYTEX currently. They developed this technology through several years of trial and error, until it became commercially viable. Shales are ancient sea bottoms rich with organic material, which with pressure, heat and time turned into hydrocarbons, or oil and natural gas. These shales are made up of very fine-grain sandstone compressed like granite type rock with very little permeability or porosity for the oil and gas to flow. Therefore, by drilling horizontally through the formation and implementing the technology of multi-stage hydraulic fracture stimulations, commercial quantities of oil and gas can be produced that with conventional drilling and completion methods would not be possible. Hydraulic fracturing is performed by pumping in water with additives at high rates of pressure to open up cracks and fissures. Then large grained frac sand and/or ceramic proppant materials are introduced into the opened cracks during the frac to hold or prop them open and remain open after the frac is completed and the frac water is flowed back. This large grained proppant has permeability and porosity sufficient to allow commercial rates of oil and gas into the wellbore and to the surface. These increased flow rates and ultimate oil and gas recoveries have completely revolutionized the energy industry. This technology advancement has now given the United States, which before was thought to have reached peak oil, an increase in economically recoverable oil and natural gas reserves equal to two Middle Easts.

CEOCFO: Is everyone using the technology now or is it still just getting out there?

Mr. Galvis: This technology is skyrocketing in its commercialization. The companies that are using it primarily are the large publicly traded independent oil companies as it created the advent of large-scale drilling and production programs. The typical exploration model before this technology emerged included up to 50% dry hole ratios and the costs for drilling dry holes are factored into the exploration budgets of oil companies. With this new technology, you have virtually no dry hole risk. That has completely changed the face of the industry. Instead of an oil company drilling fewer than 100 wells a year using a handful of drilling rigs, now these same types of companies are drilling hundreds of wells a year, tying up large numbers of drilling rigs and drilling companies for several years under contract. It is such a large-scale based development model and these large oil companies are the ones that have emerged as the main players in in the shale plays. However recently the major oil companies, which have been focusing much of their exploration activities offshore and outside of the U.S. since the oil price crash of the late 80's, have been recently reentering the domestic "unconventional" shale plays. They divested many of their older U.S. properties, because the conventional wisdom at the time was that the oil and gas in the United States was to a large degree playing out.

With the revolutionary changes in the oil and gas industry, there is a new direction by oil companies to integrate vertically by providing some of their own services. By having our diversified approach in both early stage development of oil resource plays with a no exploration risk strategy coupled with our market leadership position in oilfield services with surging demand, we believe that our company can be a forerunner in the new era and a stock to pay attention to. - Michael K. Galvis

The "Mitchell Method" technology grew from the Barnett Shale to other shales, such as the Woodford Shale in Oklahoma, the Fayetteville shale in Arkansas, the Haynesville shale in north Louisiana and east Texas, and the Marcellus Shale, an enormous area covering millions of square miles in the northeast: Pennsylvania, West Virginia and New York. With all of this new shale gas put into the U.S. pipelines, the market became flooded and combined with the economic recession, supply exceeded demand, and the price of natural gas plummeted in the fall of 2008. As a result of this oversupply and with oil prices stabilizing to between $75 and $85, the industry has migrated toward the liquids rich and oil shale plays such as the Bakken Shale in North Dakota and Montana and the Eagle Ford Shale in south Texas.

We are seeing a true paradigm shift. The majors saw that the U.S. now has an economically retrievable, abundant supply of natural gas and oil to the point where the U.S. could actually envision becoming energy independent. Therefore, the majors started coming back into the United States by acquiring large independents, which had millions of acres under lease, and large-scale drilling programs underway, such as ExxonMobil, which acquired XTO; Conoco Phillips, which acquired Burlington and Chevron which acquired Atlas. So to answer your question, the major oil companies are very much into the shale plays along with the large independent oil companies like Chesapeake, Devon, Sandridge, EOG, Hess, Anadarko and EnCana, to name a few.

CEOCFO: What is it that NYTEX is providing?

Mr. Galvis: As we witnessed this revolutionary technology develop in the Barnett Shale, creating the advent of large scale drilling programs requiring extensive oilfield services, we saw then the opportunity to, in a gold rush, sell picks and shovels. On the E&P side, this new technology makes drilling and development projects scalable with a much safer risk profile than was ever seen in the industry heretofore. Therefore, we formed NYTEX Energy Holdings to operate in both segments. There are synergistic benefits by combining the two, where they can hedge against each other and help each other in several ways.

Our wholly owned subsidiary, Francis Drilling Fluids, is the largest provider of frac proppant logistics, transportation, storage and handling in the U.S. The average length of the horizontal leg of these modern wells is now between 5,000 and 10,000 feet, and the amount of frac sand or proppant that is pumped into these wells during these massive multi-stage frac jobs is between 7 to 12 million pounds. That requires150 to 220 truckloads delivered to the frac jobs. The shear magnitude of receiving proppant from the mines and from ships and barges, transloading, storing and transporting by truck and rail to the strategic stock points in the shale plays and ultimately to the frac job locations requires so much industry and so much logistics provisions. Our goal was to develop an oilfield service company that could provide these supply chain services on a full-scale basis throughout North America through an acquisition and consolidation strategy.

Francis Drilling Fluids was our platform acquisition, which we closed on November 27, 2010. We where NYTEX bought 100% of Francis Drilling Fluids, a 34-year old drilling fluid and frac proppant logistics company that closed out their August 31fiscal year of 2010 at $67 million in sales. Our 160 customers range from the frac sand and ceramic proppant suppliers such as Saint Gobain Proppants, Santrol, CMC Cometals, Forez, the oilfield service companies that pump these large scale fracs such as Halliburton, Baker Hughes, Weatherford, Cudd, C&J and Basic Energy, and oil companies like Shell, EnCana, Anadarko, Apache. Our revenue components consist of proppant transportation, storage, logistics and handling; drilling and completion fluids; equipment rentals; technical services and cleaning services. We have a large and growing footprint delivering products and services to several of the major shale plays, compared to our regionally based competitors, several of which are acquisition targets.

CEOCFO: What is the financial picture like at NYTEX to allow for the acquisitions?

Mr. Galvis: We are currently funding a recapitalization of approximately $35 million. The primary uses of those proceeds are to buy out a short-term lender that we had in place when we acquired Francis Drilling Fluids, and to take advantage of additional acquisition opportunities. We took NYTEX public early on in order to access a wider range of capital providers to execute our growth strategy. Secondly, we utilize our public stock as currency in these acquisitions.

CEOCFO: What is the secret to running an operation that is so diverse geographically, how do you make sure everything is as it should be and are you able to meet the demand at this point?

Mr. Galvis: Being a public company, there are integration and operational challenges in acquiring smaller privately owned businesses. The acquired company has to make a cultural shift to a more corporate style of business with budgets, forecasts and more stringent financial reporting requirements that public companies have. We meet these challenges by having assembled a talented management team with seasoned professionals in the holding company and operation subsidiaries, providing incentive based management and employee programs and putting great importance on attracting and retaining strong human resources. We currently have 468 employees. If we are successful in the closing of a second acquisition under way, we will have over 800 employees.

With regard to our customers, we service oil companies providing drilling and completion fluids, equipment rentals and cleaning services as well as both sides of the proppant supply chain for both the suppliers and the frac pumpers. Our two biggest oilfield service customers, Baker Hughes and Halliburton, have presences in every shale play, not only domestically but also internationally. As these and most other frac pumpers do not provide their own proppant logistics, they need our ancillary services wherever they are. We provide a “dockside to well site logistics and Francis has been providing these services for 20 years. It is a logistical challenge that Francis is able to do seamlessly. When we grow into new areas, we have immediate customer coverage, as they are waiting for us to be there. We have roughly a 25% market share and the remaining market is highly fragmented made up of smaller, regional proppant transporters, so we intend to gain market share through this acquisition and consolidation model as well as growing organically in the markets we currently service.

CEOCFO: What about the E&P side for NYTEX Energy?

Mr. Galvis: Our wholly owned subsidiary, NYTEX Petroleum, operates in the E&P sector, and is relatively a much smaller component than the oilfield service side. That said, it has been a very helpful part of our business because it has contributed significantly to our holding company’s early stage operating capital requirements. Our model in the E&P side is to enter early into emerging oil resource plays. Now that the technology in the shales has extended to conventional tight rock limestone and carbonate reservoirs, you can apply the same horizontal drilling and multi-stage shale fracing technologies into oil-bearing source rocks to increase daily production rates and ultimate recoveries. In the last year, we have been able to acquire acreage positions in two oil resource plays in North Texas at low costs by getting in early, and utilizing our local network of long-time associates and partners located in the plays. We access funding for our leasehold acreage acquisitions through land bank partners, develop our geology with our geological consultants and then bring on industry partners to provide drilling and development capital. By generating the prospects, we retain carried interests in the leases and wells, overriding royalties and cash profits upfront. Therefore, we do not take exploration risk, and utilize this division to help finance the growth of the oil field service side, which is really where most of our efforts are being placed. However, the assets we retain are building out balance sheet as well.

CEOCFO: Why should potential investors pay attention to NYTEX Energy Holdings today?

Mr. Galvis: We believe that NYTEX is an early-stage, diversified, high-growth model company that is well positioned to capitalize on this explosion in the oil and gas industry that is unprecedented. We have the potential to see rapid growth that can translate into meaningful shareholder value appreciation.

CEOCFO: Final thoughts, what

should people remember most about NYTEX Energy Holdings?

Mr. Galvis: With the revolutionary changes in the oil and gas industry, there is a new direction by oil companies to integrate vertically by providing some of their own services. By having our diversified approach in both early stage development of oil resource plays with a no exploration risk strategy coupled with our market leadership position in oilfield services with surging demand, we believe that our company can be a forerunner in the new era and a stock to pay attention to.

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