Oil and gas field Background –

**Acquisition of two salt dome fields:** Salt Dome field A making 20+/- bopd formations with 80 acres of held-by-production leases on western flank of salt dome. Several wells are Shut-in and others are capable of more production but have high water cut. Field B is making 200 BOPD and is recommended for purchase to control a larger area of Dome. The Dome has produced more than 50 Million barrels of oil from 2000 feet to 10,000 feet. Potential behind pipe reserves to be tested can add an estimated 300-600,000 bbls from multiple horizons.

- Using best engineering and reservoir practices in Field A, new Operator can manage more oil and salt water on site, optimize production to 150 bopd.
- Can convert one well to on-site salt water disposal well to manage more brine on-lease, cutting costs by $250K per year and adding a minimum of $200-250K annual revenue.
- Site is very under-drilled, under-explored for deeper horizons (>4500 feet), potential for 5-15 MM barrels of oil from traps against salt core from 4,000 to 15,000 feet.

**Key Items**

- Sellers can be motivated to structure a deal and get facilities: little or no development funds placed into project since 2007 acquisition
- 100 % working interest in 100+/- acre lease area with drilling pad. Some preliminary diligence has been performed on geology, wells have incomplete legacy records and data.
- Additional acreage can be added 3-400 acres surrounding this lease, with up to 2,000 acres on the salt dome and be explored with new wells and 3-D seismic data.
  This area of the salt dome is essentially active only by this Operator: 11 wells, 3-4 wells operating, 7 wells shut-in and needing rework and recompletion funds.
- Field B operator active on the dome could also be acquired
- Up to 14 individual sands and pay zones documented from 2300’ to 9,000’

Field A consists of:

- 11 oil wells, with 4 producing oil (active), and 7 other wells shut-in requiring rework and recompletion.
- Oil Production and potential from Lower Miocene, Frio, and Vicksburg Sands.
c. Multiple oil production pad areas for current production and future drilling and production expansion.

I. **Lease Shut-in Well Development**
   Potential re-entry and restoration of oil production in 7 shut-in wells.

With additional upside potential from following steps:

II. **New Seismic Shoot**
   Develop combined 2-D and 3-D Seismic Acquisition on entire western half of the Dome.
   a. No recent seismic coverage present on the Dome.
   b. Similar analog Dome exhibits high potential with new 2-D/3-D seismic interpretation, and new virgin oil production from fault blocks.
   c. Expectations for significant new fault blocks, structures and drillable prospects to salt core edge and attic oil structures

III. **Lease Expansion**
   Expansion of leasehold to include a minimum of 2000 acres contiguous on Dome, with potential for more acreage
   a. Expansion of leases with mineral estates
   b. Additional offset acreage available with deep gas, condensate potential on flanks

IV. **Full Field Development**
   Combination of drilling of new seismic-geologic defined prospects and deep seismic structures.
   a. Engineering, pump optimization coupled with salt water disposal well to move more oil and water, re-perforation/recompletion to reduce water with cement squeezes, testing of more RWA prospective intervals.
   b. Drilling and reentry of existing wells to attic structures.
   c. Drilling high potential deeper prospects derived from seismic.

**Development Program Expenditures:**

- $0.5 MM for additional contiguous leases,
- $1-2 MM for well rework/re-development costs
- new development drilling
- high resolution 3-D seismic survey to image western half of salt dome flanks