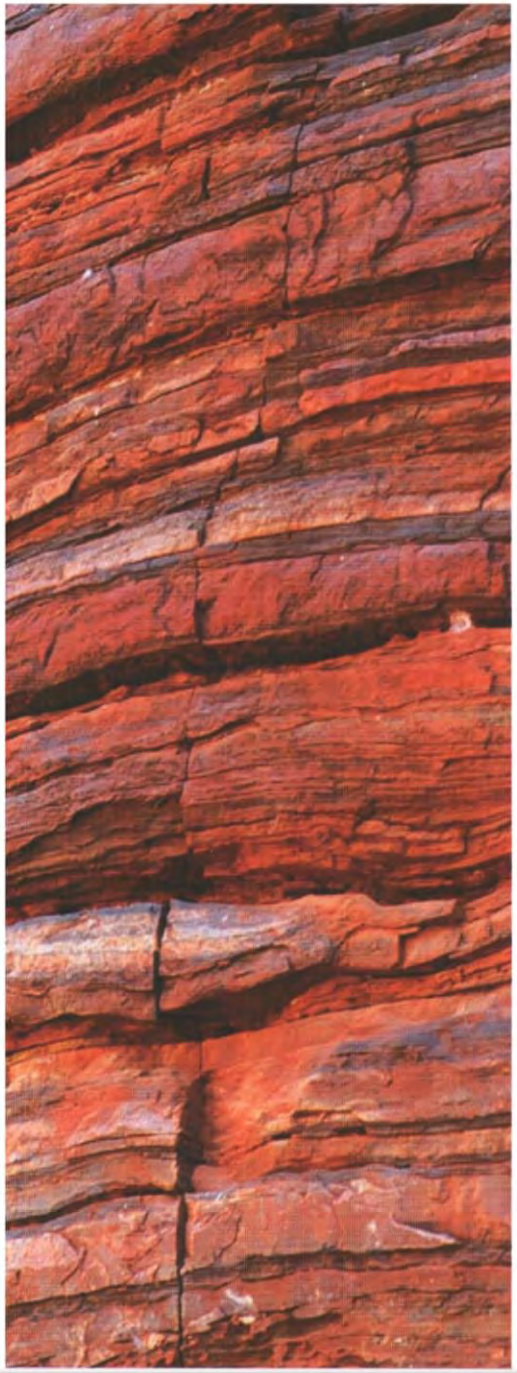
Oklahoma –HVW Prospect

1 Well Viola Formation Horizontal Proposal

Jefferson County, Oklahoma



Oklahoma –HVW Prospect

Jefferson County, Oklahoma
1 Well Horizontal Proposal

Terms: (1 Horizontal Well)

Horizontal #1 Details

Total Working Interest Offered (%): 75%

Total Net Revenue (%): 56.25%

Cost Per 1% Working Interest ($): 50,000

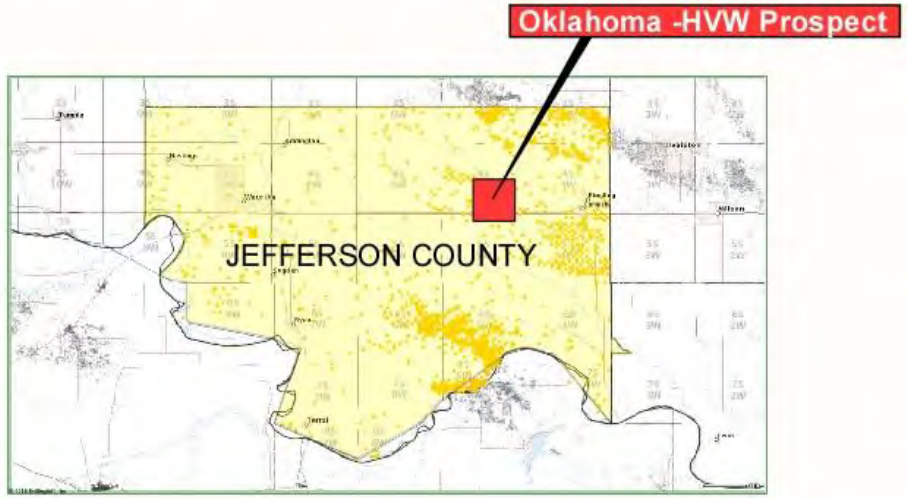
Total Working Interest Purchased (%): 75%

Investment Amount ($): 3,750,000

The following documents consist of third party opinions, estimates, and forward looking statements. Past performance and production levels of wells in the prospect area does not indicate future success as there can be no assurance the prospect well will be successful.

Oklahoma -HVW Prospect
Jefferson County, Oklahoma

Location Map



Oklahoma – HVW Prospect
Location Map

The Oklahoma - HVW Prospect is located in Jefferson County, Oklahoma approximately 5 miles west from town of Cornish. The lease consists of approximately 25 square miles.

Oklahoma –HVW Prospect Overview

- Located in Jefferson County, Texas
- Viola Limestone geological play located in isolated Graben Block
- Average TVD to top of Viola is approximately 6000 ft; MD of proposed well is approximated 10,000 ft
- Potential horizontal development in 25 sections, plus or minus
- Established vertical production both updip and downdip from prospect area
- Combination reservoir and source rock
- Very low water production
- Viola thickness within Graben ranges from about 100 ft to over 1000 ft.
- Individual vertical well cumulative production as high as 473 MMBO
- One early 90's open hole horizontal completion produced approximately 115,000 BO during first year
- Existing core and thesis work accessible
- TOC's average 1.4%
- 3-D Seismic shot in 2010 is available
- Seismic analysis to be utilized for lateral orientation to maximize perpendicular intersection of the fracture network
- Place the lateral in the higher Porosity "Viols Springs" basal section (logs present with 10% or greater Porosity)
- Potential for deeper pay along the anticlinal ridge within Graben
- Land Take-off indicates basically entire prospect acreage is currently open

Geology Report

Jefferson County, Oklahoma

By: LMP, LLC, Petroleum Geological Services

8/2018

The Viola Group of southern Oklahoma was described by Glaser (1965), who divided it into three separate units. By using a shelf-to-basin depositional model, he recognized facies changes and subdivided the units. Briefly described, he classified the Viola Group into Units 1L, 1C, 2, and 3. Unit 1L (basin laminites), is composed of siliceous laminated mudstones that grade shelfward into Unit 1C (calcarenites). Unit 2 (calcarenitic mudstones and wackestones), does not change significantly in composition throughout the region, but it is approximately three times thicker in the basinal area than on the northeastern shelf. Unit 3 CM (calcarenitic mudstones and coarse-grained sketetal calcarenites), is the upper unit in the basinal areas; it grades shelfward into Unite 3C (coarse-grained skeletal calcarenites). Units 1 and 2 are equivalent to Amsden's and Sweet's (1983) Viola Springs Formation and Unite 3 corresponds to the Welling Formation.

Depositional Environment

The Viola Group of southern Oklahoma was deposited in a carbonate-ramp environment that shoaled progressively upward (Galvin, 1982; Smith, 1982; Grammer, 1983; Gentile, 1984). Deposition in the deep and mid-ramp envoironments was below wave base, where currents were relativity weak and conditions were anerobic to dysaerobic. Shallow-ramp environments were dominated by higher wave energy and oxygenated waters, but sediments were deposited below wave base.

Amount of Organic Matter

The amount of organic matter is an important parameter in the evaluation of a rock's potential. According to Barker (1979), organic matter must be present in sufficient quality un order to generate hydrocarbons. Studies within regions have shown good correlation between source rocks withabove average organic matter contents and the occurrence of petroleum in reservoirs (Barker, 1979). Total organic carbon contents and genetic potential were used in this study to estimate the existent organic matter in the Viola Springs Formation.

Total Organic Carbon

As reported in the Master's Thesis, data shows that total organic carbon content ranges from 0.32% to 3.77%, with an average of 1.40%. All these values are more than the 0.3% suggested by Gehman (1962), as the minimum necessary for generation of petroleum in carbonate rocks.

Genetic Potential

As reported in the Master's Thesis, Tissot and Welte (1978). proposed that semiquantitative assessment of the genetic potential where th formation is more deeply buried.

Fracturing

The development of an extensive fracture system appears to be foremost in this migration and accumulation of oil in the Viola Springs Formation (Wengerd, 1948; Allen, 1983). Fractures in the Viola Springs serve as permeability paths that channel the indigenous hydrocarbons into more porous zones and also contribute to the storage volume of the reservoir. Fracture intensity in the formation is controlled by both lithology and structure.

Note: All references in this geological report came from Masters Thesis.

Geology Report

Jefferson County, Oklahoma

By: LMP, LLC, Petroleum Geological Services

8/2018

The Viola Springs is a competent formation and throughout southern Oklahoma fracturing is commonplace (Wengerd, 1948; Glaser, 1965; Waugh and Crompton; 1981; Evans, 1981; Allen, 1983), although fractures are most numerous in the highly siliceous lower part of the formation. Allen(1983) showed that most fractures were related to lithology and structural position. He reported that the lower, highly siliceous unit had a fracture density (measured as the number of discrete fractures that intersect the outcrop surface per 10 square feet) two to four times greater than the upper more calcareous units. Also, Allen (1983) reported that the lower unit is thinly bedded and therefore more susceptible to fracturing (Stearns and Friedman, 1972). Fracturing in the Viola Sorings is more abundant in the vicinities of faults and axes of folds (Allen, 1983).

Lithology

The Kaiser - Francis 8-20 Dillard well indicated that in the subsurface of the study area, the Viola Springs consists of two lithotypes. The lower unit corresponds to Glaser's (1965) Unit 1L. As observed in the core, it is gray to dark brown, laminated, petroliferous, highly siliceous limestone. The matrix is micrite and contains silica that in some places has completely replaced micrite. Unit 1L also contains graptolites, siliceous sponge spicules, and amorphous organic matter. Trilobites, ostracods, and brachiopods are rare. Sutured - seam stylolites (Wanless, 1979) are relatively abundant. Fractures are common; most are vertical and they appear to be more numerous in the more siliceous beds. Oil is in fractures and in micropores in the matrix where it may have been derived from the ambient organic matter.

Strata above 1L are correlative to Glaser's (1965) Unit 2. The rock from the core is cray, ir-regularly bedded, nodular, bioturbated limestone. The matrix primarily is micrite that contains an abundant shelly fauns of trilobites, brachiopods, pelmatozoa, bryozoa, gastropods and ostracods, with fewer graptolites and sponge spicules. Organis matter and matrix hydrocarbons also are present. Unit 2 is less siliceous than Unit 1L. The irregular beds and nodules are seperated by dark seams that are non-sutured-seam stylolites (Wanless, 1979).

LMP, LLC, Petroleum Geological Services

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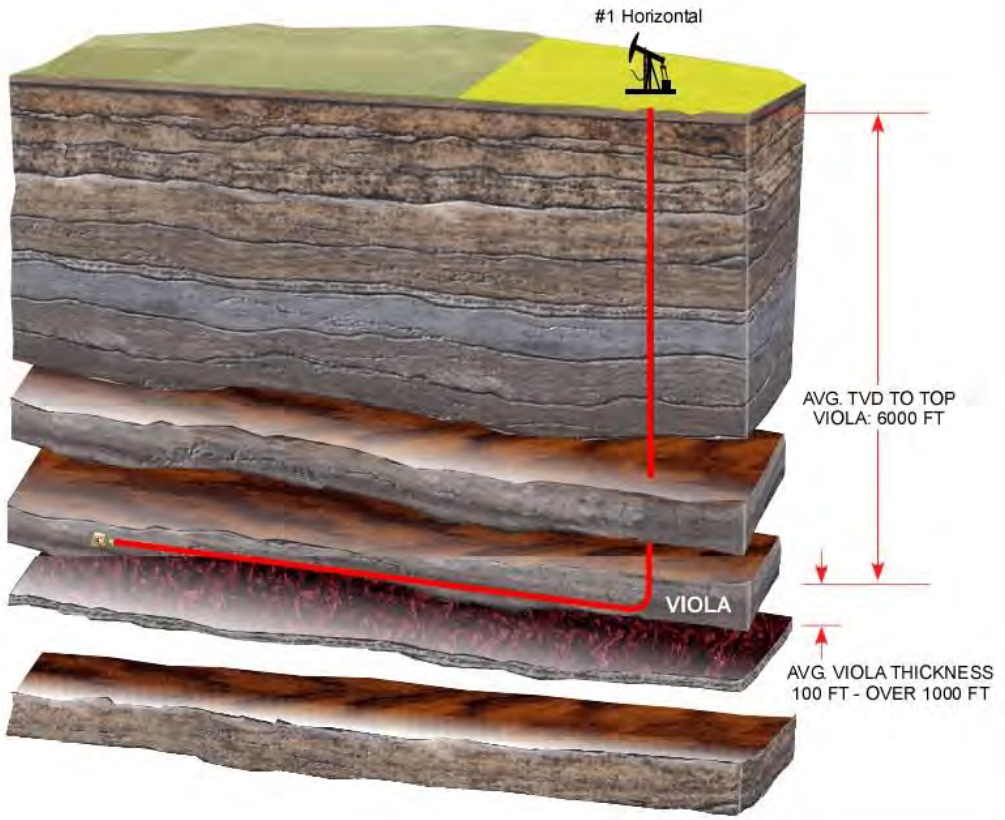

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TM Squared, Inc.

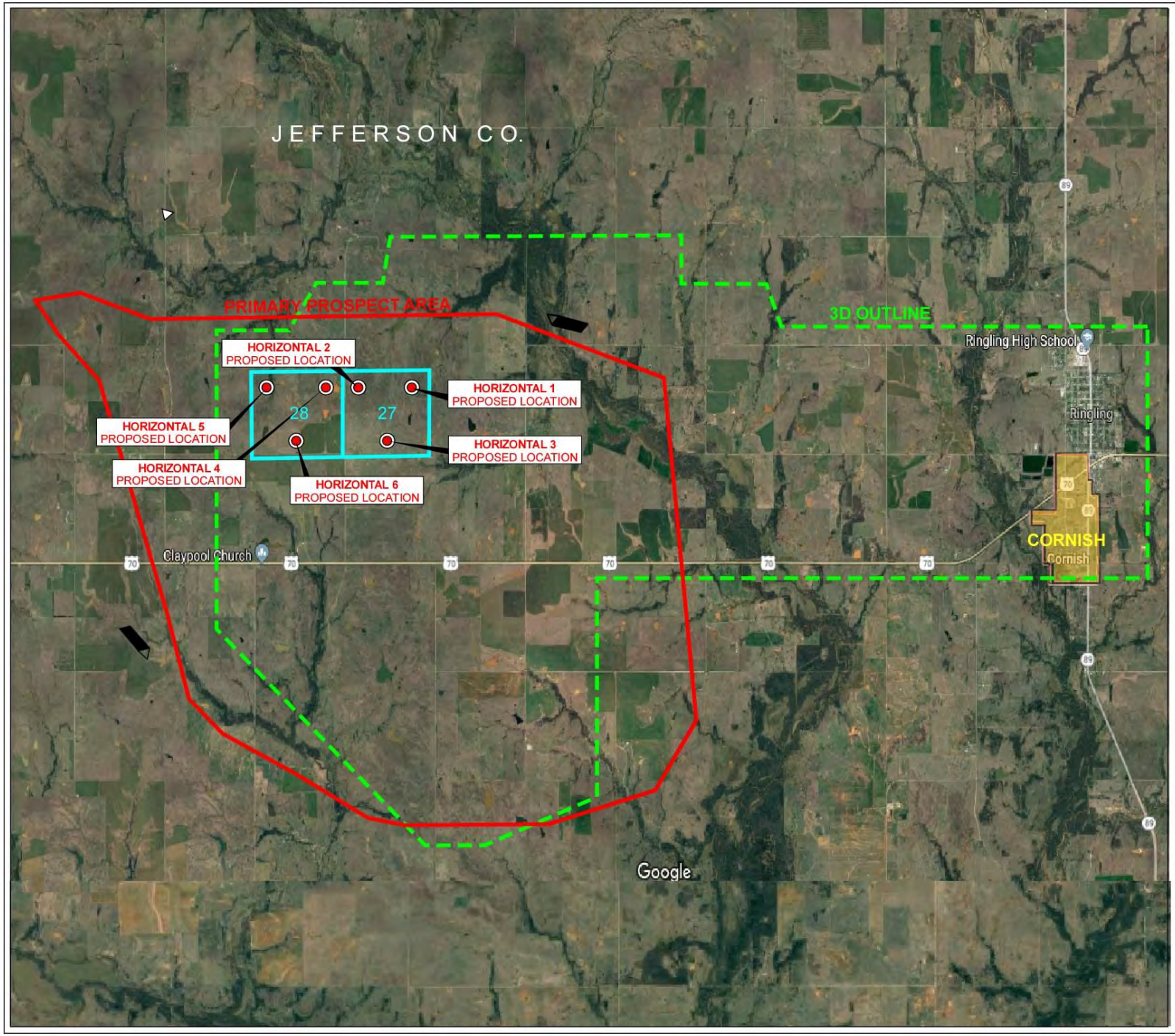
JEFFERSON COUNTY, OKLAHOMA

OKLAHOMA - HVW PROSPECT

PROPOSED #1 HORIZONTAL WELL BORE SCHEMATIC

9/01/2018

Oklahoma HVW Prospect will drill the first well, #1 Horizontal to a depth of approximately 6000 ft, top of Viola formation. The Viola thickness in this area is approximately 100 ft to over 1000 ft.



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Legend

- PROPOSED LOCATION
- PRIMARY PROSPECT AREA
- INITIAL TARGET SECTION
- 3D SEISMIC OUTLINE

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JEFFERSON COUNTY, OKLAHOMA

OKLAHOMA - HVW PROSPECT

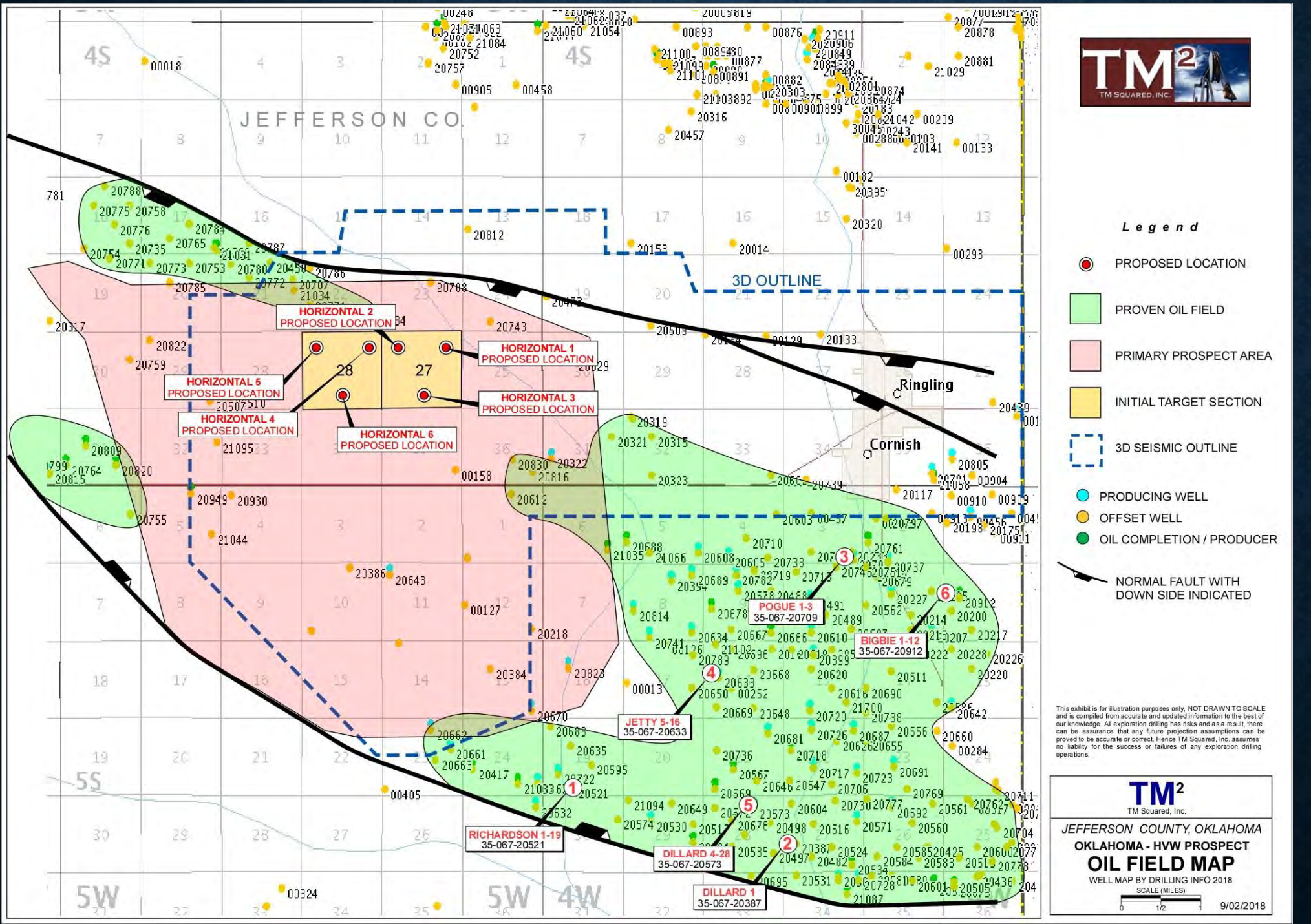
AERIAL MAP

(AERIAL MAP BY GOGGLE MAPS 2018)

SCALE (MILES) 0 1/2 1

9/03/2018

The Oklahoma - HVW Prospect is located in Jefferson County, Oklahoma. It consists of approximately 25 square miles and it mostly covers where 3D Seismic has previously been shot.



TM SQUARED, INC.

Legend

- PROPOSED LOCATION
- PROVEN OIL FIELD
- PRIMARY PROSPECT AREA
- INITIAL TARGET SECTION
- 3D SEISMIC OUTLINE
- PRODUCING WELL
- OFFSET WELL
- OIL COMPLETION / PRODUCER
- NORMAL FAULT WITH DOWN SIDE INDICATED

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JEFFERSON COUNTY, OKLAHOMA

OKLAHOMA - HVW PROSPECT

OIL FIELD MAP

WELL MAP BY DRILLING INFO 2018

SCALE (MILES) 0 1/2 1

9/02/2018

Proven Oil Field Map With proposed drilling locations and production from key wells to the SE of the Primary Prospect Area.

Key wells production as labeled 1 thru 6 on the previous Production Map.

	Well	Loc	Rpt IP	Yr 1 Cum / Yr 1 BOPD / Decline%	Yr 2 Cum / BOPD / Decline %	Yr 3 Cum / BOPD / Decline %	Yr 4 Cum / BOPD / Decline %	Yr 5 Cum / BOPD / Decline %	Yr 6 Cum / BOPD / Decline %	Yr 7 Cum / BOPD / Decline %	Yr 8 Cum / BOPD / Decline %	Yr 9 Cum / BOPD / Decline %	Yr 10 Cum / BOPD / Decline %
	Vertical Completions												
1	Depco-Richardson 1-19	19-T5S-R5W	IPP 60bo/14mcfpd	59417	31503	22572	15800	14197	9879	9093	7407	6140	7962
	Last 12 months	5.5bopd	Active	163	86	62	43	39	27	25	20	17	22
	Cum Prod	253386bo	46mmcf		0.47	0.28	0.30	0.10	0.30	0.08	0.19	0.17	-0.28
	Com 1983												
2	Depco-Dillard #1	27-T5S-R4W	IPP 206bo/4mcfpd	127975	67911	13378	7697	6595	5261	4807	4218	3230	3148
	Last 12 months		LDP 9/2008	351	241	37	21	18	14	13	12	9	9
	Cum Prod	291143bo	117mmcf		0.31	0.85	0.42	0.15	0.19	0.09	0.12	0.23	0.03
	Com 1982												
3	Triad - Pogue #1-3	3-T5S-R4W	IPS 1282bo	144985	126807	18514	2587	1548	2148	772	2129	0	0
	Last 12 months		LDP 9/1997	397	347	51	7	4	6	2	6	0	0
	Cum Prod	366234bo	99mmcf		0.13	0.85	0.86	0.40	-0.39	0.64	-1.76	1.00	#DIV/0!
	Com 1983												
4	KF-Jetty #5-16	16-T5S-R4W	IPP 85bo	67153	28390	27877	16392	7588	5489	4171	3409	2985	2384
	Last 12 months		LDP 9/1994	184	78	76	45	21	15	11	9	8	7
	Cum Prod	142976bo	18mmcf		0.58	0.02	0.41	0.54	0.28	0.24	0.18	0.14	0.19
	Com 1983												
5	Depco-Dillard #4-28	28-T5S-R4W	IPP 232bo/73mcfpd	34190	13031	9290	7254	6517	5467	5432	4360	4347	3533
	Last 12 Months		LDP 11/2015	94	36	26	20	18	15	15	12	12	10
	Cum Prod	129632bo	25mmcf		0.62	0.28	0.23	0.10	0.16	0.01	0.20	0.00	0.19
	Com 1982												
	Vertical Well Average												
		Cum Oil	Cum Gas	Yr 1 Cum / Yr 1 BOPD / Decline%	Yr 2 Cum / BOPD / Decline %	Yr 3 Cum / BOPD / Decline %	Yr 4 Cum / BOPD / Decline %	Yr 5 Cum / BOPD / Decline %	Yr 6 Cum / BOPD / Decline %	Yr 7 Cum / BOPD / Decline %	Yr 8 Cum / BOPD / Decline %	Yr 9 Cum / BOPD / Decline %	Yr 10 Cum / BOPD / Decline %
		224673bo	49mmcf	74894	51245	13844	6795	4445	3678	3043	2827	2106	1817
				238	158	50	27	20	15	13	12	9	9
					0.42	0.46	0.44	0.26	0.11	0.21	-0.21	0.14	0.03
	Horizontal Well												
	Well	Loc	Rpt IP	Yr 1 Cum / Yr 1 BOPD / Decline%	Yr 2 Cum / BOPD / Decline %	Yr 3 Cum / BOPD / Decline %	Yr 4 Cum / BOPD / Decline %	Yr 5 Cum / BOPD / Decline %	Yr 6 Cum / BOPD / Decline %	Yr 7 Cum / BOPD / Decline %	Yr 8 Cum / BOPD / Decline %	Yr 9 Cum / BOPD / Decline %	Yr 10 Cum / BOPD / Decline %
6	Arco-Bigbie #1-12	12-T5S-R4W	215bo/27mcfpd	112643	3481	2485	2040	1461	718				
	Last 12 Months			309	10	7	6	4	2	0	0	0	0
	Cum Prod	130149bo	35mmcf		0.97	0.29	0.18	0.28	0.51	1.00	#DIV/0!	#DIV/0!	#DIV/0!
	Com 1992	Note! OH completion. Records indicate tubing was lost in hole during attempted C/O in first year of production.											

Well Development Overview and Economics[1]

Oklahoma Horizontal Well

Summary	
Prospect Details	
Total Working Interest Offered (%)	75%
Cost Per 1% Working Interest ($)	50,000
Total Working Interest Purchased (%)	75%
Investment Amount ($)	3,750,000
Tax Analysis	
Personal Tax Bracket (%)	35%
Investment Tax Deduction (%)	90%
Tax Deduction ($)	3,375,000
Tax Savings ($)	1,181,250
Tax Adjusted Cost of Investment ($)	2,568,750
Interest	
Well Net Revenue Interest (%)	81.2%
Carried Interest (%)	6.2%
Net Revenue Interest to Investor (%)	75.0%
Commodity Price Assumptions	
Oil Price per Barrel	35.00
Gas Price per Mcf	0.00

Development Well Profile		Economics	
IP Rate		Months to Payout	14
Oil (Bbl/d)	425		
Gas (Mcf/d)	2500	**Cash Flow**	
		1-Year Net Cash Flow	-131,797
EUR		5-Year Net Cash Flow	8,566,789
Oil (Bbl)	500,000		
Gas (Mcf)	100,000	**ROI**	
		Cash	3.5x
Decline Rate (%)	12%	Tax Adjusted	5.1x
Severance + Ad Valorem Tax			
Oil (%)	2.5%		
Gas (%)	7.5%		
Drilling Capex ($)	$3,750,000		
LOE ($/Mo)	$12,000		
Total Wells Drilled	1		
Drilling Pace (Wells/Mo)	0		

Cumulative Development Profile PROJECTIONS

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Well Development Overview and Economics for 1-Horizontal Well in the Oklahoma HVW Prospect

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