



Oil and Gas Asset Marketing & Advisory Services

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BEAR VALLEY LEASE

Asphalto Field
Kern County, CA
2/1/11

Executive Summary

- **Lease:** 80 acres, located N/2NW/4 Sec 36-T30S-R22E.
Depth Limitation – 6,814' (bottom of Antelope Shale).
- **Ownership:** 100% WI, 80.0% NRI
- **Production Zone:** Antelope Shale (Monterey) at ~ 5,800 feet to 6,500 feet.
(700' of productive section !!)
- **Existing Wells:**
 - Bear Valley #1 – 327 MCFD; .7 BOPD; 405 BWPD
Produced to date: (12/1/10): 1.16 BCF; 31.3 MBO
 - Bear Valley #36-1 – 217 MCFD; 2.75 BOPD; 270 BWPD
Produced to date: (12/1/10): .48 BCF; 9.0 MBO
 - Bear Valley #12-36X – Water Disposal Well on Lease
- **Current Net Monthly Cash Flow** (2/1/11): ~\$33,000/mo.
- **Projected Net Reserves** (4/1/11):

Proved Producing:	2.5 BCF;	15.5 MBO	PV10 = \$ 2.7 MM
Proved Non-Producing:			PV10 = \$ 3.2 MM
Proved Undeveloped:	<u>9.9 BCF;</u>	<u>148.0 MBO</u>	<u>PV10 = \$13.1 MM</u>
TOTALS:	12.4 BCF;	163.5 MBO	\$19.0 MM
Probable Undeveloped:		506.8 MBO	PV10 = \$22.8 MM
TOTAL:	12.4 BCF;	670.3 MBO	PV10 = \$43.6 MM
- **UPSIDE POTENTIAL:**
 - Drill 5 additional vertical wells on 10-acre spacing.
 - Three zones exist uphole and behind pipe – need to be tested.
 - Build gas line to new gas purchaser, increase cash flow +30%.
 - Horizontal Well Potential.