



Oil and Gas Asset Marketing & Advisory Services

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CITIENERGY, LLC (FOREXCO, INC. – operator) ASSET SALE

Humboldt County, CA

Executive Summary

- **Field:** Grizzly Bluff – W.I. varies from ~65% to ~80% (75% NRI)
- **Total Acreage:** ~950 acres. Depth Limitation ~4,250' (bottom of Anderson Sands)
- **Production Zones:** Anderson L5 Sands (Tertiary – Pliocene, Rio Dell Formation)
Depth about 3,500' to 4,200'.
- **Wells:** 3 wells produce (total) - 165 MCFD (net 90 MCFD -no oil or water)
6 wells shut in - 95 MCFD est. potential (from 4 wells)

All wells flow naturally.

- **Pipeline:** 1.5 mile pipeline (4" & 6") connects to PG&E.
Transports ~400 MCFD (incl. 3rd party gas) at \$.25/mcf profit.
- **Current Net Monthly Cash Flow (1/1/10):** ~\$12,000/mo (including pipeline revenue)
Net Cash flow potential: \$500,000/mo

- **Projected Net Reserves (1/1/10):**

Proved Producing:	226,000 MCF	PV10 = \$ 420,000
Proved Non-Producing:	26,000 MCF	PV10 = \$ 38,000
Proved Undeveloped:	<u>4,040,000 MCF</u>	PV10 = <u>\$5,473,000</u>
Total Proved:	4,292,000 MCF	PV10 = \$5,931,000
Probable Undeveloped:	4,191,000 MCF	PV10 = \$5,568,000
Possible Undeveloped:	6,000,000 MCF	PV10 = \$8,167,000

- **UPSIDE POTENTIAL:**

- **13 Wells Remaining to Drill.**
- **Shallow Gas Tested at ~2,100'. Some Behind-Pipe.**
- **Minor Workovers on Shut-In Wells Should Yield ~100 MCFD.**
- **Frac Stimulation Potential in All Wells.**
- **Proven Deeper Gas "Owned by Others" Should Yield Significant Additional Pipeline Revenue.**

TERMS OF THE TRANSACTION

- 1.) **This is a negotiated sale.** A Buyer may meet personally and at any time with the Seller and negotiate a price. If the Seller accepts, the assets will be sold to that Buyer according to the conditions described in a mutually agreed purchase and sale agreement. However, Buyer agrees that unless and until such an agreement regarding the acquisition of the assets has been executed, neither Seller nor Buyer will be under any legal obligation of any kind with respect to such a transaction. Buyer further acknowledges and agrees that Seller reserves the right, in its sole discretion, to reject any and all proposals made by any Buyer or any of its representatives with regard to a transaction involving these assets, and to terminate discussions and negotiations with a Buyer at any time without any liability to either party. Each party shall bear its own evaluation, consultant, legal, and other expenses associated with any evaluation, discussion, and negotiations concerning the Properties.

PLEASE NOTE: CitiEnergy, LLC. reserves the right to sell the properties to the first highest acceptable offerer.

- 2.) Offers must be submitted by letter or fax on company letterhead and faxed or otherwise delivered to:

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- 3.) Offers must be for **cash only**, and may **not** be subject to engineering review, financing, board or committee approval, or any other conditions except proper title. Any offers with such conditions will be immediately rejected. NOTE: verification of funds will be required.
- 4.) Once your offer is accepted, **a mutually acceptable purchase and sale agreement (“PSA”) will be required to be negotiated and executed within 14 days** of such acceptance. The PSA will require that a 5% deposit of the negotiated purchase price be paid to the Seller, which will be refundable only under the terms of the PSA. **Until such deposit is made or if such deposit is NOT made, the properties may be offered to another offerer under the same conditions.**
- 5.) The Buyer will be expected to **close** within 45 days of executing a PSA.
- 6.) The wells are being sold “as is, where is”.

FOR ADDITIONAL INFORMATION OR TO ARRANGE A TECHNICAL PRESENTATION, PLEASE CONTACT:

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