



DESMD X, LLC



Executive Summary

\$25 Million Big Foot Oil Field Acquisition and Development Project

October 2017

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Important Disclosures



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This presentation includes "forward-looking statements". Forward-looking statements are statements other than statements of historical fact that give our current expectations or forecasts of future events. They include production forecasts, improved operational performance, estimates of operating costs, assumptions regarding future liquids prices, planned drilling activity, estimates of future capital expenditures, estimates of recoverable resources, projected rates of return and expected efficiency gains, as well as projected cash flow, business strategy and other plans and objectives for future operations. Although we believe the expectations and forecasts reflected in the forward-looking statements are reasonable, we can give no assurance they will prove to have been correct. They can be affected by inaccurate or changed assumptions or by known or unknown risks and uncertainties.

Factors that could cause actual results to differ materially from expected results include: the volatility of oil prices; write-downs of our property carrying values due to declines in prices; our ability to produce reserves and sustain production; uncertainties inherent in estimating quantities of oil, natural gas and NGL reserves and projecting future rates of production and the amount and timing of development expenditures; our ability to generate profits or achieve targeted results in drilling and well operations; leasehold terms expiring before production can be established; adverse developments or losses from pending or future litigation and regulatory proceedings, including royalty claims; drilling and operating risks and resulting liabilities; effects of environmental protection laws and regulation on our business; federal and state tax proposals affecting our industry; competition in the oil and gas exploration and production industry; a deterioration in general economic, business or industry conditions; and negative public perceptions of our industry.

Investment Summary



- Description of Project
 - Development of 7,400 acre Big Foot Field Property in Frio County, Texas acquired by **DESMD X, LLC (“DES”)**
 - Purchase price: \$1.7 million dollar Note (Three year Balloon Note) - Completed
 - Acquisition and three phase development program
 - **Phase 1 - \$3.0 Million of Equity Invested in Months 1 to 6**
 - ✓ Provide funds for \$250,000 TRRC
 - ✓ General & Administrative Start Up Costs
 - ✓ Rehabilitate existing infrastructure
 - ✓ Fracture stimulate 50 existing PDP wells in the Olmos “B” Sand Unit (“OBSU”)
 - ✓ Complete 3 wells that are behind pipe in Olmos “B” Zone
 - **Phase 2 - \$3.0 Million of Equity/Debt Financing Plus Net Producing Cash Flow in Months 7-18**
 - ✓ Drill and complete two horizontal PUDs
 - ✓ Continue to fracture stimulate existing PDP wells on OBSU
 - ✓ Complete additional 9 wells that are behind pipe in Olmos “B” Zone
 - **Phase 3 - \$19 Million of Equity/Debt Financing**
 - ✓ Continue the fracture stimulation program on existing PDP wells
 - ✓ Continue drilling of horizontal PUDs



PUDs, Returns, Proposed Investment Vehicle, and Plan of Development



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- Horizontal PUD Development
 - Only one horizontal well has been previously drilled in area, was done poorly, but models at **120KBO** (4x vertical)
 - DES believes that properly drilled and completed horizontal wells could yield 5x vertical results or **150KBO** per well
 - DES proposes two Proof-of-Concept Horizontal wells in Phase 2, then will make decision to go with additional horizontals.

- Return Potential
 - Optional income avenues
 - Plan to sell properties after 3 year development period
 - Anticipate return to investor of 3x to 5x on equity invested
 - Anticipate IRR to Investor combining Phase One and Two is 33%

- Investment Vehicle
 - Option to own Direct Working Interest or Limited Partnership Interest
 - DES Energy Services Energy Investment Fund (Limited Partnership); or
 - Direct Working Interest Ownership

- Plan of Development
 - Plan is to acquire property, develop it over three years, then sell with greatly improved PDP base and many booked vertical and horizontal PUDs

Management

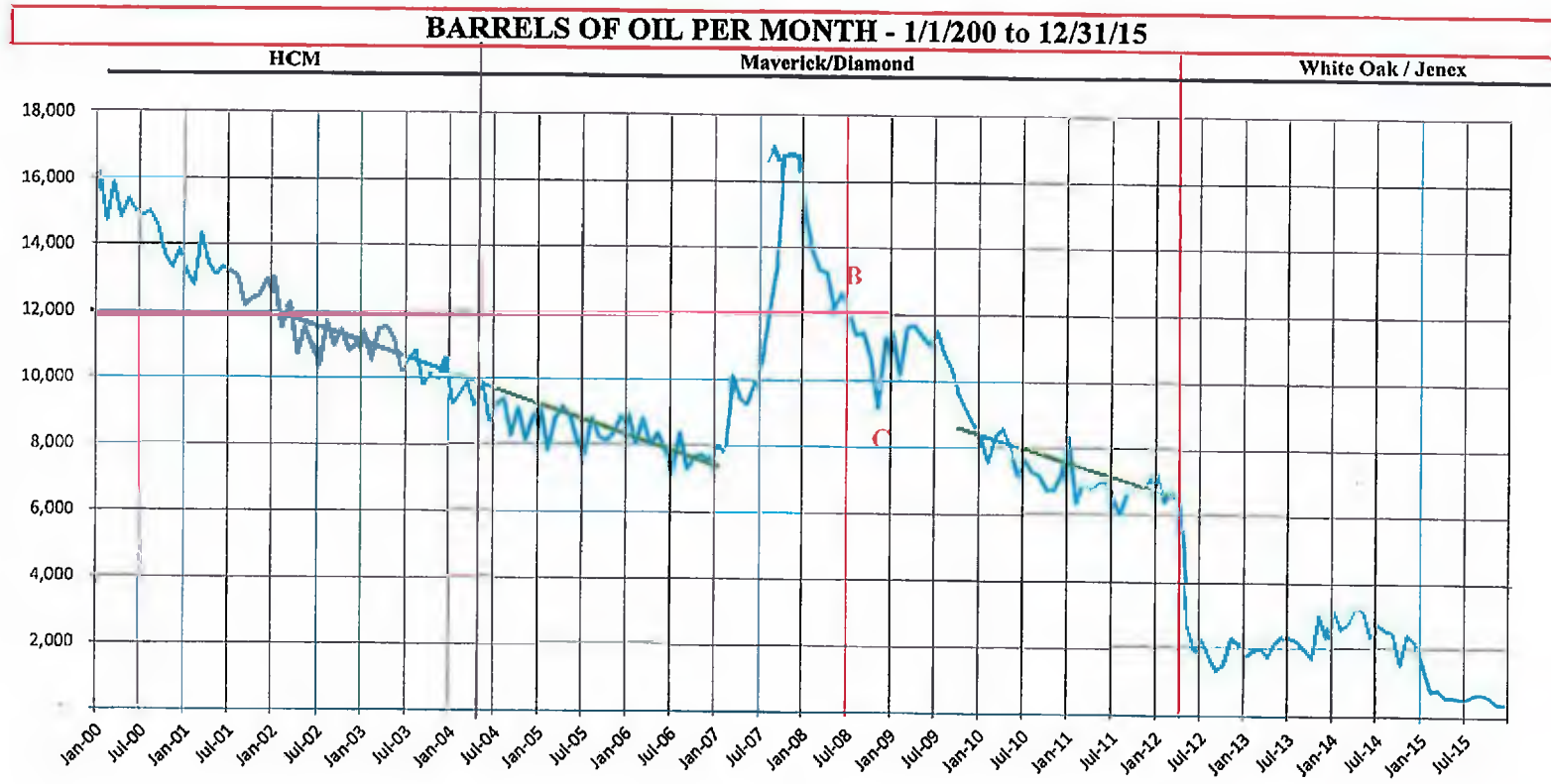


- Primary Service Company - Diamond Energy Services L.P. (“Diamond”)
 - Formed in September 2004. Now has 70 customers and performs services in 20 counties in Texas.
 - Primary location is facility at Moore, Texas.
 - **Diamond facility is only 11 miles from Big Foot Field.**
 - Operates seven workover rigs, a vacuum truck, six heavy-hauling trucks, two backhoes, welding truck and other equipment. Employs 40+ people including rig hands, welders, truck drivers, roustabouts.
 - Competitive advantages: prior experience with project, physical proximity to project, employee relationships, competitive pricing.
- Management Team
 - James McCabe, Managing Member
 - Richard Bednar, Managing Member
 - Brice Bogle, CFO/Manager
 - Benjamin Heider III, Project Geologist/Manager
 - Tommy Martinez, Vice President of Operations
- Experience
 - DES had prior experience operating Big Foot Field from 2004 to April, 2012, for private-equity-funded company.
 - Used \$7 million for acquisition. Then \$3m for initial workovers. Moved total commitment to \$40m.
 - Property valued \$80 million at disposition.
 - Mr. Bednar has a Masters in Tax, knows tax law and is not afraid to push envelope. He has had two audits on large oil and gas projects, resulting in no changes.
 - Extensive experience with administrative and legal matters
 - The financial group manages the operations group. It has performed valuations and offered operations and problem-solving services for several large national and international banks. The principals have also given expert witness testimony on several oil and gas matters.

Prior Management Experience with Big Foot Field



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- A** Peak production - October 2007 - 16,662 barrels of oil per month. Cumulative drilling cost since acquisition \$13 million.
 - B** High spot price of oil \$145 on July 11, 2008; new lender in August 2008
 - C** Oil price at 12-31-08 was \$44.60, began the issues which led to disposition of the property
- Note: Green slope lines are basically identical

Source of data: Railroad Commission of Texas

Big Foot Field

Northeastern Frio and northwestern Atascosa Counties, Texas



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- Big Foot Field Location and Producing Formation
 - Big Foot Field is located 30 miles southwest of San Antonio, Texas in northeastern Frio and northwestern Atascosa Counties.
 - The field was discovered in January 1949 by Shell Oil Company.
 - Production occurs from the Upper Cretaceous Olmos Formation. .
- Olmos Formation
 - The Olmos Formation is one of three upper Cretaceous terrigenous clastic wedges deposited in the Maverick Basin of south Texas. Each wedge gradually thickens to the south.
 - Sediment was transported from the north and northwest and deposited in two separate depocenters. Big Foot Field is located in the eastern part of the two depocenters.
 - The Olmos Formation has long been an active oil and gas exploration target in south Texas. Olmos sandstones have produced approximately 160 million barrels of oil equivalent.
- Big Foot Delta System Play
 - The most prolific play in the Olmos encompasses a group of fields in Frio County that tap stratigraphically trapped oil in sandstones of the Big Foot Delta system.
 - Fifty two million barrels oil equivalent have been produced from this mature play.
- Water Flood Unit (“OBSU”)
 - A 4,848 acre Olmos B Sandstone unit (RRC PROJECT #F0002) was established at the field in March 1965 by Shell
 - Converted existing producers to injectors and drilled 181 new producing wells on 20 acre five spot patterns
 - Water flooding of the Olmos B reservoir was initiated in September 1964 at an injection rate of 3,500 BWPD
 - Primary estimated ultimate recovery at time of commencement of water flood was 10,000,000 BBLS (44,000 BBLS per well)
 - Cumulative production as of 1/1/98 was 22,600,000 BBLS
 - Cumulative production as of 1/1/98 for all leases was 26,530,000 BBLS

LKAI Big Foot Field Engineering Evaluation



Lee Keeling and Associates, Inc. (LKAI) prepared an estimate of reserves and future net revenues in the Big Foot Field as of March 2012, which set forth the existing production and planned capital development. This was updated to June 1, 2016 commodity pricing. No other changes were made.

	Existing wells			Proved Developed Shut-in Retro-fit (PDSI-R)	Proved Developed Behind Pipe (PDBP)	Proved Undeveloped Primary (PUD 4)			Proved Undeveloped Primary (PUD 5)	Total
	Proved Developed Non-Producing (PDNP)	Proved Developed Shut-in ReFrac (PDSI-F)	Total			Verticals	Horizontals	Total		
Number of wells	226	256	256	45	10	236	2	238	50	837
Gross Barrels (8/8ths)	849,551	785,160	1,634,711	140,953	184,787	9,189,103	174,024	9,363,127	1,066,755	12,390,333
Total Net revenues	\$ 50,876,336	\$ 46,570,191	\$ 97,446,527	\$ 7,098,269	\$ 10,619,325	\$ 552,228,530	\$ 10,572,658	\$ 562,801,188	\$ 62,048,090	\$ 740,013,399
Total Future Net Operating Cash Flow	\$ 19,777,082	\$ 28,945,650	\$ 48,722,732	\$ 5,681,421	\$ 9,105,764	\$ 416,233,768	\$ 8,583,420	\$ 424,817,188	\$ 43,203,844	\$ 531,530,949
PV 10% after recovery of capital costs	\$ 8,732,580	\$ 11,770,910	\$ 20,503,490	\$ 4,002,835	\$ 4,276,747	\$ 182,962,306	\$ 3,381,046	\$ 186,343,352	\$ 21,600,328	\$ 236,726,752
Cost per well		\$ 25,000		\$ 30,000	\$ 70,000	\$ 326,992	\$ 1,000,000		\$ 200,000	
Total capital costs	None	\$ 6,400,000	\$ 6,400,000	\$ 1,350,000	\$ 700,000	\$ 77,170,000	\$ 2,000,000	\$ 79,170,000	\$ 10,000,000	\$ 97,620,000

Proved Developed Producing

These wells are currently off line; no capital cost is assumed. This is the base-line production of the existing producers.

Proved Developed Shut-in ReFrac

This category identifies the economics of performing approximately \$25,000 of deferred maintenance and a small frac on each of the existing wells and 30 new wells. The production and cash flow are incremental to the PDNP.

Proved Developed Shut-in Retro-fit (PDSI-R)

Retro-fitting 45 wells previously deepened to Olmos D by flushing boreholes, replacing 2 3/8" tubing with 1" tubing and installing a smaller pump-jack.

Proved Developed Behind Pipe

Recompleting wells originally drilled to the Olmos D to the Olmos B

Proved Undeveloped Primary (PUD 4) - Verticals

Drill 236 new vertical wells on 10 acre spacing

Proved Undeveloped Primary (PUD 4) - Horizontal

Drill 2 horizontal wells targeting the Olmos B zone. (Note: current evaluations of these wells are different than what was modeled in 2012. The cost to drill is also less than what was anticipated in 2012).

Proved Undeveloped Primary (PUD 5)

Deepen 50 existing Olmos B wells to the Olmos D zone

Total

The well count on the Keeling Total page double-counted the existing wells (once in the PDP category, once in the PDSI-F). The correct well count should be 611, which is 226 less than that shown on the LKAI report.

Lee Keeling Reserve Exhibit Map dated 12/31/09

Updated 11/09/15



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BIGFOOT AREA
Keeling Reserve Exhibit 12/31/09

OLMOS B Horizontal Project
 D WATER INJ CUM OLMOS B Inj Patterns
 OLMOS B CUM OLMOS B Vertical Project

Maverick Deepened Back to B
 Maverick Deepened to D
 Maverick New Drill to D

South Texas Acreage
 Z2 Acreage Shen B re-trac
 Diamond Acreage
 Diamond Waterflood Old D Penetration
 Maverick Waterflood

Location
● Oil Well
★ Gas Well
★ B Injection Well
★ Shut-in Oil Well
★ Shut-in Gas Well
★ Shut-in Injection Well
★ Dry Hole
★ Plugged and Abandoned
★ P&A Injection Well

UPDATED 11/09/15 BMH

 Horizontal 160ac	2	720,000	19	A-570	
★ 5-10 B Refrac	224	1,680,000			
★ 30 B Behind Pipe	10	300,000			
★ 30B Proven new well	78	2,340,000			
★ 30B 20D Proven new well	92	4,600,000			
★ 30B Proven new well 20D Probable	20	1,000,000			
					★ 30B Proven new well 20D Possible 49 2,450,000
					★ 20D Proved Deepening 50 1,000,000
					★ 20D Probable Deepening 25 500,000
					★ 20D Possible Deepening 137 2,740,000
					★ 10D Retrofit 45 450,000

Big Foot Development Plan and Modeling Assumptions

Phase 1



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- DES has prepared an economic model for the development of the Big Foot Property with the following assumptions:
 - **Phase 1 - Hydraulic Refracturing of Existing Wells (50 wells) and Perforate and Complete 3 Behind Pipe “B” Wells**
 - A) Hydraulic Refracturing
 - Resulting in total monthly production of 12,000 barrels (estimated at 8 BOPD per well times 50 wells)
 - \$25K per well cost of stimulation (\$1,250,000)
 - B) Perforate and fracture 3 Behind Pipe “B” Wells
 - Resulting in total monthly production of 1,800 barrels (20 BOPD)
 - \$150,000 per well costs to perforate and fracture (\$450,000)

Big Foot Development Plan and Modeling Assumptions

Phase 2



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- **Phase 2 - Drilling of Two Horizontal PUDs (144 probable locations) and Perforate and Complete 9 Behind Pipe "B" Wells**
 - A) Horizontal Drilling
 - Resulting in total monthly production of 6,600 barrels (estimated at 110 BOPD per well times two wells)
 - Total estimated drilling and completion cost of \$1,000,000 per well (\$2.0 million total)
 - B) Perforate and fracture 9 Behind Pipe "B" wells
 - Resulting in total monthly production of 5,400 barrels (20 BOPD)
 - \$150,000 per well costs to perforate and fracture (\$1,350,000)
- > Operating Expense
 - Anticipate \$750K of start-up costs plus \$250K for Operator's bond
 - Base cost of operation: \$60K per month
 - LOE per well: \$600 per month, escalating 3% annually
 - Plan to add Field Supervisor at 100 wells at \$9,600 per month
- > Other Assumptions
 - NRI 82.750%
 - Oil differential: 6% from WTI
 - Net Profits Interest burden: 2.0%
 - \$50 flat oil price, less 6% differential (realized price \$47/BO)

Management Team Bios



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› James McCabe, Managing Member:

- James McCabe has over thirty-five years of executive management, financial and corporate development experience in the oil and gas business. He began his career as an independent oil and gas investor in 1975. He was the founder of McCabe Petroleum in 1979 and SanAnco Energy Corporation in 1981, a predecessor of Maverick Energy Group, Ltd.
- Mr. McCabe has been responsible for the development of many novel tools and techniques for Ultra-Short Radius Horizontal Drilling, working with Amoco, Chevron and WellTec from 1986 through 1999. He has worked to acquire, develop and commercially use short radius horizontal drilling technology through companies he founded including Horizontal Systems, Inc., Directional Drilling Systems, Inc., Sidewinder Tools Corporation and Vector Drilling Company.
- In 2003, Mr. McCabe, in association with his partner Richard Bednar, led the acquisition of the Big Foot Field in South Texas, previously discovered and developed by Shell Oil Company and operated by Shell from 1946 to 1991 consisting of over 7,000 acres and 600 oil and gas and injection wells. In 2004 Mr. McCabe, with Mr. Bednar, formed Diamond Energy Services, a full service work-over rig, trucking and field Service Company. In 2014 Mr. McCabe acquired, funded and manages DeWitt Recyclable Products, a cutting edge oil field waste recycling company in Cuero, Texas.
- Mr. McCabe graduated from Bolles Military School in 1963. He attended and graduated from Trinity University, San Antonio, Texas, with a BA in History in 1967. He served in the United States Marine Corps from 1965 through 1973 as a helicopter pilot. From 1973 through 1977 Mr. McCabe worked in various aviation capacities in Salvador, Guatemala and the United States. In 1977 Mr. McCabe served as an instructor pilot for the Imperial Iranian Army Air Force in Esfahan, Iran until January 1979.

Management Team Bios



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› Richard J. Bednar, Managing Member:

- Mr. Bednar is a Certified Public Accountant. Mr. Bednar also holds a Bachelor's of Accounting degree from Oral Roberts University and a Master of Science degree with specialization in Taxation from the University of Tulsa. He has over thirty years experience in the field of international public accounting and corporate finance, and has arranged and structured a wide array of commercial loans and credit enhancement facilities involving a broad cross section of public, private, commercial, institutional and industrial participants.
- During the period from June of 1996 through January of 1999, Mr. Bednar served as Managing Director of American Express Tax & Business Services (Oklahoma), a subsidiary of American Express. Prior to 1996, Mr. Bednar served as Managing Partner, co-founder and co-owner of Price-Bednar, a regional public accounting firm with offices in four cities in the southwestern region of the U.S. In addition to client service responsibilities, Mr. Bednar was responsible for the overall management of Price-Bednar.
- Prior to participating in the formation of Price-Bednar, Mr. Bednar spent ten years with the international public accounting firm of Deloitte & Touche, LLP.
- In June 1996, Price-Bednar was purchased by American Express, resulting in Mr. Bednar's tenure as Managing Director with American Express Tax & Business Services through January of 1999.
- Since leaving American Express Tax & Business Services, Mr. Bednar has formed Business and Financial Consultants, LLC (BFC) through which Mr. Bednar provides specialized tax, investment, estate, finance and business consulting services and assistance to a significant client base which he has built and developed over the past three decades in the continental United States.
- In addition to his position as Managing Member of DESMD X (through BCS), Mr. Bednar currently serves as a Managing Director of BFC and as President of BCS Capital Services, Inc. which is a capital finance company specializing in assisting middle market companies in obtaining start up and business expansion capital.

Management Team Bios (cont.)



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➤ Brice E. Bogle, CFO/Manager:

- Mr. Bogle is a Certified Public Accountant, a Certified Valuation Analyst and a Certified Forensic Examiner. He earned a Bachelor of Science degree in Business Administration — Accounting from the University of Arkansas in 1981.
- He has over thirty years of experience in the field of international public accounting and consulting. He has consulted with many of the leading financial institutions in the country in the reorganization of troubled companies. His consulting, auditing and financial clients include businesses in commercial real estate, oil and gas, leasing, contracting, manufacturing and wholesale, transportation and secondary financing industries. He has been qualified in court as an expert in accounting, valuation and auditing matters in Pennsylvania, Texas, Oklahoma and Kansas.
- Mr. Bogle began his career with Price Waterhouse as an auditor in 1981.
- In 1985, he joined KMG Main Hurdman, which merged with KPMG in 1987. When he left KPMG in 1992, he was a Senior Manager with Auditing and Consulting responsibilities.
- After four years as a principal with a boutique, reorganization firm, R H. Smith and Associates, he joined the regional accounting firm of Price Bednar as its Senior Audit Partner.
- When Price Bednar was sold to American Express Tax and Business Services, he served as a managing director, specializing in audit and consulting services until he left in 2000 to form Business & Financial Consultants, LLC.
- Through Business & Financial Consultants, LLC he continues to provide consulting services to some of the nation's largest financial institutions and many other private and public companies.
- Mr. Bogle has served on the Oklahoma Society of CPA Committee for Business Valuation and Litigation Support and has been a guest lecturer at the University of Arkansas and Oklahoma State University.

Management Team Bios (cont.)



DESMD X, LLC

➤ Benjamin Heider III, Project Geologist/Manager:

- Mr. Heider is a petroleum geologist with more than 39 years of experience. For the past three decades, he has consulted for industry and individual investors providing geologic analysis, well-site drilling supervision, and reservoir engineering. Mr. Heider has worked the following areas; Anadarko Basin, Arkoma Basin, Rocky Mountain region, Gulf Coast, and South Central Texas. He was involved in the development of the Big Foot Field from 2004 to 2010, and (in an analogous area) he laid out and executed the drilling program of more than 50 horizontal wells at Salt Flat Field and just under 40 horizontal wells at Luling-Branyon Field (2010-2014).

➤ Tommy Martinez, Vice President of Operations:

- Mr. Martinez is an experienced oilfield operator with over twenty years experience in both offshore and land operations throughout the state of Texas extending to offshore operations in the Gulf of Mexico. Mr. Martinez began his career in 1982 as a floor hand on a work-over rig for Dawson Well Service. In 1986, he became a rig supervisor. He has experience in drilling and completion of wells throughout the state of Texas and for deep water wells off the Texas coast. He has extensive downhole experience in logging, perforating and fracing oil and gas wells. He also has extensive safety training supervision experience. Mr. Martinez has been the field manager for three exploration and production companies, most recently as the field manager of a 7,200 acre field with 300 producing wells.

Appendices



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Big Foot Field Geology



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➤ Producing Reservoirs

- The primary reservoir at Big Foot Field is the Olmos B sandstone located at a depth ranging from 3,200' to 3,500'.
- Big Foot Field also produces a comparatively minor amount of oil from the Olmos D-3 sandstone located approximately 350' beneath the Olmos B sandstone.
- The Olmos B reservoir body at Big Foot Field is a delta distributary channel sandstone. The Olmos B interval reaches a gross thickness of 85 feet on the south side of the field with up to 55 feet of net pay sandstone.

➤ Trap

- Stratigraphic entrapment occurs as erosion truncates successively older Olmos B sandstone lenses to the north in an updip direction.
- Reservoir bed dip at an angle of approximately one degree to the south. Dip of the trapping unconformity is just slightly less than that of the underlying reservoir beds. The lateral extent of the pool in an east west direction is controlled by a facies change from sandstone to impermeable shale.
- The literature notes that the oil contact at Big Foot Field appears to cut diagonally across structural contours suggesting a tilted oil water contact. It is possible, however, that each productive Olmos B sandstone lens may have its own oil water contact thereby giving the appearance of a tilted oil water contact.

➤ Reservoir Properties

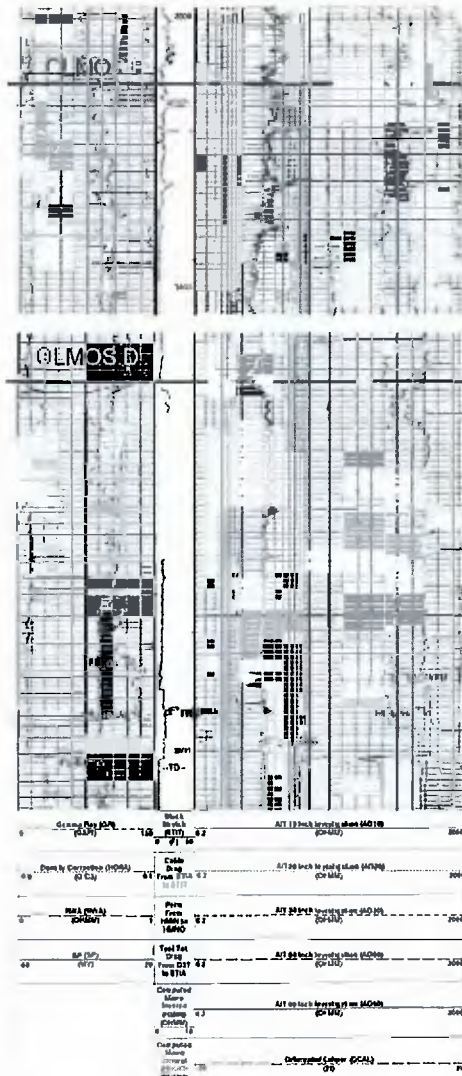
- The Olmos B reservoir is characterized by excellent porosity, 25% to 30%, poor permeability, 3 to 8 millidarcies, and high original water saturations, 55% to 70%.
- Typical reservoir sandstone is composed of 60% quartz, 20% feldspar and 20% clay.

➤ Completion Technique

- Wells are fractured to stimulate production.

Type Log for Olmos B and D Sands

Reservoir Data for Olmos B



RESERVOIR DATA

- Discovery – 1949
- Acres – 7,441 in total Field, of which 4,848 is in OBSU
- Nature of trap - stratigraphic
- Dip – 150 feet per mile
- Average depth – 3,300 feet
- Reservoir drive – solution gas
- Porosity – 27%
- Permeability – 3-8 MD
- Water saturation – 60%
- Average net thickness – 41'
- Oil gravity (API) – 45
- Viscosity of oil – 0.48 cp @ 1450 psi
- Original reservoir pressure – 1450 psi
- Saturation pressure – 1450 psi
- Solution gas-oil ratio – 400
- Formation volume factor – 1.2
- Historical well spacing – 20 acres per well

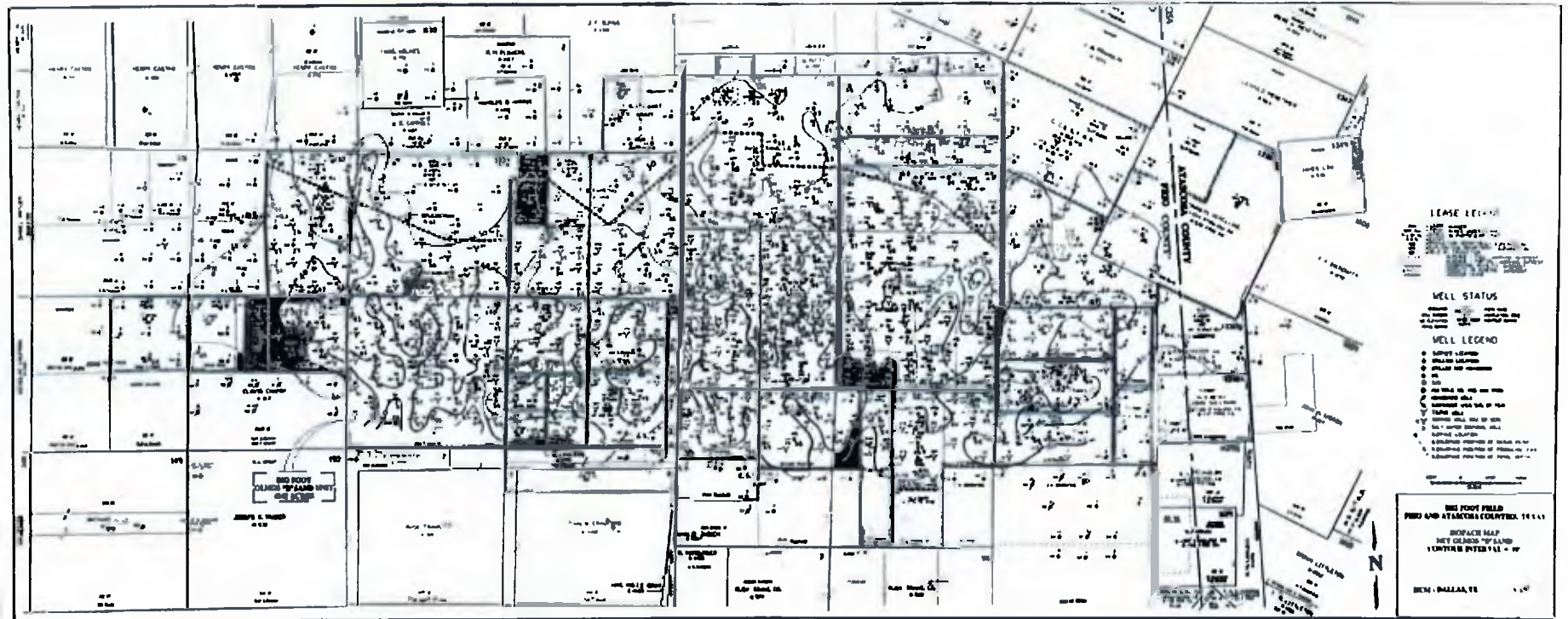
OIL-IN-PLACE CALCULATIONS

- OIL-IN-PLACE/NAF = $7758 \times .27 \times .40 \times .813 = 681.2 \text{ BO/NAF}$
- ACRE FEET = $7441 \text{ ACS} \times 41' = 305,081 \text{ NAF}$
- OIL-IN-PLACE = $305,081 \text{ NAF} \times 681.2 \text{ BO/NAF} = 207,821,170 \text{ BBLS}$

Isopach Map of Net Olmos B Sand



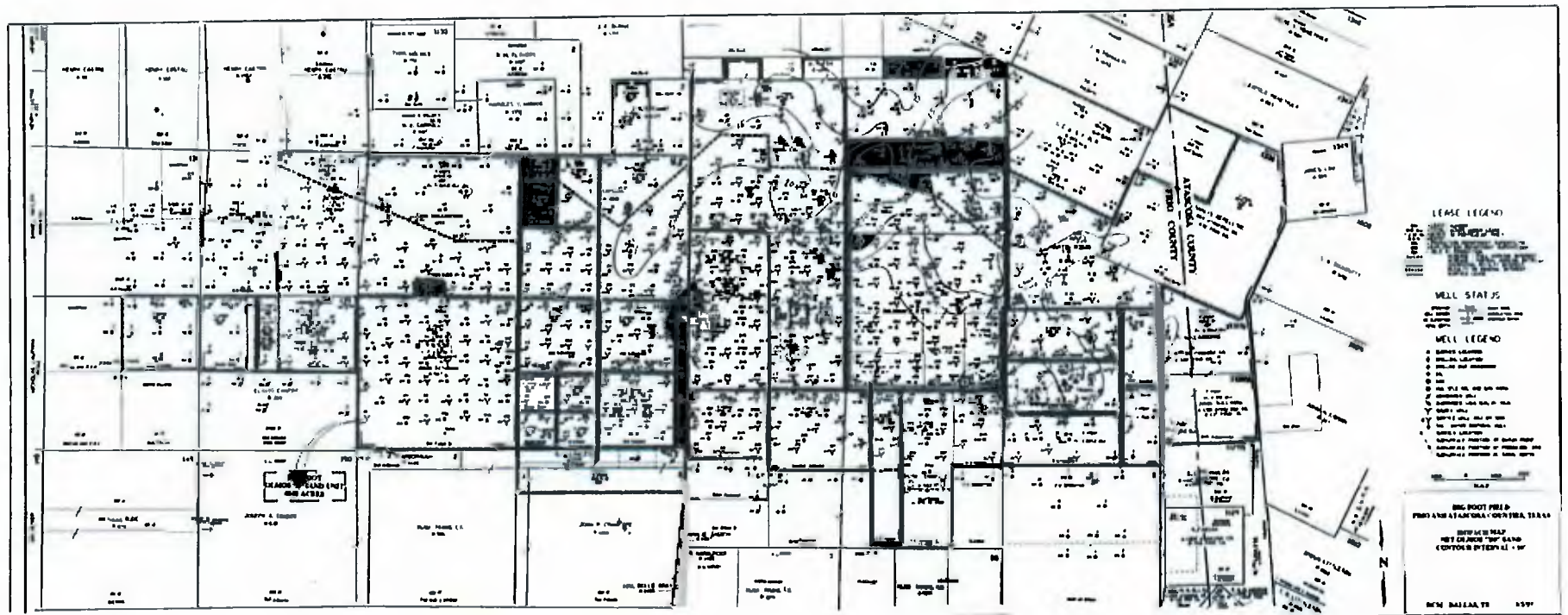
DESMIX, L.L.C.



Isopach Map of Net Olmos D Sand



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