

Big Foot

General Assumptions

Investment Case

Initial capital	\$ 3,000,000	Internal rate of return on investment	34.0%
Horizontal capital	\$ 3,000,000		
Equity ownership for investment	33.33%		
Field acquisition price/regulatory	\$ 500,000		
Funding fees	5%		
Carried Note	1,700,000		
NRI	0.8275		
Differential	6%		
Net profits interest	2%		

Operating Costs	
LOE/Well/Month	\$ 600
annual escalation	3%
Severance and ad-valorem	6%

Capital		
	Number	Amount per
Retro fit cost/well		\$ 23,500
Flush cost/well		30,000
Cost to stimulate currently producing wells	50	25,000
Refrac/well	0	47,000
Single Completion Vertical - B Behind Pipe	11	150,000
Single Completion Vertical PUD (400 possible)		
1500' - 1800' Horizontal (144 possible)	2	1,000,000
IP of stimulations (bbl/well/day)		8
IP of recompletions		10
IP of Vertical PUD - single completion		20
IP of 1500' - 1800' Horizontal		110

Acid Stimulations/workover schedule	
Costs are treated as additional operating costs	
Current producing wells and recompletions	
Two years after putting back online	\$ 30,000
Vertical single completion PUD	
36 months after completion	\$ 30,000
Horizontal wells - workover	
36 months after completion	\$ 100,000

Horizontal well discussion
In 2012, Lee Keeling provided and engineering of a horizontal well. It produced about 90,000 gross barrels and was in the Olmos B zone for 500 feet.
The cost used in these projections of \$750,000 was for an 1,500 - 1,800 foot lateral. Production would be expected to exceed those reported by LKA.

Start - up costs	\$ 250,000
Operator's Bond	\$ 250,000

Gas and condensate, while present in economic quantities were not included int his projection

Base Cost level		
1 pumpers @ \$16/hour		3,165
Fuel		2,000
One admin person		1,582
Repairs and maintance	4%	11,863
District expense	5%	13,637
Other costs	5%	13,637
Liability insurance	4%	10,980
		56,864
Rounded		60,000
Supervisor added at 100 wells		9,600

Big Foot
Projections
Investment Case 10-24-17

Statements of Cash Flow

	1	2	3	4	5	6	7	8	9	10	11	12
Cash flow statement												
Net income	(110,000)	(109,606)	(100,599)	247,152	343,181	349,372	355,648	362,135	368,708	375,408	382,235	389,190
Change in accounts receivable			(32,007)	(392,497)	(113,458)	(7,520)	(7,614)	(7,849)	(7,943)	(8,084)	(8,225)	(8,366)
Change in accounts payable			226,920	(34,150)	(39,892)	751	757	771	777	784	794	801
Cash provided by (used in) operations	(110,000)	(109,606)	94,314	(179,495)	189,831	342,603	348,791	355,057	361,542	368,108	374,804	381,625
Capital contributions	3,000,000	-	-	-	-	3,000,000	-	-	-	-	-	-
Field purchase	(1,700,000)	-	-	-	-	-	-	-	-	-	-	-
Field acquisition / regulatory	(500,000)	-	-	-	-	-	-	-	-	-	-	-
Funding fees	(150,000)	-	-	-	-	(150,000)	-	-	-	-	-	-
Acquisition costs	(250,000)	-	-	-	-	-	-	-	-	-	-	-
Capital expenditures	(250,000)	(375,000)	(375,000)	(250,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)	(150,000)
Operators bond	(250,000)	25,000	-	-	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	-	-	-	-	-	-	-	-
Debt	1,700,000	5,667	5,686	5,705	5,724	5,743	5,762	5,781	5,800	5,820	5,839	5,858
Net cash provided (used)	1,490,000	(453,939)	(275,000)	(423,790)	45,555	3,048,346	204,553	210,838	217,342	223,928	230,643	237,483
Beginning cash		1,490,000	1,036,061	761,061	337,271	382,826	3,431,172	3,635,725	3,846,563	4,063,905	4,287,833	4,518,476
Ending cash	1,490,000	1,036,061	761,061	337,271	382,826	3,431,172	3,635,725	3,846,563	4,063,905	4,287,833	4,518,476	4,755,959

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Projections
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Statements of Cash Flow

	Year 1	Year 2	Year 3
Cash flow statement			
Net income	2,852,824	6,220,940	4,332,940
Change in accounts receivable	(593,563)	(107,442)	143,115
Change in accounts payable	158,313	(5,885)	(52,062)
Cash provided by (used in) operations	<u>2,417,574</u>	<u>6,107,613</u>	<u>4,423,994</u>
Capital contributions	6,000,000	-	-
Field purchase	(1,700,000)	-	-
Field acquisition / regulatory	(500,000)	-	-
Funding fees	(300,000)	-	-
Acquisition costs	(250,000)	-	-
Capital expenditures	(2,450,000)	(2,450,000)	-
Operators bond	(225,000)	-	-
Distributions	-	-	-
Debt	<u>1,763,385</u>	<u>71,844</u>	<u>74,769</u>
Net cash provided (used)	<u>4,755,959</u>	<u>3,729,457</u>	<u>4,498,763</u>
Beginning cash	-	4,755,959	8,485,416
Ending cash	<u>4,755,959</u>	<u>8,485,416</u>	<u>12,984,179</u>

Big Foot as of end of year 3

Estimated Reserves Investment Case Total Capital Investment #REF!

Year	Number of Wells	Gross Volumes	Oil Price		Revenues	Taxes	Beginning LOE/Well/Month		PV Factor	Present Value	Cumulative Present Value
			Annual volume decline	50.00 3%			Annual cost escalation	700.00 3%			
1	63.00	172,489	142,735	47.00	6,708,545	(402,513)	(529,200)	5,776,832	0.95346	5,507,993	5,507,993
2	63.00	128,032	105,946	47.00	4,979,462	(298,768)	(545,076)	4,135,618	0.86678	3,584,688	9,092,681
3	63.00	124,174	102,754	47.00	4,829,438	(289,766)	(561,428)	3,978,244	0.78799	3,134,799	12,227,480
4	63.00	120,454	99,676	47.00	4,684,772	(281,086)	(578,271)	3,825,415	0.71635	2,740,338	14,967,818
5	63.00	116,822	96,671	47.00	4,543,537	(272,612)	(595,619)	3,675,306	0.65123	2,393,461	17,361,279
6	53.00	98,388	81,416	47.00	3,826,552	(229,593)	(516,109)	3,080,850	0.59203	1,823,941	19,185,220
7	53.00	95,430	78,968	47.00	3,711,496	(222,690)	(531,592)	2,957,214	0.53820	1,591,587	20,776,807
8	53.00	92,586	76,615	47.00	3,600,905	(216,054)	(547,540)	2,837,311	0.48928	1,388,231	22,165,038
9	53.00	89,816	74,322	47.00	3,493,134	(209,588)	(563,966)	2,719,580	0.44480	1,209,662	23,374,700
10	53.00	87,118	72,090	47.00	3,388,230	(203,294)	(580,885)	2,604,051	0.40436	1,052,977	24,427,677
11	45.00	74,228	61,424	47.00	2,886,928	(173,216)	(508,000)	2,205,712	0.36760	810,822	25,238,499
12	45.00	72,016	59,594	47.00	2,800,918	(168,055)	(523,240)	2,109,623	0.33418	705,000	25,943,499
13	45.00	69,866	57,814	47.00	2,717,258	(163,035)	(538,938)	2,015,285	0.30380	612,249	26,555,748
14	45.00	67,778	56,087	47.00	2,636,089	(158,166)	(555,106)	1,922,817	0.27618	531,052	27,086,800
15	45.00	65,750	54,408	47.00	2,557,176	(153,431)	(571,759)	1,831,986	0.25108	459,969	27,546,769
16	39.00	57,164	47,303	47.00	2,223,241	(133,394)	(510,390)	1,579,457	0.22825	360,513	27,907,282
17	39.00	55,452	45,886	47.00	2,156,642	(129,398)	(525,702)	1,501,542	0.20750	311,572	28,218,854
18	39.00	53,792	44,513	47.00	2,092,111	(125,527)	(541,473)	1,425,111	0.18864	268,829	28,487,683
19	39.00	52,182	43,181	47.00	2,029,507	(121,770)	(557,717)	1,350,020	0.17149	231,513	28,719,196
20	39.00	50,622	41,890	47.00	1,968,830	(118,129)	(574,449)	1,276,252	0.15590	198,966	28,918,162
21	34.00	44,372	36,718	47.00	1,725,746	(103,545)	(515,825)	1,106,376	0.14173	156,802	29,074,964
22	34.00	43,050	35,624	47.00	1,674,328	(100,459)	(531,300)	1,042,569	0.12884	134,327	29,209,291
23	34.00	41,750	34,548	47.00	1,623,756	(97,426)	(547,239)	979,091	0.11713	114,680	29,323,971
24	34.00	40,493	33,508	47.00	1,574,876	(94,492)	(563,656)	916,728	0.10648	97,614	29,421,585
25	34.00	39,277	32,502	47.00	1,527,594	(91,656)	(580,566)	855,372	0.09680	82,801	29,504,386
26	30.00	34,846	28,835	47.00	1,355,245	(81,315)	(527,632)	746,298	0.08800	65,675	29,570,061
27	30.00	33,808	27,976	47.00	1,314,872	(78,893)	(543,461)	692,518	0.08000	55,402	29,625,463
28	30.00	32,788	27,132	47.00	1,275,204	(76,512)	(559,765)	638,927	0.07273	46,468	29,671,931
29	30.00	31,805	26,318	47.00	1,236,946	(74,217)	(576,558)	586,171	0.06612	38,755	29,710,686
30	30.00	30,855	25,533	47.00	1,200,051	(72,003)	(593,855)	534,193	0.06011	32,108	29,742,794
Thereafter											
Totals		2,117,203	1,751,987		82,343,389	(4,940,603)	(16,496,317)	60,906,469		29,742,794	

PV 5	40,162,032
PV 10	29,742,794
PV 15	23,730,389
PV 20	19,878,137
PV 25	17,212,268
PV 30	15,259,367