



BUSINESS PLAN

RECONSTRUCTION OF LOW-PRODUCTIVE OIL AND GAS WELLS

BY SLOT-PERFORATION TECHNOLOGY

- ecologically safe and environmentally friendly
- increase the productive inflow up to 10 times and more.
- unloading the near wellbore zone up to 60 %
- increase the permeability/porosity up to 50 %
- extraction of an additional 40% unrecoverable hydrocarbons
- large drainage zone and hydrodynamic connection
- no detonation impact, no casing damage, no cement cracks
- duration of effect 10-15 years

TABLE OF CONTENTS

1. Business summary - 2
2. Introduction - 2
3. Traditional development/recovery technologies/methods - 2
4. Slot-perforation technology - 2
5. Patent US8863823 (<https://patents.google.com/patent/US8863823>) - 3
6. Executive summary. **Investment \$5,2 million** - 3
7. Organizational plan - 6
8. Risks - 7
9. Competitors - 7
10. Summary - **7**

BUSINESS SUMMARY

Slot-perforation technology (SPT) - cutting of continued deep slots along the wellbore. Cutting is done by special SPT tool/equipment through casing, cement into the productive layer to a depth 3 - 5 ft. In this case, the circular stress conditions are redistributed to the ends of the slots, unloading the near wellbore zone, increasing permeability, positive reservoir properties, and accordingly the productive inflow. Our technology enables recovery of up to 95% of oil or gas from reservoirs with greater productivity and with a duration of more than 15 years. The technology also works well in newly drilled wells.

INTRODUCTION

In the United States over 420,000 stripper/marginal oil and gas wells most of which produce 0-5 barrels a day. This nearly one million barrels of oil per day or 20% of U.S. production. Around 180,000 marginal wells were shut and abandoned over the past 10 years, and cost US \$ 3.8 billion in lost oil revenues. But many of them could still be restored and increased productive inflow.

Modern recovery technologies allow to extract around 50% of all hydrocarbon reserves, the rest remain in the ground. Thus, it is estimated that many billions of barrels of oil are still expected to recover. This staggering amount of oil remaining could be one of America's best hopes for improved energy security and prosperity.

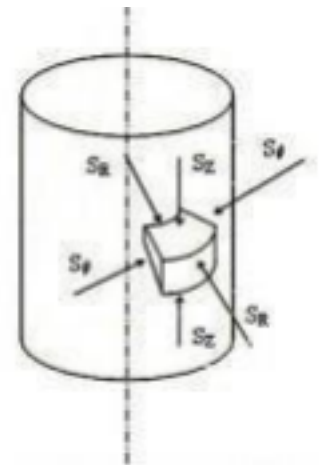
Oil and gas extraction from stripper wells have additional financial advantages and are less risky in contrast to drilling new wells. Exploration, drilling, equipment, and the development of new wells cost tens/hundreds of times more expensive and many of them are empty. Strippers already exist, have a proven history of production, production of equipment and vehicles in a place known as infrastructure, it would be great to use these opportunities now, spending less investment money.

SLOT-PERFORATION TECHNOLOGY

Along with many possible reasons for the decline in well debit, there is an initial factor, which reduces the productive flow already on the drilling stage.

When drilling any well under the action of hydrostatic, mining, and high overburden pressures around the wellbore are forms circular stress conditions, reaching **1790 psi** already at a depth of **1000'**, and **5370 psi** at a depth of **3000'**. These stresses reduce permeability and accordingly inhibit productive influx.

Mathematically and in laboratories was found that the creation of deep longitudinal continued slots along the wellbore redistributes the circular stresses conditions



from the wellbore to the ends of this slots, thereby unloading near wellbore zone up to **60%**, accordingly increasing the permeability up to **50%**, and accordingly increasing the productive inflow up to **10** times and more.

Special underground hydro-slotting perforation equipment protected by patent **US8863823**, granted by United States Patent and Trademark Office October 21, 2014, is used to create/cut deep extended longitudinal slots.

<https://patents.google.com/patent/US8863823>

EXECUTIVE SUMMARY

The investment of the project is **\$ 5,165,000.00 million**. The payback period of the project is 1.2 years. The project is expected to be profitable for 15-20 years. Once all wells are commissioned, the project will produce slightly more than 200,000 barrels of crude oil per year.

Company strategy: Company will primarily focus its efforts on acquiring oil wells with undeveloped reserves that are economically attractive with strong upside potential, and then will reconstruct low productive oil wells by SPT Technology.

Primary objectives: Acquire low productive oil wells in the state of North Dakota, Texas and Kansas with development opportunities and achieve a high rate of return from low risk near-to-production projects.

The company is unique in that it will be a public company that focuses on making investments in good value assets.

Project Features: The product of the project will be crude oil, which will be sold on the US market. After commissioning of all wells and reaching the design capacity, the project will produce slightly more than **219,000** barrels (minimum) of crude oil per year. The investment project is estimated to generate a gross revenue of up to \$1,250,000 million monthly.

Future Plans: Taking a company public through an IPO. This strategy would allow the company to raise capital by offering shares to the public for the first time, providing an opportunity for shareholders and investors to monetize their stakes in the company.

The funds garnered from the Company's entry into the public markets will be used for the further identification and acquisition of strategic oil wells, continued exploration, development and restoration of wells.

IN THE FIRST YEAR

There is a plan for the recompletion of 25 wells (20 Oil Wells and 5 Injection wells): **\$5,165,000.00** The preliminary periods are **3 months**, during which.

1.Target acquisition:

Table 1

	Number of wells	Amount	Cost(\$)

Selection and geological/geophysical analysis of prospective oil wells and geological/geophysical analysis, program	25		107,500.00
Low-productive 0-4 BPD oil well	25	50,000.00	1,250,000.00
Blanket surety bond and permit processing for receive an oil and gas for permit and Lawyer verification/documentation	25		80,000.00
TOTAL			1,437,500.00

Recompletion Wells.

SPT Tool/equipment (Patent US 8863823) manufacturing: 2 sets x \$ 57,000.00 = **\$ 114,000.00**

Table 2

	Cost (\$)
SPT Tool	114,000.00
Equipment, consumable and spare parts	412,500.00
Recompleting	3,066,000.00
Business and Travel expenses	135,000.00
TOTAL	3,727,500.00

2.Company Operations Strategy

Phase One: Identification of Recompletion wells

Selection and geological/geophysical analysis of prospective oil wells and geological/geophysical analysis, program

Phase Two: Acquisition of Properties

Management has negotiated property rights that minimize capital outlays while offering substantial opportunity to shareholders. These properties have been assessed and their value confirmed by engineering reports.

Phase Three: Project and Recompletion

Development will be managed by experienced specialists with considerable engineering and technical expertise. Our technology SPT will be employed that offers low cost production methods while extracting maximum yield.

Phase Four: Commencement of Cash Flow

Success ratio will be measured after royalties are paid to determine the ongoing best course of action for profitability and future operations.

3. Annual performance overview

- As of today, the cost of 1 barrel is \$ **68.47**.

Based on this, the payback of the first part of the investment will be around **6 - 10 months** and will depend on the amount of incoming oil and the price of oil.

- According to statistics, a correctly selected low-productivity oil well with debit 0-1 BPD after slot perforation begins to produce an average approximately 30 BPD.

- **Estimated Gross from first 20 oil wells in first years = \$ 14,994,930.00** ($68.47 \times 30 \times 365 \times 20$)

- Since injection wells do not generate profit, but only increase pressure in adjacent oil wells, profit is calculated for only **20 wells**.

- About 30% from the Profit is spent on maintenance and service:

$$\text{\$ } 14,994,930.00 - 30\% (\text{\$ } 4,498,479.00) = \text{\$ } 10,496,451.00$$

- Total payroll and operating cost per year : **\$ 1,270,764.00**

FINANCIAL SUMMARY

- As of today, the cost of 1 barrel is \$ 68.47.

Based on this, the payback of the first part of the investment will be around 6 - 10 months and will depend on the amount of incoming oil and the price of oil.

- According to statistics, a correctly selected low-productivity oil well with debit 0-1 BPD after slot perforation begins to produce an average approximately 30 BPD.

- **Estimated Gross from first 20 oil wells in first years = \$ 14,994,930.00** ($68.47 \times 30 \times 365 \times 20$)

- Since injection wells do not generate profit, but only increase pressure in adjacent oil wells, profit is calculated for only 20 wells.

- About 30% from the Profit is spent on maintenance and service:

$$\text{\$ } 14,994,930.00 - 30\% (\text{\$ } 4,498,479.00) = \text{\$ } 10,496,451.00$$

- Total payroll and operating cost per year : **\$ 1,270,764.00**

Investments: \$ 5,165,000.00

Total Estimated Profit after One Year of wells operation: \$ 9,225,687.00

Total Estimated Profit after Two Year of wells operation: \$ 22,200,106.00

Total Estimated Profit after Three Year of wells operation: \$ 35,174,525

TOTAL OWN WELLS: 25 (20 Oil Wells and 5 Injectors Wells)

Estimated profits are calculated based on 30 barrels per day from each well. This is an average number. The number of barrels in each well can vary from 20 to 50 and more.

According to statistics, a correctly selected low-productivity oil well with debit 0-1 bbl./day after slot-perforation begins to produce an average 30 bbl./day and more.

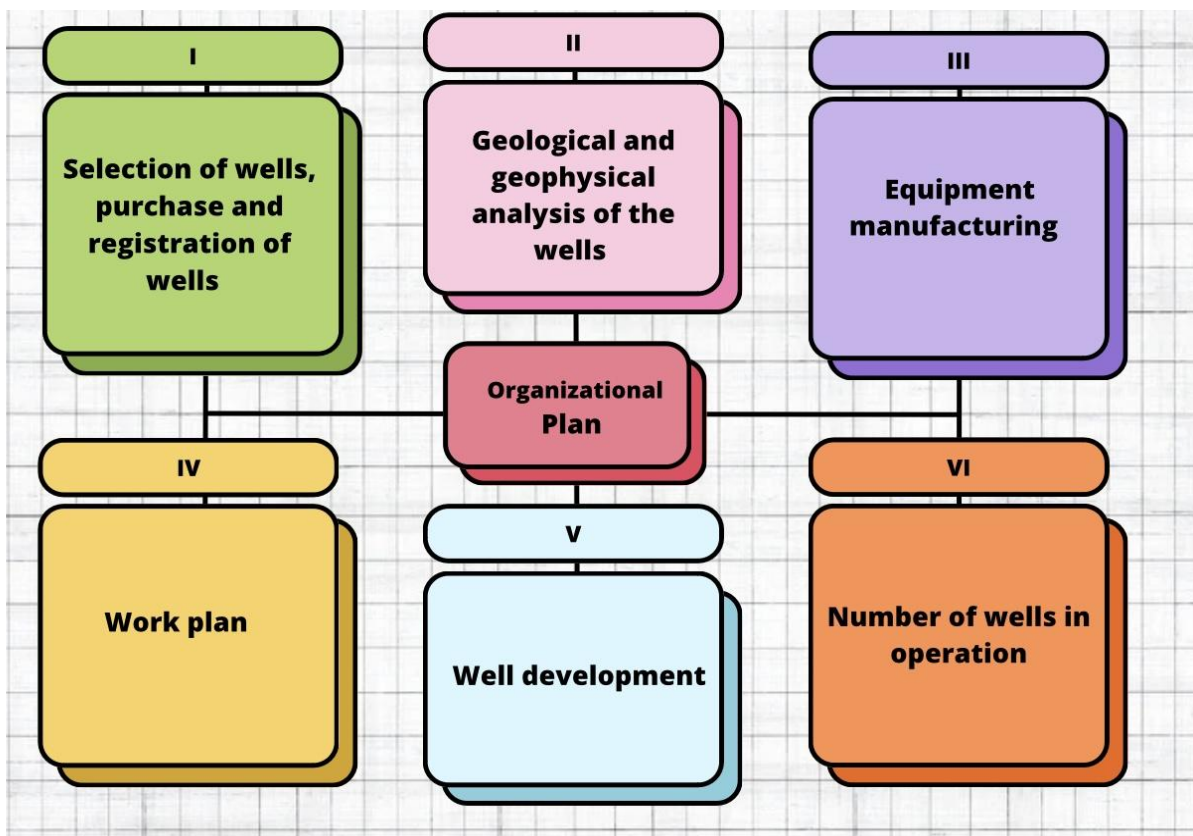
With buying own oil well about 30% from the profit is spent on maintenance and service.

Today's crude oil price - \$ 68.47

In the first year is the return on investment, so profit is minimal, subsequently, this amount is added to the net profit received in the second year and so on.

One of the keys to success and profitability is proper geology and geophysics of the producing oil well and the calculation of the remaining reserves of oil, gas and water. Using our own calculation programs that identify and sort profitable high quality opportunities, our highly skilled specialists select promising oil wells for slot perforation technology with great accuracy.

ORGANIZATION PLAN



RISKS DEPENDENCE ON THE NUMBER OF WELLS

On average, risks are within **10 %-15 %** which is even less than when drilling new wells.

Recovery of low-productive oil and gas wells with slot-perforation technology remains a fairly profitable investment.

COMPETITORS

As a result of marketing Internet research, it can be concluded that there is no competition in the restoration of low productive oil and gas wells using slot-perforation technology on the American continent (United States and Canada).

Other well development methods are used, such as gun/cumulative perforation, hydraulic fracturing, side drilling, radial drilling, coiled tubing jet perforation, abrasive jetting, with subsequent stimulation as acoustic, acid, air, chemical, gas, pulse, resonance, shock, steam, stress/overstress, thermal/temperature, vibration.

None of the above technologies and methods do not create extended deep longitudinal slots and accordingly does not unload the near well zone and does not increase the permeability in this zone.

SUMMARY

The field of 25 wells will include 20 producing wells with average production 30 barrels (minimum) per day and 5 injection wells.

The 20 producing wells will produce 219,000 barrels of oil per year. Average annual selling prices of crude oil produced under the project : 1 BPD - \$ 68.47

Estimated revenue for one year is \$ 14,994,930.00

The business plan is based on the purchase of wells. It is also possible to purchase wells on lease. In this case, the amount of investment is reduced and the cost of lawyer services is also reduced, however, a certain percentage must be paid to the owner of the wells that are leased.