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Nasco Petroleum, LLC. (“Nasco”) - ASSET SALE
Los Angeles Downtown (“LADT”) - 100% W.I.
Los Angeles County, CA

Quick Summary
(5/8/17)

LADT is a large oilfield developed from a 1.35-acre “PAD” in an industrial area in downtown Los Angeles, located at: 1325 S. Broadway, Los Angeles, CA 90015 (corner of S. Broadway Ave. and W. 14th Place). Nasco owns and operates 29 wells that were directionally drilled from this Pad to three productive zones: the “Hill (Jefferson) Sand”, the “Broadway Sand”, and the “Massive Sand”. These relatively shallow (2,000’ to 5,000’ TVD) wells have produced more than 15,700,000 BO and 13 BCF to date. The field is comprised of 690 acres located in Section 32-T1S-R13W and Section 5-T2S-R13W.

Current production from 10 wells is: 108 BOPD, 90 MCFD, 2,500 BWPD.



- **Ownership:** 100% WI; 83.339% NRI.

- **Total Acreage:** 690-acre production Unit.
- **Production Zones:** Hill Sand @ 2,000' (+200' thick).
Broadway Sand @ 3,000' (+1,500' thick).
Massive Sand @ 4,500' (+500' thick).
- **Current Production:** 108 BOPD, 90 MCFD, 2,500 BWPD.
- **Wells:** 29 wells total.
10 wells producing - 9 pumping (ESP's & 1 HRP), 2 flowing (gas).
15 shut in wells (various reasons).
4 SWD wells.
- **Current Net Monthly Cash Flow** (after royalty & opcosts): **~\$60,000/mo** (\$53 oil).
- **Projected Net Reserves (Per AEA):**

Nasco Petroleum, LLC. Escalated Pricing - Case 3 Effective 1/1/2016	Estimated Net Reserves		Estimated Future Net Revenue	
	Net to 100% WI and 83.339% NRI			
Reserve Category	Oil & Condensate (MBO)	Gas (MMCF)	Not Discounted (M\$)	Discounted @ 10% (M\$)
Proved Developed Producing:	352.200	252.740	4,679.790	2,653.630
Proved Behind Pipe:	275.140	1,200.400	19,628.000	12,670.210
Proved Non-Producing:	864.100	1,043.030	47,264.480	15,680.070
Proved Undeveloped:	4,485.120	4,485.100	237,001.230	101,288.480
Total Proved (P1):	5,976.560	6,981.270	308,573.500	132,292.390
Possible Undeveloped:	2,253.870	2,253.800	91,655.770	24,384.130
Total All Reserve Categories (P3):	8,230.430	9,235.070	400,229.270	156,676.520



- **LOW RISK (Proved) UPSIDE POTENTIAL:**

LADT production can be incrementally increased by ~1,800 BOPD and 3,000 MCFD, thru four exploitation steps:

- (1) increasing produced water disposal capacity,**
- (2) perforating behind-pipe zones,**
- (3) infill drilling,**
- (4) adding injection wells to waterflood a 65 - 70 acre portion of the field.**

→ **Add +125 BOPD & 150 MCFD** from current producers by pumping off wells with high fluid levels. **SOLUTION:** workover (re-perforating & acidizing) current injectors, convert one producer to SWD, and upsize ESP's. **Capital cost approx \$1,200,000.**

NOTE: STEP 1 ALSO PROVIDES NECESSARY SWD CAPACITY FOR NEXT UPSIDES:

→ **Add +225 BOPD & 1,500 MCFD** by perforating behind pipe zones. **Capital cost approx \$1,450,000.**

→ **Add +750 BOPD & 700 MCFD** by drilling nine (9) infill locations on 5-acre spacing. **Capital cost approx \$13,625,000.**

**NOTE: ABOVE EXPLOITATION STEPS ADD:
3,760,000 BO & 4.75 BCF IN NET PROVED RESERVES**

HUGE ADDED BENEFIT:

→ **Add +700 BOPD & 700 MCFD** by drilling three (3) additional injectors, strategically placed to waterflood new and old producers, while adding additional SWD capacity. **Est. Net Proved Reserves: 2,100,000 BO & 2 BCF; Capital cost approx \$5,000,000.**

ALSO:

"Possible" reserve upside: Drill seven (7) more "perimeter" producers. **Est Net Possible Reserves: 2,200,000 BO and 2.2 BCF; Capital cost approx \$10,500,000**

INCLUDED IN THE TRANSACTION:

A FULLY TOOLED, OPERATING C-500 WORKOVER RIG, CAPABLE OF OPERATING TO 18,000 FT, WHICH CAN ALSO BE SET UP FOR DRILLING !

(VALUE: \$500,000)



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 the Seller nor the Buyer will be under any legal obligation of any kind whatsoever 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 the Property, 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 Property.

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

- 2.) Offers must be submitted by letter, email, or fax on company letterhead to:

American Energy Advisors, Inc.
P.O. Box 2178
Huntington Beach, CA 92647

- 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 title and environmental review. Any offers with such conditions will be immediately rejected. NOTE: verification of funds necessary to purchase the Property 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 30 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 Property may be offered to another buyer under the same conditions.**
- 5.) The Buyer will be expected to **close** within 30 days of executing a PSA.
- 6.) The wells are being sold “as is, where is”.

FOR ADDITIONAL INFORMATION PLEASE CONTACT:

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