



Oil and Gas Asset Marketing & Advisory Services
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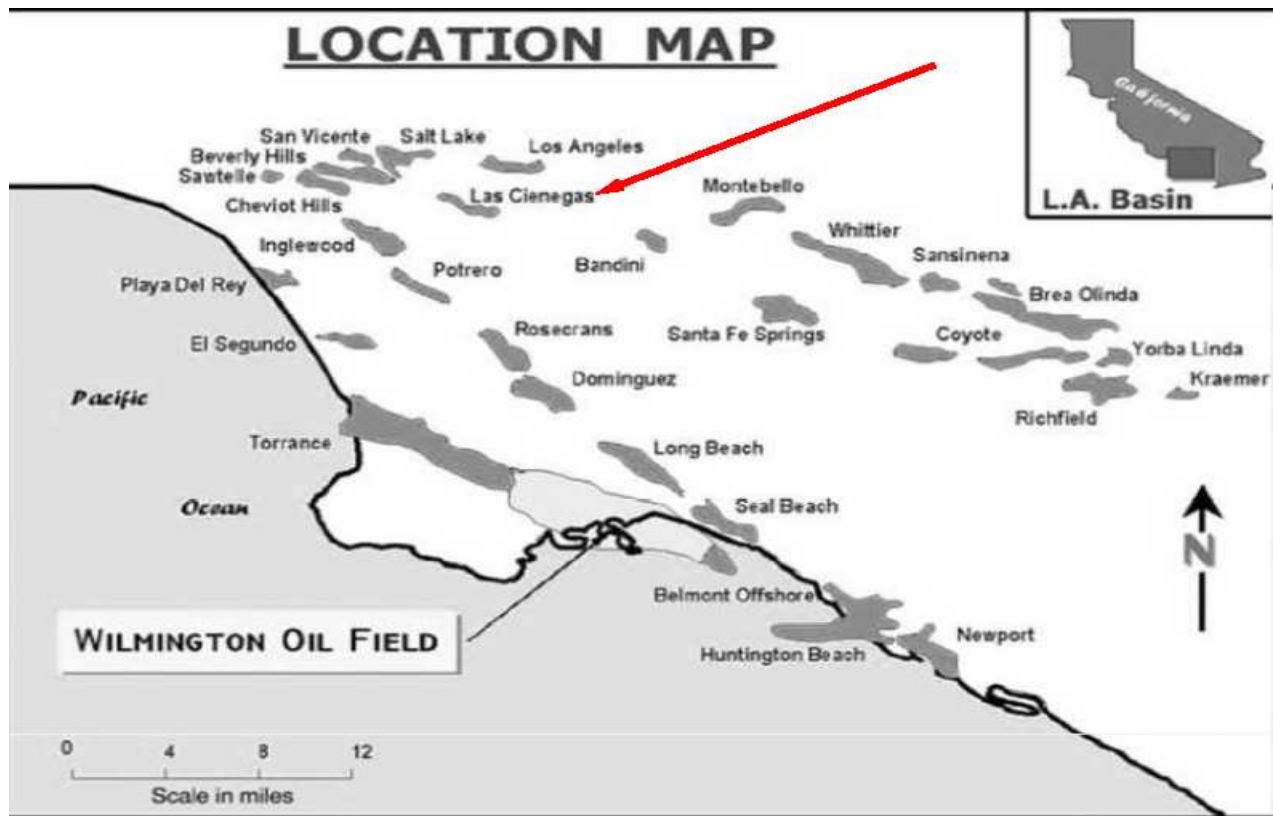
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Allenco Energy, Inc. (“AEI”) - ASSET SALE
Las Cienegas Oilfield - Jefferson Area (“LCOJ”) - 100% W.I.
Los Angeles County, CA

Quick Summary
(5/20/17)

LCOJ is a large oilfield developed from a ~2.3-acre leased “Pad” in a semi-residential in downtown Los Angeles, located at: 814 W. 23rd St, Los Angeles, CA 90007 (corner of St. James Place and W. 23rd St.). AEI owns and operates 16 wells that were directionally drilled from this Pad to three productive zones: the “Jefferson Sand”, the “Broadway Sand”, and the “Massive Sand”. These relatively shallow (2,700’ to 5,000’ TVD) wells have produced more than 6,450,000 BO and 10.2 BCF to date. The field is comprised of ~350 acres located in NE/4 Section 1-T2S-R14W and N/2 Section 6-T2S-R13W SBBM.

THE FIELD IS CURRENTLY SHUT IN. Expected production from the initial 4 wells that are planned to be re-activated is: 60 BOPD, 30 MCFD, 700 BWPD.



- **Ownership:** 100% WI; 82.645% NRI.
- **Total Acreage:** 350-acre production Unit.
- **Production Zones:** Jefferson Sand @ 2,800' (+200' thick).
Broadway Sand @ 3,600' (+1,200' thick).
Massive Sand @ 5,000' (+500' thick).
- **Current Production:** Shut In – since December 2013
Expected Initial Prod – 4/16: 60 BOPD, 30 MCFD, 700 BWPD.
- **Wells:** 16 wells total.
4 wells producible (ESP's).
9 shut in wells (various reasons).
3 SWD wells.
- **Est Net Monthly Cash Flow** (after royalty & opcosts): ~\$30,000/mo (\$55 oil).
- **Projected Net Producing Reserves** (Per AEA) – Current 4 re-activated wells ONLY:

Allenco Energy, Inc. Escalated Pricing Effective 5/1/2016	Estimated Net Reserves		Estimated Future Net Revenue	
	Net to 100% WI and 82.645% NRI			
Reserve Category	Oil & Condensate (MBO)	Gas (MMCF)	Not Discounted (M\$)	Discounted @ 10% (M\$)
Proved Developed Producing:	196.820	107.770	10,174.040	930.980
Total:	196.820	107.770	10,174.040	930.980

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

LCOJ production is easily & incrementally increased by:

- (1) perforating behind-pipe zones,
- (2) infill drilling,
- (3) perforating injection wells to waterflood unswept portions of the field.

125 BOPD & 100 MCFD PER WELL estimated incremental production by just perforating an additional 250' to 300' BHP sand in 8 wellbores – total increase: 1,000 BOPD.
Need to install or upsize ESP's in field. Capital cost approx \$1,500,000.

→ Adds +3,000,000 BO recoverable.

Cost includes resuming gas sales, adding 2 BCF recoverable*

Additional reserve recovery possible from flooding and infill drilling: ~3,000,000 BO.

*(reserve upside figures based on comparison to adjacent LADT field).

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: Allenco Energy, Inc. reserves the right to sell the properties to the first highest acceptable offerer.

- 2.) Offers must be submitted by letter or email 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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