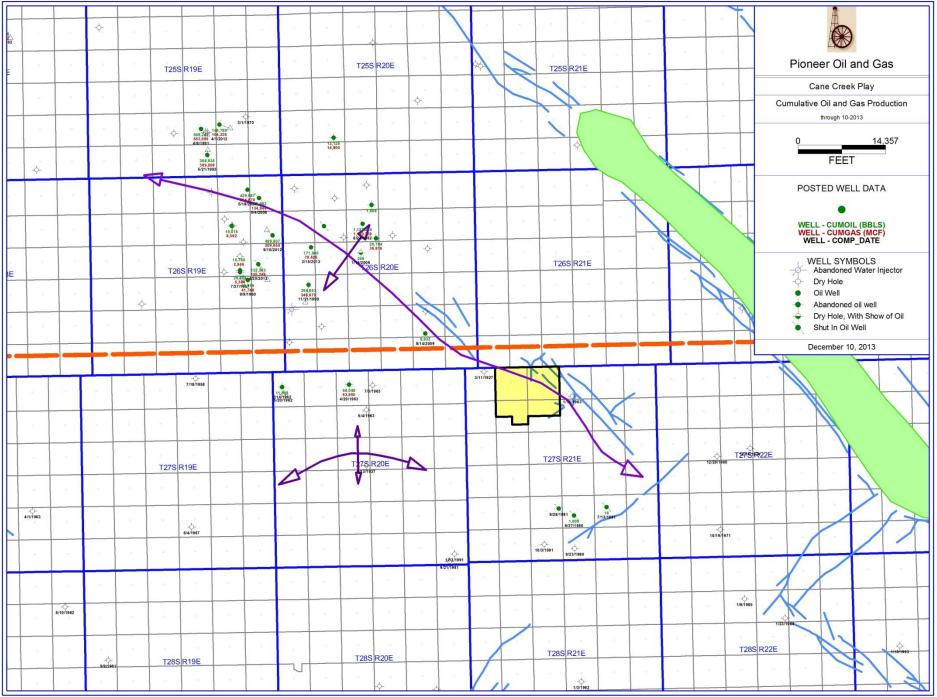
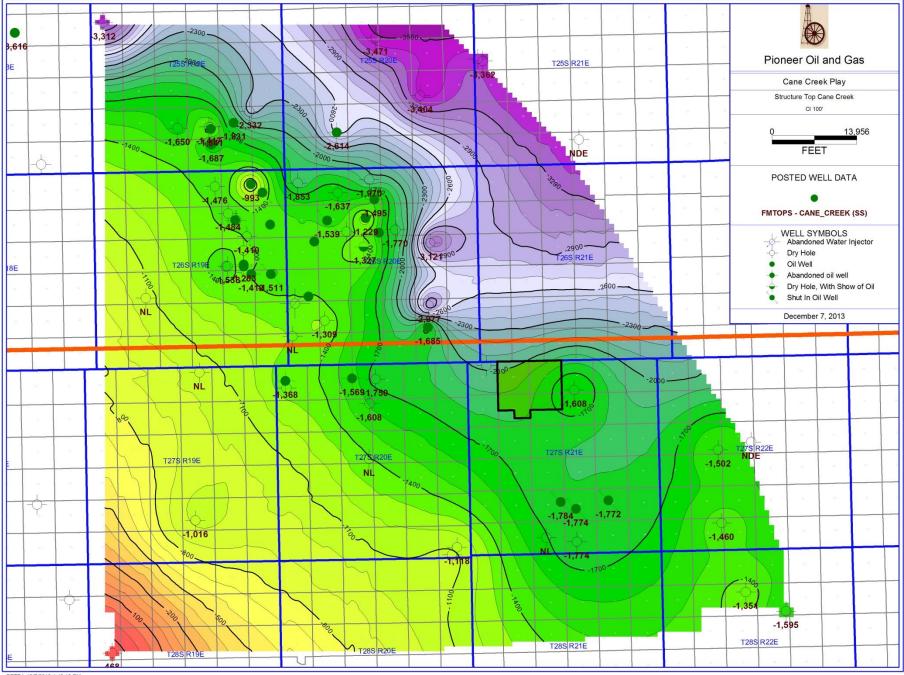
Cane Creek Resource Play Over One Million Barrels of Oil Per Well



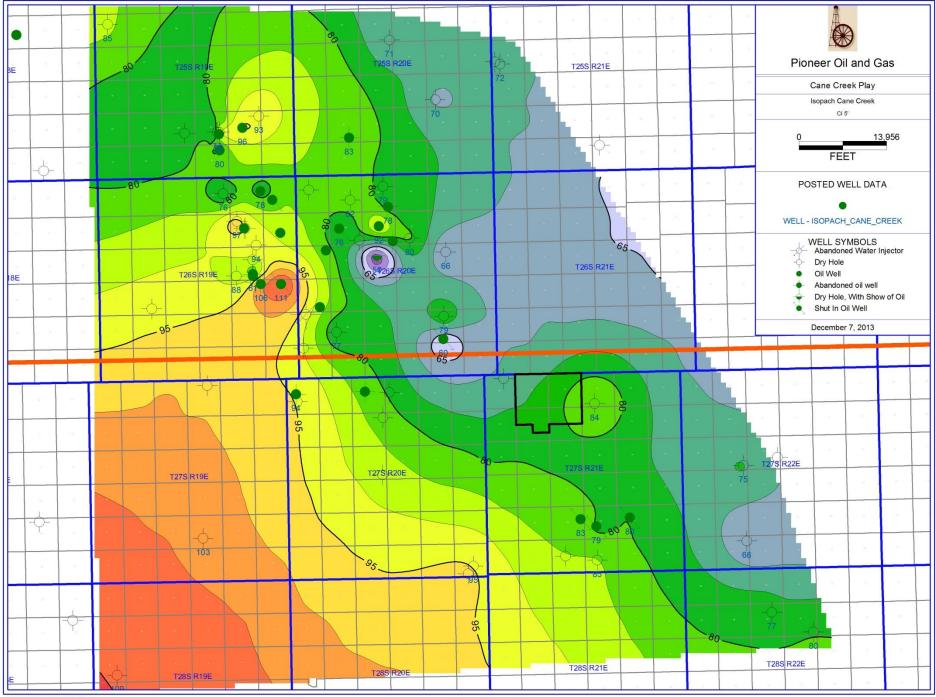
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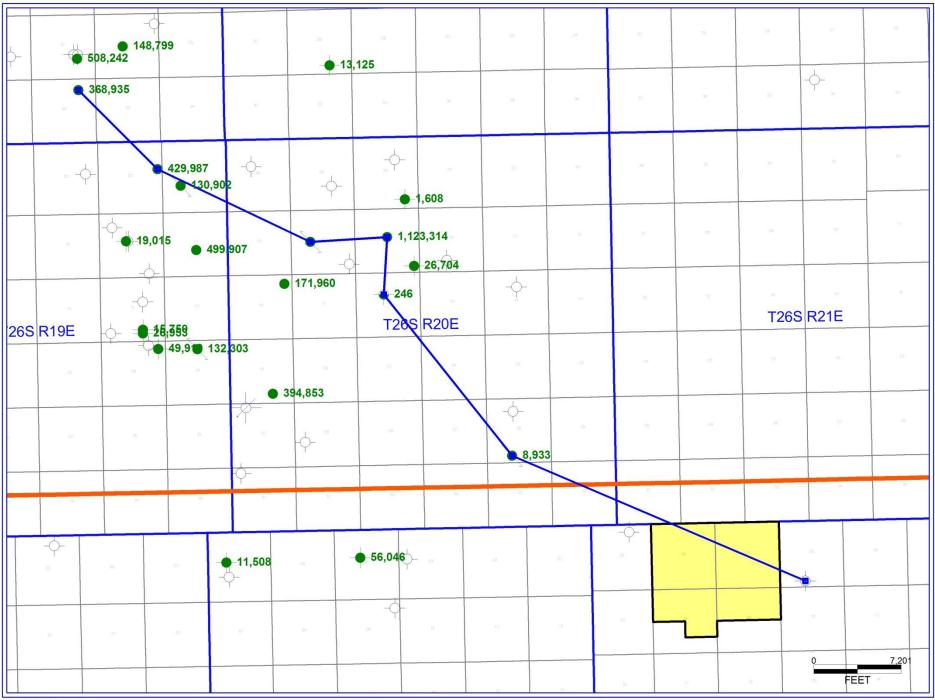
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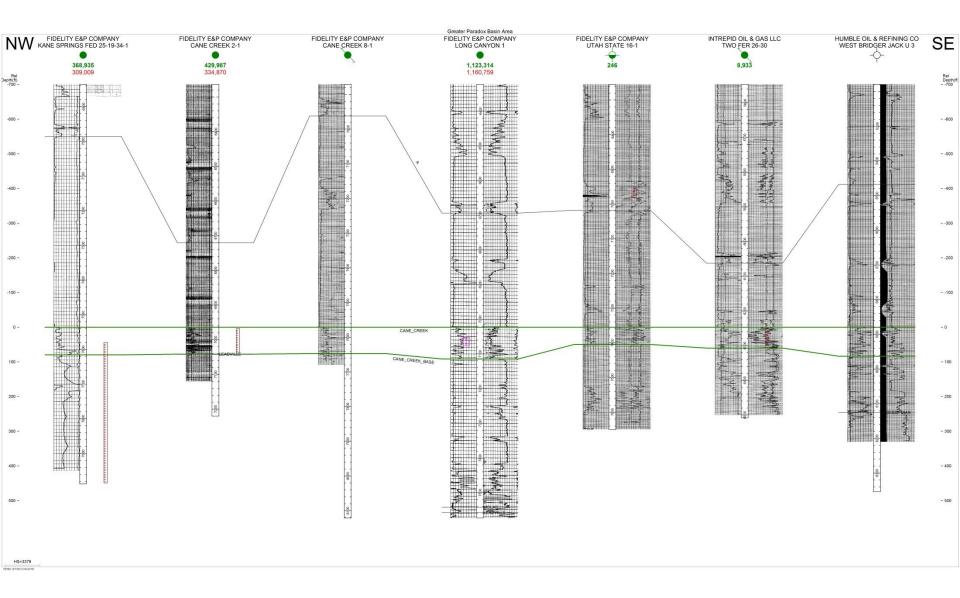


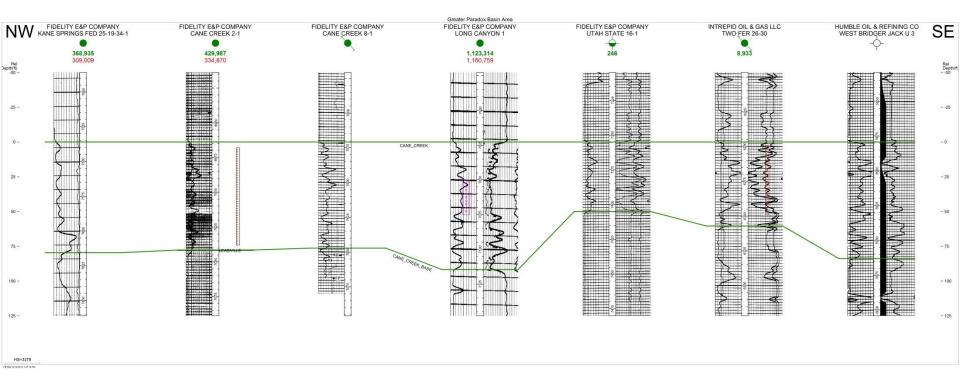
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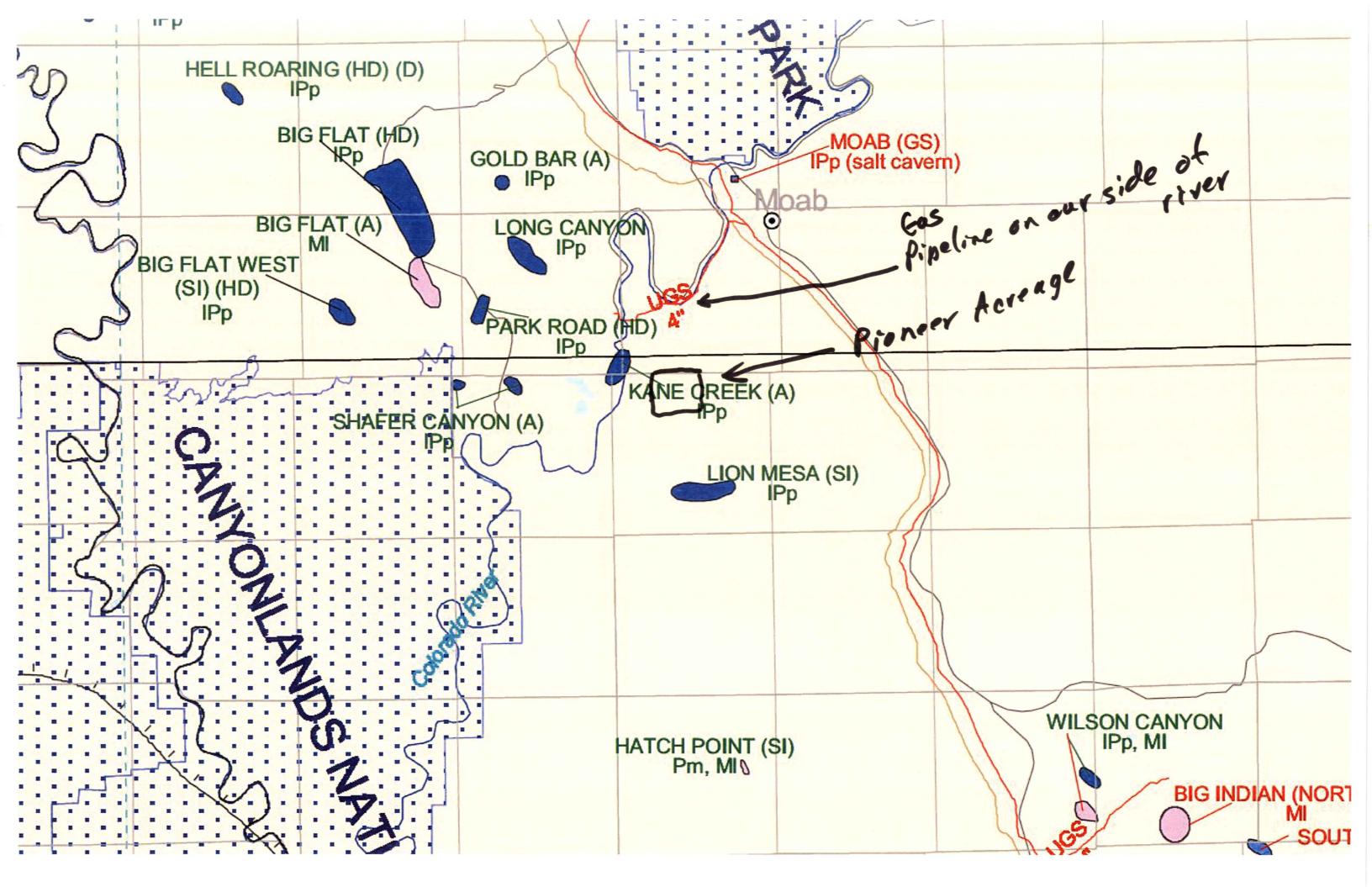


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Gross/Net Acreage of Utah State oil and gas leases	2,037.40 acres
Sell 100% interest in 2,037.40 acres as to all depths (Will deliver 80% net revenue interest on all leases)	\$400,000.00
Drill horizontal well in Cane Creek holding both leases	(\$200,000.00)*
Total Sales Price for Acreage Upon Drilling Well	<u>\$200,000.00</u>

*Purchaser will pay \$400,000 to Pioneer Oil and Gas upon entering Purchase Agreement and upon drilling and completing a horizontal well in the Cane Creek formation that will hold both oil and gas leases described below, Pioneer Oil and Gas will refund Purchaser \$200,000.

CANE CREEK ACREAGE DESCRIPTION

Description	Acreage	Lease No./ Expiration Date
1. <u>Township 27 South, Range 21 East, SLB&M</u> Section 5: Lots 1(44.66), 2(44.61), 3(44.57) 4(44.52), S/2N/2, S/2 (ALL) Section 8: N/2, N/2SE/4	1,058.36	ML 49521 12/1/2014
2. <u>Township 27 South, Range 21 East, SLB&M</u> Section 4: Lots 1(44.82), 2(44.78), 3(44.74) 4(44.70), S/2N/2, S/2 (ALL) Section 9: N/2	979.04	ML 49520 12/1/2014
Total	2,037.40	

This offer is subject to prior sale or withdrawal without notice.

PIONEER OIL & GAS

AUTHORIZATION FOR EXPENDITURE

DRILLING/COMPLETION

861 INTANGIBLE DRILLING COSTS 1:0 ROADS, LOCATION; LEGAL Survey & Right of Way Costs \$ 50,000 Surface Damages \$ - Reads & Locations \$ 215,000 Location Cleanup \$ 200,000 \$ Air rig days @ \$/day \$ - \$ - \$ - Drilling: Daywork 50 days @ \$/day \$ 220,000 \$ 382,000 \$ 382,000 \$ 382,000 Big Tele 50 days @ \$/day \$ 23,000 \$ 1,150,000 \$ 382,000 \$ 243,750 Other days @ \$/day \$ - \$ 25,000 \$ \$ 243,750 Other days @ \$/day \$ - \$ 25,000 \$ I12 LOAD OIL; MUD; CHEMICALS; WATER Mud & Chemicals \$ 143,500 Water Purchase \$ 5,000 \$ I13 EQUIPMENT RENTAL \$ \$ \$ \$ \$ I14 LOGGING; TESTING; CORING \$ \$ \$ \$ \$ I14 LOGGING; TESTING; CORING \$ \$ \$ \$ \$ \$ I15 CEMENTING SERVICE Surface casing \$	REFERENCE:	UT-1	WELI	REFERE	NCE:	Cane	Creek Ho	rizon	ital Test		
FORMATION: Cane Creek DEPTH: 7,500' TVD, 9,200' MD TOTAL AFE: \$ 8,033,300 DA POG Account 861 Description INTANGIBLE DRIILLING COSTS Gr 10 ROADS, LOCATION; LEGAL Surface Damages \$ - Roads & Locations \$ 215,000 Location Cleanup \$ 200,000 \$ 11 DRILLING RIG Surface Damages \$ - Roads & Locations \$ 215,000 Location Cleanup \$ 200,000 \$ 11 DRILLING RIG Air rig Guevee \$ 382,000 \$ 382,000 \$ 382,000 \$ 382,000 \$ 1,150,000 \$ 382,000 Drilling: Daywork 50 days @ \$/day \$ 2,20,000 \$ \$ 382,000 \$ 243,075 \$ 1,150,000 \$ 382,000 Other days @ \$/day \$ - \$ 25,000 \$ \$ 382,000 \$ 5,000 \$ 382,000 \$ 382,000 \$ 382,000 \$ 1,150,000 \$ \$ 382,000 \$ \$ 382,000 \$ \$ 382,000 \$ \$ 382,000 \$ \$ \$ 382,000 \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	DESCRIPTION:	Drill, complete, and equip 9,200' Cane Cre	ek later	al test well		OPER	RATOR:	Pio	neer Oil & G	as	
POG Account 861 Description INTANGIBLE DRILLING COSTS Gr 861 INTANGIBLE DRILLING COSTS Surface Damages \$ - Roads & Locations \$ 215,000 Surface Damages \$ - Roads & Location Cleanup \$ 200,000 - 861 Survey & Right of Way Costs \$ 215,000 Location Cleanup \$ 200,000 - 861 BitLINN Rig - - - Ar rig Drilling: Mob/Demob \$ 382,000 \$ 200,490 \$ 2382,000 \$ 382,000 BitLINN Rig Drilling: Daywork 50 days @ \$/day \$ 23,000 \$ 1,150,000 \$ 382,000 Clear Coll (, MUD; CHEMICALS; WATER - \$ 20,000 \$ 1,150,000 \$ 12 LOAD OIL; MUD; CHEMICALS; WATER Mud & Chemicals \$ 435,000 \$ 437,500 \$ 437,500 \$ 5,000 \$ 5 113 EOUPMENT RENTAL \$ 5 \$ 5,000 \$ 5 \$ 5 <td>_D:</td> <td>LOCATION:</td> <td>COL</td> <td>JNTY:</td> <td>Grand</td> <td>STAT</td> <td>E:</td> <td>Uta</td> <td>h</td> <td></td> <td></td>	_D:	LOCATION:	COL	JNTY:	Grand	STAT	E:	Uta	h		
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:90 OTHER Casing crew, fresh water, ect. \$ Image: Total INTANGIBLE DRILLING COSTS: \$ 859 LEASE & WELL EQUIPMENT-DRILLING :10 CASING Conductor 40 ft. 20" @ \$/ft. \$ 35,000 Surface Casing 1500 ft 13-3/8" @ \$/ft \$ 50.00 \$ 75,000 Intermediate Casing 4500 ft 9-5/8" @ \$/ft \$ 48.00 \$ 216,000 Intermediate Casing 7500 ft. 7" @ \$/ft. \$ 32.00 \$ 240,000 :14 WELLHEAD EQUIPMENT \$			runas)			@ 0%	•			\$	-
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859 LEASE & WELL EQUIPMENT-DRILLING :10 CASING Conductor 40 ft. 20" @ \$/ft. \$ 35,000 Surface Casing 1500 ft 13-3/8" @ \$/ft \$ 000 \$ 75,000 Intermediate Casing 4500 ft 9-5/8" @ \$/ft \$ 48.00 \$ 216,000 Intermediate Casing 7500 ft. 7" @ \$/ft. \$ 32.00 \$ 240,000 :14 WELLHEAD EQUIPMENT \$:90	OTHER	Casin	ig crew, fre			00////		00070		375,000
CASING \$ 35,000 Conductor 40 ft. 20" @ \$/ft. \$ 35,000 Surface Casing 1500 ft 13-3/8" @ \$/ft \$ 50.00 \$ 75,000 Intermediate Casing 4500 ft 9-5/8" @ \$/ft \$ 48.00 \$ 216,000 Intermediate Casing 7500 ft. 7" @ \$/ft. \$ 32.00 \$ 240,000 *14 WELLHEAD EQUIPMENT \$ 500 \$ 500					TOTALINIA	ANGIBLE	DRILLI	NG	COSTS:	\$0	6,280,300
CASING \$ 35,000 Conductor 40 ft. 20" @ \$/ft. \$ 35,000 Surface Casing 1500 ft 13-3/8" @ \$/ft \$ 50.00 \$ 75,000 Intermediate Casing 4500 ft 9-5/8" @ \$/ft \$ 48.00 \$ 216,000 Intermediate Casing 7500 ft. 7" @ \$/ft. \$ 32.00 \$ 240,000 *14 WELLHEAD EQUIPMENT \$ 500 \$ 500				~							
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Surface Casing 1500 ft 13-3/8" @ \$/ft \$ 50.00 \$ 75,000 Intermediate Casing 4500 ft 9-5/8" @ \$/ft \$ 48.00 \$ 216,000 Intermediate Casing 7500 ft. 7" @ \$/ft. \$ 32.00 \$ 240,000 \$:14 WELLHEAD EQUIPMENT										7	
Intermediate Casing 4500 ft 9-5/8" @ \$/ft \$ 48.00 \$ 216,000 Intermediate Casing 7500 ft. 7" @ \$/ft. \$ 32.00 \$ 240,000 \$:14 WELLHEAD EQUIPMENT								\$			
Intermediate Casing 7500 ft. 7" @ \$/ft. \$ 32.00 \$ 240,000 \$:14 WELLHEAD EQUIPMENT \$		Surface Casing		1500	ft 13-3/8" @ \$/ft	\$	50.00	\$	75,000		
:14 WELLHEAD EQUIPMENT \$		Intermediate Casing		4500	ft 9-5/8" @ \$/ft	\$	48.00	\$	216,000		
		Intermediate Casing		7500	ft. 7" @ \$/ft.	\$	32.00	\$	240,000	\$	566,000
	:14	WELLHEAD EQUIPMENT								\$	40,000
TOTAL TANGIBLE DRILLING COSTS: \$					TOTAL TA	NGIBLE	DRILLII	٧G	COSTS:	\$	606,000
				I							
TOTAL DRILLING COSTS: \$						TOTAL D	RILLING	G C	OSTS:	\$ (6,886,300

Cane Creek Horizontal Test Well, 1-30-14, (Page Two)

862		TOTAL INTANGIBLE COMPLETION	COSTS	5							
	:10	ROADS, LOCATION; LEGAL								\$	4,000
	:11	COMPLETION UNIT									
		Completion Unit Costs		15	days @ \$/day	\$	5,500			\$	82,500
	:12	LOAD OIL; MUD; CHEMICALS; WATER									
		Load Oil	\$	-	Mud & Chemicals	\$	10,000				
		Water	\$	2,000						\$	12,000
	:13	EQUIPMENT RENTAL	BOP,	test tanks	, packer, etc.					\$	15,000
	:14	LOGGING; PERFORATING; TESTING									
		Logging	\$	-	Swell packers	\$	-				
		Testing	\$		Tubing conveyed perf	\$	500,000			\$	550,000
	:15	CEMENTING SERVICE	Produ	ction Line	r					\$	-
	:16	DIRECT SUPERVISION		15	days @ \$/day	\$	2,000			\$	30,000
	:17	TRANSPORTATION								\$	8,000
	:18	OVERHEAD									
		# Days Comp. Unit on Well		15	days @ \$/day	\$	300.00			\$	4,500
	:19	WELL STIMULATION								•	
		Breakdown	\$	-	Fracturing	\$	-			\$	-
	:20	BITS; MATERIALS; SUPPLIES								•	
		Bits	\$	10,000	Materials	\$	5,000				
		Supplies								\$	15,000
	:21	CONTRACT LABOR	Casin	g crew, W	elder, safety, etc.					\$	100,000
	:50	OTHER								\$	20,000
	:90	SUPPLEMENTAL BUDGET (Contingency	Funds)			@ 09	%			\$	-
					TOTAL INTANGI	BLE C	COMPLET	ION (COSTS	\$	841,000
860		LEASE WELL EQUIPMENT									
	:10	CASING & LINERS									
		Casing: 4-1/2", 13.5 #, P-110, LTC		3200	ft. @ \$/ft.	\$	15.00	\$	48,000		
					ft. @ \$/ft.	\$	-	\$	-	\$	48,000
	:12	TUBING									
		2-7/8", 6.5#, N-80, EUE		6500	ft. @ \$/ft.	\$	8.00	\$	52,000	\$	52,000
	:13	RODS; PUMPS; SUBSURFACE									
		Rods			ft. @ \$/ft.	\$	-	\$	-		
		Liner hanger	\$	60,000	Packer and assembly			\$	30,000	\$	30,000
	:14	WELLHEAD								\$	25,000
	:15	FLOWLINES; VALVES; FITTING						<u>.</u>		1	
		Line Pipe (inc ditching and laying)			ft. @ \$/ft.	\$	20.00	\$	40,000		
		Valves & Fittings	\$	20,000						\$	60,000
	:16	TANK BATTERY; TREATER; ETC.									
		Tank Battery	Four 4	400-bbl we	elded tank @ \$9000/eac	ch		\$	36,000		
		6' x 20' reconditioned treater (horizontal)						\$	30,000		
		Other						\$	12,000	\$	78,000
	:18	ARTIFICIAL LIFT (Assume flowing well ini	• •							\$	-
	:19	BUILDINGS & MISCELLANEOUS LEASE						<u>.</u>			
		Buildings	\$	8,000	Other Equipment			\$	5,000	\$	13,000
	:20	TANGIBLE ROAD LOCATION COSTS	F			<u> </u>	.,			•	
	:50	SUPPLEMENTAL BUDGET (Contingency	runds)			@ 09	%			\$	-
	:80	ABANDONMENT									
	:90	OTHER			TOTAL TANOIS			NT 7		~	206 000
					TOTAL TANGIB	LEE	QUIPINE		,0515:	\$	306,000
							OTAL A		OCTC.	~ ~	
						/	OTAL A	FE U	0313:	φζ	3,033,300

DATE: 1	/30/2014 AFE #: UT-1	WELL NAME: Cane Creek Horizo	ontal Test
AFE DESC	RIPTION: Drill, complete, and equ	uip 11,000' Cane Creek lateral well	OPERATOR: Pioneer Oil & Gas
FIELD:	LOC:	COUNTY: Grand	STATE: Utah
FORMATIC	DN: Cane Creek	DEPTH: 11,000'	TOTAL AFE: \$ 8,033,300

WORKING INTEREST OWNERS

DIVISION OF INTEREST

	AMOUNT	
_		

Total:

APPROVALS:

APPROVED BY:	TITLE:	DATE:	
COMPANY:			
APPROVED BY:	TITLE:	DATE:	
COMPANY:			
APPROVED BY:	TITLE:	DATE:	
COMPANY:			
APPROVED BY:	TITLE:	DATE:	
COMPANY:			
APPROVED BY:	TITLE:	DATE:	
COMPANY:			

COSTS SHOWN ON THIS FORM ARE ESTIMATES ONLY AND APPROVAL OF THIS AUTHORIZATION SHALL EXTEND TO THE ACTUAL COSTS INCURRED IN CONDUCTING THE WORK AUTHORIZED, WHETHER MORE OR LESS THAN HEREIN SET OUT.