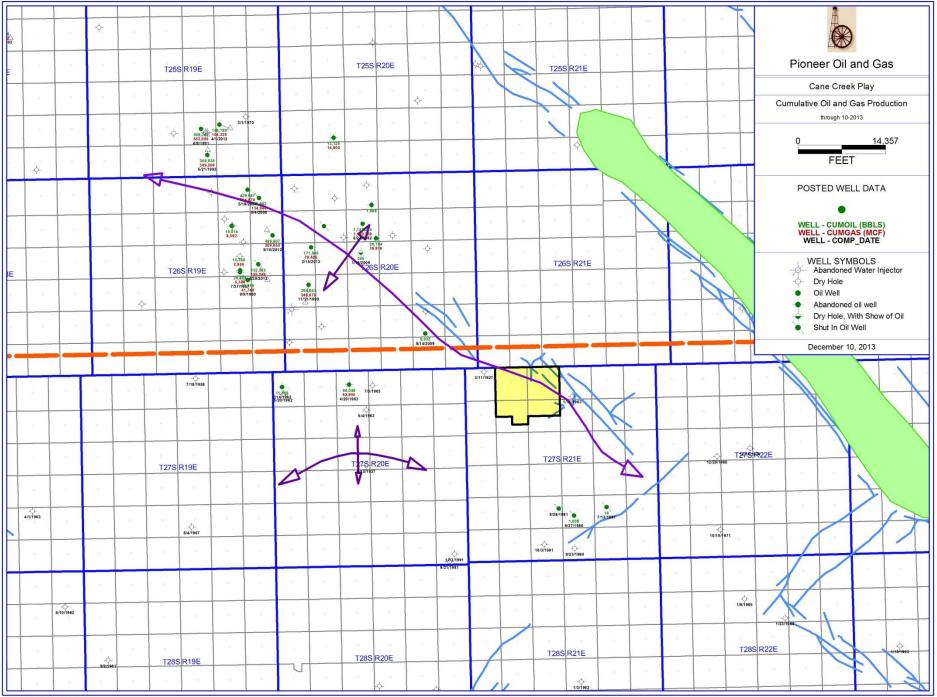
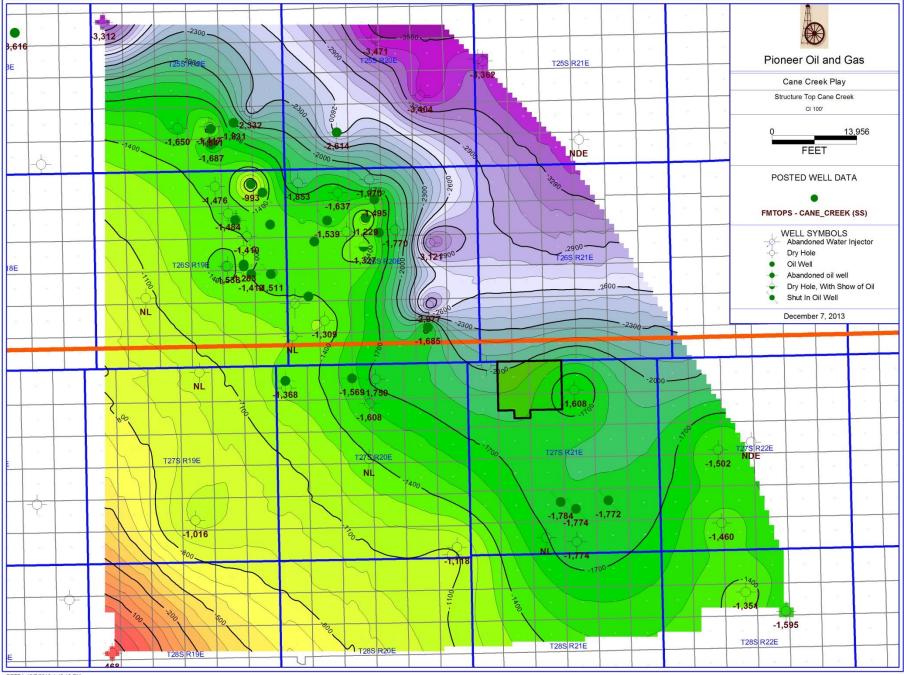
Cane Creek Resource Play Over One Million Barrels of Oil Per Well



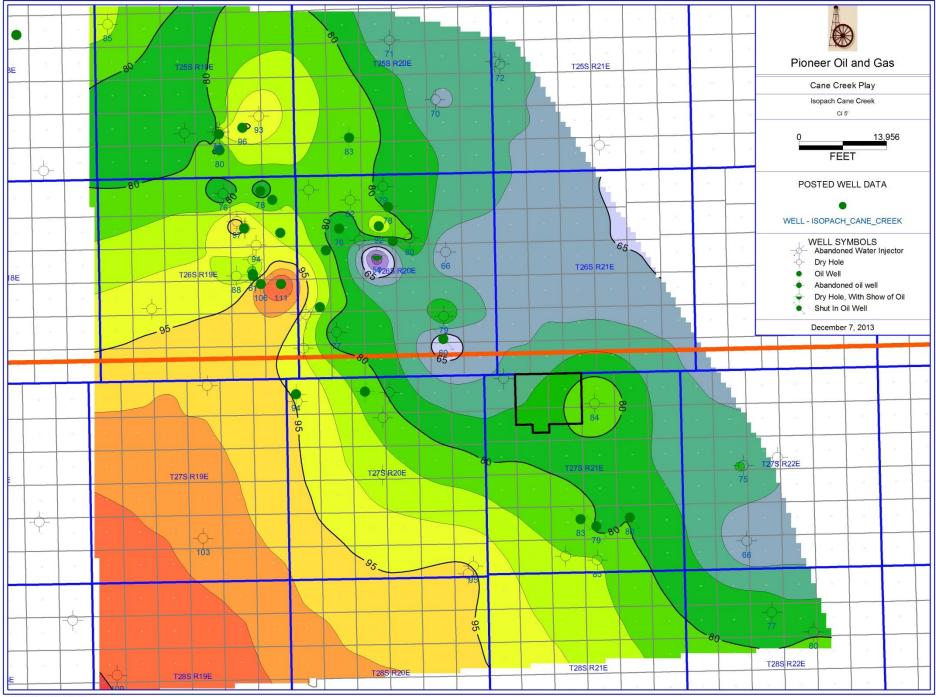
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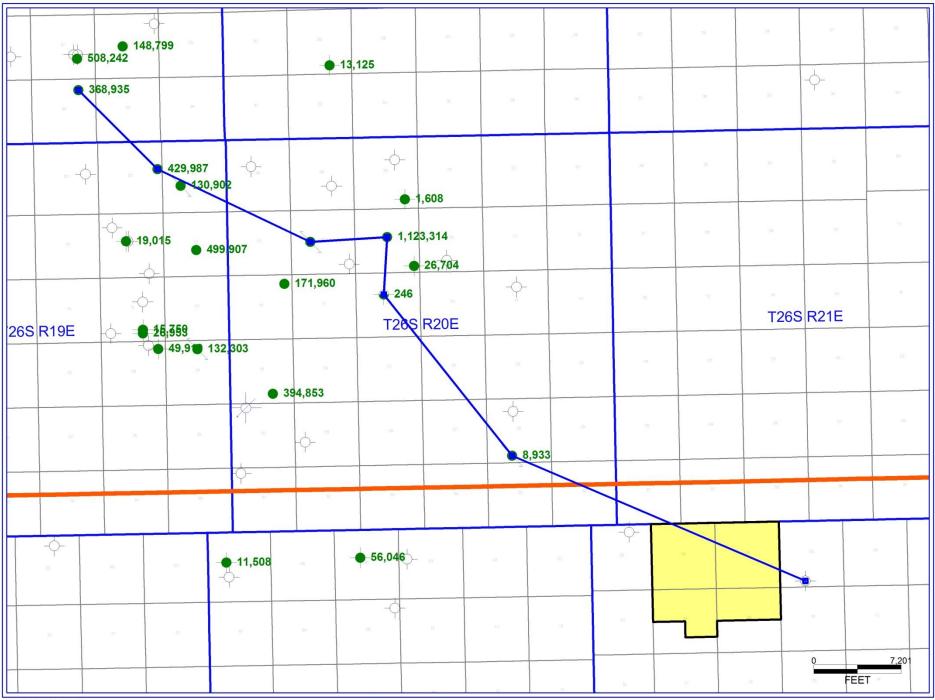
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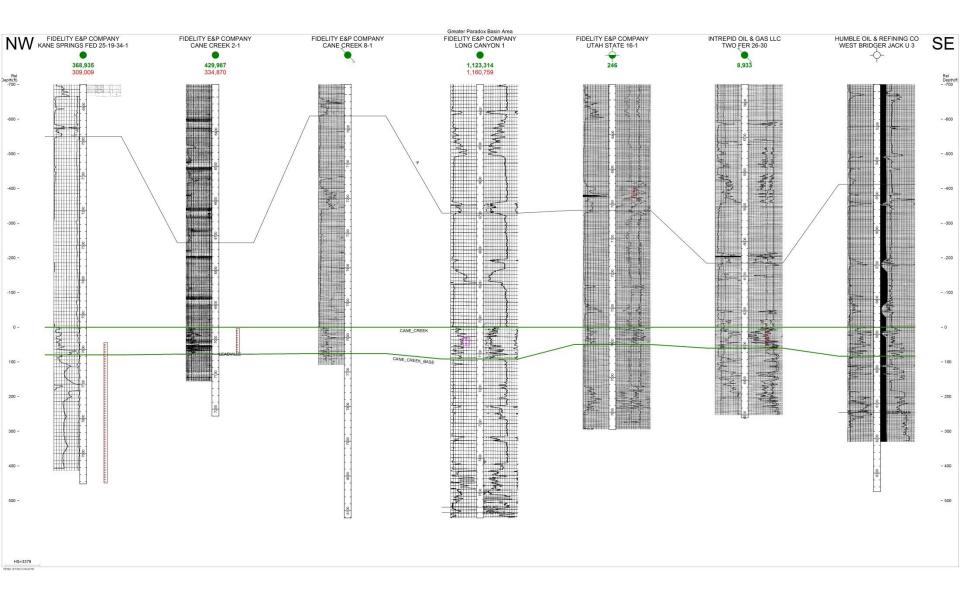


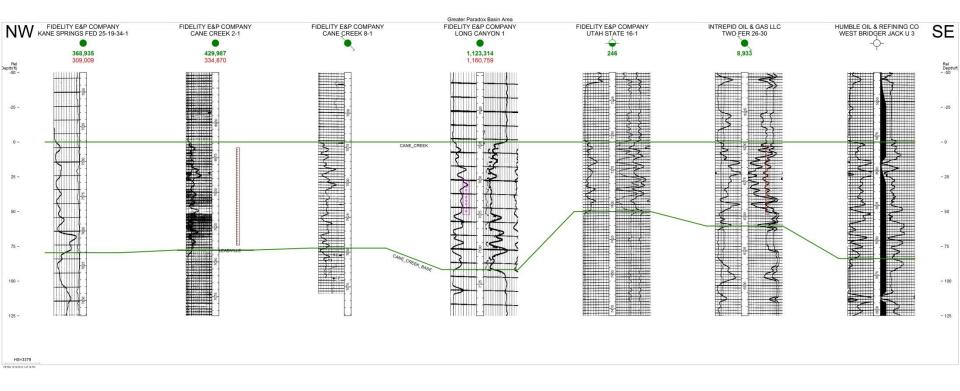
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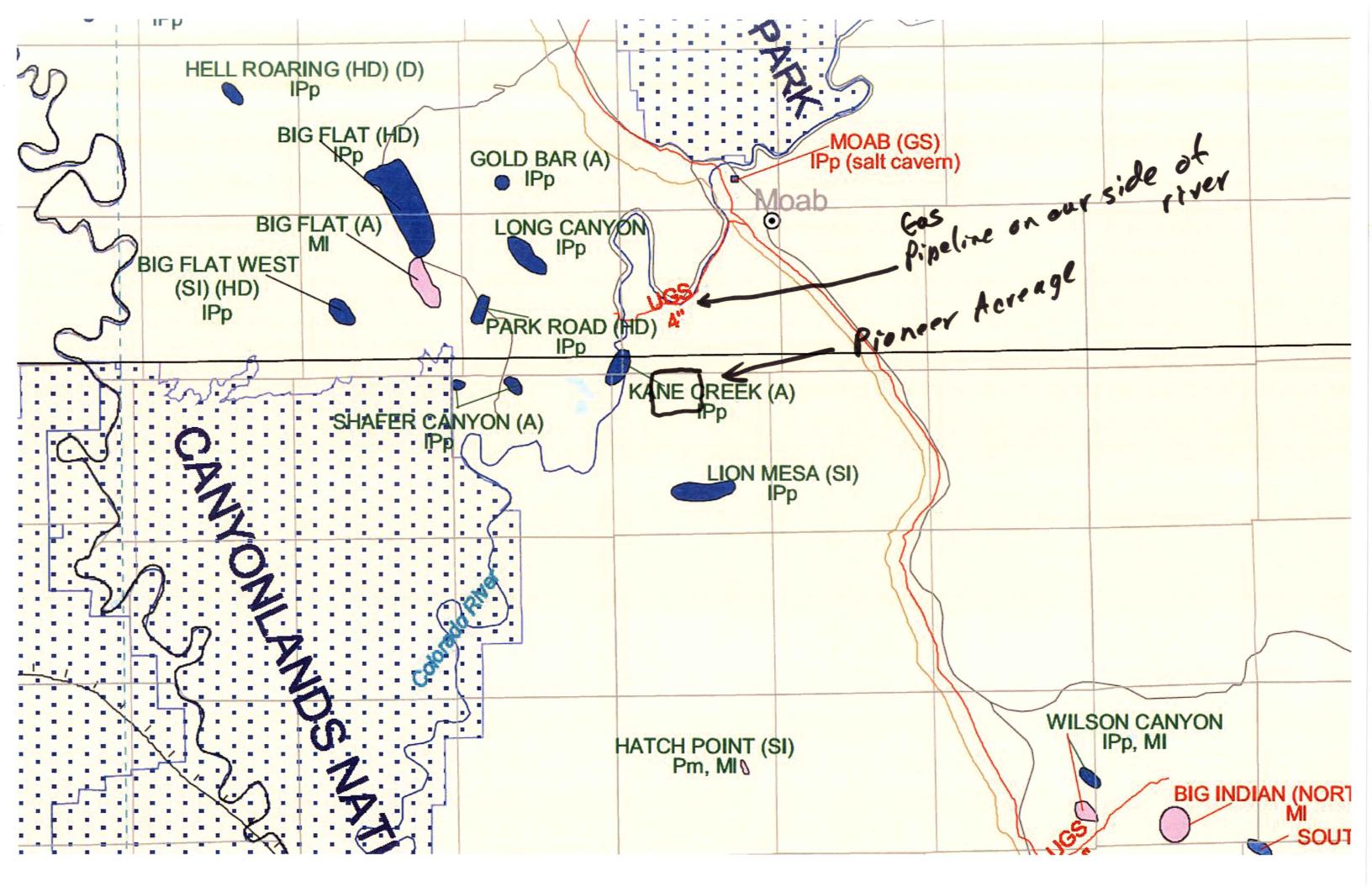


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Gross/Net Acreage of Utah State oil and gas leases	2,037.40 acres
Sell 100% interest in 2,037.40 acres as to all depths (Will deliver 80% net revenue interest on all leases)	\$400,000.00
Drill horizontal well in Cane Creek holding both leases	(\$200,000.00)*
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&amp;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&amp;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		
861       INTANGIBLE DRILLING COSTS         1:10       ROADS, LOCATION; LEGAL         Survey & Right of Way Costs       \$ 50,000       Surface Damages       \$ -         Roads & Locations       \$ 215,000       Location Cleanup       \$ 200,000       \$ \$         Air rig       days @ \$iday       \$ -       \$ -       \$ -       \$         Drilling: Nob/Demob       \$ 382,000       \$ 382,000       \$ 382,000       \$ 382,000       \$ 382,000         Brig Fuel       50 days @ \$iday       \$ 23,000 \$ 1,150,000       \$ 100,000       \$ 382,000       \$ 243,750         Other       days @ \$iday       \$ -       \$ 25,000       \$ 153,000       \$ 48,75 \$ 5,500         112       LOAD OIL; MUD; CHEMICALS; WATER       -       \$ 25,000       \$       \$         113       EQUIPMENT RENTAL       \$ 50,000       \$ 50,000       \$       \$         114       Logging       \$ 440,000       Testing       \$ -       \$         115       CEMENTING SERVICE       Surface and intermediate casing       \$       \$         116       DIRECT SUPERVISION       Includes weilsite & office consulting, & mud loggers       \$ \$         116       DIRECT SUPERVISION       Includes weilsite & office consulting, & mud loggers       \$ \$ </td <td>IMATION:</td> <td>Cane Creek</td> <td>DEF</td> <td>PTH: 7,500</td> <td>" TVD, 9,200' MD</td> <td>TOTA</td> <td>L AFE:</td> <td>\$</td> <td>8,033,300</td> <td>DAT</td> <td>E: 1-30-14</td>	IMATION:	Cane Creek	DEF	PTH: 7,500	" TVD, 9,200' MD	TOTA	L AFE:	\$	8,033,300	DAT	E: 1-30-14
861       INTANGIBLE DRILLING COSTS         10       ROADS, LOCATION; LEGAL         Survey & Right of Way Costs       \$ 50,000       Surface Damages       \$ -         Roads & Locations       \$ 215,000       Location Cleanup       \$ 200,000       \$         Air rig       days @ \$iday       \$ -       \$ -       >       -         Drilling: Mob/Demob       \$ 382,000       \$ 382,000       \$ 382,000       \$ 382,000         Drilling: Daywork       50 days @ \$iday       \$ 23,000       \$ 1,150,000         Rig Fuel       50 days @ \$iday       \$ 243,750         Other       days @ \$iday       \$ -       \$ 243,750         Other       days @ \$iday       \$ -       \$ 25,000         Mud & Chemicals       \$ 445,000       Water Hauling       \$ 60,000         Make up diesel       \$ 157,500       Water Purchase       \$ 5,000         113       EQUIPMENT RENTAL       \$       \$       \$         114       Logging       \$ 460,000       Testing       \$         115       CEMENTING SERVICE       Surface and intermediate casing       \$       \$         116       DIRECT SUPERVISION       Includes weitsite & office consulting, & mud loggers       \$       \$	C Assount	Description								<b>~</b> ~~	saa Caata
:10       ROADS, LOCATION; LEGAL         Survey & Right of Way Costs       \$ 50,000       Location Cleanup \$ 20.000         Hoads & Locations       \$ 215,000       Location Cleanup \$ 20.000         11       DRILLING RIG       -       \$ 382,000         Air rig       days @ \$iday       \$ -       \$ -         Drilling: Mob/Demob       \$ 382,000       \$ 842,000       \$ 842,000         Drilling: Daywork       50 days @ \$iday       \$ 23,000       \$ 1,150,000         Rig Fuel       50 days @ \$iday       \$ 437,55       \$ 243,750         Other       days @ \$iday       \$ 60,000       \$ 25,000       \$         Make up diesel       \$ 157,500       Water Hauling       \$ 60,000       \$         Make up diesel       \$ 157,500       Water Purchase       \$ 5,000       \$         13       EQUIPMENT RENTAL       \$       \$       \$       \$         14       LOGGING; TESTING; CORING       Includes weilsite & office consulting, & mud loggers       \$       \$         16       DIRECT SUPERVISION       Includes weilsite & office consulting, & mud loggers       \$       \$         17       TRANSPORTATION       \$       \$       \$       \$         210       CONTRACT LABOR <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>Gro</td><td>oss Costs</td></t<>										Gro	oss Costs
Survey & Right of Way Costs         \$ 50,000         Surface Damages         \$           Roads & Locations         \$ 215,000         Location Cleanup         \$ 200,000         \$           Air rig         OmliLLING RIG         -         \$         -         \$           Air rig         days @ \$/day         \$         \$         \$         \$           Drilling: Mob/Demob         \$ 382,000         \$         \$ 382,000         \$         \$         \$           Big Fuel         50 days @ \$/day         \$         4,875         \$ 243,750         \$         24,750           Cher         days @ \$/day         \$         4,875         \$ 243,750         \$         24,750           Cher         days @ \$/day         \$         4,875         \$ 243,750         \$         245,000           Make up diesel         \$         157,500         Water Hauling         \$         60,000         \$           113         EQUIPMENT RENTAL         \$											
Roads & Locations       \$ 215,000       Location Cleanup       \$ 200,000       \$         Air rig       Air rig       days @ \$iday       \$ - \$ -       \$       382,000       \$			<b>•</b>					•		T	
Initial Initial State S			-	,			-		-		
Air rig       days @ \$/day       \$       -       \$       -         Drilling: Mob/Demob       \$       382,000       \$       \$       382,000         Drilling: Daywork       50 days @ \$/day       \$       23,000       \$       382,000         Rig Fuel       50 days @ \$/day       \$       243,755       \$       244,755       \$         Other       days @ \$/day       \$       -       \$       25,000       \$         Mud & Chemicals       \$       435,000       Water Hauling       \$       60,000       \$         Make up diesel       \$       157,500       Water Purchase       \$       5,000       \$         :13       EQUIPMENT RENTAL       \$       \$       \$       \$       \$       \$         :14       LOGGING; TESTING; CORING       Logging       \$       460.000       Testing       \$       \$       \$         :16       DIRECT SUPERVISION       Includes weilsite & office consulting, & mud loggers       \$       \$       \$       \$         :17       TRANSPORTATION       \$       \$       \$       \$       \$       \$       \$       \$       \$       \$       \$       \$       \$       \$       \$ <td></td> <td></td> <td>\$</td> <td>215,000</td> <td></td> <td>Location</td> <td>1 Cleanup</td> <td>\$</td> <td>200,000</td> <td>\$</td> <td>465,000</td>			\$	215,000		Location	1 Cleanup	\$	200,000	\$	465,000
Drilling: Mob/Demob         \$ 382.000         \$ 382.000         \$ 382.000           Drilling: Daywork         50 days @ \$/day         \$ 23,000         \$ 1,150,000           Rig Fuel         50 days @ \$/day         \$ 4.875         \$ 243,750           Chter         days @ \$/day         \$ 4.875         \$ 25,000         \$           12         LOAD OIL; MUD; CHEMICALS; WATER         -         \$ 25,000         \$           Mud & Chemicals         \$ 435,000         Water Hauling         \$ 60,000         \$           Make up diesel         \$ 157,500         Water Purchase         \$         \$           14         LOGGING; TESTING; CORING										n	
Drilling: Daywork         50 days @ \$/day         \$         23,000         \$         1,150,000           Rig Fuel         50 days @ \$/day         \$         4,875         \$         243,750           Other         days @ \$/day         \$         4,875         \$         243,750           Other         days @ \$/day         \$         -         \$         25,000         \$           12         LOAD OIL; MUD; CHEMICALS; WATER         Mud & Chemicals         \$         435,000         Water Hauling         \$         60,000           Make up diesel         \$         157,500         Water Purchase         \$         5,000         \$           13         EQUIPMENT RENTAL         \$         \$         \$         \$         \$           14         LOGGING; TESTING; CORING         \$         \$         \$         \$         \$           15         CEMENTING SERVICE         Surface and intermediate casing         \$         \$         \$           16         DIFECT SUPERVISION         Includes wellsite & office consulting, & mud loggers         \$         \$           18         OVERHEAD         \$         \$         \$         \$         \$           210         CONTRACT LABOR         \$		-			days @ \$/day	\$	-	\$	-		
Rig Fuel         50 days @ \$/day         \$ 4,875         \$ 243,750           Other         days @ \$/day         \$ - \$ 25,000         \$           12         LOAD OIL; MUD; CHEMICALS; WATER           4,875         \$ 25,000         \$           Mud & Chemicals         \$ 435,000         Water Hauling         \$ 60,000         \$         \$           Make up diesel         \$ 157,500         Water Purchase         \$ 5,000         \$           13         EOUIPMENT RENTAL         \$         \$         \$           Logging         \$ 460,000         Testing         \$         \$           14         LOGGING; TESTING; CORING         \$         \$         \$           Logging         \$ 460,000         Testing         \$         \$           16         DIRECT SUPERVISION         Includes wellsite & office consulting, & mud loggers         \$           18         OVERHEAD         \$         \$         \$           20         BITS; MATERIALS; SUPPLIES         \$         \$         \$           818         OVERHEAD         \$         \$         \$         \$           210         CONTRACT LABOR         \$         \$         \$         \$           3		-	\$	,				\$	382,000		
Other         days @ \$/day         \$         \$         25,000         \$           1:12         LOAD OL; MUD; CHEMICALS; WATER            5         5,000         \$         \$           Mud & Chemicals         \$         435,000         Water Hauling         \$         60,000         \$         \$           1:3         EQUIPMENT RENTAL         \$         \$         5,000         \$         \$           1:4         LOGGING; TESTING; CORING		Drilling: Daywork				\$	23,000	\$	1,150,000		
12       LOAD OIL; MUD; CHEMICALS; WATER         Mud & Chemicals       \$ 435,000         Make up diesel       \$ 157,500         13       EQUIPMENT RENTAL         14       LOGGING; TESTING; CORING         Logging       \$ 460,000         Testing; CORING       \$         14       LOGGING; TESTING; CORING         Logging       \$ 460,000         Testing; CORING       \$         16       DIRECT SUPERVISION         Includes wellsite & office consulting, & mud loggers       \$         18       OVERHEAD       \$         19       BITS; MATERIALS; SUPPLIES       \$         Bits       \$ 179,800       Materials       \$ 10,000         Repairs to PDC bits       \$       \$         20       BITS; MATERIALS; SUPPLIES       \$         Bits       \$ 179,800       Materials       \$ 10,000         Repairs to PDC bits       \$       \$         21       CONTRACT LABOR       \$       \$         350       ABANDONMENT COSTS       \$       \$         360       SUPPLEMENTAL BUDGET (Contingency Funds)       \$ 0%       \$         370       OTHER       Casing crew, fresh water, ect.       \$ 35,000		Rig Fuel		50	days @ \$/day	\$	4,875	\$	243,750		
Mud & Chemicals         \$ 435,000         Water Hauling         \$ 60,000           Make up diesel         \$ 157,500         Water Purchase         \$ 5,000         \$           113         EQUIPMENT RENTAL         \$         \$         \$           114         LOGGING; TESTING; CORING         \$         \$         \$           115         CEMENTING SERVICE         Surface and intermediate casing         \$         \$           116         DIRECT SUPERVISION         Includes wellsite & office consulting, & mud loggers         \$         \$           118         OVERHEAD         \$         \$         \$         \$           118         OVERHEAD         \$         \$         \$         \$           120         BITS; MATERIALS; SUPPLIES         \$         \$         \$         \$           121         CONTRACT LABOR         \$         \$         \$         \$           133         DRY HOLE CONTRIBUTION         \$         \$         \$         \$           120         OTHER         Casing crew, fresh water, ect.         \$         \$         \$           130         OTAL INTANGIBLE DRILLING COSTS:         \$         \$         \$         \$           10         CASING		Other			days @ \$/day	\$	-	\$	25,000	\$	1,800,750
Make up diesel         \$ 157,500 Water Purchase         \$ 0,000         \$           13         EQUIPMENT RENTAL         \$         \$         \$         \$           14         LOGGING; TESTING; CORING         \$         \$         \$         \$           14         LOGGING; TESTING; CORING         \$         \$         \$         \$           15         CEMENTING SERVICE         Surface and intermediate casing         \$         \$           16         DIRECT SUPERVISION         Includes wellsite & office consulting, & mud loggers         \$         \$           17         TRANSPORTATION         \$         \$         \$         \$           18         OVERHEAD         \$         \$         \$         \$           180         DERTS; MATERIALS; SUPPLIES         \$         \$         \$         \$           181         OVERHEAD         \$         \$         \$         \$         \$           20         BITS; MATERIALS; SUPPLIES         \$         \$         \$         \$         \$           21         CONTRACT LABOR         \$         \$         \$         \$         \$         \$           30         SUPPLEMENTAL BUDGET (Contingency Funds)         @ 0%         \$	:12	LOAD OIL; MUD; CHEMICALS; WATER								_	
:13       EQUIPMENT RENTAL       \$         :14       LOGGING; TESTING; CORING       \$         Logging       \$       460,000 Testing       \$         :15       CEMENTING SERVICE       Surface and intermediate casing       \$         :16       DIRECT SUPERVISION       Includes wellsite & office consulting, & mud loggers       \$         :17       TRANSPORTATION       \$       \$         :18       OVERHEAD       \$       \$         :20       BITS; MATERIALS; SUPPLIES       \$       \$         Bits       \$       179,800 Materials       \$       \$         :20       BITS; MATERIALS; SUPPLIES       \$       \$       \$         :20       BITS; MATERIALS; SUPPLIES       \$       \$       \$         :21       CONTRACT LABOR       \$       \$       \$         :21       CONTRACT CONTROL (Contingency Funds)       @ 0%       \$       \$         :80       SUPPLEMENTAL BUDGET (Contingency Funds)       @ 0%       \$       \$         :81       DRY HOLE CONTRIBUTION       \$       \$       \$       \$         :90       OTHER       Casing crew, fresh water, ect.       \$       \$       \$         Intermediate Casing		Mud & Chemicals	\$	435,000	Water Hauling	\$	60,000				
114       LOGGING; TESTING; CORING         Logging       \$ 460,000 Testing       \$ -       \$         115       CEMENTING SERVICE       Surface and intermediate casing       \$         116       DIRECT SUPERVISION       Includes wellsite & office consulting, & mud loggers       \$         117       TRANSPORTATION       \$       \$         118       OVERHEAD       \$       \$         118       OVERHEAD       \$       \$         118       OVERHEAD       \$       \$         119       BITS; MATERIALS; SUPPLIES       \$       \$         110       Repairs to PDC bits       \$       \$       \$         118       CONTRACT LABOR       \$       \$       \$         119       OTHER       Casing crew, fresh water, ect.       \$       \$         120       OTHER       Casing crew, fresh water, ect.       \$       \$         130       OTHER       Casing crew, fresh water, ect.       \$       \$         140       LEASE & WELL EQUIPMENT-DRILLING       \$       \$       \$       \$         150       LEASE & WELL EQUIPMENT-DRILLING       \$       \$       \$       \$       \$       \$       \$       \$       \$ <td< td=""><td></td><td>Make up diesel</td><td>\$</td><td>157,500</td><td>Water Purchase</td><td>\$</td><td>5,000</td><td></td><td></td><td>\$</td><td>657,500</td></td<>		Make up diesel	\$	157,500	Water Purchase	\$	5,000			\$	657,500
Logging         \$ 460,000 Testing         \$         .         \$           :15         CEMENTING SERVICE         Surface and intermediate casing	:13	EQUIPMENT RENTAL								\$	1,243,250
Logging         \$ 460,000 Testing         \$ -         \$           :15         CEMENTING SERVICE         Surface and intermediate casing         \$           :16         DIRECT SUPERVISION         Includes wellsite & office consulting, & mud loggers         \$           :17         TRANSPORTATION         \$         \$           :18         OVERHEAD         \$         \$           :20         BITS; MATERIALS; SUPPLIES         \$         \$           Bits         \$ 179,800 Materials         \$ 10,000         \$           Repairs to PDC bits         \$         \$         \$           :21         CONTRACT LABOR         \$         \$           :50         ABANDONMENT COSTS         \$         \$           :80         SUPPLEMENTAL BUDGET (Contingency Funds)         @ 0%         \$           :81         DRY HOLE CONTRIBUTION         \$         \$           :90         OTHER         Casing crew, fresh water, ect.         \$           :859         LEASE & WELL EQUIPMENT-DRILLING         \$         \$           :10         Conductor         40 ft. 20° @ \$/ft.         \$         \$           Surface Casing         1500 ft 13-3/8" @ \$/ft.         \$         35,000           Surface Casin	:14	LOGGING; TESTING; CORING									
:15       CEMENTING SERVICE       Surface and intermediate casing         :16       DIRECT SUPERVISION       Includes wellsite & office consulting, & mud loggers       \$         :17       TRANSPORTATION       \$         :18       OVERHEAD       \$         20       BITS; MATERIALS; SUPPLIES       \$         Bits       \$       179,800 Materials       \$         Repairs to PDC bits       \$       \$         :20       ABANDONMENT COSTS       \$         :80       SUPPLEMENTAL BUDGET (Contingency Funds)       @ 0%       \$         :83       DRY HOLE CONTRIBUTION       \$       \$         :90       OTHER       Casing crew, fresh water, ect.       \$         :10       CASING       \$       \$         :10       Casing       1500 ft 13-3/8" @ \$/ft       \$       \$         Surface Casing       1500 ft 13-3/8" @ \$/ft       \$       \$       \$         Intermediate Casing       4500 ft 9-5/8" @ \$/ft       \$       \$       \$       \$         :14       WELLHEAD EQUIPMENT       \$       \$       \$       \$       \$       \$       \$       \$       \$       \$       \$       \$       \$       \$       \$       \$			\$	460,000	Testing	\$	-			\$	460,000
:16       DIRECT SUPERVISION       Includes wellsite & office consulting, & mud loggers       \$         :17       TRANSPORTATION       \$         :18       OVERHEAD       \$         :20       BITS; MATERIALS; SUPPLIES       \$         Bits       \$       179,800       Materials       \$       10,000         Repairs to PDC bits       \$       \$       \$       \$         :21       CONTRACT LABOR       \$       \$       \$         :30       SUPPLEMENTAL BUDGET (Contingency Funds)       @ 0%       \$       \$         :30       SUPPLEMENTAL BUDGET (Contingency Funds)       @ 0%       \$       \$         :30       SUPPLEMENTAL BUDGET (Contingency Funds)       @ 0%       \$       \$         :30       SUPPLEMENTAL BUDGET (Contingency Funds)       @ 0%       \$       \$         :30       OTHER       Casing crew, fresh water, ect.       \$       \$         :40       VELLEQUIPMENT-DRILLING       \$       \$       \$         :40       TOTAL INTANGIBLE DRILLING COSTS:       \$       \$         :50       OTHER       Casing crew, fresh water, ect.       \$       \$         :10       Conductor       40 ft. 20" @ \$/ft.       \$       \$			Surfa		- · · · ·						425,000
:17       TRANSPORTATION       \$         :18       OVERHEAD       \$         :20       BITS; MATERIALS; SUPPLIES       \$         Bits       \$ 179,800 Materials       \$ 10,000         Repairs to PDC bits       \$         :21       CONTRACT LABOR       \$         :50       ABANDONMENT COSTS       \$         :80       SUPPLEMENTAL BUDGET (Contingency Funds)       @ 0%       \$         :83       DRY HOLE CONTRIBUTION       \$       \$         :90       OTHER       Casing crew, fresh water, ect.       \$         :10       CASING       \$       \$         :10       Casing       1500 ft 13-3/8" @ \$/ft       \$ 50.00 \$ 75,000         Intermediate Casing       1500 ft 19-5/8" @ \$/ft       \$ 48.00 \$ 216,000         Intermediate Casing       7500 ft. 7" @ \$/ft.       \$ 32.00 \$ 240,000       \$         :14       WELLHEAD EQUIPMENT       \$       \$       \$	:16	DIRECT SUPERVISION			-	a. & mud loa	aers			\$	350,000
:18       OVERHEAD       \$         :20       BITS; MATERIALS; SUPPLIES       Bits       \$ 179,800 Materials       \$ 10,000         Repairs to PDC bits       \$       \$ 10,000       \$         :21       CONTRACT LABOR       \$ 10,000       \$         :50       ABANDONMENT COSTS       \$ \$       \$         :80       SUPPLEMENTAL BUDGET (Contingency Funds)       @ 0%       \$         :83       DRY HOLE CONTRIBUTION       \$ \$       \$         :90       OTHER       Casing crew, fresh water, ect.       \$ \$         Image: Conductor       40 ft.20° @ \$/ft.       \$ \$ \$35,000         :10       CASING       \$       \$         :10       Casing       1500 ft 13-3/8° @ \$/ft.       \$ \$ \$0,000       \$ \$75,000         Intermediate Casing       1500 ft 13-3/8° @ \$/ft.       \$ \$ \$0,000       \$ \$75,000         Intermediate Casing       4500 ft 9-5/8° @ \$/ft.       \$ \$ \$48.00       \$ \$216,000         Intermediate Casing       7500 ft.7" @ \$/ft.       \$ \$ \$ \$ \$2.00       \$ \$240,000       \$ \$	:17	TRANSPORTATION				,,	J				255,000
:20       BITS; MATERIALS; SUPPLIES         Bits       \$ 179,800 Materials       \$ 10,000         Repairs to PDC bits       \$         :21       CONTRACT LABOR       \$         :50       ABANDONMENT COSTS       \$         :80       SUPPLEMENTAL BUDGET (Contingency Funds)       @ 0%       \$         :83       DRY HOLE CONTRIBUTION											15,000
Bits       \$ 179,800 Materials       \$ 10,000         Repairs to PDC bits       \$         :21       CONTRACT LABOR       \$         :50       ABANDONMENT COSTS       \$         :80       SUPPLEMENTAL BUDGET (Contingency Funds)       @ 0%       \$         :83       DRY HOLE CONTRIBUTION       :0       0%       \$         :90       OTHER       Casing crew, fresh water, ect.       \$       \$         :90       OTHER       Casing crew, fresh water, ect.       \$       \$         859       LEASE & WELL EQUIPMENT-DRILLING       \$       \$       \$         :10       CASING       Conductor       40 ft. 20" @ \$/ft.       \$       \$       \$       \$         Surface Casing       1500 ft 13-3/8" @ \$/ft.       \$       <										Ψ	10,000
Repairs to PDC bits       \$         21       CONTRACT LABOR       \$         :50       ABANDONMENT COSTS       \$         :80       SUPPLEMENTAL BUDGET (Contingency Funds)       @ 0%       \$         :83       DRY HOLE CONTRIBUTION	F		\$	179 800	Materials	\$	10.000			1	
:21       CONTRACT LABOR       \$         :50       ABANDONMENT COSTS       \$         :80       SUPPLEMENTAL BUDGET (Contingency Funds)       @ 0%       \$         :83       DRY HOLE CONTRIBUTION			Ψ	175,000	Materials	Ψ	10,000			¢	189,800
:50       ABANDONMENT COSTS       \$         :80       SUPPLEMENTAL BUDGET (Contingency Funds)       @ 0%       \$         :83       DRY HOLE CONTRIBUTION       \$         :90       OTHER       Casing crew, fresh water, ect.       \$         Image: Total intrangible DRILLing COSTS:       \$         859       LEASE & WELL EQUIPMENT-DRILLING         :10       Casing       1500 ft 13-3/8" @ \$/ft.       \$       35,000         Surface Casing       1500 ft 13-3/8" @ \$/ft.       \$       35,000       \$         Intermediate Casing       4500 ft 9-5/8" @ \$/ft.       \$       48.00       \$       216,000       \$         :14       WELLHEAD EQUIPMENT	L										44,000
:80       SUPPLEMENTAL BUDGET (Contingency Funds)       @ 0%       \$         :83       DRY HOLE CONTRIBUTION											44,000
<ul> <li>BRY HOLE CONTRIBUTION OTHER</li> <li>Casing crew, fresh water, ect.</li> <li>TOTAL INTANGIBLE DRILLING COSTS:</li> <li>LEASE &amp; WELL EQUIPMENT-DRILLING</li> <li>CASING</li> <li>Conductor</li> <li>40 ft. 20" @ \$/ft.</li> <li>35,000</li> <li>Surface Casing</li> <li>1500 ft 13-3/8" @ \$/ft</li> <li>50.00 \$</li> <li>75,000</li> <li>Intermediate Casing</li> <li>4500 ft 9-5/8" @ \$/ft</li> <li>32.00 \$</li> <li>240,000 \$</li> </ul>			Eurodo)							·	-
: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%	•			\$	-
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         \$			<b>.</b> .							•	
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				~							
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       \$			ILLING	ä							
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	<b>F</b>			<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.