



## DILI PROSPECT

Calcasieu Parish, Louisiana

### Summary

The Dili Prospect is an over-pressured Y3 (10,600' TVD) up-dip development prospect with two additional exploration objectives (Y2 and Y3a), located in the prolific East Perkins Field in Calcasieu Parish Louisiana.

In 1988 Wagner and Brown completed the McFatter No. 2 well in the Y3 at 10,535'. The well produced 98.6 MBO, 1.8 BCFG and 135 MBW and was plugged because of water encroachment in 1992.

Reserve analysis reflects the remaining producible reserves in the structure (identified by sub-surface and 3D seismic) 2.1 BCF and 181 MBO based on a uniform sand thickness of 8', which we feel is a low case prognosis. The Dili location is approximately 80' high to the McFatter No. 2 well. **(See Reserve Report dated 8-7-2018.)**

Locally the sand thickens up-dip by 300%, so a 20' to 24' sand is more likely, as demonstrated in the Wagner and Brown wells (discussed below) drilled on analog structures along the same fault, the potential reserves would increase to **327,000 BO and 3.8 BCF**, and the likelihood for the secondary thicken also exists as seen on the seismic.

In addition, the McFatter No. 2 well drilled through and tested the Y2 sand (log & SWC analysis and perforations). Upside potential in the Y2 Sand is stronger since the downdip McFatter No. 2 tested oil and gas before sanding up; when combining this with a thickening of the sands up-dip, the economics improve greatly. The Y3a Sand located 100' below the Y3 was shaled out in the McFatter No. 2 well. As regionally demonstrated, there is better sand development closer to the fault as reflected on the log of the Wagner and Brown #1 Auster well to the west. The Y2 and Y3a both have hydrocarbon potential in the Dili Prospect, and supported by strong indicators in the 3-D.

Wagner and Brown drilled six over-pressured Yegua gas/oil wells that produced 1.3 MMBO and 7.2 BCFG or 216 MBO and 1.2 BCF average per well. 3D seismic shows the field to be a series of downthrown closures along the same east-west trending regional fault.

### ESTIMATED RESERVES

#### Y3 Sand (Primary Development Reserves):

#### Reserves

<b>Low Case I:</b>	<b>(based on 8' uniform sand in Y3):</b>	<b>181,000 BO and 2.1 BCF</b>
<b>Base Case II</b>	<b>(based on 12' uniform sand in Y3):</b>	<b>271,000 BO and 3.1 BCF</b>
<b>Target Case III</b>	<b>(based on 20' uniform sand in Y3):</b>	<b>327,000 BO and 3.8 BCF</b>

#### ECONOMICS (based on 12' uniform sand in Y3):

<b>271 MBO x \$70/bbl X 75% (25% royalty) X 90% (10% severance tax) X 90% (10% opt) =</b>	<b>\$ 11.5 MM</b>
<b>3.1 BCF X \$2.5/mcf X 75% (25% royalty) X 90% (10% severance tax) X 90% (10% opt) =</b>	<b>\$ 4.7 MM</b>
<b>TOTAL (net production revenue):</b>	<b>\$16.2 MM</b>

\* Note the sands thicken 300% on trend and the seismic reflects thickening of the sands – greatly increasing the potential for greater reserves

**Secondary Low Case Reserves:**

**Y2 Sand (down-dip show):** 420 MBOE = 10' net oil average X 120 acres X 350 BOE / acre-ft

**Y3a Sand:** 135 MBOE = 6' net oil average X 75 acres X 300 BOE / acre-ft

Please note: if the sand thickens the resource could double to triple, as seen in off-set and indicated in the 3-D.

**Terms:**

**G & G:** \$150,000

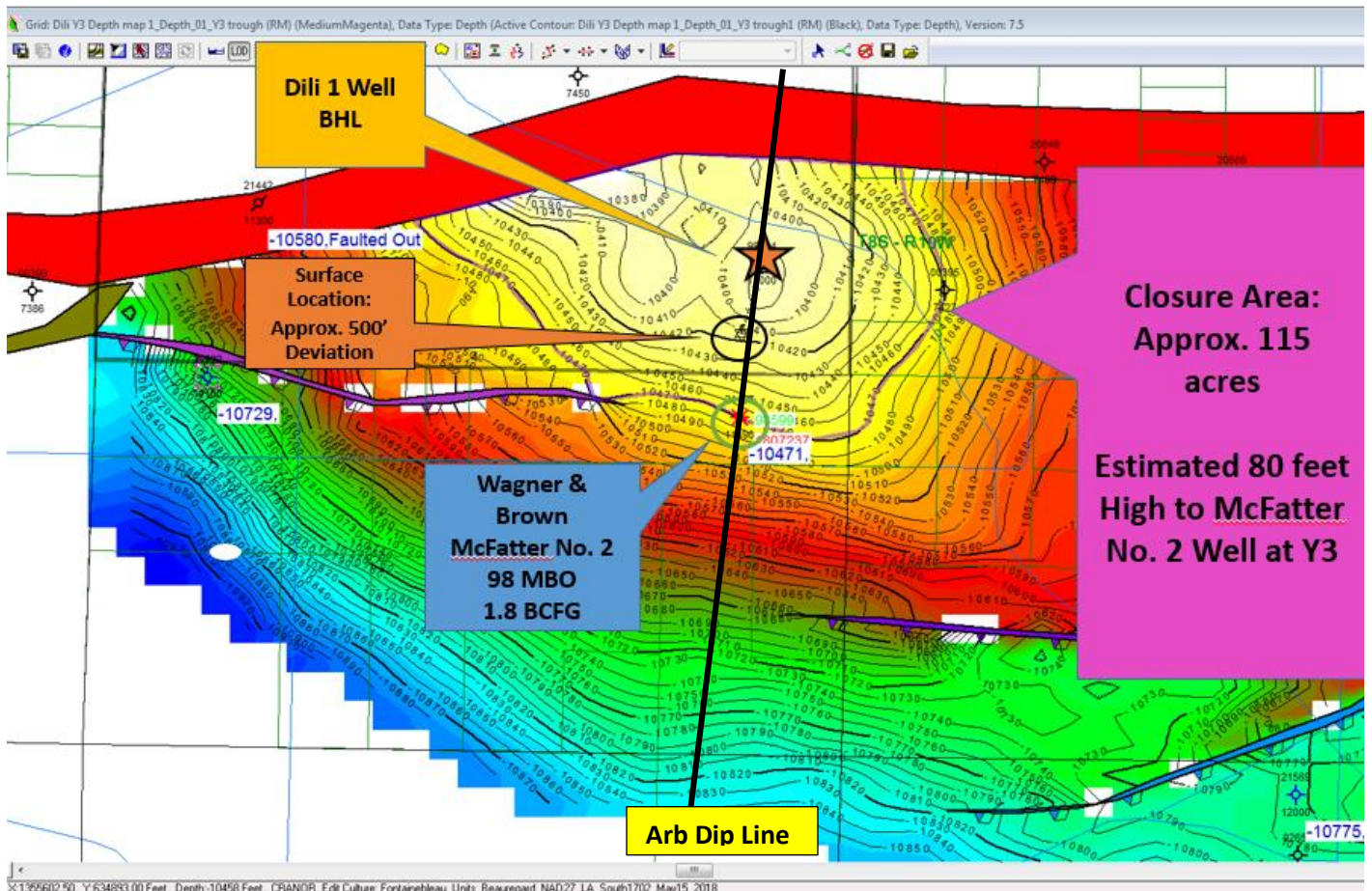
**Leasehold:** \$92,625 (\$325/acre @ 285 acres)

**NRI:** 75%

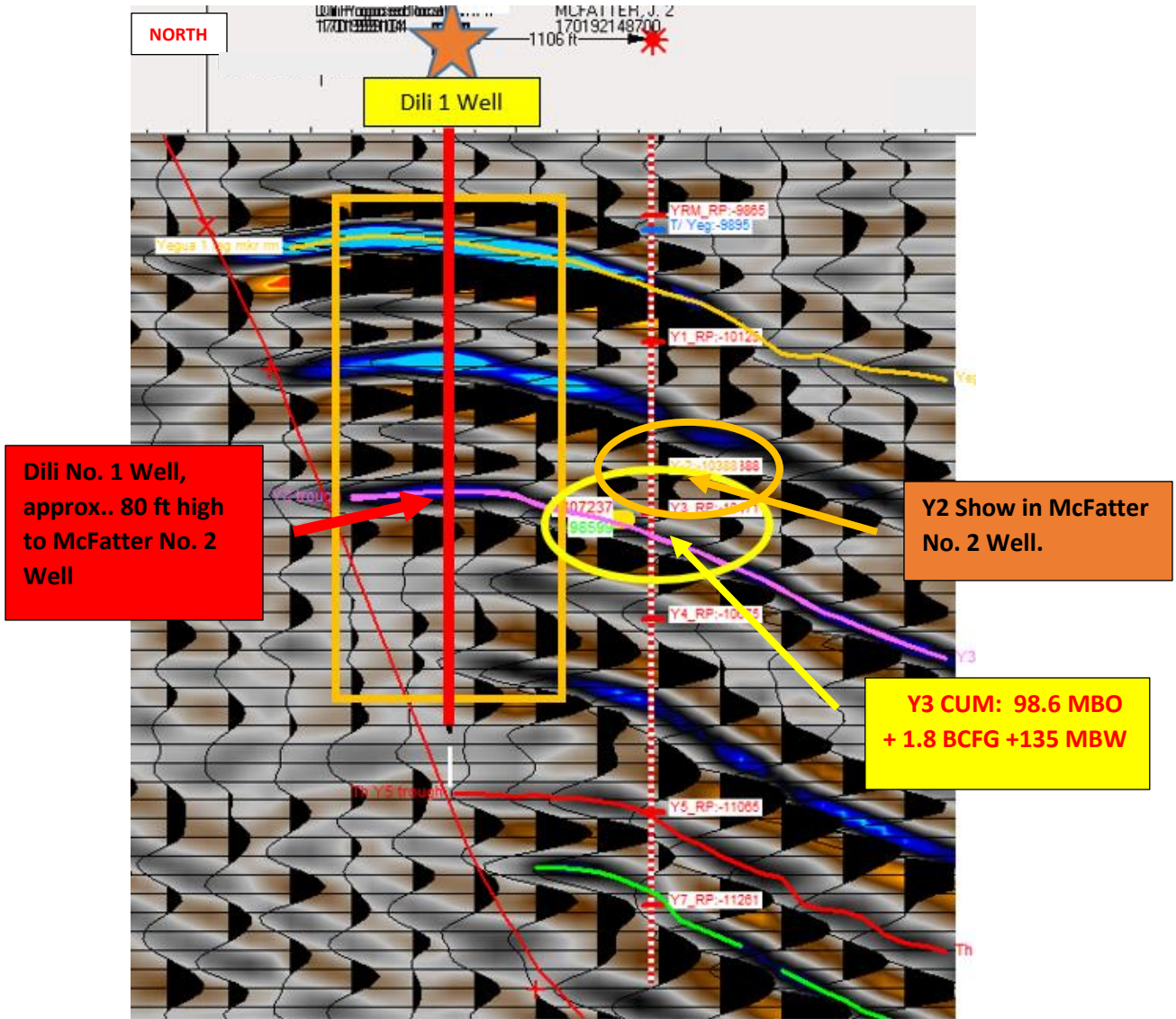
**DHC:** \$3,215,000

**Back-In APO:** 25%

**Y3-YEGUA DEPTH MAP**



# ARB DIP LINE



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