



Petroleum, Inc.

Executive Summary

The Trinity Prospect

Onshore, Texas Gulf Coast

Due to the highly confidential information underpinning the Trinity Prospect, location information is disclosed only to those demonstrating a need to know, imminent to a transaction and subject to a certain Non-compete, Non-disclosure Agreement.

The Trinity Prospect is a 3D Seismic amplitude anomaly supported, conventional, stacked-pay prospect. The potential to recover large reserves of high gravity, sweet crude oil and liquids-rich natural gas appears strong, based on size and thickness of target pays and geochemical analysis of the source rock. Located in close proximity to mature infrastructure and premium markets on the Texas Gulf Coast, the Trinity Prospect presents the opportunity for a high return on investment.

Geological Overview: The largest amplitude anomaly of the Trinity Prospect is the "Upper Target" of the Channelized Package which covers ~212 Acres. The Lower Target covers ~130 Acres. A third potential Pay Target is present but with weaker amplitude. The cut and fill (submarine) Channelized Package is a stratigraphic trap with structural conformance. It is fault bound on the west and east. Its gross thickness is ~ 1160 feet, with net thickness of the Upper and Lower Targets estimated at ~250 feet. The Trinity Prospect is similar to the deep water, submarine Channel deposits found Offshore but is located Onshore and is therefore accessible at a fraction of the cost and turnaround time from discovery to production. The Test Well will be drilled to a vertical depth of 11,135 feet.

Projected Cash Flow to 100% Working Interest Before Payout: Assumes Initial Flow Rate = 2100 BOEPD, \$ 85 Oil flatlined. Definitions: BOEPD = Barrel of Oil Equivalent /Day; NRI = Net Revenue Interest (net of Royalty and ORRI Interest), fixed at 70%; ST = State Tax / Ad valorem tax on Oil fixed at 4.6%; LOE = Lease Operating Expense assumed at \$ 4000/Mo; BIAPO = Back In After Payout interest earned by MPG, fixed at 25% WI; ROI = Return on Investment; D&C = Drilling and Completion Cost

2100 BOEPD x 30 Days x \$ 85 Bbl x 70% NRI x .954 ST = \$ \$ 3,576,069 - \$ 4000 LOE = **\$ 3,572,069 Net per Month**

After Payout Monthly Projected Cash Flow to 100% WI = \$ 3,572,069 x .75 = \$ 2,679,052

Projected Payout to 100% Cost of Test Well: \$ 6,307,150 D&C Cost / \$ 3,572,069 Net per Mo. = **1.8 Months to Payout**

Projected Recoverable Resources Assuming Mid Case Estimate: 6,198,750 BOE

Projected Value of Reserves in USD: (Assumes \$85 Oil, Mid Case Recovery, Net includes ST, NRI & BIAPO Interest to MPG)

Gross: \$ 526,893,750 **Net:** \$ 263,894,735

Full Project Development ROI : (D&C Cost of Initial Test Well \$ 6,307,150, plus 2 assumed Development Wells est. @ \$ 4 Meach to be paid for out of cash flow)

\$ 263,894,735 Net Reserve Value / \$ 14,307,150 Est. Full Project Dev. Cost = **18.4:1 ROI**

Terms: Upfront Drilling Cost of Initial Test Well = \$ 48,823 per 1% Working Interest; Test Well Completion Cost = \$ 14,248 per 1% WI (to be collected at Casing Point); Total D&C Cost = \$ 63,071 per 1% WI. 70% Net to Investor before payout, 52.5% Netto Investor After Payout; 270 Subject Acres; MPG Operates; Private JV, *Subject to Prior Sale, withdrawal or change in terms prior to contract.*

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