



Project Type and Size

1. Type (Infill Offset Workover)

Depth_____

Drill Costs/Foot_____

Drilling Cost_____

2. Total Number Units_____ Unit Cost_____ Unit % Ownership_____

Number offered to Private Investors_____

Number purchased by Company or Other Parties_____

Number and Type of Payments_____

3. Timing Estimates

Start Date_____

End Date_____

Start Date for Monthly Revenue_____

4. Approximate Financial Projections (for Low/ Medium/High Oil Price Scenarios)

Average R.O.I. and how calculated_____

Payback Period_____

Monthly Revenue (Gross and Net after taxes and operating expenses)_____

Total Revenue _____ Duration (Years) _____

Petroleum Geology Considerations

Petroleum geologists estimate the recoverable reserves by “reading the well logs” that indicate porosity (more is better), permeability (more is better), water content (less is better) and resistivity (more is better). You should find information pertaining to this. Read through it so you can discuss why the geologists think they will get a producing well.

5. Geology Discussion Notes

Memorandum Details

The actual Memorandum is an official legal/business document whose structure should adhere to regulatory legal/accounting guidelines. It is designed to provide transparency (Blue Sky Law) and protect the investor from fraud and deception. If you have a Lawyer or Accountant, you could have them review it for compliance with generally accepted legal/financial practices. Here are the key points to understand:

6. Percent Markup (*Profit margin for compensation to company for their work*)

7. Liability (*Who is liable and how is it shared among all parties*)

8. Tax Issues (*Write-off and deduction status*)

9. Contingency Costs (*Subsequent charges partners might encounter: Workover, Plugging and Abandoning, etc*)