

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



Pioneer Oil and Gas

Cane Creek Play
Cumulative Oil and Gas Production
through 10-2013

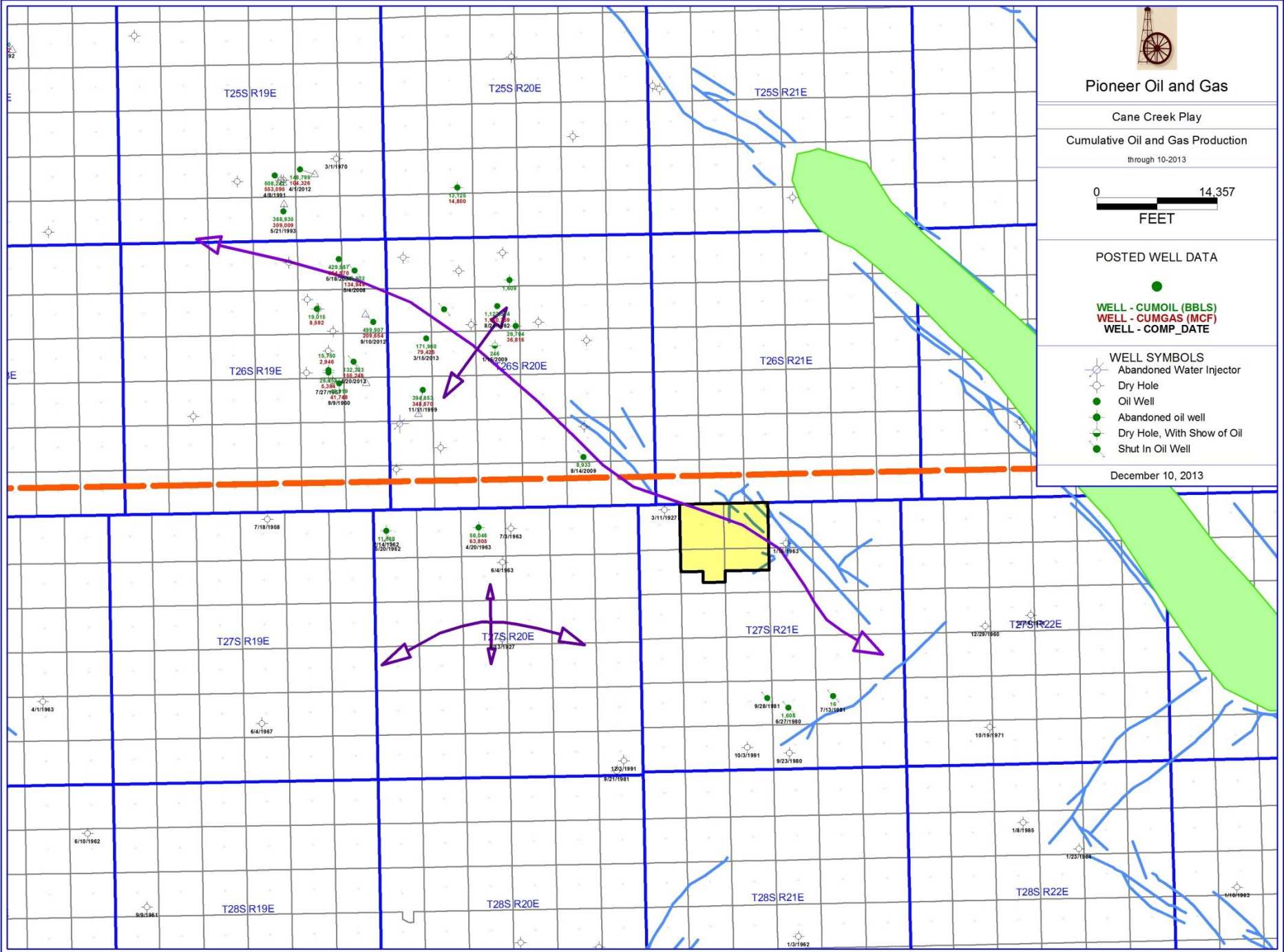


POSTED WELL DATA

● WELL - CUMOIL (BBLs)
● WELL - CUMGAS (MCF)
● WELL - COMP_DATE

- WELL SYMBOLS
- Abandoned Water Injector
 - Dry Hole
 - Oil Well
 - Abandoned oil well
 - Dry Hole, With Show of Oil
 - Shut In Oil Well

December 10, 2013





Pioneer Oil and Gas

Cane Creek Play
Cumulative Oil and Gas Production
through 10-2013

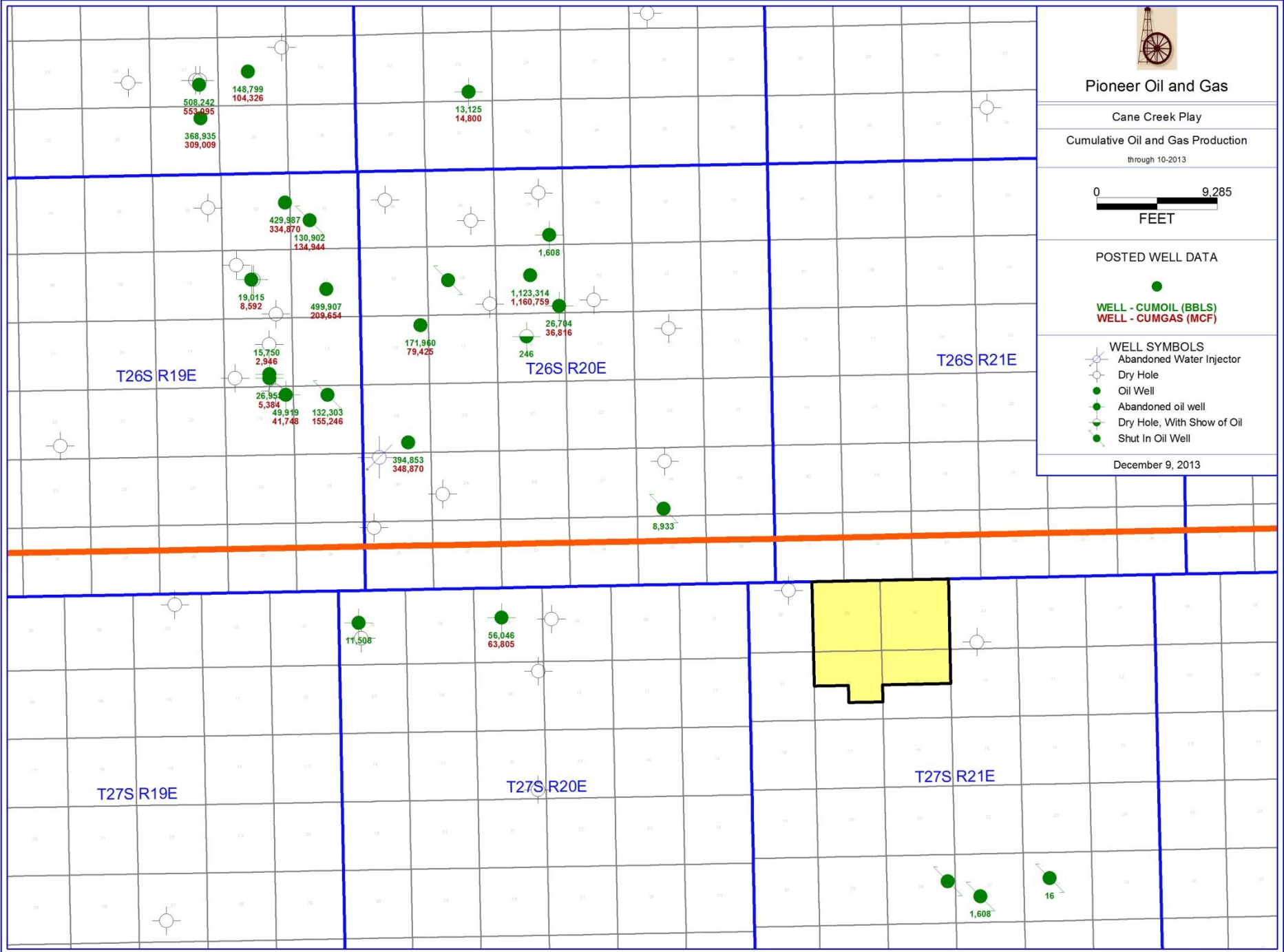


POSTED WELL DATA

● WELL - CUMOIL (BBLs)
● WELL - CUMGAS (MCF)

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December 9, 2013





Pioneer Oil and Gas

Cane Creek Play

Structure Top Cane Creek

CI 100'

0 13,956

FEET

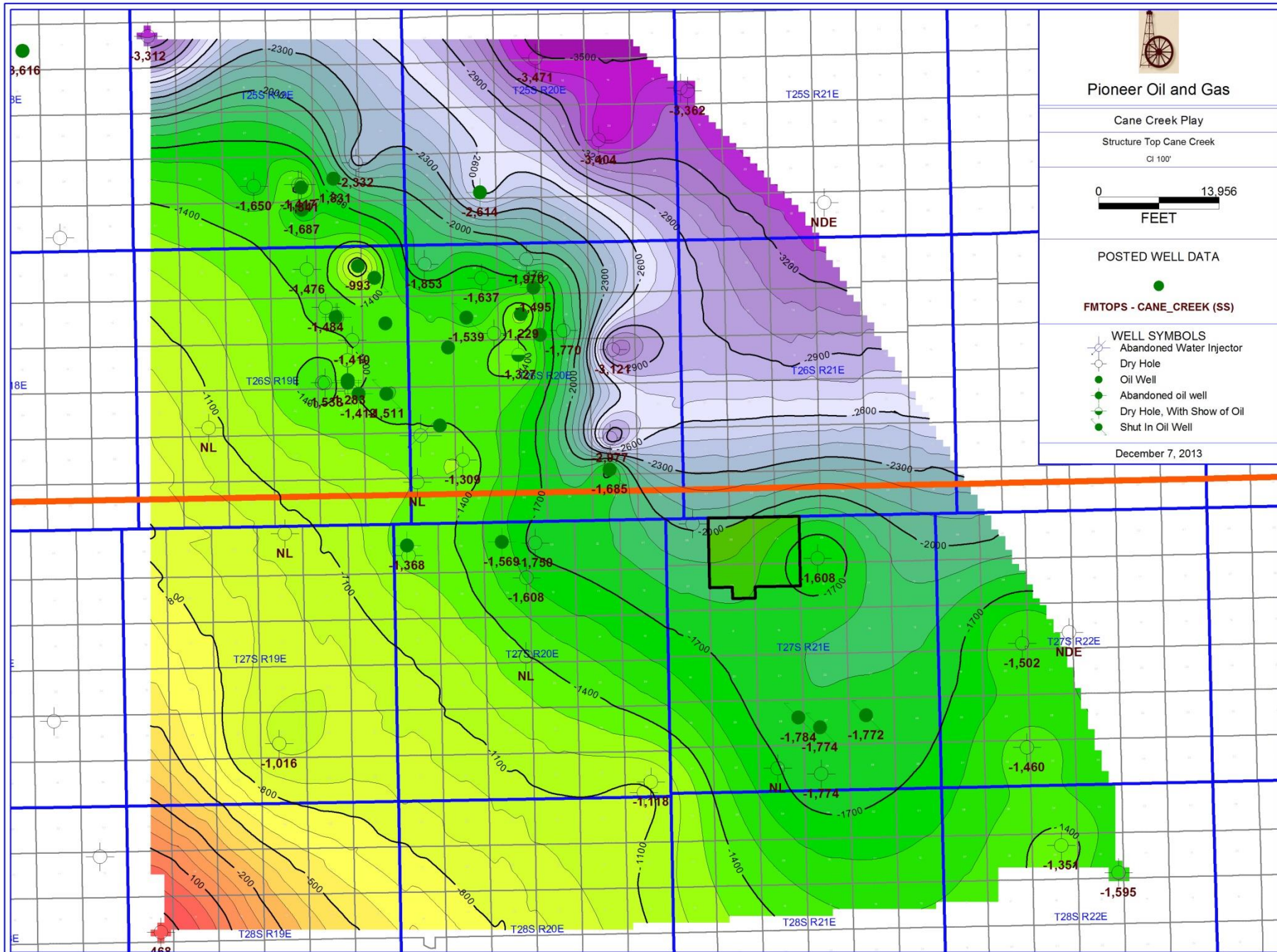
POSTED WELL DATA



FMTOPS - CANE_CREEK (SS)

- WELL SYMBOLS
- Abandoned Water Injector
 - Dry Hole
 - Oil Well
 - Abandoned oil well
 - Dry Hole, With Show of Oil
 - Shut In Oil Well

December 7, 2013





Pioneer Oil and Gas

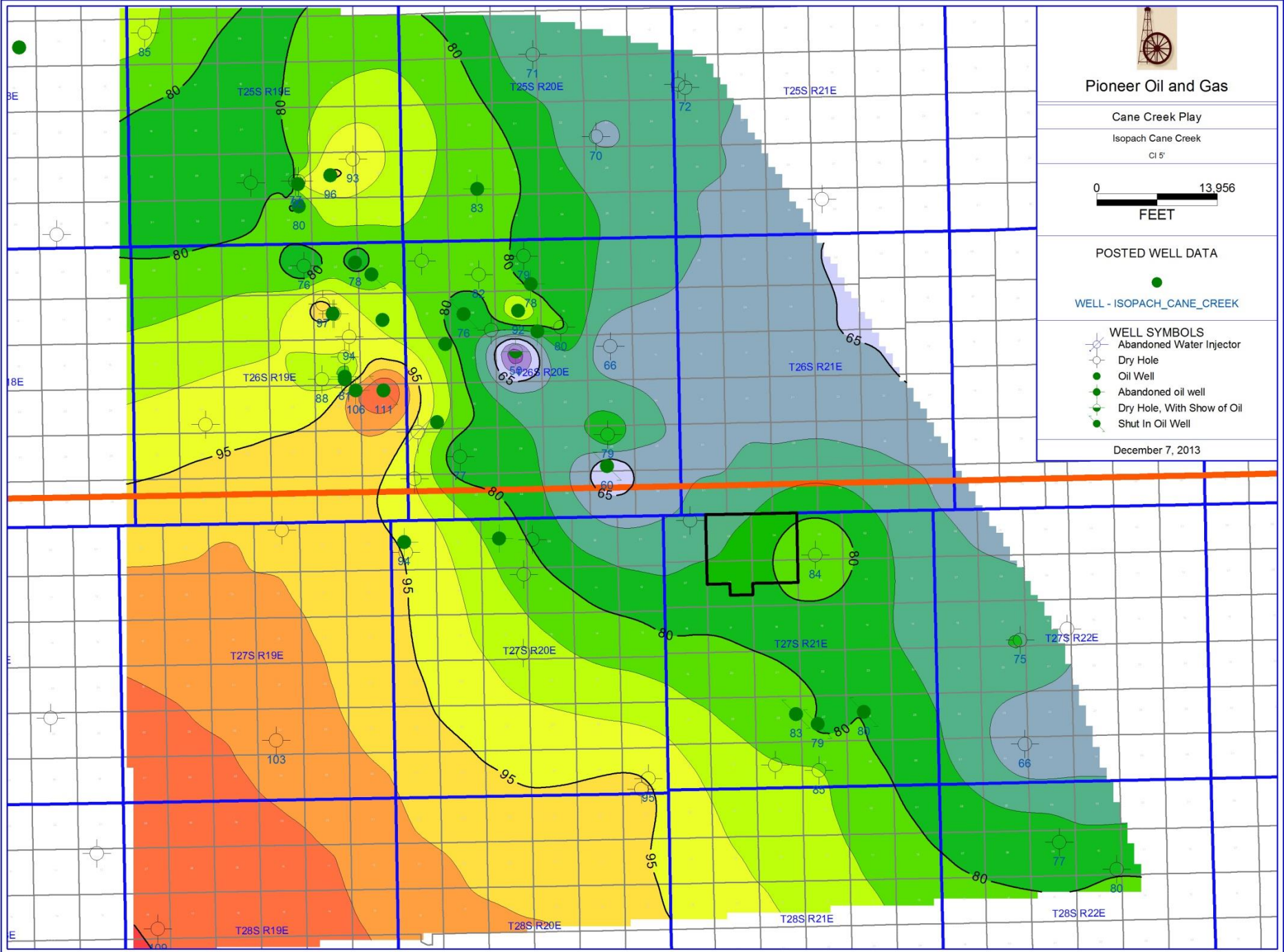
Cane Creek Play
Isopach Cane Creek
CI 5'

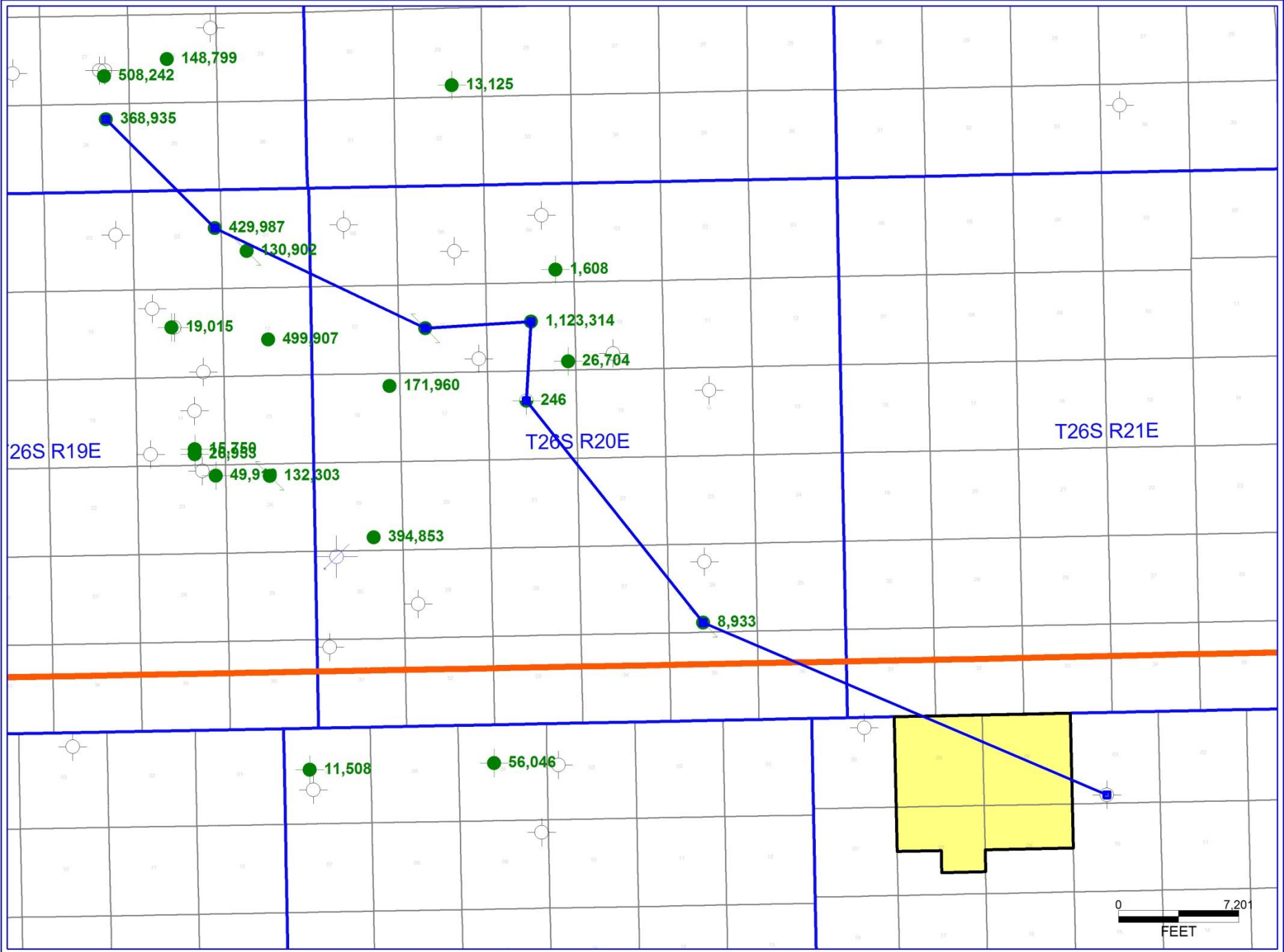


POSTED WELL DATA

- WELL - ISOPACH_CANE_CREEK
- WELL SYMBOLS
 - Abandoned Water Injector
 - Dry Hole
 - Oil Well
 - Abandoned oil well
 - Dry Hole, With Show of Oil
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December 7, 2013





NW

FIDELITY E&P COMPANY
KANE SPRINGS FED 25-19-34-1

FIDELITY E&P COMPANY
CANE CREEK 2-1

FIDELITY E&P COMPANY
CANE CREEK 8-1

Greater Paradox Basin Area
FIDELITY E&P COMPANY
LONG CANYON 1

FIDELITY E&P COMPANY
UTAH STATE 16-1

INTREPID OIL & GAS LLC
TWO FER 26-30

HUMBLE OIL & REFINING CO
WEST BRIDGER JACK U 3

SE

368,935
309,009

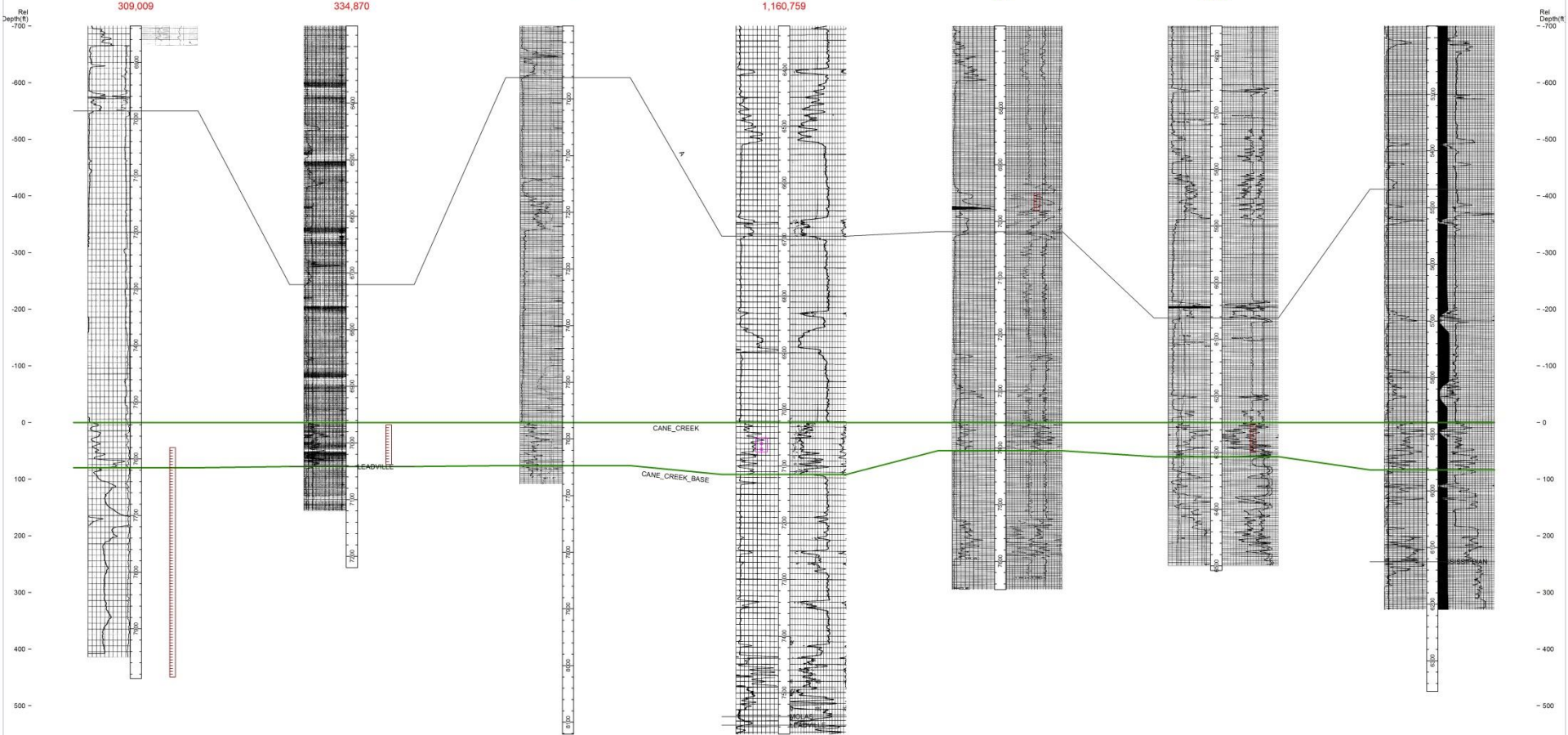
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334,870

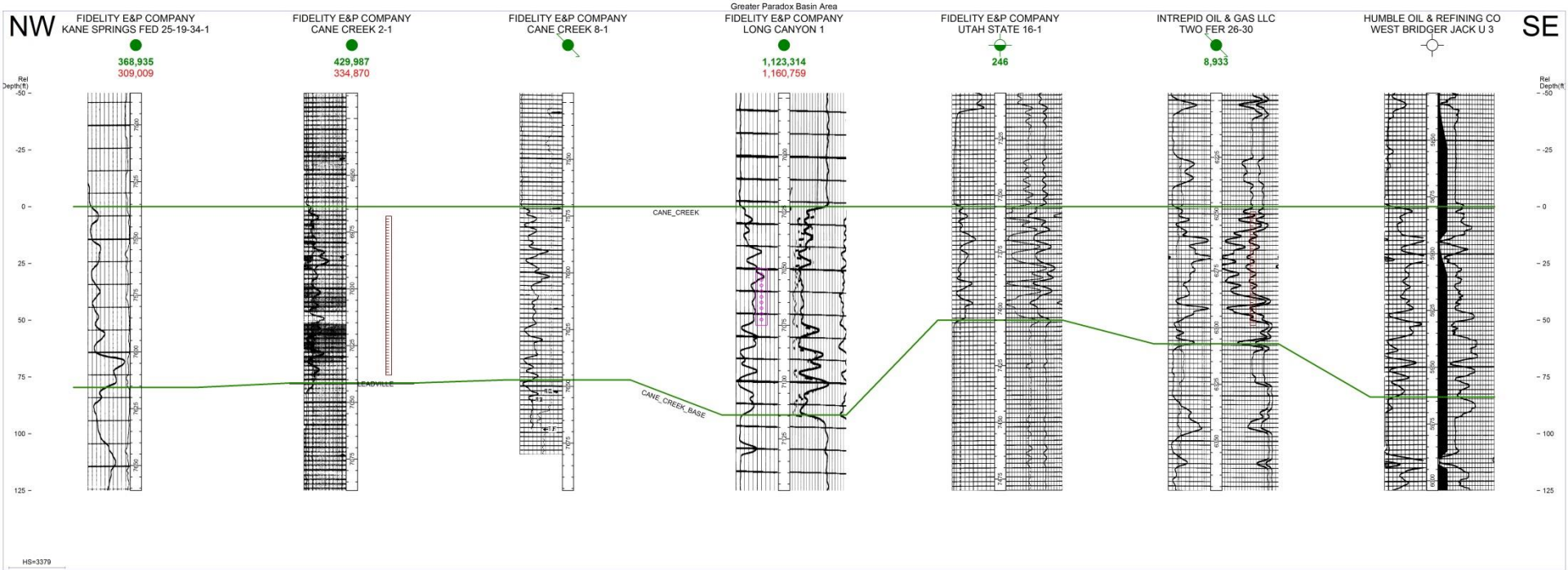
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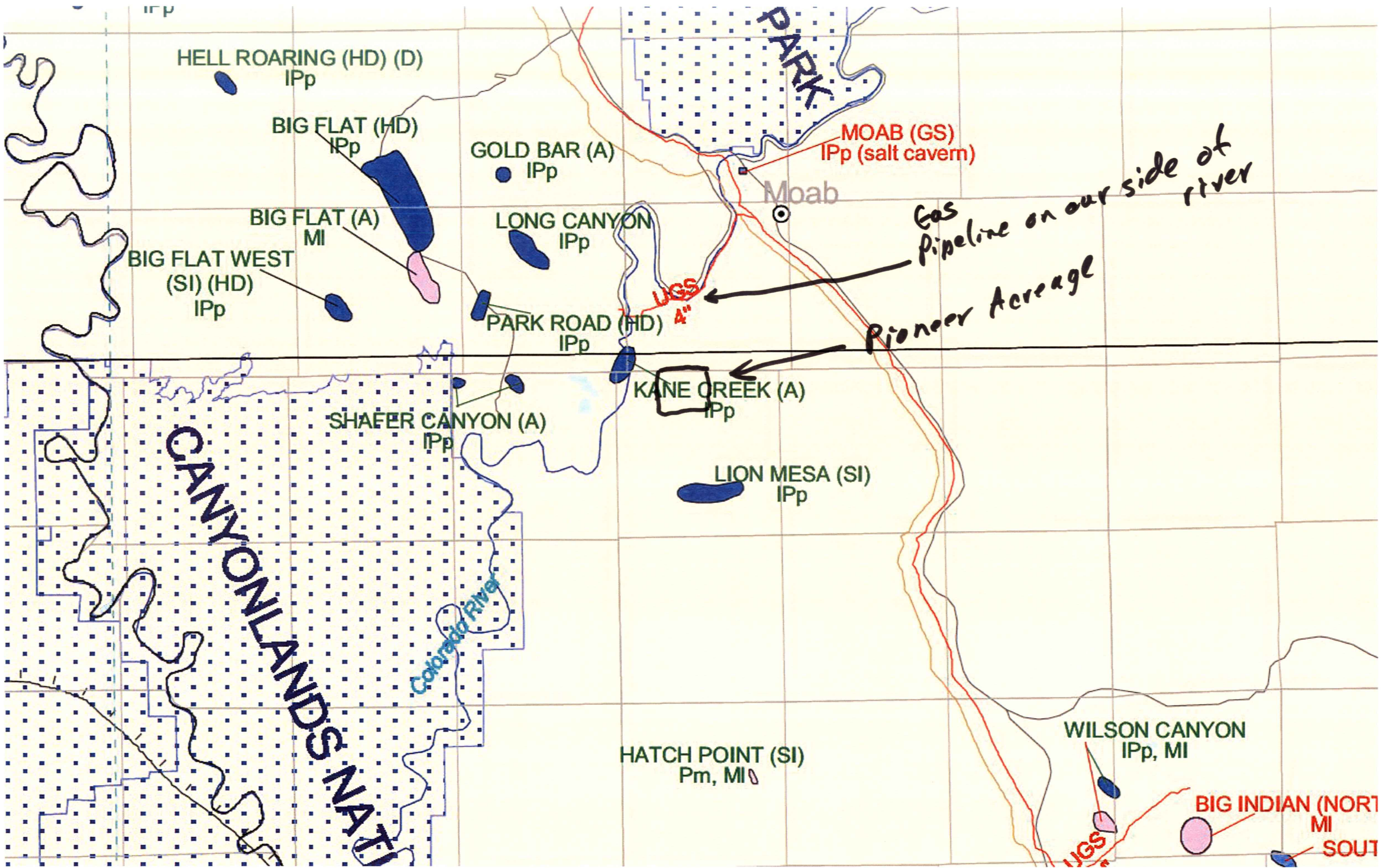
1,123,314
1,160,759

246

8,933









PIONEER OIL & GAS

TERMS OF PURCHASE CANE CREEK PROSPECT SAN JUAN COUNTY, UTAH

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

<u>Description</u>	<u>Acreage</u>	<u>Lease No./ Expiration Date</u>
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

AFE REFERENCE: UT-1	WELL REFERENCE: Cane Creek Horizontal Test	
AFE DESCRIPTION: Drill, complete, and equip 9,200' Cane Creek lateral test well	OPERATOR: Pioneer Oil & Gas	
FIELD: LOCATION: COUNTY: Grand STATE: Utah		
FORMATION: Cane Creek DEPTH: 7,500' TVD, 9,200' MD	TOTAL AFE: \$ 8,033,300	DATE: 1-30-14

<u>POG Account</u>	<u>Description</u>	<u>Gross Costs</u>																									
861	INTANGIBLE DRILLING COSTS																										
:10	ROADS, LOCATION; LEGAL																										
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Survey & Right of Way Costs</td> <td style="width: 20%;">\$ 50,000</td> <td style="width: 20%;">Surface Damages</td> <td style="width: 20%;">\$ -</td> <td></td> </tr> <tr> <td>Roads & Locations</td> <td>\$ 215,000</td> <td>Location Cleanup</td> <td>\$ 200,000</td> <td style="text-align: right;">\$ 465,000</td> </tr> </table>	Survey & Right of Way Costs	\$ 50,000	Surface Damages	\$ -		Roads & Locations	\$ 215,000	Location Cleanup	\$ 200,000	\$ 465,000																
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:11	DRILLING RIG																										
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Air rig</td> <td style="width: 20%;">days @ \$/day</td> <td style="width: 20%;">\$ -</td> <td style="width: 20%;">\$ -</td> <td></td> </tr> <tr> <td>Drilling: Mob/Demob</td> <td>\$ 382,000</td> <td></td> <td>\$ 382,000</td> <td></td> </tr> <tr> <td>Drilling: Daywork</td> <td>50 days @ \$/day</td> <td>\$ 23,000</td> <td>\$ 1,150,000</td> <td></td> </tr> <tr> <td>Rig Fuel</td> <td>50 days @ \$/day</td> <td>\$ 4,875</td> <td>\$ 243,750</td> <td></td> </tr> <tr> <td>Other</td> <td>days @ \$/day</td> <td>\$ -</td> <td>\$ 25,000</td> <td style="text-align: right;">\$ 1,800,750</td> </tr> </table>	Air rig	days @ \$/day	\$ -	\$ -		Drilling: Mob/Demob	\$ 382,000		\$ 382,000		Drilling: Daywork	50 days @ \$/day	\$ 23,000	\$ 1,150,000		Rig Fuel	50 days @ \$/day	\$ 4,875	\$ 243,750		Other	days @ \$/day	\$ -	\$ 25,000	\$ 1,800,750	
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:12	LOAD OIL; MUD; CHEMICALS; WATER																										
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:13	EQUIPMENT RENTAL	\$ 1,243,250																									
:14	LOGGING; TESTING; CORING																										
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Logging</td> <td style="width: 20%;">\$ 460,000</td> <td style="width: 20%;">Testing</td> <td style="width: 20%;">\$ -</td> <td style="text-align: right;">\$ 460,000</td> </tr> </table>	Logging	\$ 460,000	Testing	\$ -	\$ 460,000																					
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:15	CEMENTING SERVICE	425,000																									
:16	DIRECT SUPERVISION	\$ 350,000																									
:17	TRANSPORTATION	\$ 255,000																									
:18	OVERHEAD	\$ 15,000																									
:20	BITS; MATERIALS; SUPPLIES																										
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Bits</td> <td style="width: 20%;">\$ 179,800</td> <td style="width: 20%;">Materials</td> <td style="width: 20%;">\$ 10,000</td> <td></td> </tr> <tr> <td>Repairs to PDC bits</td> <td></td> <td></td> <td></td> <td style="text-align: right;">\$ 189,800</td> </tr> </table>	Bits	\$ 179,800	Materials	\$ 10,000		Repairs to PDC bits				\$ 189,800																
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:21	CONTRACT LABOR	\$ 44,000																									
:50	ABANDONMENT COSTS	\$ -																									
:80	SUPPLEMENTAL BUDGET (Contingency Funds)	@ 0% \$ -																									
:83	DRY HOLE CONTRIBUTION																										
:90	OTHER	\$ 375,000																									
	TOTAL INTANGIBLE DRILLING COSTS: \$ 6,280,300																										
859	LEASE & WELL EQUIPMENT-DRILLING																										
:10	CASING																										
	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Conductor</td> <td style="width: 20%;">40 ft. 20" @ \$/ft.</td> <td style="width: 20%;">\$ 35,000</td> <td></td> </tr> <tr> <td>Surface Casing</td> <td>1500 ft 13-3/8" @ \$/ft</td> <td>\$ 50.00</td> <td>\$ 75,000</td> </tr> <tr> <td>Intermediate Casing</td> <td>4500 ft 9-5/8" @ \$/ft</td> <td>\$ 48.00</td> <td>\$ 216,000</td> </tr> <tr> <td>Intermediate Casing</td> <td>7500 ft. 7" @ \$/ft.</td> <td>\$ 32.00</td> <td>\$ 240,000</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">\$ 566,000</td> </tr> </table>	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				\$ 566,000						
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			\$ 566,000																								
:14	WELLHEAD EQUIPMENT	\$ 40,000																									
	TOTAL TANGIBLE DRILLING COSTS: \$ 606,000																										
	TOTAL DRILLING COSTS: \$ 6,886,300																										

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

862	TOTAL INTANGIBLE COMPLETION COSTS				
: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	\$ 50,000	Tubing conveyed perf \$ 500,000	\$	550,000
:15	CEMENTING SERVICE	Production Liner		\$	-
: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	Casing crew, Welder, safety, etc.		\$	100,000
:50	OTHER			\$	20,000
:90	SUPPLEMENTAL BUDGET (Contingency Funds)		@ 0%	\$	-

TOTAL INTANGIBLE COMPLETION 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				
	Line Pipe (inc ditching and laying)	2000 ft. @ \$/ft.	\$ 20.00	\$ 40,000	
	Valves & Fittings	\$ 20,000			\$ 60,000
:16	TANK BATTERY; TREATER; ETC.				
	Tank Battery	Four 400-bbl welded tank @ \$9000/each	\$ 36,000		
	6' x 20' reconditioned treater (horizontal)		\$ 30,000		
	Other		\$ 12,000	\$	78,000
:18	ARTIFICIAL LIFT (Assume flowing well initially)			\$	-
:19	BUILDINGS & MISCELLANEOUS LEASE EQUIPMENT				
	Buildings	\$ 8,000	Other Equipment	\$ 5,000	\$ 13,000
:20	TANGIBLE ROAD LOCATION COSTS				
:50	SUPPLEMENTAL BUDGET (Contingency Funds)		@ 0%	\$	-
:80	ABANDONMENT				
:90	OTHER				

TOTAL TANGIBLE EQUIPMENT COSTS: \$ 306,000

TOTAL AFE COSTS: \$ 8,033,300

DATE: 1/30/2014 AFE #: UT-1

WELL NAME: Cane Creek Horizontal Test

AFE DESCRIPTION: Drill, complete, and equip 11,000' Cane Creek lateral well

OPERATOR: Pioneer Oil & Gas

FIELD: LOC:

COUNTY: Grand

STATE: Utah

FORMATION: 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.