



LARAMIE OIL AND GAS, LLC  
Barnett Shale Oil Prospect

## Executive Summary

Laramie Oil and Gas, LLC, offers oil and gas investment opportunities through direct participation programs which enable investors to participate in the potential cash flow and unique tax benefits associated with oil and gas investments. Especially important in today's troubled economy, oil and gas investments allow investors to diversify and reinforce their portfolios with a commodity that is in steady demand. In addition, investors have the unique opportunity to play a key role in promoting our country's energy independence through domestic drilling programs that help alleviate our nation's dependence on foreign oil. Direct investors in Laramie projects must be qualified under SEC regulations unless they are industry partners. Our team of seasoned industry partners has secured oil and gas leases and lease options on several thousand acres inside producing fields in Texas. We are seeking investment partners to fund the leasing and drilling/development of these prospects. Laramie is fully capable of managing the lease acquisition, drilling, completion and operating functions of the prospect acreage after acquisition is completed.

## Prospect Area

### **Barnett Shale**

The Mississippian Barnett Shale of the Fort Worth basin is organic-rich shale that is the reservoir, source, trap and seal for a very large unconventional gas accumulation. The play has rapidly spread over a multi-county area. The play grades into higher BTU natural gas to the North of the core areas of Denton, and Wise counties and is predominantly oil bearing in Clay, Montague and Jack Counties. The Barnett Shale is a spent oil-prone source rock. Porosity and permeability is developed upon thermal transformation from liquid to gas with resulting maturation induced micro fractures. Gas is stored in these micro fractures, as well as being adsorbed in the solid organic matter (kerogen). The gaseous part of the field is very well developed and mainly held by productive units, but the Northern part of the field is in the early stages of development. Laramie is targeting the Northern oil bearing portion of the field.

The Barnett Shale is one of the most active drilling targets of the past decade. Newark East Field is now the largest gas producing field (based on current production) in Texas. Drilling depths are less than 7,000 ft, and per well reserves in the expanding Newark East Field are 150,000 BO and

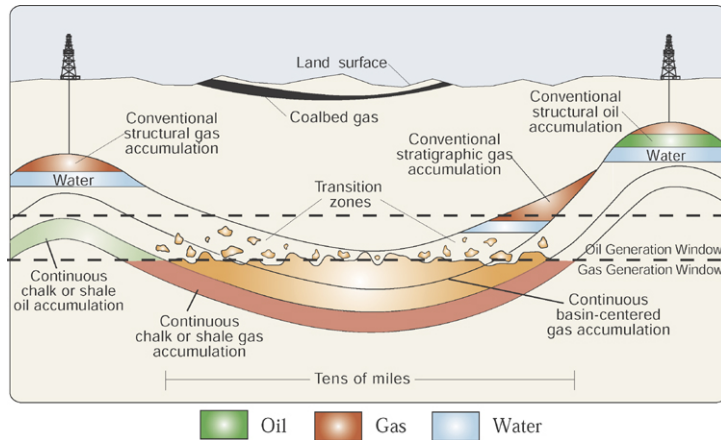
.75 BCF. Oil and Gas-in-place is estimated at 1,000,000 BOE per 1000 acres. The Barnett Play is estimated to have 26.2 TCF gas in place in the field wide (USGS, 2004).

EOG, an operator in the oil bearing Northern part of the play estimates that they have 460 MMBOE in place in the oil part of the Barnett, and plans to drill over 100 wells in the area during 2010.

The shale prospects offer very low risk because the layers of productive oil bearing strata does not have to be on a structural feature, the gas and oil is a basin centered accumulation vs a conventional structural

Trap-see figure 1.

Figure 1





As with most oil and gas plays the Barnett Shale has benefited from the application of new technology or the new application of established technology. The two main technological advances in the Barnett are water-fracs and horizontal drilling. While these technologies are not new their application to the Barnett Shale play resulted in significantly improved economics and opened up new areas previously thought to be uneconomic. Low proppant hydraulic fracturing technology (“water-fracs”) has greatly improved play economics. This new technology has significantly reduced total well cost and has resulted in much improved rate and reserve profiles. Barnett Shale wells are typically re-fraced after several years resulting in producing rates comparable or even superior to initial production rates.

### **Prospect Geology**

The 80 acre lease tract is in the middle of several oil and gas fields. The Ellenburger, Atoko and Barnett Shale formations are productive on the acreage we are drilling. The Ellenburger is a dolomitic limestone and is oil and gas productive. The Atoka is a conglomerated sandstone formation with multiple zones that produce locally. The Barnett Shale is a new pay zone locally and is fractured marine shale. It requires a large hydraulic slick water and sand frac to bring the oil to the surface. Our studies show that the formation is 245 feet thick and oil productive beneath our leases and for many miles to the North and South of our location.

## Land

The acreage block we are developing in this proposal is 80 acres in A-875, Jack County Texas. See Figure 1 for lease area map and significant info. We will drilled one well per forty acre tract. This is a two well package. The mineral and royalty owners will retain 25% of the minerals in the offered acreage. Therefore the leases will be a net 75% lease to the investors.

Laramie is currently acquiring an additional 1 to 2 thousand acres of drillable acreage to be developed in future offerings.

## Economics

The cost estimated to drill and complete one vertical Barnett Shale oil well cost is 800M, which includes one recompletion in a zone other than the Barnett Shale. Laramie will sell interest in the well(s) based on a 1/3 for ¼ basis. In other words, the investors cost in the wells is 33% more than actual cost, with Laramie earning the one third carry as a prospect fee. The acreage cost is an added \$1700 per net mineral acre. Therefore, forty acres adds \$68000 to the total cost per well.

Production is estimated to be 60M BO for vertical wells. Estimated oil price over the life of the well is \$80 per barrel. An estimated 50MM cubic feet of natural gas is also expected to be produced in each well. Table 1 illustrates basic data for the economics in the Big Jack Prospect

Well Number	Well Cost	Lease cost	Oil Price per BO	NRI	BOE Production Estimate	Net Revenue Per Well \$	ROI
1	\$800,000	\$68000	\$80	.75	60,000	\$3,600,000	4.1
2	\$800,000	\$68000	\$80	.75	60,000	\$3,600,000	4.1

Well Number	Cost for 1% in both wells (1.333 x actual AFE cost)	Land Cost for 1% in 2 well package	Total cost for 1% of 2 well package	NRI	BOE Production Estimate Per 1% in 2 well package	Net Revenue Per Well \$	ROI
1&2	\$21333.28	\$1360	\$22,693.28	.75	1,200	\$72,000	3.2

Table 1

The wells produce 80% of the production in the first 4 years. Gas production and revenue not projected for simplicity.