

**RECEIVER’S REPLY BRIEF TO DEFENDANT ROGER SAHOTA’S RESPONSE TO
RECEIVER’S EXPEDITED MOTION TO APPROVE PROCEDURES AND
SALE OF CERTAIN FILED EQUIPMENT, VEHICLES, AND
OTHER PERSONAL PROPERTY VIA AUCTION
[Relates to ECF No. 107 and ECF No. 118]**

Deborah D. Williamson, in her capacity as the Court-appointed Receiver (the “Receiver”) files this Reply Brief to *Defendant Roger Sahota’s Response to Receiver’s Expedited Motion to Approve Procedures and Sale of Certain Filed Equipment, Vehicles, and Other Personal Property Via Auction* [ECF No. 118] (the “Objection”), filed in response to *Receiver’s Expedited Motion to Approve Procedures and Sale of Certain Filed Equipment, Vehicles, and Other Personal Property Via Auction* [ECF No. 107] (the “Motion”).

1. Defendant, Roger Sahota, filed his Objection seeking to have this Court deny the Receiver’s Motion and, instead, in a *non sequitur* “direct the Receiver to obtain a valuation of the Receivership’s mineral leases”. The *Order Appointing Receiver* [ECF No. 17] (the “Receivership Order”)¹ provides in ¶ 41 that the Receiver “may, without further Order of this Court, transfer, compromise, or otherwise dispose of any Receivership Property, other than real estate, in the ordinary course of business, on terms and in the manner the Receiver deems most beneficial to the Receivership Estate and with due regard to the realization of the true and proper value of such Receivership Property.” The Receiver is seeking approval of this Court to auction the Property pursuant to the Exclusive Sales Agreement, a copy of which is attached hereto as Exhibit 1.

I. BACKGROUND

2. Roger Sahota filed his Objection apparently on behalf of “Sahota-related entities” which he describes as Barron Petroleum, LLC (“Barron”), Arcooil Corp. (“Arco”), Barron Energy

¹ Capitalized terms used but not otherwise defined herein shall have the meaning ascribed in the Motion or the Receivership Order.

Corporation (“Barron Energy”), Dallas Resources (“Resources”), Leading Edge Energy LLC (“Leading Edge”), Sahota Capital LLC (“Capital”) and 1178137 B.C. LTD (“1178137”). The Receiver is the sole and exclusive representative of each of these Receivership Parties.

3. The Receiver has been unable to identify with specificity which Receivership Party owns each specific piece of equipment she seeks to sell pursuant to the procedures outlined in the Motion, but she is certain that the equipment is owned by one or more of them. The Receiver has been able to identify that the rigs currently located in Val Verde County, Texas, were acquired for \$650,000 by Arco.² See Exhibit 2 attached hereto.

II. ROGER SAHOTA’S STANDING

4. The Receivership Order at ¶ 6 provides that “all directors, officers, managers . . . and other agents of the Receivership Parties are hereby dismissed and the powers of any general partners, officers, directors and/or managers are hereby suspended. Such persons and entities shall have no authority with respect to the Receivership Parties’ operations or assets, except to the extent as may hereafter be expressly granted by the Receiver.” The Receiver has not granted Roger Sahota any authority with regard to any Receivership Party. In the Objection, Roger Sahota

² On information and belief, one or more of the Heartland Receivership Parties (Defendants The Heartland Group Ventures, LLC; Heartland Production and Recovery LLC; Heartland Production and Recovery Fund LLC; Heartland Production and Recovery Fund II LLC; The Heartland Group Fund III, LLC; Heartland Drilling Fund I, LP; and Carson Oil Field Development Fund II, LP; and Relief Defendants Dodson Prairie Oil & Gas LLC and Panther City Energy LLC) paid a Sahota-related entity \$1,025,000 for a 49% or 50% interest in such rigs. In the Objection, Roger Sahota asserts that there is a rig which was purchased “in 2017 and 2018”. The Receiver does not know what rig is referenced in the Objection. However, it is irrelevant whether Sahota-related entities acquired the assets with funds from any Heartland Receivership Parties. The Receivership Order at ¶ 8.B. provides that the Receiver has the power to “take custody, control and possession of all Receivership Property”. The Receivership Order at ¶ 8.A. defines “Receivership Property” as all property in which the Receivership Parties, “own, possess, lease, have a beneficial interest in, or control directly or indirectly.” All assets of the Receivership Parties are available to pay all the obligations of the Receivership Parties.

does not disclose what interest he holds sufficient to give himself standing on behalf of any of the “Sahota-related entities”. Objection, at p. 2. The Receiver has been unable to identify with specificity the ownership of Roger Sahota in any of the Sahota-related entities³ as of the date of entry of the Receivership Order. What records the Receiver has reviewed do not resolve the issue. For example, the Receiver located a “Paycheck Protection Program Borrower Application Form” (the “Application”) for Barron, a copy of which is attached hereto as **Exhibit 3**. The Application lists Sunny S. Sahota (“Sunny”) as “Owner” of 100% of the equity of Barron⁴ which, if true, would exclude any ownership interest by Roger Sahota. Barron was the operator on approximately 49 of the oil and gas wells.

5. Roger Sahota did not appeal the Receivership Order.⁵ He has consented to the temporary injunction. *See generally* ECF No. 44. Roger Sahota is essentially asking that this Court substitute Roger Sahota’s judgment for that of the Receiver.

6. This Court has already ordered that the Receivership Parties, within thirty (30) days of the entry of the Receivership Order, “shall file with the Court and serve upon the Receiver and the Commission a sworn statement and accounting, with complete documentation” listing the identity, location, and estimated value of all Receivership Property. *See Receivership Order*, at ¶ 12. If Roger Sahota claims to have any interest in the Receivership Parties, he has failed to file

³ Apparently at one point, Roger Sahota was allegedly a Vice-President of Barron but, effective with the entry of the Receivership Order, all officers were terminated for each Receivership Party.

⁴ The Application also asserts that Barron has 54 employees. On information and belief, Barron’s employees were at all times significantly less than 54.

⁵ *See Netsphere, Inc. v. Baron*, 799 F.3d 327, 331 (5th Cir. 2015) (“In 28 U.S.C. § 1292(a)(2), Congress granted a limited right to appellate review of certain interlocutory orders related to receivers, providing: [T]he courts of appeals shall have jurisdiction of appeals from: [i]nterlocutory orders appointing receiver[.]”(quoting 28 U.S.C. § 1292(a)(2))).

and serve such a statement and accounting. The Court should require that Roger Sahota provide evidence as to (i) which of the Sahota-related entities assert an ownership interest in any of the Property,⁶ (ii) which specific items each Sahota-related entity claims to own, (iii) the percentage of ownership asserted by such Sahota-related entity⁷ based on the actual costs and the amounts paid by any of the Heartland Receivership Parties,⁸ and (iv) his ownership in each Sahota-related entity or other evidence of his standing to object.⁹

III. BUSINESS JUDGMENT

7. In a receivership, the order appointing the receiver governs the administration of the receivership. *See, e.g., Liberte Capital Group, LLC v. Capwill*, 248 Fed. App'x 650, 655 (6th Cir. 2007). To the extent that the order appointing the receiver is silent on an aspect of the administration of the receivership, courts look to the common law governing receiverships that has arisen and evolved over the centuries. Only if *both* the order appointing the receiver and federal receivership common law are silent on the determinative issue should courts look to other bodies of law for guidance. *See, e.g., Janvey v. Alguire*, Civil No. 3:09-CV-0724-N, 2014 U.S. Dist.

⁶ As required by the Receivership Order at ¶12.

⁷ On information and belief, Heartland Receivership Parties paid hundreds of thousands of dollars to one or more of the Sahota-related entities for frac pipe, drill pipe, rigs, and other equipment which is the subject of the Motion allegedly to satisfy Heartland's 49% of the costs which one or more of the Sahota-related entities asserted were owed as a result of Heartland's working interest ownership. The Receiver has not identified any documents which obligated any Heartland entity to pay drilling or other costs.

⁸ On information and belief, Roger Sahota refused to provide "on a monthly basis, all revenue and expense data associated with the operation" of any of the leases. Invoices were not provided which would have given actual cost information to Heartland. On information and belief, Heartland paid more than 49% of the actual costs for the purchase of some or all of Property and, as evidenced with the rigs, paid more than 100% of the actual costs.

⁹ The Receiver is not conceding that any equity interest in a Receivership Party grants standing to object to the Motion. Instead, the holding of an equity interest is the only way that Roger Sahota might be able to establish standing.

LEXIS 193394, at *103–04 (N.D. Tex. July 30, 2014) (noting the dearth of guidance available from existing caselaw on the interplay between the Federal Arbitration Act and federal equity receiverships and, as a result, looking to bankruptcy caselaw for guidance). When analyzing a proposed sale of property by a receiver, courts apply the highly deferential “business judgment” standard. *See, e.g., Golden Pacific Bancorp v. FDIC*, No. 95 Civ. 9281 (NRB), 2002 U.S. Dist. LEXIS 24961, at *9 (S.D.N.Y. Dec. 26, 2002) *aff’d by* 375 F.3d 196 (2d Cir. 2004). This standard is identical to the test courts use to analyze whether other fiduciaries, such as bankruptcy trustees, acted in accordance with their fiduciary duties. *See, e.g., In re Bakalis*, 220 B.R. 525, 531–32 (Bankr. E.D.N.Y. 1998) (providing that challenges to a bankruptcy trustee’s discretion when selling estate property are judged under the highly deferential business judgment test). The question before the Court is whether the Receiver exercised her discretion in a reasonable manner, in good faith, and for sound business reasons. *See Matter of Bank of N.Y. Mellon*, 4 N.Y.S.3d 204, 207 (App. Div. 1st Dep’t 2015) (stating a fiduciary comports with his fiduciary duty if he exercises his discretionary power “reasonably and in good faith”); *Corbin v. Fed. Reserve Bank of N.Y.*, 475 F. Supp. 1060, 1071 (S.D.N.Y. 1979) (noting the receiver does not breach fiduciary duty if he exercises “reasonable business judgment”); *see also Lawsky v. Condor Capital Corp.*, No. 14 CIV. 2863 (CM), 2015 U.S. Dist. LEXIS 96347, at *17–18 (S.D.N.Y. July 21, 2015). As detailed below, in the Receiver’s business judgment, the disposition of the Property in pursuant to an auction is in the best interests of all of the Receivership estates and their creditors.

8. In the Objection, Roger Sahota asserts that “certain mineral leases now controlled by the Receivership are extremely valuable, and the undersigned has sent the Receiver a reserve

report and other information supporting this belief.” Objection, at p. 3.¹⁰ A copy of what was delivered to the Receiver is attached as **Exhibit 4**, and the Receiver is not aware of the existence of any actual reserve report. The Receiver does not believe that the information received from counsel for Roger Sahota qualifies as a “reserve report” as defined by the American Petroleum Institute and adopted by the Society of Professional Engineers. There are no assumptions as to the costs to recover oil¹¹ and/or gas. There is no analysis of a the production rates or decline curves. There is no analysis of whether there is the financial ability to actually recover any additional gas. There is no analysis of how many wells need to be drilled to achieve the alleged value. The Receiver has also been unable to obtain the 3-D Seismic repeatedly referenced in **Exhibit 3**. However, if Mr. Sahota believes that **Exhibit 3** is an actual reserve report or that one exists which hasn’t been produced to the Receiver, why is he insisting that this Court order the Receiver to “obtain reserve reports” and a “valuation of the Receivership’s mineral leases.” Objection, at p. 4. Given the current lack of oil or gas production from the Carson/Childress/West leases (which was the situation when the Receivership Order was entered) and the drilling costs as provided to any of the Heartland Receivership Parties¹² by Roger Sahota, the Receiver questions the value to any potential purchaser of any reserve report based on operations by any Barron or any other Sahota-related entity.¹³ The information provided by counsel to Roger Sahota will be

¹⁰ The Receiver would note that the Complaint is supported by declarations which assert that one or more of the Sahota-related entities and/or members of the Sahota family falsified production information.

¹¹ It is the Receiver’s understanding that little, if any, oil or other liquids can be produced from these leases.

¹² The Receiver is not admitting that what Heartland Receivership Parties paid was the actual drilling costs for any well.

¹³ “Reservoirs are considered proved if economic producibility is supported by actual production or formation tests or if core analysis and/or log interpretation demonstrates economic producibility

provided to any potential purchaser with the caveat that the Receiver has not verified or endorsed any conclusions contained in such materials.

9. The Receiver is still trying to determine the state of the assets which includes an analysis of (a) which wells are producing, (b) which wells are not currently producing but could be in production for relatively minimal costs, (c) which wells are not producing and which do not have significant likelihood of economic value in the reasonably near future, (d) immediate environmental risks from the hundreds of wells owned by one or more Receivership Parties, (e) whether there are other assets which could produce revenue, and (f) identification of other issues which will aid the Receiver in her evaluation of what actions should be taken.

10. In the Initial Report [ECF No. 47] filed ten days after her appointment, the Receiver did take the position that it was premature to recommend any action to the Court. However, in the subsequent 40 plus days, the Receiver believes that she is now in a position to recommend a number of actions to the Court, including the disposition of the Property. Her recommendation as to the Property, as set forth in the Motion, is based upon (a) the current operations; (b) the contractual restrictions on storage of oil field equipment; (c) the potential effect on the value of the Property if the current prices for oil and gas decrease or similar equipment becomes more readily available; (d) the risk of loss; (e) costs to the Receivership Estates; and (f) the need to begin to provide a path for some recovery to the investors, many of whom invested a significant portion of their retirement savings in the Receivership Parties while Roger Sahota was flying a private

with reasonable certainty.” Society of Petroleum Engineers, *Society Adopts Proved Reserves Definitions*, <https://www.spe.org/industry/docs/Proved-Reserves-Definitions-1981.pdf>.

plane to the Bahamas paid for by the Receivership Parties. Conducting an auction is an economic and efficient method for such disposition.

11. Contractual Restrictions — The Receiver agrees that there may be significant value in leases in Val Verde County (sometimes referred to as the Carson, Childress, and West leases). To that end, the Receiver was able to obtain a 90-day extension of one of the leases where the primary term was going to expire December 31, 2021. The initial extension was granted without any payment by the Receiver. The Receiver will continue to work with the lessors regarding a further extension and other accommodations. However, such cooperation requires a good working relationship with the lessors and the owners of the surface. On September 24, 2020, Barron entered into a Supplemental Agreement. The Supplemental Agreement relates to permitted uses of the surface of the certain acreage¹⁴ and is attached here to as Exhibit 5. Section (c) provides that “[n]o oilfield equipment shall be stored on any portion of the Leased Premises without Lessor’s prior written consent.” Supplemental Agreement, at p. 1. The Receiver does not have consent of the Lessor to store the equipment for the indefinite period of time suggested in the Objection. To maximize the value of the assets, the Receiver needs the cooperation of the lessors and the owners of the surface. A default in a surface use agreement will make it more difficult to monetize the value of the leases.

12. Pricing Risks — As this Court is well aware, the value of pipe, rigs, and other oil field equipment is dependent on the price of oil and gas and availability of such equipment. Today, the price of oil and gas is high and, due to supply chain and other issues, availability of such

¹⁴ The Receiver presumes that there are other similar agreements for other acreage in Val Verde County and will endeavor to obtain copies from ongoing document production and/or county records.

equipment is constrained. No one can predict how long those circumstances will exist. The Receiver, in her business judgment, believes that this Court should not mandate that the creditors of the Receivership Parties “gamble” that the prices will remain at current levels just to give Roger Sahota an opportunity to convince a jury (or the Court) that he should regain control of Barron or whatever entity he asserts owns any of the Property.

13. Other Risks — Beyond the risk of a decrease in price and the potential for a default in surface use agreements, there is a risk of loss through environmental and other “more human” causes such as theft, negligent damage, or intentional destruction. Again, the risk of such loss should not be borne by the creditors.

14. Costs — Until the Property is sold, the Receiver will need to expend funds for insurance (if available), maintenance, monitoring, and other on-going costs. There is also the risk of environmental damage and resultant costs if there is a leak in any of the existing tanks. The Receiver’s goal is to minimize expense—not increase expenses unnecessarily.

15. Interests of Creditors — Roger Sahota is essentially asking this Court to prevent the disposition of any Property allegedly owned in whole or in part by any Sahota-related entity for some undefined period of time, all for the benefit of a potential equity holder in one or more of the Sahota-related entities. The Receiver has been very circumspect with her costs and will continue to do so. The Motion is not premised upon a “need” for additional monies to operate the Receivership but to begin to monetize those assets which can be used to provide a recovery for the creditors—the parties who are the real victims.

16. The Receiver is seeking approval of this Court to sell assets of the Receivership Parties for the benefit of those creditors who are owed tens of millions of dollars. The Objection

does not present any evidence or other rationale for disregarding the business judgment of the Receiver or denying the relief requested in the Motion.

WHEREFORE, the Receiver respectfully requests that this Court enter the Proposed Order (a) granting the *Receiver's Expedited Motion to Approve Procedures and Sale of Certain Filed Equipment, Vehicles, and Other Personal Property Via Auction*, and (b) awarding the Receiver such other and further relief that this Court deems just and proper.

Dated: January 28, 2022

Respectfully submitted,

By /s/ Danielle N. Rushing

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COUNSEL TO RECEIVER

CERTIFICATE OF SERVICE

I hereby certify that on January 28, 2022, the foregoing was served via CM/ECF and via email on counsel for Plaintiff Securities and Exchange Commission.

/s/ Danielle N. Rushing
Danielle N. Rushing

EXHIBIT 1



Permian International
Energy Services, LLC

PUBLIC AUCTION **PRIVATE TREATY AGREEMENT**
(EXCLUSIVE RIGHT AND AUTHORITY TO SELL)

This Exclusive Sales Agreement (the “Agreement”) is entered and commences the date below of the last signatory by and between the following Parties:

Auctioneer: Permian International Energy Services, LLC, (“PI”)
4006 SCR 1232 Midland, TX 79706 – Physical
P.O Box 3820 Midland, TX 79702 – Mailing

Seller: Deborah D. Williamson Solely In Her Capacity as Court Appointed Receiver for the Estates of Heartland Group Ventures, LLC *et al*, Civil No. 4:21-CV-01310-O
112 E. Pecan Street, Suite 1800
San Antonio, Texas 78205
DWilliamson@dykema.com

1. Seller owns the following property: Schedule A (the “Property”), more particularly described in the attached Schedule A.
2. Seller wishes to engage PI to sell the Property under the terms and conditions provided herein, and PI wishes to accept that engagement.
3. Subject to adherence to the terms of this Agreement, PI shall have the exclusive right to sell the Property for 45 days (the “Term”) from the commencement of this Agreement. Sale may occur by **Auction**. PI shall be entitled to and shall be paid the commission provided herein for any sale to any party of the Property within the Term of this Agreement, whether the sale results from efforts of PI or any other person or entity and regardless of who, what, or how a prospective buyer is generated during the Term. For any prospective buyer identified during the Term, PI shall have 21 days close the transaction after the Term. Any effort by Seller to withdraw the Property from this Agreement shall not reduce or eliminate the commission provided herein.
4. Seller hereby authorizes PI to sell the Property according to the following terms of sale:
 - a. Equipment sold at auction will be without minimum or reserve price.
 - b. PI shall be entitled to a commission of EIGHT percent (8 %) of the gross proceeds of the sale. All fees and sums due to PI from Seller will be paid out of this amount and no other consideration is due from Seller. PI is authorized to collect a five percent (5%) Buyer’s Premium from Buyer on each lot sold (7% On -Line Buyer’s Premium), which may not be passed through to Seller.
 - c. PI may not derive additional consideration from any buyer that is not disclosed in advance and permission granted by Seller with respect to same. Full disclosure in writing by PI is required (email sufficing).
 - d. The commission shall be paid by Seller in cash, and the amount shall be based upon all proceeds from the sale including, but not limited to, cash, securities, equity, debt reduction, debt assumption or other value provided to Seller.
 - e. Proceeds from the sale of the Property shall be made payable to (i) payment of the commission; and then (ii) the balance to the Seller. Risk of a Buyer default for the commission is on PI.
 - f. The payment of sale proceeds shall be made to Seller within 15 days of sale date but only after (i) all checks have cleared; (ii) all funds, securities or other negotiable instruments have been confirmed as liquid and negotiable (iii) certificated titles have been processed, and (v) all liens and encumbrances have been released as may be required.
 - g. Additional terms of sale, if any, are provided in the attached Schedule B.
5. Seller shall provide reasonable assistance to PI in promoting and selling the Property, including, but not limited to: 1) allowing prospective buyers to view and inspect the Property; 2) allowing PI to use the Seller’s name, logo, and literature; 3) executing and providing PI with all necessary or appropriate paper work; 4) providing PI with the names of all prospective buyers and interested parties who have contacted Seller. Seller agrees PI may promote the Property in print media, on the internet, by telephone, facsimile, and e-mail solicitations, and through any other reasonable means and media.
6. The Property will be sold “AS IS,” “WHERE IS,” WITHOUT ANY WARRANTY OR GUARANTY OF ANY KIND WHATSOEVER, WHETHER EXPRESS OR IMPLIED, AS TO MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE OR OTHERWISE AND WITH ALL FAULTS.

- 7. Seller shall retain ownership of the Property, title to the Property and all risk of loss until good funds have been received from Buyer. Seller shall insure or self-insure the value of the Property for any and all locations where the Property may be situated during the term of this Agreement. Seller shall look exclusively to any such insurance or self-insurance for any damage to or loss of the Property during the term of this Agreement. Seller shall be responsible to deliver the Property to the Buyer, FOB point of sale. PI shall release the Property to the Buyer only upon receipt of negotiable funds as provided in Paragraph 4 above.
- 8. **Seller makes the following warranties and representations to PI (only):**
 - a. **Seller owns the Property free and clear of all liens and encumbrances, or has disclosed in writing to PI all liens and encumbrances affecting the Property.**
 - b. **Seller is fully authorized and competent to enter this Agreement, and entering and performing this Agreement will not violate any other agreement or obligation of Seller.**
 - c. **Seller has no knowledge of, and there are no claims, demands, suits, notices, taxes due, damages or threats of damages, regarding the Property.**
 - d. **Seller has no knowledge of, and there are no environmental claims by any person, entity, government or government agency, regarding the Property or the location where the Property is situated.**
 - e. **Seller will look only to the insurance or self-insurance Seller places on the Property for any damage to or loss of the Property.**
- 9. This Agreement shall be governed by the laws of the State of Texas and any dispute regarding this Agreement shall be brought in the United States District Court for the Northern District of Texas (Fort Worth Division). This Agreement may be modified only in writing, signed by all Parties. If a provision of the Agreement is found to be illegal or unenforceable, the remaining terms of the Agreement shall be enforced as necessary to implement the intent and purpose of the Parties. This Agreement supersedes all prior agreements and discussions of the Parties and encompasses the full and final agreement of the Parties on the subject of this Agreement.

AUCTIONEER:
PERMIAN INTERNATIONAL
ENERGY SERVICES, LLC



By: _____

Its: OWNER _____

Date: 2022 _____

SELLER: _____

Deborah D. Williamson Solely In Her
 Capacity as Court Appointed Receiver for the
 Estates of Heartland Group Ventures, LLC *et*
al, Civil No. 4:21-CV-01310-O

Date: _____



Permian International
Energy Services, LLC

SCHEDULE B

[Additional terms of sale]

Seller to bear costs and expenses for gate attendants attendants and smilar incidental expenses for the days required by PI to allow its contractors/employees to access the location of the Property safely and securely, up to a capped amount equal to the lesser of actual charges incurred by PI for those arrangements or \$15,000.



Permian International
Energy Services, LLC

SECURED OR MORTGAGED PROPERTY AGREEMENT

[Intentionally blank]

EXHIBIT 2



Permian International Energy Services, LLC

PO Box 3820
Midland, Texas 79702

www.permianint.com

Invoice

Date	Invoice #
9/1/2020	5139

PAID
09-15-2020

<p>Bill To</p> <p>Arco Oil Corp 471 Hwy 67 Graham, TX 76450</p>

Terms	Ship
	9/1/2020

Quantity	Item Code	Description	Price Each	Amount
1	Rig	EC TOOL 700 P/B (2) CAT C-15 Diesel Engs 128' PBDS, 450,000# Derrick 50'x21'x17' 450,000# Substructure (2) F-1000 EMSCO Triplex Mud Pumps P/B CAT 3508's SHAFFERLWS 13-5/8" -3,000# Dbl Bop SHAFFER13-5/8" -3,000# Annular Bop SCARBROUGH Inc. 6-Station Closing Unit / Choke Manifold (2) 365 Kw Elec Gen P/B CAT C-15 Diesel Engs (Housed) (2) 6'x10'x40' Steel Pits W/ Agitators, Cent. Pumps (2) 500 Bbl Water Tanks 8,000 Gal. Diesel Tank Doghouse, Mudhouse, Toolhouse, CAT Walks, Pipe Racks	200,000.00	200,000.00
		Sales Tax - Non-taxable	0.00%	0.00

Buyer accepts equipment "as is", with no additional warranty or representation of any kind			Total	\$200,000.00
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Invoice



Permian International Energy Services, LLC

PO Box 3820
Midland, Texas 79702

www.permianint.com

Date	Invoice #
1/26/2019	5001

PAID
02/04/2019

Bill To
Arcooil Corp. 471 State Hwy. 67 Graham, TX 76450

Terms	Ship
Due on Receipt Wire ...	1/26/2019

Quantity	Item Code	Description	Price Each	Amount
		Approx 2500 ft, 6 X 19 1 1/4" drill line w/spool and stand Water Storage: 2-500 bbl. Water Tanks with 2-3x4 Centrifugal Pumps and Lubester 8'4" H x 8'w x20'L (OAL) Brake Water Tank w/WCR ModelA425B Plate Heat Exchanger,(2) 3x4 center coolant fluid pumps p/b 25 HP electric motors,skidded Diesel Tank: 8000 gal. Diesel Tank w/2 Electric Pumps Pipe Racks: 5 sets-30'x42" Triangle Pipe Racks Catwalks: 2-30'x5'x42" Catwalks Pusher's House: 10'x40' ATCO Tool Pusher's House FOB: Wilbanks Yard West Odessa,TX Buyer accepts equipment "as is", with no additional warranty or representation of any kind or nature whatsoever. Buyer releases, indemnifies, and holds harmless Permian International Energy Services,LLC from all claims, losses, and damages resulting from or related to the transaction reflected herein. Confirmed good funds before release.		
			Total	\$450,000.00



Permian International Energy Services, LLC

PO Box 3820
Midland, Texas 79702

www.permianint.com

Invoice

Date	Invoice #
1/26/2019	5001

PAID
02/04/2019

<p>Bill To</p> <p>Arcooil Corp. 471 State Hwy. 67 Graham, TX 76450</p>
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Terms	Ship
Due on Receipt Wire ...	1/26/2019

Quantity	Item Code	Description	Price Each	Amount
1	Rig	Rig # 12 Drawworks: 80 B National Drawworks Powered by 2-C18 CAT with Oilworks Torque Converters WPT 236 Water Cooled Air Brake Mud Pumps: 2-F-1600 EMSCO Triplex Mud Pumps(Chinese) Powered by 3512 CAT Mast & Sub: 136' PBDS 750,000 # Substructure KB: 18' Block & Hook: 360 Ton Ideco Block and Hook for 1-1/4" Drilling Line Optional Top Drive: TESCO HXI 2505 TON 700 HP Rotary Table: 27-1/2" RC ZP-275 Rotary Table (Chinese) Swivel: 250 Ton SL-225 Air Hoist(s): 3-ingersoll Rand Air Hoists BOP: 13-5/8" Shaffer LWS,5000# Double RAM BOP 13-5/8" Shaffer 5000# Annular BOP(Chinese) Scarborough Inc. 6 Station Hydraulic Closing Unit Scarborough Inc. 5000# 5 Valve Manifold w/2 Chokes Wireline Machine: Oilworks Hydraulic Wireline Machine Drilling Recorder: Pason Drilling Recorder and Automatic Driller Gen House: 2-455 KW C-15 CAT, Housed Mud Pits w/Shale Shaker: 8' x 10' x 40' Steel Pits w/5 Agitators and 2-5x6 Centrifugal Pumps 2-3x4 Centrifugal Pumps for Centrifugal Feed with Optional 3rd Mud Pit-8'x10'x50' Doghouse: 45' Doghouse/Changing Room Mudhouse: 8'x30' Mudhouse skidded 5'H x 7"W X 50'L Pony Sub Mud Lines, Mud bottom,skidded (1) Set (2) 8' H triangle mud house stands Toolhouse: 8'x30' Top Parts 1 set (2) 3" X 108" L Elevator links Oil Works HDS Type, 5" SQ Kelly drive brushing (1) 5 1/4 X 40" L SQ Kelly, (1) Rat and mouse hole shucks	450,000.00	450,000.00
Total				

EXHIBIT 3



**Paycheck Protection Program
Borrower Application Form**

OMB Control No.: 3245-0407
Expiration Date: 09/30/2020

Check One: <input type="checkbox"/> Sole proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> C-Corp <input type="checkbox"/> S-Corp <input checked="" type="checkbox"/> LLC <input type="checkbox"/> Independent contractor <input type="checkbox"/> Eligible self-employed individual <input type="checkbox"/> 501(c)(3) nonprofit <input type="checkbox"/> 501(c)(19) veterans organization <input type="checkbox"/> Tribal business (sec. 31(b)(2)(C) of Small Business Act) <input type="checkbox"/> Other		DBA or Tradename if Applicable	
Business Legal Name Barron Petroleum LLC			
Business Address 471 STATE HIGHWAY 67 GRAHAM TX 76450		Business TIN (EIN, SSN) 82-4763198	Business Phone () (425)287-9277
		Primary Contact SUNNY S SAHOTA	Email Address ALPHASAHOTA@GMAIL.

Average Monthly Payroll:	\$ 51991	x 2.5 + EIDL, Net of	\$ 129979	Number of Employees:	54
Purpose of the loan (select more than one): <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Lease / Mortgage Interest <input checked="" type="checkbox"/> Utilities <input type="checkbox"/> Other (explain):					

Applicant Ownership

List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.

Owner Name	Title	Ownership %	TIN (EIN, SSN)	Address
SUNNY S SAHOTA	Owner	100	610-78-0822	471 STATE HIGHWAY 67

If questions (1) or (2) below are answered "Yes," the loan will not be approved.

Question	Yes	No
1. Is the Applicant or any owner of the Applicant presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. Has the Applicant, any owner of the Applicant, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is currently delinquent or has defaulted in the last 7 years and caused a loss to the government?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. Is the Applicant or any owner of the Applicant an owner of any other business, or have common management with, any other business? If yes, list all such businesses and describe the relationship on a separate sheet identified as addendum A.	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. Has the Applicant received an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020? If yes, provide details on a separate sheet identified as addendum B.	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If questions (5) or (6) are answered "Yes," the loan will not be approved.

Question	Yes	No
5. Is the Applicant (if an individual) or any individual owning 20% or more of the equity of the Applicant subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction, or presently incarcerated, or on probation or parole? Initial here to confirm your response to question 5 → <u>SSS</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6. Within the last 5 years, for any felony, has the Applicant (if an individual) or any owner of the Applicant 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; 4) been placed on pretrial diversion; or 5) been placed on any form of parole or probation (including probation before judgment)? Initial here to confirm your response to question 6 → <u>SSS</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7. Is the United States the principal place of residence for all employees of the Applicant included in the Applicant's payroll calculation above?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Is the Applicant a franchise that is listed in the SBA's Franchise Directory?	<input type="checkbox"/>	<input checked="" type="checkbox"/>



Paycheck Protection Program Borrower Application Form

By Signing Below, You Make the Following Representations, Authorizations, and Certifications

CERTIFICATIONS AND AUTHORIZATIONS

I certify that:

- I have read the statements included in this form, including the Statements Required by Law and Executive Orders, and I understand them.
- The Applicant is eligible to receive a loan under the rules in effect at the time this application is submitted that have been issued by the Small Business Administration (SBA) implementing the Paycheck Protection Program under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) (the Paycheck Protection Program Rule).
- The Applicant (1) is an independent contractor, eligible self-employed individual, or sole proprietor or (2) employs no more than the greater of 500 or employees or, if applicable, the size standard in number of employees established by the SBA in 13 C.F.R. 121.201 for the Applicant's industry.
- I will comply, whenever applicable, with the civil rights and other limitations in this form.
- All SBA loan proceeds will be used only for business-related purposes as specified in the loan application and consistent with the Paycheck Protection Program Rule.
- To the extent feasible, I will purchase only American-made equipment and products.
- The Applicant is not engaged in any activity that is illegal under federal, state or local law.
- Any loan received by the Applicant under Section 7(b)(2) of the Small Business Act between January 31, 2020 and April 3, 2020 was for a purpose other than paying payroll costs and other allowable uses loans under the Paycheck Protection Program Rule.

For Applicants who are individuals: I authorize the SBA to request criminal record information about me from criminal justice agencies for the purpose of determining my eligibility for programs authorized by the Small Business Act, as amended.

CERTIFICATIONS

The authorized representative of the Applicant must certify in good faith to all of the below by **initialing** next to each one:

- SSS** The Applicant was in operation on February 15, 2020 and had employees for whom it paid salaries and payroll taxes or paid independent contractors, as reported on Form(s) 1099-MISC.
- SSS** Current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.
- SSS** The funds will be used to retain workers and maintain payroll or make mortgage interest payments, lease payments, and utility payments, as specified under the Paycheck Protection Program Rule; I understand that if the funds are knowingly used for unauthorized purposes, the federal government may hold me legally liable, such as for charges of fraud.
- SSS** The Applicant will provide to the Lender documentation verifying the number of full-time equivalent employees on the Applicant's payroll as well as the dollar amounts of payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities for the eight-week period following this loan.
- SSS** I understand that loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, and covered utilities, and not more than 25% of the forgiven amount may be for non-payroll costs.
- SSS** During the period beginning on February 15, 2020 and ending on December 31, 2020, the Applicant has not and will not receive another loan under the Paycheck Protection Program.
- SSS** I further certify that the information provided in this application and the information provided in all supporting documents and forms is true and accurate in all material respects. I understand that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under the law, including under 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.
- SSS** I acknowledge that the lender will confirm the eligible loan amount using required documents submitted. I understand, acknowledge and agree that the Lender can share any tax information that I have provided with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.

SUNNY S SAHOTA

Signature of Authorized Representative of Applicant

SUNNY S SAHOTA

Print Name

04/16/2020 | 2:01:34 PM CDT

Date

Owner

Title



**Paycheck Protection Program
Borrower Application Form**

Purpose of this form:

This form is to be completed by the authorized representative of the Applicant and *submitted to your SBA Participating Lender*. Submission of the requested information is required to make a determination regarding eligibility for financial assistance. Failure to submit the information would affect that determination.

Instructions for completing this form:

With respect to "purpose of the loan," payroll costs consist of compensation to employees (whose principal place of residence is the United States) in the form of salary, wages, commissions, or similar compensation; cash tips or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips); payment for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal; payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement; payment of state and local taxes assessed on compensation of employees; and for an independent contractor or sole proprietor, wage, commissions, income, or net earnings from self-employment or similar compensation.

For purposes of calculating "Average Monthly Payroll," most Applicants will use the average monthly payroll for 2019, excluding costs over \$100,000 on an annualized basis for each employee. For seasonal businesses, the Applicant may elect to instead use average monthly payroll for the time period between February 15, 2019 and June 30, 2019, excluding costs over \$100,000 on an annualized basis for each employee. For new businesses, average monthly payroll may be calculated using the time period from January 1, 2020 to February 29, 2020, excluding costs over \$100,000 on an annualized basis for each employee.

If Applicant is refinancing an Economic Injury Disaster Loan (EIDL): Add the outstanding amount of an EIDL made between January 31, 2020 and April 3, 2020, less the amount of any "advance" under an EIDL COVID-19 loan, to Loan Request as indicated on the form.

All parties listed below are considered owners of the Applicant as defined in 13 CFR § 120.10, as well as "principals":

- For a sole proprietorship, the sole proprietor;
- For a partnership, all general partners, and all limited partners owning 20% or more of the equity of the firm;
- For a corporation, all owners of 20% or more of the corporation;
- For limited liability companies, all members owning 20% or more of the company; and
- Any Trustor (if the Applicant is owned by a trust).

Paperwork Reduction Act – You are not required to respond to this collection of information unless it displays a currently valid OMB Control Number. The estimated time for completing this application, including gathering data needed, is 8 minutes. Comments about this time or the information requested should be sent to: Small Business Administration, Director, Records Management Division, 409 3rd St., SW, Washington DC 20416., and/or SBA Desk Officer, Office of Management and Budget, New Executive Office Building, Washington DC 20503.

Privacy Act (5 U.S.C. 552a) – Under the provisions of the Privacy Act, you are not required to provide your social security number. Failure to provide your social security number may not affect any right, benefit or privilege to which you are entitled. (But see Debt Collection Notice regarding taxpayer identification number below.) Disclosures of name and other personal identifiers are required to provide SBA with sufficient information to make a character determination. When evaluating character, SBA considers the person's integrity, candor, and disposition toward criminal actions. Additionally, SBA is specifically authorized to verify your criminal history, or lack thereof, pursuant to section 7(a)(1)(B), 15 USC Section 636(a)(1)(B) of the Small Business Act (the Act).

Disclosure of Information – Requests for information about another party may be denied unless SBA has the written permission of the individual to release the information to the requestor or unless the information is subject to disclosure under the Freedom of Information Act. The Privacy Act authorizes SBA to make certain "routine uses" of information protected by that Act. One such routine use is the disclosure of information maintained in SBA's system of records when this information indicates a violation or potential violation of law, whether civil, criminal, or administrative in nature. Specifically, SBA may refer the information to the appropriate agency, whether Federal, State, local or foreign, charged with responsibility for, or otherwise involved in investigation, prosecution, enforcement or prevention of such violations. Another routine use is disclosure to other Federal agencies conducting background checks but only to the extent the information is relevant to the requesting agencies' function. See, 74 F.R. 14890 (2009), and as amended from time to time for additional background and other routine uses. In addition, the CARES Act, requires SBA to register every loan made under the Paycheck Protection Act using the Taxpayer Identification Number (TIN) assigned to the borrower.

Debt Collection Act of 1982, Deficit Reduction Act of 1984 (31 U.S.C. 3701 et seq. and other titles) – SBA must obtain your taxpayer identification number when you apply for a loan. If you receive a loan, and do not make payments as they come due, SBA may: (1) report the status of your loan(s) to credit bureaus, (2) hire a collection agency to collect your loan, (3) offset your income tax refund or other amounts due to you from the Federal Government, (4) suspend or debar you or your company from doing business with the Federal Government, (5) refer your loan to the Department of Justice, or (6) foreclose on collateral or take other action permitted in the loan instruments.

Right to Financial Privacy Act of 1978 (12 U.S.C. 3401) – The Right to Financial Privacy Act of 1978, grants SBA access rights to financial records held by financial institutions that are or have been doing business with you or your business including any financial



Paycheck Protection Program Borrower Application Form

institutions participating in a loan or loan guaranty. SBA is only required provide a certificate of its compliance with the Act to a financial institution in connection with its first request for access to your financial records. SBA's access rights continue for the term of any approved loan guaranty agreement. SBA is also authorized to transfer to another Government authority any financial records concerning an approved loan or loan guarantee, as necessary to process, service or foreclose on a loan guaranty or collect on a defaulted loan guaranty.

Freedom of Information Act (5 U.S.C. 552) – Subject to certain exceptions, SBA must supply information reflected in agency files and records to a person requesting it. Information about approved loans that will be automatically released includes, among other things, statistics on our loan programs (individual borrowers are not identified in the statistics) and other information such as the names of the borrowers (and their officers, directors, stockholders or partners), the collateral pledged to secure the loan, the amount of the loan, its purpose in general terms and the maturity. Proprietary data on a borrower would not routinely be made available to third parties. All requests under this Act are to be addressed to the nearest SBA office and be identified as a Freedom of Information request.

Occupational Safety and Health Act (15 U.S.C. 651 et seq.) – The Occupational Safety and Health Administration (OSHA) can require businesses to modify facilities and procedures to protect employees. Businesses that do not comply may be fined, forced to cease operations, or prevented from starting operations. Signing this form is certification that the applicant, to the best of its knowledge, is in compliance with the applicable OSHA requirements, and will remain in compliance during the life of the loan.

Civil Rights (13 C.F.R. 112, 113, 117) – All businesses receiving SBA financial assistance must agree not to discriminate in any business practice, including employment practices and services to the public on the basis of categories cited in 13 C.F.R., Parts 112, 113, and 117 of SBA Regulations. All borrowers must display the "Equal Employment Opportunity Poster" prescribed by SBA.

Equal Credit Opportunity Act (15 U.S.C. 1691) – Creditors are prohibited from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status or age (provided the applicant has the capacity to enter into a binding contract); because all or part of the applicant's income derives from any public assistance program; or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act.

Debarment and Suspension Executive Order 12549; (2 CFR Part 180 and Part 2700) – By submitting this loan application, you certify that neither the Applicant or any owner of the Applicant have within the past three years been: (a) debarred, suspended, declared ineligible or voluntarily excluded from participation in a transaction by any Federal Agency; (b) formally proposed for debarment, with a final determination still pending; (c) indicted, convicted, or had a civil judgment rendered against you for any of the offenses listed in the regulations or (d) delinquent on any amounts owed to the U.S. Government or its instrumentalities as of the date of execution of this certification.

COPY

EXHIBIT 4

SUMMARY OF RESERVE REPORT AND RECOVERABLE RESERVES IN PLACE

Sahota Carson Lease Evaluation

Barron Petroleum LLC
Estimated
Future Reserves
Attributable to Certain
Leasehold and Royalty Interests
Sahota Carson Lease
As of
November 01, 2020

Albert G. McDaniel, P.E.
Petroleum Engineer
TBPE License No. 106636

Barron Petroleum LLC
471 State Highway 67
Graham, TX 76450-7046

November 1, 2020

Gentlemen:

At your request, I have prepared an estimate of recoverable reserves in place on the Sahota Carson Lease as of November 1, 2020. The subject property is approximately 20,000 acres located 35 miles south of Ozona in Val Verde County, Texas.

This is a third-party study. I am not an employee of Barron Petroleum and have arrived at this estimate through my own research.

Reserves Included in This Report

Probable reserves in place are:

225 Bcf with 60 Strawn LS locations
323 Bcf with 20 Ellenburger locations
92 Bcf with 30 Canyon/Wolfcamp locations

640 Bcf Probable Recoverable Reserves in Place

As of the date of this report, 2 wells have been drilled and are waiting on completion and connection to sales. With well logs from these 2 wells and other geologic data, 5 Bcf can be confirmed as Proven Reserves.

Geology

The geology of the Sahota Carson Lease is so well defined that the risk is equivalent to that of New Field Development. Quality 3D seismic data and several seismic attribute processing methods were applied to the 3D seismic data including coherency, inversion, and time to depth conversions. These seismic data are available through contractual relations of the mineral lease owners.

Exploration risking parameters that are accepted industry wide demonstrate that development risks of this New Field Discovery are minimal. Parameters to assess play risks can be assigned a ranking value from 0 to 1 with 1 being no risk. High Risk Exploration plays typically have values in the 0.10 to 0.25 range while Exploitation plays score from 0.3 to 0.5. Low Risk Development programs rank between 0.65 and 0.75.

Due to the abundance of data available for this prospect, the Sahota Carson project is a low risk, Multi-Pay, New Field Discovery with risk ranking of 0.70.

Source Rock

Throughout the area there are organic shales both above and below the Strawn Limestone, which is verified by 61 wells within 5 miles of the lease.

Stratigraphically, shales can be correlated laterally for hundreds of miles, with the Sahota Carson Lease being only about 5 miles away from the source rocks of the Massie Strawn LS Field. The source rocks of the Massie Field are also present in wells drilled to date on the Sahota Carson Lease.

Not only do we have verification of source rock being present from the 2 drilled wells, but also from nearby offset production. Further confirmation occurred while drilling with gas shows of C1, C2 and C3.

SOURCE RISK = 1.0

Maturation & Timing

There are 61 wells producing from the Massie Strawn LS at depths similar to the Sahota Carson Lease. The slightly deeper depths of the Sahota Carson Lease indicate additional maturation which is favorable to formation of hydrocarbons. Variations such as burial depths, heat flow and burial timing commonly take ten or more miles to get values different from what we see in the nearby Massie Field. Further confirmation of favorable Maturation & Timing is provided by the fact that the Sahota Carson 20BU had a 20' gas flare.

MATURATION AND TIMING RISK=1.0

Structural/Stratigraphic Trapping Seals

The 3D seismic allows us to validate that the Sahota Carson Lease is on a structural high, but the nature of the Strawn LS is more stratigraphic than structural in terms of trapping. Sourcing and sealing shales overlie and underlie the Strawn LS proving the top and bottom stratigraphic trap. The presence of these shales is confirmed by the 61 wells in Massie Field 5 miles away as well as by the wells drilled on the Sahota Carson Lease. Porosity and permeability variations related to the carbonate microfacies create the lateral seals in the Bioherm and flanks of the Bioherms, meaning both the Bioherms and their flanks are prime targets for drilling producing wells.

The tectonically fractured Strawn LS targets seal laterally away from the fault zones. Similarly, the solution collapse zones in the underlying Ellenburger Group propagate fractures in the overlying Strawn LS. These collapse zones create the lateral non-tectonic fractured Strawn LS seals.

From 3D seismic we know:

- Location of the fault zones

- The solution collapse zones in the Ellenburger

- The Bioherm Buildups

- Flanks of the Bioherm Buildups

These facts define the trap and seals, top, bottom, lateral.

Trapping & Seals Risk = 1.0

Reservoir Rock

From the 3D seismic, we can accurately define where the fault zones are and thus where tectonically fractured Strawn LS reservoir rock exists. The 3D seismic also depicts where we have Ellenburger Group solution collapse sags, and hence, areas of non-tectonic Strawn LS fractured reservoir development. Reservoir rock risks for these two types of Strawn LS targets are minimal. Because we can see the Bioherm Buildups and the debris flanks to the Bioherm Buildups in the seismic these targets, combined with known reservoir models, reduce risk in targeting areas. Identifying possible reservoir rock is not a problem but optimizing the best areas of porosity/permeability, or fractured permeability is the biggest risk of all the risk parameters. Thus, the key risk is how to identify those areas with maximum producibility potential. Tectonically fractured, non-tectonic fractured, and Bioherm porosity and bioclastic debris flanks to Bioherms provide the best reservoir targets. This implies the need to increase the understanding of any secondary diagenetic affects that may enhance or harm good reservoir porosity and permeability and hence affect producibility. Since we have an inversion processed 3D seismic data, some, but not all, of this risk is reduced. More of this risk must be assessed by drilling and evaluating the details of the reservoir rock. Because we are flowing gas in the drilled wells, we can confirm we have reservoir rock, and, in fact, a new Strawn LS Field Discovery.

RESERVOIR ROCK RISK = 0.7

Conclusions

The Sahota Carson project rates such a low risk, it more resembles that of a development project than an exploration venture.

With the Sahota Carson 20 BU flowing gas, and that we can validate many offset lookalikes in the 3d seismic, we can project many additional locations for this new field development program. The Sahota Carson 20 BU well can be considered the discovery well for a New Strawn LS Field.

There is a producing Ellenburger well 1 mile to the NW of the Sahota Carson Lease. Much of the development risking shown above for the Strawn LS can be applied similarly to an Ellenburger program. While there are several Ellenburger dry holes within the Sahota Carson Lease, most of these wells were drilled prior to understanding newer Ellenburger reservoir models. The key to developing the Ellenburger is to use the 3D seismic to optimize reservoir producibility locations. The Ellenburger needs to be drilled underbalanced and, if possible, with air.

A third objective within the Sahota Carson Lease are the Canyon Sands. These sands are productive along this trend and were present in the Sahota wells, and they did have gas shows. They are also visible in the 3D seismic. The Canyon Sands can be developed at low risk by collecting information while drilling the Strawn LS and Ellenburger Group wells. Hence, developing the Canyon SS should have minimal development risks. As always, because of the multiple source rocks, favorable maturation timing, and potentially other productive reservoirs in the Fusselman or Devonian, there could even be more targets within this lease, adding to its value.



Albert G. McDaniel, P.E.
Petroleum Engineer



EXHIBIT 5

SUPPLEMENTAL AGREEMENT

September 24, 2020

Reference is made to that certain Oil and Gas Lease dated effective September 24, 2020, by and between Petro Childress, LLC, a Texas limited liability company, and Chris Carmen Sutton, an individual dealing in her sole and separate property, herein collectively called Lessor, and Barron Petroleum LLC, a Texas limited liability company, herein called Lessee, covering the following described lands in Crockett County, Texas, to-wit:

See attached Exhibit A.

Lessee recognizes and acknowledges that the surface estate of the Leased Premises is owned by Soto, Inc. (the "Surface Owner"). For all purposes of this Supplemental Agreement, the terms "Lessor" and "Surface Owner" shall mean and refer exclusively to Surface Owner, its successors and assigns; and all surface damages provided for in this Supplemental Agreement shall be paid exclusively to the Surface Owner. In connection therewith, Lessor and Lessee agree, for the consideration set forth in the lease, that Lessee shall be entitled to use the surface of the Leased Premises for the uses and purposes, express or implied, set forth in the lease as if Surface Owner were a Lessor under the lease, and to cooperate reasonably in connection with Lessee's operations provided Lessee will in turn agree in writing to conduct Lessee's operations with respect to any operations by Lessee on the Leased Premises so as to provide what Lessor and Surface Owner consider to be reasonable protection, as follows:

With respect to operations by Lessee hereunder, Lessee agrees:

(a) Crossing Fences: To install a cattle guard at all intersections of ranch fences and roads to be used by Lessee in conducting its operations. Lessor shall designate which cattle guards at exterior fences shall be kept closed and locked when vehicles are not passing through. Such designated locked gates shall be equipped so as to provide separate keys for Lessee and its authorized personnel, and Lessor and its authorized personnel. Lessee's continuing right to use any roadway so equipped shall be conditioned upon compliance by it and its authorized personnel with the requirements of Lessor with respect to keeping such gates locked and maintained. Any such cattle guard shall not be removed at the conclusion of the lease but rather shall be left in place and become the property of Lessor, free of cost, or at Lessor's options, Lessee shall remove the same and restore the fence substantially to its condition prior to the installation of the cattle guard. All cattle guards installed by Lessee shall be constructed with materials and workmanship capable of supporting any and all vehicles used in Lessee's operations and shall be constructed with a sufficient amount of caliche or comparable material so as to prevent soil erosion and damage, and such material shall be maintained by Lessee at all times around such cattle guards during the term of this lease.

(b) Fencing Sites: Before drilling operations are commenced a fence capable of turning cattle, horses and other large animals shall be installed around the complete location, including the wellhead, reserve pit(s) separator, compressor, tank battery and other surface equipment used to produce the well. After the reserve pit is leveled and smoothed, the fence around the remaining production facilities shall be restored and maintained in good condition.

(c) Cleaning and Maintaining Sites: While operations are being conducted hereunder, all areas in the vicinity of operations, including roads, will be as nearly as is reasonably possible kept free from all junk, paper, cans, old iron, trash, and all other forms of debris and remove all ribbons, signs (except signs authorized under this lease or required by governmental authority) and stakes after completion of operations. No oilfield equipment shall be stored on any portion of the Leased Premises without Lessor's prior written consent, and no trailer houses or portable buildings of any kind shall be left on the Leased Premises after completion of operations on a well. Within a reasonable time after operations on each site are completed, the site will be finally cleaned and policed, restored, and reseeded, as needed, so as to restore such land to its former condition as nearly as is reasonably possible. Upon abandonment of each location, all aggregate material and/or caliche or other roadway material shall be removed and, at Lessor's option, either placed in existing caliche pits on the lease or spread along roads as designated by Lessor, and each drill site, tank battery location and/or pit shall then be restored to its original condition as much as reasonably possible by replacing any top soil removed when the location was constructed. All tanks, wellheads, compressors,

gates, cattle guards, and other surface equipment and fence posts surrounding same shall be painted tan and maintained in such color.

(d) No Hunting: Lessor shall not permit any of its agents, employees, contractors, subcontractors, service company personnel, salesmen, nor any other person coming onto the Leased Premises under the authority of this lease to possess rifles, shotguns, pistols, bow and arrows, or any other firearms or other hunting devices on the Leased Premises. Lessee does not acquire any hunting rights whatsoever under this lease and no hunting of any kind shall be permitted. Lessee shall not allow hunting dogs and other pets of any kind whatsoever on Leased Premises.

(e) Roads: All roads, pipelines, power lines and tank batteries shall be constructed only after prior approval of their location by Lessor, which approval shall not be unreasonably withheld. Lessee also agrees to notify Lessor prior to commencing any drilling or re-working operations on the Leased Premises. Lessee shall, as far as possible in its operations, use existing ranch roads and shall regularly maintain the roads in good passable condition; but Lessee shall not have any vested interest in such existing roads. Upon the construction of any new roads or use of existing roads by Lessee on said lease, damages shall be paid for the use of such roads based upon the amounts set forth in the current University of Texas Lands, Rate and Damage Schedule. No roads to new locations shall be wider than twelve (12) feet without Lessor's consent and no roads shall be constructed closer than five hundred (500) feet from any presently existing watering troughs, tanks or other livestock watering facilities nor closer than twenty-five hundred (2500) feet from any residence or barn. All roads, whether new roads or existing roads, shall be surfaced with a compacted layer of caliche or suitable material at least eight (8) inches thick and shall be maintained at such thickness so long as used by Lessee. All roads, whether new roads or existing roads, shall be, at Lessor option, laned with fences. After drilling and completion or plugging operations on a well are completed, Lessee shall repair the road, including spot patching and grading same to Lessor's reasonable requirements. Whenever necessary for more efficient drainage or to prevent erosion, Lessee shall install and maintain, in accordance with Lessors reasonable specifications, drainage terraces and mounds the width of such roads at appropriate intervals along roads with accompanying diversions to prevent erosion along road barrow ditches, or at such other places as Lessor may reasonably request. All gates and cattle guards on roads shall be properly maintained. Except where operations are essential to maintain the lease, Lessee shall not allow heavy machinery including drilling rigs, trucks, surveyors, and other equipment onto the Leased Premises during wet weather where such operations will create substantial damage to the road surfaces. If damage to the road occurs during wet weather, Lessee agrees to promptly restore the roads to the reasonable satisfaction of Lessor, but in no event later than thirty (30) days after notice from Lessor. Lessee shall erect signs at property entry indicating that it is private property, signs at entry and regularly along road indicating that all individuals shall remain on lease roads and that hunting nor firearms are permitted on leased premises. Upon abandonment of each drill site, tank battery location and/or pit, at Lessor's option, all cattle guards, aggregate material and/or caliche, or other roadway material from connecting roads shall be removed and either place in existing caliche pits on the lease or spread along roads as designated by Lessor. Areas damaged by roads shall then be restored to its original condition as much as reasonably possible by replacing any top soil removed when the road was constructed.

(f) Seismic Operations: If Lessee conducts seismic operations on the Leased Premises, Lessee shall pay in advance surface damages to the Surface Owner equal to the amounts set forth in the current University of Texas Lands, Rate and Damage Schedule. In connection with seismic operation, Lessee agrees to provide Surface Owner with advance notice and to cooperate reasonably with Surface Owner with respect to the entry and exit from the lands covered by this lease. Lessee agrees that to the extent any such operations result in damage to the surface, to restore the surface to its original condition as nearly as reasonably possible, including removing all ribbons, trash, signs, and stakes before leaving the Leased Premises. Lessee shall furnish to Lessor all information and data obtained by Lessee in connection with any seismic operations on the Leased Premises (the "Seismic Data") as soon as same are available, unless Lessee is prohibited from disclosing such data to Lessor by the terms of the seismic permit or other agreement pursuant to which Lessee acquires such data. Lessee shall furnish to Lessor a professionally usable copy of (a) a post-plot map showing the acquired lines, and (b) 2-D or 3-D seismic taper of all final stack and migration data. All data furnished by Lessee to Lessor shall be in SEG_Y format (or comparable format output) compatible with industry available PC-based or workstation-based 2-D or 3-D interpretation packages. The SEG-Y format output will contain processed full record length, binned data of all 2-D and 3-D data resulting from seismic processing of acquired data which cover the Leased Premises or any portion thereof. If more than one SEG-Y format output of the processed 2-D or 3-D binned data is generated by the contractor for Lessee, Lessee shall furnish Lessor

with that portion of that additional processed 2-D or 3-D binned data which covers the Leased Premises. Lessee shall have the right to contract with others to conduct seismic operations on Lessee's behalf, but all such operations shall be under the supervision and control of Lessee. Lessee shall have the right to grant permits to any third party for the conduct of the seismic operations on the Leased Premises, subject to the terms of this Agreement. Lessee shall have no right to license, sell, or disclose the Seismic Data to any third party except Lessee shall have the right to disclose the Seismic Data to its consultants, to other parties who have agreed to bear part of the initial costs of the seismic operations conducted pursuant to this agreement, and to other parties with whom Lessee is negotiating to become joint venturers, partners, members, lenders or other economic participants (and their respective advisors) in this lease, provided that all such parties agree in writing to be bound by the confidentiality provisions of the agreement.

(g) Operations: This lease covers a portion of ranch lands owned by Lessor's family and stockholders. It is understood that there will be livestock and wildlife on the Leased Premises and on the roadways across said lands. Lessee agrees to pay the fair market value for all livestock, wildlife or domestic animals damaged by any operations under said lease whether caused by Lessee or its agents, employees, contractors, and subcontractors.

(h) Well Site and Damages: Prior to commencement of drilling, reworking or reentry operations on the Leased Premises, Lessee shall provide written notice to Lessor of Lessee's intention to drill, rework, or re-enter a well, together with a plat showing the location of said well. No wells shall be drilled at a location nearer than 2,500 feet from the ranch headquarters improvements without Lessor's written consent. No well shall be located within 1500 feet of any water well, water tank, water trough or livestock pens without written consent of Lessor. Prior to commencement of operations, Lessee shall pay all amounts required to be paid under this lease. All locations shall be surfaced with a compacted layer of caliche or other suitable material at least six (6) inches thick and shall be maintained at that thickness for as long as used by Lessee. No such location for a vertical well shaft shall exceed a tract measuring three hundred (300) feet on each side and no location for a horizontal well shaft shall exceed a tract measuring four hundred twenty-five (425) feet on each side without lessor's consent. Lessee shall pay to Lessor the location damage rates set forth in the current University of Texas Lands, Rate and Damage Schedule. If any location exceeds the dimensions set forth in the schedule, damage payment shall be made based on the location size indicated in the schedule regardless of depth. If any location exceeds the dimensions of the deepest wellbore indicated in the schedule, payment shall be calculated at the price per square foot of largest location plus ten cents per square foot for the excess area. At each producing well location, Lessee shall erect and maintain a legible sign showing the name of the operator, the lease designation and the well number. Where two or more wells on the Leased Premises are connected to the same storage, treating or compression facility, each well utilizing a separate pipeline to the common facility shall be legibly identified on such pipeline either by a firmly attached tag or plate.

(i) Tank Battery: Lessee shall pay Lessor the amount set forth in the current University of Texas Lands Rate and Damage Schedule as damages for each tank battery and emergency pit used in connection with such battery, pumping station, or waste pit constructed on the Leased Premises. No damages shall be paid where tank battery is located within the drill site tract authorized in (h) above. Nothing contained herein shall be construed as an implied consent for the unlawful disposal of salt water or other polluting materials. All tank batteries not within the drill site tract shall be enclosed with a good fence capable of turning livestock. Lessee shall maintain said fence in accordance with the other provisions of this lease.

(j) Compression Facilities: Lessee shall pay Lessor the amount set forth in the current University of Texas Lands Rate and Damage Schedule as damages for each compression site. All compression sites shall be located at sites approved by Lessor, which approval shall not be unreasonably withheld, and where reasonably feasible at a location of the lowest elevation so as to provide for the quietest operation of such compressor. No compressor shall be located within two (2) miles of a house or barn without Lessor's written consent. Lessee agrees to use best efforts to abate and/or control noise generated by compression facilities, pump jack motors, or other motors, including the use of hospital grade critical quiet mufflers and other noise suppression devices and installation of twelve (12) foot sound retaining walls. If any motor smaller than ten (10) HP electric or its equivalent is capable of being used, Lessee agrees to install only electric motors provided electrical service is available within 1.5 miles of the location of the motor. It is understood that the most noise created by a compressor may be generated by a fan. Lessee agrees to utilize fans with the maximum blades available so as to slow the fan as much as reasonably possible to avoid and limit noise.

(k) Pipelines: Lessee shall pay Lessor the amount set forth in the current University of Texas Lands Rate and Damage Schedule as damages for the construction, maintenance and removal of pipelines, prior to installation. All pipelines shall, where practical, be laid along fence lines or existing roads. All pipelines shall be buried and maintained below plow depth unless waived in writing by Lessor. With respect to any pipeline which Lessee elects to remove from the Lease Premises, Lessor shall have the first right to purchase such pipeline at a mutually agreeable rate, not exceeding the rate then being paid at the time for used pipe of the same kind and quality.

(l) Power and Telephone Lines: Lessee shall pay Lessor the amount set forth in the current University of Texas Lands Rate and Damage Schedule as damages for installation, maintenance, replacement and removal of power and telephone lines. All power and telephone lines shall be buried unless waived in writing by Lessor.

(m) Pits: All surface pits used for temporary storing of salt water, drilling fluids, produced water, or other deleterious substances shall be lined in a water tight manner so that the same cannot escape. Polluting substances shall include not only those specifically named, but any form of water, chemical or other substance which reduces the usability of water for human consumption or animal purposes, or renders the same less potable. If substantial quantities of salt water are produced or other substances used in the drilling or completion of any well on the above lands, such substances shall either be re-injected into a formation which is below all fresh water or shall be removed from the Leased Premises. For each instance when polluting substances escape from a well, storage tank, or pipeline on to said lands, Lessee shall pay Lessor the amount set forth in the current University of Texas Lands Rate and Damage Schedule. In addition, all contaminated soil and brush shall be removed and replaced with top soil to a depth sufficient to restore the contaminated area to its condition prior to contamination, and the entire area shall be reseeded with grass reasonably agreeable to Lessor. All pits utilized for operations hereunder shall be fenced and remain fenced until the pits are dry, all pit lining materials have been removed from the Leased Premises and the pits filled and leveled and the surface restored as much as possible to its original condition.

(n) Notice: Lessee shall at all times keep the Lessor informed of the name, address, and telephone number of a responsible employee who can be contacted by Lessor for the purpose of giving notice of any damage caused by operations under this lease or any breach of this agreement. If Lessee makes an assignment of this lease, each party acquiring an interest therein shall be obligated to furnish Lessor with the name, address, and telephone number of a responsible employee who can be contacted by Lessor for the purpose of giving notice as set forth above.

(o) Information: Lessee agrees to permit Lessor access to the drilling floor at Lessors sole risk and to all well data at any time and to provide Lessor, free of cost, with one copy of each and any and all sample, electric or other log or analyses, completion reports, reports of potential tests and copies of any and all dry holes or abandoned reports made with respect to any and all dry holes or abandoned wells completed on the Leased Premises. Copies of all forms and other information filed with the Railroad Commission of Texas by Lessee (or received by Lessee from third parties) pertaining to operations under this lease or pertaining to field rules affecting the lands covered by this lease shall be provide simultaneously to Lessor. Lessor shall hold all reports and data confidential for so long as this lease remains in force as to that portion of the Leased Premises from which such information is obtained.

(p) Meters and Reports: Lessee shall separately meter or cause to be metered each gas well and, to the extent the gas is gathered of the Leased Premises and delivered to the gas purchaser on the lease at a central delivery point, shall also install a meter to measure the total of all gas which is gathered from all of the tracts described in this lease which then leaves the Leased Premises (the "Central Meter"). Lessor shall have the right to be present at the time of any installing, reading, cleaning, changing, repairing, inspecting, testing, calibrating, or adjusting done in connection with the Lessee's measuring equipment used in measuring deliveries hereunder. Lessee agrees to use reasonable efforts to provide Lessor with advance notice of any such activities. To the extent that Lessee utilizes equipment on the Leased Premises to monitor or remotely operate any equipment or measuring devices which can be viewed on the internet, Lessee agrees to provide Lessor with the necessary information to allow Lessor to review any such information at times and places of Lessor's choice. The BTU content of the gas shall be tested at least semi-annually and Lessor shall have the right to be present at the time of any BTU test and shall receive copies of each BTU report and any other well check report prepared by or on behalf of Lessee for filing with governmental agencies or for its own records. The records and charts from such measuring equipment and other reports shall remain the property of the Lessee, but upon written request, Lessee shall provide Lessor access in Lessee's offices to such records


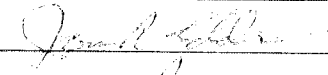

and charts, together with calculations therefrom, after which the charts and records shall be kept on file for a period of three (3) years. Lessee shall regularly calibrate all meters and instruments or cause the same to be calibrated, but in any event no less than semi-annually. If upon any test the metering equipment in the aggregate is found to be inaccurate by two (2) percent or more, then following the test any metering equipment found to be inaccurate to any degree shall be adjusted immediately to measure accurately. If for any reason any meter is out of service or out of repair so that the quantity of gas delivered through such meter cannot be ascertained or computed from the reading thereof, the quantity of gas so delivered during such period the meter is out of service or out of repair shall be estimated and mutually agreed upon by the parties hereto upon the basis of the best possible data.

(q) Abstracts: Lessor agrees to make Lessor's abstracts available to Lessee upon reasonable notice as requested by Lessee from time to time during the term of this lease. Lessor's abstracts may be reviewed in Lessor's offices during normal business hours, or at any other mutually agreed upon time. Lessor's abstracts and other documents shall not be removed from Lessor's office. Should Lessee supplement Lessor's abstracts, Lessee shall deliver each such supplement to Lessor and such supplement shall become the property of Lessor, subject only to Lessee's rights of inspection and use during the term of this lease as otherwise provided herein. Lessee also agrees to provide to Lessor copies of any title opinions produced or contracted for by Lessee.

(r) Hunting Season: Lessee shall notify Lessor at least thirty (30) days in advance of any drilling, re-entry, or reworking operations which Lessee intends to conduct during the deer and quail hunting seasons as set annually by the Texas Parks and Wildlife Commission.


Executed as of the respective acknowledgment dates of the signatory parties, but effective as of the 24th day of September, 2020; this agreement may be executed in multiple counterparts, no one of which needs to be signed by all parties hereto, each of which shall constitute an original. Counterparts thus executed shall together constitute one and the same instrument.

SOTO, INC.

By: 
Name: 
Title: 

LESSEE:

BARRON PETROLEUM LLC.

By: 
Sunny Sahota, Managing Member

ACKNOWLEDGEMENTS

STATE OF TEXAS

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COUNTY OF CROCKETT

This instrument was acknowledged before me this 25th day of September, 2020, by James R. Childers, as President of SOTO, INC., a Texas corporation, on behalf of said corporation.

[SEAL]

Henry M. Cantor
Notary Public in and for the State of Texas

STATE OF TEXAS

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COUNTY OF CROCKETT

This instrument was acknowledged before me this 25th day of September, 2020, by Sunny Sahota, as Managing Member of Barron Petroleum LLC., a Texas limited liability company, on behalf of said company.

[SEAL]

Henry M. Cantor
Notary Public in and for the State of Texas

EXHIBIT A

to

Supplemental Agreement dated September 24, 2020, between Soto, Inc., and Barron Petroleum LLC.

LEASED PREMISES

All of the following lands are located in CROCKETT COUNTY, TEXAS

Tract	Part	Section	Block	Abstract	Acres
1.	S/2	9	XX	3139	320
2.	S/2	16	R	4908	320
3.	W. Pt of E. Pt.*	46	OOO	5470	213.0
4.	N. Pt. **	26	OOO	4530	147.0

* that portion of said Section 46 included within a rectangle, the west boundary line of which is formed by extending the west line of Section 9, Block XX southward to the north line of Section 26, Block OOO, A-4530, and the east boundary line of which is formed by extending the east line of Section 9, Block XX southward to the north line of Section 26, Block OOO.

** a rectangle out of the northwest corner of said Section 26 encompassing an area 5,600feet from the west line and 1,144 feet from the north line of said Section 26, containing 147 acres, more or less.