IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION

UNITED STATES SECURITIES AND EXCHANGE COMMISSION,	§	
Plaintiff,	§	
v.	§	
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; CARSON OIL FIELD DEVELOPMENT FUND II, LP; ALTERNATIVE OFFICE SOLUTIONS, LLC; ARCOOIL CORP.; BARRON PETROLEUM LLC; JAMES IKEY; JOHN MURATORE; THOMAS BRAD PEARSEY; MANJIT SINGH (AKA ROGER) SAHOTA; and RUSTIN BRUNSON,	§	**No. 4-21CV-1310-O**
Defendants,	§	
and	§	
DODSON PRAIRIE OIL & GAS LLC, et al.	§	
Relief Defendants.	§	

FILED UNDER SEAL

PLAINTIFF UNITED STATES SECURITIES AND EXCHANGE COMMISSION'S MOTION FOR LEAVE TO FILE OVERSIZE BRIEF

Plaintiff United States Securities and Exchange Commission hereby moves, pursuant to Local Rule 7.2c, to file a brief in excess of the 25 page limit. In support of

its motion, the SEC states that a brief in excess of the page limit set forth in the Court's local rules is necessary in light of the nature of the emergency relief the SEC seeks against the defendants and relief defendants in this matter, and the factual showing the SEC makes in support of its requested relief.

WHEREFORE, plaintiff United States Securities and Exchange Commission respectfully requests that the Court grant this motion; grant it leave to file a brief in excess of 25 pages in length; and grant such other and further relief as this Court deems just and proper.

Dated: December 1, 2021

Respectfully submitted,

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

By: /s/ Jonathan S. Polish
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SEC v. The Heartland Group Ventures, LLC, et al. (N.D. Tex.)

Appendix in Support of the SEC's Emergency Motion for a Temporary Restraining Order and Emergency Ancillary Relief

Filed Under Seal

SEC v. The Heartland Group Ventures, LLC, et al. (N.D. Tex.)

Appendix in Support of the SEC's Emergency Motion for a Temporary Restraining Order and Emergency Ancillary Relief

DECLARATION OF REBECCA HOLLENBECK

I, Rebecca Hollenbeck, do hereby declare under penalty of perjury, in accordance with 28 U.S.C. § 1746, that the following is true and correct:

1. I am a Senior Accountant with the United States Securities and Exchange Commission ("SEC") in its Chicago Regional Office, located at 175 West Jackson Boulevard, Suite 1450, Chicago, Illinois 60604. I have been employed as an accountant by the SEC since April 2003. My official duties with the SEC include participating in fact-finding inquiries and investigations to determine whether the federal securities laws have been, are presently being, or are about to be violated and assisting in the SEC's litigation of enforcement actions.

2. I received a Bachelor of Arts in Public Accounting from Illinois Wesleyan University in May 2002. I am a licensed Certified Public Accountant in the State of Illinois.

3. As part of my duties, I was assigned to participate in the SEC's investigation involving Heartland Production and Recovery LLC and related entities ("Heartland"). In connection with this assignment, I have reviewed the SEC's files concerning the offer and sale of Heartland securities by certain of the defendants in this matter, including Heartland Production and Recovery LLC, Heartland Production and Recovery Fund LLC, Heartland Production and Recovery Fund II LLC, The Heartland Group Ventures, LLC, Heartland Drilling Fund I, LP, The Heartland Group Fund III, LLC, and Carson Oil Field Development Fund II, LP (whom I collectively refer to herein as "Heartland Defendants"), and their use of investor funds. I have also reviewed documents concerning the use of investor funds by other defendants in this matter, including Alternative Office Solutions, LLC ("Defendant AOS") and defendant Manjit Singh ("Roger") Sahota and related defendants in this matter (whom I collectively refer to herein as "Sahota Defendants"), as well as documents concerning the use of investor funds by Relief

Defendants in this matter. The files I have reviewed include, among other things, records from various banks, including bank records pertaining to the Heartland Defendants, Defendant AOS, the Sahota Defendants, and Relief Defendants; documents produced by the Heartland Defendants, Defendant AOS, and third parties; and additional documents obtained by the SEC during the course of its investigation in this matter.

4. Based upon my review of the information described in paragraph 3, I have prepared Summary Exhibits A through C (A22-A25), which are attached to this declaration. The documents summarized by these Exhibits are so voluminous that they cannot conveniently be entered into evidence. To the best of my knowledge, the Summary Exhibits fairly and accurately summarize their underlying information. The SEC is prepared to make the underlying documents available for examination and copying at a reasonable time and place.

5. The other Exhibits attached to this declaration are true and accurate copies of documents produced to or obtained by the SEC during its investigation.

6. Based upon my review of the information described in paragraph 3, I am informed and believe, and therefore state, the information set forth below.

A. DEFENDANTS AND RELIEF DEFENDANTS

7. I reviewed multiple documents obtained by the SEC that purport to be the following private placement memoranda for securities offerings associated with the Heartland Defendants:

a. A private placement memorandum dated October 23, 2018 for debt investments in Heartland Production and Recovery Fund LLC, a true and accurate copy of which is attached hereto as Exhibit 1 (A26-A70).

b. A private placement memorandum dated January 7, 2019 for debt investments in in Heartland Production and Recovery Fund II LLC, a true and accurate copy of which is attached hereto as Exhibit 2 (A71-A111).

c. A private placement memorandum dated April 30, 2019 for debt investments in Heartland Production and Recovery Fund II LLC, a true and accurate copy of which is attached hereto as Exhibit 3 (A112-159).

d. A private placement memorandum dated September 27, 2019 for debt investments in The Heartland Group Fund III, LLC, a true and accurate copy of which is attached hereto as Exhibit 4 (A160-A205).

e. A private placement memorandum dated May 10, 2019 for equity investments in Heartland Drilling Fund I, LP, a true and accurate copy of which is attached hereto as Exhibit 5 (A206-A267).

f. A private placement memorandum dated January 2020 for equity investments in Heartland Drilling Fund I LP, a true and accurate copy of which is attached hereto as Exhibit 6 (A268-A329).

g. A private placement memorandum dated August 1, 2020 for equity investments in Carson Oil Field Development Fund II, LP, a true and accurate copy of which is attached hereto as Exhibit 7 (A330-A391).

8. I have also reviewed a voluminous spreadsheet produced by the Heartland Defendants on November 4, 2021 that purports to contain lists of Heartland investors, along with investment dates and amounts, investments made, and the identities of persons and entities who solicited the investors.

B. HEARTLAND DEFENDANTS' PRIVATE PLACEMENT MEMORANDA

9. The private placement memoranda for the Heartland Defendants' securities offerings include information describing investment terms and use of investor funds, as described below.

10. The private placement memorandum dated October 23, 2018 for Heartland Production and Recovery Fund LLC describes 9-month, 8% promissory notes. (See Exhibit 1 at p. ii (A27), xvi (Size of Offering) (A41), 1 (Interest) (A42).) It states that "The Company will apply the net proceeds of the Offering (after the payment of various offering expenses, ongoing general and administrative, legal[,] accounting[,] and engineering, and other expenses not to

exceed 15% of the Offering proceeds) for the purchase of working interests in proven oil and gas wells." (See Exhibit 1 at p. 3 (A44).)

11. The private placement memoranda dated January 7, 2019 and April 30, 2019 for Heartland Production and Recovery Fund II LLC describe one-year, 8.5% and two-year, 9% promissory notes. (See Exhibit 2 at p. ii (A72), xvi (Size of Offering) (A86), 2 (Interest) (A87); Exhibit 3 at p. ii (A113), 2 (Size of Offering) (A127), 1 (Interest) (A128).) They each state that "The Company will apply the net proceeds of the Offering (after the payment of various offering expenses, ongoing general and administrative, legal[,] accounting[,] and engineering, and other expenses not to exceed 20% of the Offering proceeds) for the purchase of working interests in proven oil and gas wells." (See Exhibit 2 at p. 4-5 (Use of Proceeds) (A89-90); Exhibit 3 at p. 3-4 (Use of Proceeds) (A130-131).)

12. The private placement memoranda dated September 27, 2019 for Heartland Group Fund III LLC describes one-year, 8.5% and two-year, 9% promissory notes. (See Exhibit 4 at p. 2 (A161), 15 (Size of Offering) (A174), 16 (Interest) (A175).) It states that "The Company will apply the net proceeds of the Offering (after the payment of various offering expenses, ongoing general and administrative, legal[,] accounting[,] and engineering, and other expenses of the Fund not to exceed 20% of the Offering proceeds). The proceeds of the Units of Notes will be used to purchase leases on several different oil and gas producing tracts along with drilling and exploration and production operations (the "Interest")." (See Exhibit 4 at p. 18-19 (Use of Proceeds) (A177-178).)

13. The executive summaries for the private placement memoranda dated May 10, 2019 and January 2020 for Heartland Drilling Fund I, LP and the private placement memorandum dated August 1, 2020 for the Carson Oil Field Development Fund II, LP state that

"A subscriber admitted to the Partnership (an "***Investor Partner***") will receive, in exchange for its initial capital contribution and any subsequent capital contribution, Class A Units of partnership interest representing a proportionate share of the net assets of the Partnership at that time." (See Executive Summaries: Exhibit 5 at p. 6 (A212); Exhibit 6 at p. 6 (A274); Exhibit 7 at p. 6 (A336).)

14. The executive summaries in the Heartland Drilling Fund I, LP private placement memoranda dated May 10, 2019 and January 2020 list the management fee as 3.0% of each Investor Partner's capital account balance (see Executive Summaries: Exhibit 5 at p. 6 (A212); Exhibit 6 at p. 6 (A274)).

15. The executive summary in the Carson Oil Field Development Fund II LP private placement memorandum dated August 1, 2020 lists the management fee as 20.0% of each Investor Partner's capital account balance (see Exhibit 7 at p. 6 (Executive Summary) (A336)).

C. BANK ACCOUNTS

16. Since October 1, 2018, the Heartland Defendants have opened and used several bank accounts (See Summary Exhibit A (A22-A23 at A22)), including the following:

a. Heartland Production and Recovery LLC bank account x6254 at Bank of America, opened October 2018 and closed January 2019; John Muratore and James Ikey had signatory authority over the account.

b. Heartland Production and Recovery LLC bank account x0120 at Wells Fargo Bank, opened December 2018 and closed November 2019; John Muratore, Thomas Pearsey, and an associate at the Heartland Defendants' accounting firm had signatory authority over the account.

c. Heartland Production and Recovery Fund LLC bank account x6335 at Bank of America, opened November 2018 and closed January 2019; John Muratore had signatory authority over the account.

d. Heartland Production and Recovery Fund LLC bank account x0112 at Wells Fargo Bank, opened December 2018 and closed October 2019; John Muratore, Thomas Pearsey, and an associate at the Heartland Defendants' accounting firm had signatory authority over the account.

e. Heartland Production and Recovery Fund II LLC bank account x2762 at Wells Fargo Bank, opened April 2019 and closed October 2019; John Muratore, Thomas Pearsey, and an associate at the Heartland Defendants' accounting firm had signatory authority over the account.

f. Heartland Drilling Fund I, LP bank account x8394 at Wells Fargo Bank, opened May 2019, which remains open; John Muratore, Thomas Pearsey, Rustin Brunson, and an associate at the Heartland Defendants' accounting firm have signatory authority over the account.

g. The Heartland Group Ventures, LLC bank account x4082 at Wells Fargo Bank, opened September 2019, which remains open; Rustin Brunson has signatory authority over the account; James Ikey had signatory authority over the account until approximately October 14, 2021; and Bridy Ikey previously had signatory authority over the account between approximately May 17, 2021 and October 14, 2021.

h. The Heartland Group Fund III, LLC bank account x4074 at Wells Fargo Bank, opened September 2019, which remains open; Rustin Brunson has signatory authority over the account; Bridy Ikey previously had signatory authority over the account between approximately May 17, 2021 and October 14, 2021.

i. Carson Oil Field Development Fund Bank II, LP bank account x3034 at Wells Fargo Bank, opened July 2020, which remains open; Rustin Brunson has signatory authority over the account; Bridy Ikey previously had signatory authority over the account between approximately May 18, 2021 and October 14, 2021.

17. Since October 1, 2018, Relief Defendants related to the Heartland Defendants have opened and used at least two bank accounts (See Summary Exhibit A (A22-A23 at A22)), including the following:

a. Relief Defendant Panther City Energy LLC bank account x1573 at Wells Fargo Bank, opened March 2021 which remains open; Rustin Brunson and a Heartland employee have signatory authority over the account; Bridy Ikey previously had signatory authority over the account between approximately May 17, 2021 and October 14, 2021.

b. Relief Defendant Panther City Energy LLC bank account x6661 at Wells Fargo Bank, opened March 2021 which remains open; Rustin Brunson and a Heartland employee have signatory authority over the account; Bridy Ikey previously had signatory authority over the account between approximately May 17, 2021 and October 14, 2021.

18. Since October 1, 2018, Defendant AOS has opened and used at least two bank accounts (See Summary Exhibit A (A22-A23 at A22)), including the following:

a. Alternative Office Solutions LLC bank account x0001 at PlainsCapital Bank, opened October 2018, which remains open; the account was originally opened under the name Benedict Offport LLC, and the name on the account was changed to Alternative Office Solutions LLC in June 2020; James Ikey, Bridy Ikey, and Jerry Lewis have signatory authority over the account.

b. Alternative Office Solutions LLC bank account x0901 at PlainsCapital Bank, opened October 2019, which remains open; the account was originally opened under the name Benedict Offport LLC, and the name on the account was changed to Alternative Office Solutions LLC in June 2020; James Ikey, Bridy Ikey, and Jerry Lewis have signatory authority over the account.

19. Since October 1, 2018, Relief Defendants related to Defendant AOS have opened and used at least three bank accounts (See Summary Exhibit A (A22-A23 at A22)), including the following:

a. Encypher Bastion LLC bank account x0313 at Wells Fargo Bank, opened August 2017 which remains open; Jerry Lewis and Bridy Ikey have signatory authority over the account; James Ikey previously had signatory authority over the account between approximately October 10, 2018 and December 13, 2019 .

b. Relief Defendant I Group Consulting LLC bank account x7557 at BBVA Compass Bank, opened March 2016 and closed February 2020; James Ikey and Bridy Ikey had signatory authority over the account.

c. Relief Defendant I Group Enterprises LLC bank account x9410 at BBVA Compass Bank, opened December 2019 which remains open; James Ikey and Bridy Ikey have signatory authority over the account.

20. Since October 1, 2018, the Sahota Defendants have opened and/or used at least five bank accounts (See Summary Exhibit A (A22-A23 at A23)), including the following:

a. ArcoOil Corp. bank account x5581 at JP Morgan Chase Bank, opened August 2017, which remains open; Mandeep Kaur Sahota has signatory authority over the account.

b. ArcoOil Corp. bank account x4116 at Bank of Jackson Hole, opened June 2021, which remains open; Manjit Singh Sahota, Monrose Sahota, and Sunny Sahota have signatory authority over the account.

c. Barron Petroleum LLC bank account x6891 at Wells Fargo Bank, opened February 2019, which remains open; Sunny Sahota has signatory authority over the account.

d. Barron Petroleum LLC bank account x0550 at First State Bank; opened August 2020, which remains open; Manjit Singh Sahota has signatory authority over the account.

e. Barron Petroleum LLC bank account x4132 at Bank of Jackson Hole, opened June 2021, which remains open; Manjit Singh Sahota, Monrose Sahota, and Sunny Sahota have signatory authority over the account.

21. Since October 1, 2018, Relief Defendants related to the Sahota Defendants have opened and used at least eight bank accounts (See Summary Exhibit A (A22-A23 at A23)), including the following:

a. Barron Energy Corp. bank account x4815 at Wells Fargo Bank, opened June 2021, which remains open; Sunny Sahota, Manjit Sahota, and Monrose Sahota have signatory authority over the account.

b. Barron Energy Corp. bank account x4108 at Bank of Jackson Hole, opened June 2021, which remains open; Manjit Singh Sahota, Monrose Sahota, and Sunny Sahota have signatory authority over the account.

c. Dallas Resources Inc. bank account x3910 at Wells Fargo Bank, opened September 2018, which remains open; Harprit Sahota and Sunny Sahota have signatory authority over the account.

d. Dallas Resources Inc. bank account x8283 at Wells Fargo Bank, opened September 2018, which remains open; Harprit Sahota and Sunny Sahota have signatory authority over the account.

e. Dallas Resources Inc. bank account x4140 at Bank of Jackson Hole, opened June 2021, which remains open; Manjit Singh Sahota, Monrose Sahota, and Sunny Sahota have signatory authority over the account.

f. Leading Edge Energy LLC bank account x8608 at JP Morgan Chase Bank, opened April 2017, which remains open; Mandeep Kaur Sahota and an individual with the initials B.L. have signatory authority over the account.

g. Sahota Capital Corp. bank account x4124 at Bank of Jackson Hole, opened June 2021, which remains open; Manjit Singh Sahota, Monrose Sahota, and Sunny Sahota have signatory authority over the account.

h. 1178137 BC LTD bank account x9049 at Toronto Dominion Bank. Opening date and signatory authority remain unknown.

D. HEARTLAND DEFENDANTS' PAYROLL ACCOUNTS

22. Since October 1, 2018, the Heartland Defendants have opened and used several payroll accounts to make payments to investors, advisors, principals, and other third parties.

E. HEARTLAND DEFENDANTS' BANK ACCOUNT FUNDING

23. From October 2018 to September 2021, the Heartland Defendants' bank accounts, listed in paragraph 16, received a total of approximately $124.2 million in deposits from all sources.

Funds from investors

24. Of the total funds deposited into the Heartland Defendants' bank accounts, approximately $122 million came from Heartland investors. (See Summary Exhibit B (A24).) These funds include the following:

a. From October 2018 to February 2020, approximately $3.4 million in investor funds was deposited into the Heartland Production and Recovery LLC bank accounts x6254 at Bank of America and x0120 at Wells Fargo Bank and The Heartland Group Ventures LLC bank account x4082 at Wells Fargo Bank.

b. From November 2018 to September 2021, approximately $97.6 million in investor funds was deposited into the Heartland Defendants' debt fund accounts: Heartland Production and Recovery Fund LLC bank accounts x6335 at Bank of America and x0112 at Wells Fargo Bank, Heartland Production and Recovery Fund II LLC bank account x2762 at Wells Fargo Bank, and The Heartland Group Fund III LLC bank account x4074 at Wells Fargo Bank.

c. From July 2019 to September 2021, approximately $21.2 million in investor funds was deposited into the Heartland Defendants' equity fund accounts: Heartland Drilling Fund I LP bank account x8394 at Wells

Fargo Bank, and the Carson Oil Field Drilling Fund II LP bank account x3034 at Wells Fargo Bank.

Funds from potential oil and gas revenue sources

25. Of the total funds deposited into the Heartland Defendants' bank accounts, approximately $231,000 came from bank accounts held by the Sahota Defendants and Relief Defendants related to the Sahota Defendants (see Summary Exhibit B (A24)) and represent potential oil or gas revenue.

26. Specifically, the following amounts from the Sahota Defendants' bank accounts were deposited into the Heartland Defendants' bank accounts:

a. In April 2021, approximately $11,000 from the ArcoOil Corp. bank account x5581 at JP Morgan Chase Bank was deposited into Heartland account x4074.

b. From September 2019 to July 2021, approximately $188,000 from the Barron Petroleum LLC bank account x6891 at Wells Fargo Bank was deposited into Heartland accounts x2762 and x4074.

c. In August 2019, approximately $32,000 from the Dallas Resources Inc. bank account x3910 at Wells Fargo Bank was deposited into Heartland account x2762.

27. Of the total funds deposited into the Heartland Defendants' bank accounts, approximately $259,000 came from other, non-Sahota Defendant oil and gas-related bank accounts (see Summary Exhibit B (A24)) and represent potential oil or gas revenue, including the following:

a. From December 2018 to February 2019, approximately $227,000 from Texas Oil & Gas Exploration Inc. BBVA Compass Bank account x3295 was deposited into Heartland account x0120.

b. From March 2020 to September 2020, approximately $16,000 from Amen Oil LLC First State Bank account x6499 was deposited into Heartland account x4074.

c. From June 2021 to August 2021, approximately $16,000 from Colt Midstream LLC was deposited into Heartland account x4074.

Other sources of funds

28. Of the total funds deposited into the Heartland Defendants' bank accounts, approximately $1.4 million came from other sources (see Summary Exhibit B (A24)), including the following:

a. From September 2019 to June 2021, approximately $560,000 from cash deposits.

b. From June 2019 to December 2019, approximately $578,000 from Huntington BP Merchant payments.

F. HEARTLAND DEFENDANTS' PAYMENTS TO INVESTORS

29. From November 2018 to September 2021, the Heartland Defendants' bank accounts for Heartland Production and Recovery Fund LLC, Heartland Production and Recovery Fund II LLC, The Heartland Group Fund III LLC, Heartland Drilling Fund I LP, Carson Oil Field Development Fund II LP, Heartland Production and Recovery LLC, The Heartland Group Ventures LLC, and Heartland payroll provider accounts made a total of approximately $28.7 million in payments to investors, representing approximately 23% of all funds received into Heartland's bank accounts (see Summary Exhibit C (A25)). These payments are as follows:

a. From November 2018 to September 2020, approximately $434,000 was paid to Heartland investors from the Heartland Production and Recovery LLC bank accounts x6254 at Bank of America and x0120 at Wells Fargo Bank and the Heartland Group Ventures LLC bank account x4082 at Wells Fargo Bank.

b. From January 2019 to October 2019, approximately $1.2 million was paid to Heartland investors from the Heartland Production and Recovery Fund LLC bank account x0112 at Wells Fargo Bank.

c. From July 2019 to August 2019, approximately $267,000 was paid to Heartland investors from the Heartland Production and Recovery Fund II LLC bank account x2762 at Wells Fargo Bank.

d. From September 2019 to September 2021, approximately $22.2 million was paid to Heartland investors from the Heartland Group Fund III LLC bank account x4074 at Wells Fargo Bank.

e. From April 2021 to September 2021, approximately $12,000 was paid to Heartland investors from the Heartland Drilling Fund I LP bank account x8394 at Wells Fargo Bank and the Carson Oil Field Development Fund II LP bank account x3034 at Wells Fargo Bank.

f. From April 2019 to May 2021, approximately $4.7 million was paid to Heartland investors from the Heartland payroll provider accounts.

30. Based on my analysis of the Heartland Defendants' bank records described herein, the Heartland Defendants did not receive sufficient funds from potential oil and gas revenue or other non-investor sources of funds to make these payments to investors. Instead, at least $26.8 million of these payments to investors were made using other investor funds.

G. HEARTLAND DEFENDANTS' OIL AND GAS-RELATED PAYMENTS

31. From November 2018 to September 2021, the Heartland Defendants made approximately $61.6 million in payments to oil and gas related entities, including to the Sahota Defendants, Texas Oil & Gas Exploration Inc., Amen Oil LLC, Atoka Operating Inc., and Panther City Energy LLC, from the Heartland Defendants' bank accounts for Heartland Production and Recovery Fund LLC, Heartland Production and Recovery Fund II LLC, The Heartland Group Fund III LLC, Heartland Drilling Fund I LP, Carson Oil Field Development Fund II LP, and The Heartland Group Ventures LLC, representing approximately 50% of all funds received into Heartland's bank accounts (see Summary Exhibit C (A25)).

Payments to Sahota Defendants

32. From February 2019 to September 2021, the Heartland Defendants made approximately $54.4 million in payments to bank accounts held by the Sahota Defendants and Relief Defendants related to the Sahota Defendants. (See Summary Exhibit C (A25).) Those payments are as follows:

a. From July 2019 to September 2021, the Heartland Defendants made approximately $43.8 million in payments to the Barron Petroleum LLC bank account x6891 at Wells Fargo Bank.

b. From February 2019 to June 2019, the Heartland Defendants made approximately $10.6 million in payments to the Dallas Resources Inc. bank account x3910 at Wells Fargo Bank, or to Dallas Resources through payments to a law firm that held the funds in escrow before transferring them to Dallas Resources.

c. From October 2019 to February 2020, the Heartland Defendants made approximately $37,000 in payments to the ArcoOil Corp. bank account x5581 at JP Morgan Chase Bank.

Other oil and gas-related payments

33. From November 2018 to March 2021, the Heartland Defendants made approximately $7.2 million in payments to other, non-Sahota Defendant oil and gas-related entities from the Heartland Defendants' bank accounts, representing approximately 6% of all funds received into Heartland's bank accounts. (See Summary Exhibit C (A25).) Those payments include the following:

a. From November 2018 to December 2018, Heartland accounts x6335 and x0112 paid approximately $5 million to Texas Oil & Gas Exploration Inc.

b. From September 2019 to March 2021, Heartland accounts x4074 and x3034 paid approximately $1.3 million to Amen Oil LLC.

c. From October 2019 to May 2020, Heartland account x4074 paid approximately $892,000 to Atoka Operating Inc.

d. From March 2021 to June 2021, Heartland account x4074 paid approximately $75,000 to Relief Defendant Panther City Energy LLC.

H. OTHER HEARTLAND EXPENDITURES

34. From November 2018 to September 2021, the Heartland Defendants made approximately $32.1 million in payments to parties other than investors or oil and gas-related entities from the Heartland Defendants' bank accounts for Heartland Production and Recovery Fund LLC, Heartland Production and Recovery Fund II LLC, The Heartland Group Fund III

LLC, Heartland Drilling Fund I LP, Carson Oil Field Development Fund II LP, Heartland Production and Recovery LLC, and The Heartland Group Ventures LLC, and Heartland payroll provider accounts representing approximately 26% of all funds received into Heartland's bank accounts.

Payments to Defendant AOS

35. From February 2019 to September 2021, the Heartland Defendants made approximately $11 million in payments to Defendant AOS's bank accounts at PlainsCapital Bank (See Summary Exhibit C (A25).)

Salaries and fees

36. From November 2018 to September 2021, the Heartland Defendants made approximately $6.8 million in payments to Defendants Rustin Brunson, Thomas Brad Pearsey, John Muratore, and Encypher Bastion LLC. (See Summary Exhibit C (A25).) Those payments include the following:

a. From November 2018 to May 2021, the Heartland Defendants paid approximately $2.5 million to Thomas Brad Pearsey, including a series of payments totaling $1 million from September 10, 2019 through October 9, 2019 from the Heartland Production and Recovery Fund II LLC and Heartland Production and Recovery LLC bank accounts.

b. From November 2018 to September 2021, the Heartland Defendants paid approximately $2.5 million to John Muratore or the entity Muratore Financial Services Inc., including a series of payments totaling $1 million from September 9, 2019 through October 8, 2019 from the Heartland Production and Recovery Fund II LLC and Heartland Production and Recovery LLC bank accounts.

c. From July 2019 to September 2021, the Heartland Defendants paid approximately $939,000 to Rustin Brunson or the entity Brunson Law PLLC.

d. From October 2019 to September 2021, the Heartland Defendants paid approximately $909,000 to Encypher Bastion LLC.

37. From November 2018 to September 2021, the Heartland Defendants made approximately $518,000 in payments for legal services. (See Summary Exhibit C (A25).)

38. From March 2019 to September 2021, the Heartland Defendants paid approximately $132,000 to accounting firms. (See Summary Exhibit C (A25).)

39. From September 2019 to March 2021, the Heartland Defendants paid approximately $691,000 for certain other non-oil and gas related investments from the Heartland Defendants' bank accounts. These investments included micro-mobility scooters, jade, and land in Guatemala. (See Summary Exhibit C (A25).)

Fees paid to finders and feeder funds

40. According to the document produced by the Heartland Defendants on November 4, 2021 that purports to contain lists of investors in each of the Heartland Defendants' debt and equity funds, numerous investors were associated with an advisor, either an individual (a "finder") or an entity (a "feeder fund").

41. From November 2018 to August 2021, the Heartland Defendants made approximately $3.7 million in direct payments to those individual finders.

I. USE OF HEARTLAND FUNDS BY THE SAHOTA DEFENDANTS

42. Since January 1, 2018, the bank accounts of the Sahota Defendants and related Relief Defendants Dallas Resources Inc., Barron Energy Corp., and Sahota Capital Corporation have received approximately $68 million in funds from all sources. Funds transferred to those accounts from the Heartland Defendants, which, as stated above, was approximately $54.4 million between February 2019 and September 2021, or approximately 80% of all funds received by those accounts.

43. Based on my review of bank records of the Sahota Defendants and the related aforementioned Relief Defendants, those entities used funds transferred from the Heartland Defendants for expenditures related to two private aircraft and real estate in the Bahamas, and they would have been unable to make those purchases without Heartland funds according to my analysis of the bank record activity.

44. Based on my review of the bank records, between April 2019 and June 2019, Dallas Resources used $1,659,300 of the funds in its bank account x3910 at Wells Fargo Bank to purchase a private jet, approximately $1.4 million of which consisted of funds transferred from the Heartland Defendants.

45. Specifically, Heartland's initial payments to the Sahota Defendants were to Relief Defendant Dallas Resources as follows, with transaction detail noted in quotes:

a. February 4, 2019 for $500,000: "Earnest deposit for lease and Wells."

b. March 1, 2019 for $2,500,000: "DOWN PAYMENT OF VALVEREDE LEASE."

c. March 14, 2019 for $1,500,000: "Down Payment Wolf Camp Lease."

d. April 1, 2019 for $500,000: "PAYMENT FOR VALVERDE AND WOLFCAMP LEASES."

e. April 5, 2019 for $300,000: "SPOT PAYMENT FOR WOLFCAMP."

f. April 11, 2019 for $500,000: "INSTALLMENT PAYMENT FOR VALVERDE LEASE."

g. April 22, 2019 for $500,000: "PARTIAL DOWNPAYMENT CONWAY FOR 300K, 200K TOWARDS VALVERDE."

h. May 16, 2019 for $450,000: "Payment on Conway Lease."

i. June 3, 2019 for $500,000: "LEASE PAYMENT ON VALVERDE."

j. June 13, 2019 for $1,000,000 through Heartland's law firm: "DEPOSIT FOR VALVERDE."

k. June 14, 2019 for $64,000 through Heartland's law firm: "ESCROW DEPOSIT FOR VALVERVE."

l. June 17, 2019 for $2,250,000 through Heartland's law firm: "DEPOSIT FUNDS FOR CONWAY LEASE."

46. In the midst of these payments from the Heartland Defendants, the Dallas Resources bank account x3910 at Wells Fargo Bank was used to make the following private aircraft-related expenditures, with transaction detail noted in quotes;

a. April 8, 2019 for $150,000 to Insured Aircraft Title Service LLC: "purchase aircraft Reference Number N486BG."

b. June 26, 2019 for $1,000,000 to Insured Aircraft Title Service LLC: "aircraft reference num N486BG."

c. June 27, 2019 for $509,300 to Insured Aircraft Title Service LLC: "final payment aircraft reference number N486BG."

d. Both of the June 2019 payments to Insured Aircraft Title Service LLC occurred on the same day as nearly comparable deposits from the Heartland Defendants. Specifically, Dallas Resources bank account x3910 at Wells Fargo Bank received $1,064,000 and $500,000 wires from Heartland's counsel on June 26, 2019 and June 27, 2019 respectively.

47. I have reviewed Federal Aviation Administration registry information on the FAA's website for the aircraft with tail number N-486BG, which indicates that the aircraft is a model CL-600-2B16 fixed wing multi-engine aircraft manufactured by Canadair Ltd. with serial number 5133 and its registered owner is Dallas Resources Inc. of 471 State Highway 67, Graham, TX 76450.

48. Additionally, based on my review of the bank records, between June 2021 and August 2021, the Heartland Defendants transferred $10.2 million of funds to Barron Petroleum LLC bank account x6891 at Wells Fargo Bank. During that time, $3 million in funds were transferred from the Barron Petroleum LLC bank account x6891 at Wells Fargo Bank to Barron Energy Corp. account x4815 at Wells Fargo Bank; other funds deposited into that account

totaled less than $15,100. Between June 2021 and July 2021, $2,001,600 from bank accounts of Relief Defendants related to the Sahota Defendants were used to make the following private aircraft-related expenditures, with transaction detail noted in quotes:

a. June 21, 2021 for $500,000 from Dallas Resources bank account x3910 at Wells Fargo Bank to Powell Aircraft Title Service: "N709DM."

b. July 23, 2021 for $1,501,600 from Barron Energy Corp. bank account x4815 at Wells Fargo Bank to Powell Aircraft Title Services: "N709 DM PAID IN FULL."

49. I have reviewed Federal Aviation Administration registry information on the FAA's website for the aircraft with tail number N-709DM, which indicates that the aircraft is a model A109S rotorcraft manufactured by Agusta Spa with serial number 22043 and its registered owner is Dallas Resources Inc. of 471 State Highway 67, Graham, TX 76450.

50. On March 18, 2021 and March 23, 2021, Barron Petroleum account x0550 at First State Bank wired approximately $779,000 and $640,000 respectively to a third party for the purchase of certain real estate in the Bahamas. Approximately $641,000 of that $1.4 million total was funded with Heartland monies received from Dallas Resources Inc. bank account x3910 at Wells Fargo Bank on March 12, 2021 and March 19, 2021.

J. RECEIPT OF HEARTLAND FUNDS BY CERTAIN RELIEF DEFENDANTS

51. Since October 1, 2018, the bank account of Relief Defendant Encypher Bastion has received approximately $958,000 in funds from all sources. Funds transferred to that account from the Heartland Defendants, which, as stated above, was approximately $909,000 between October 2019 to September 2021, represent approximately 95% of all funds received by the Encypher Bastion account.

52. Between March 2019 and August 2021, the I Group Consulting LLC bank account x7557 at BBVA Compass Bank and Relief Defendant I Group Enterprises LLC's bank

account x9410 at BBVA Compass Bank received approximately $1.5 million from the Alternative Office Solutions LLC bank account x0001 at PlainsCapital Bank. In December 2019, the I Group Enterprises LLC bank account x9410 was opened, and in February 2020, the I Group Consulting LLC x7557 bank account was closed.

53. Between August and October 2019, approximately when the Heartland Defendants began making payments to ArcoOil, Relief Defendant Leading Edge Energy LLC's bank account x8608 at JP Morgan Chase Bank received approximately $16,000 from the ArcoOil Corp. bank account x5581 at JP Morgan Chase Bank.

54. In July 2021, by which time the Heartland Defendants had made payments to Dallas Resources, the Dallas Resources Inc. bank account x3910 at Wells Fargo Bank transferred $250,000 to the ArcoOil Corp. bank account x4116 at Bank of Jackson Hole, and from there, $50,000 was transferred to Relief Defendant Sahota Capital Corp.'s bank account x4124 at Bank of Jackson Hole.

55. Between July and August 2019, by which time the Heartland Defendants had made payments to Dallas Resources and Barron Petroleum, the Relief Defendant 1178137 BC LTD's bank account x9049 at Toronto Dominion Bank in Canada received payments totaling approximately $1.5 million from the Sahota Defendants and Dallas Resources, including $125,000 from the ArcoOil Corp. bank account x5581 at JP Morgan Chase Bank, $840,000 from the Dallas Resources Inc. bank account x3910 at Wells Fargo Bank, and $575,000 from the Barron Petroleum LLC bank account x6891 at Wells Fargo Bank.

K. HEARTLAND DEFENDANTS' INVESTOR SPREADSHEETS

56. According to a document produced by the Heartland Defendants on November 4, 2021, that purports to contain lists of Heartland investors, Heartland accepted approximately $190 million in investor funds from approximately 762 investors as follows:

a. Between October 2018 and January 2019, Heartland Production and Recovery Fund LLC accepted approximately $6.8 million from approximately 69 investors.

b. Between October 2018 and October 2019, Heartland Production and Recovery Fund II LLC accepted approximately $29.9 million from approximately 240 investors.

c. Between September 2019 and October 2021, Heartland Group Fund III LLC accepted approximately $118.3 million from approximately 607 investors.

d. Between July 2019 and August 2020, Heartland Drilling Fund I LP accepted approximately $6.8 million from approximately 32 investors.

e. Between August 2020 and October 2021, Carson Oil Field Development Fund II LP accepted approximately $27.8 million from approximately 143 investors.

I, Rebecca Hollenbeck, do hereby declare under penalty of perjury, in accordance with 28 U.S.C. § 1746, that the foregoing is true and correct. Executed on the 23rd day of November 2021.

Rebecca C. Hollenbeck

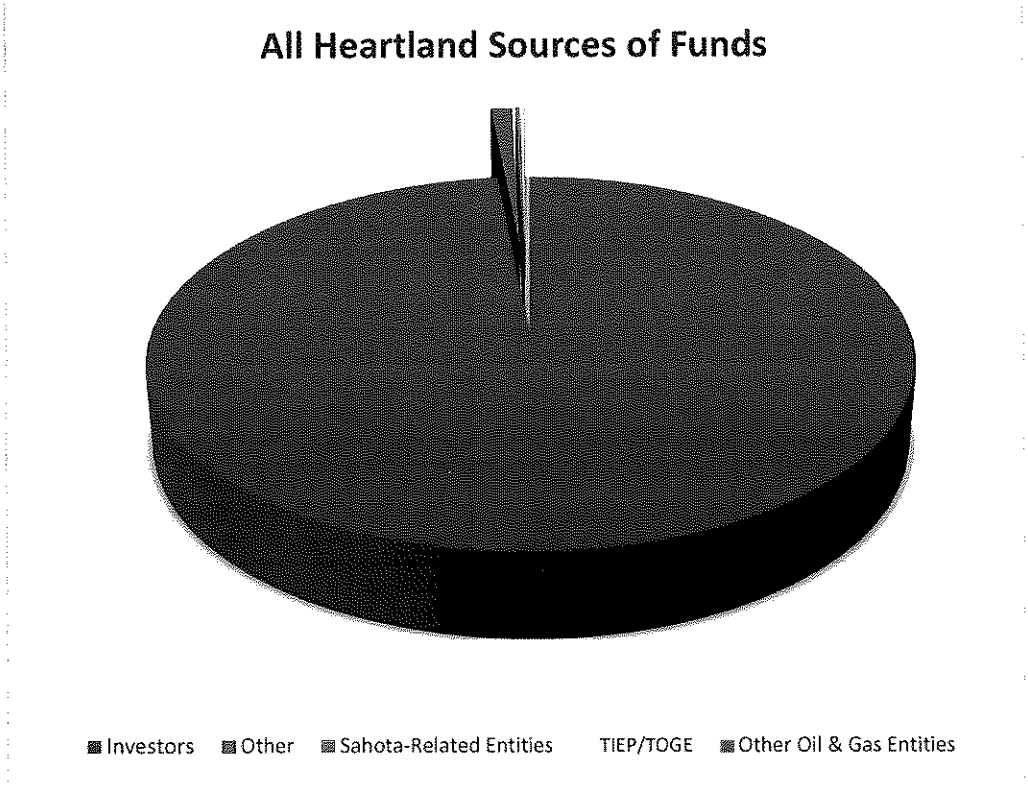
Rebecca Hollenbeck

Summary Exhibit A

Account Holder	Account No. (Last 4 Digits)	Financial Institution	Date Opened	Date Closed	Current Holders of Signatory Authority
The Heartland Defendants' bank accounts					
Heartland Production and Recovery LLC	XXXXXXXXX6254	Bank of America	10/2018	1/2019	Muratore, John Ikey, James
Heartland Production and Recovery LLC	XXXXXXX0120	Wells Fargo Bank	12/2018	11/2019	Muratore, John Pearsey, Thomas B. *(Accounting firm assoc.)*
Heartland Production and Recovery Fund LLC	XXXXXXXX6335	Bank of America	11/2018	1/2019	Muratore, John
Heartland Production and Recovery Fund LLC	XXXXXX0112	Wells Fargo Bank	12/2018	10/2019	Muratore, John Pearsey, Thomas B. *(Accounting firm assoc.)*
Heartland Production and Recovery Fund II LLC	XXXXXX2762	Wells Fargo Bank	4/2019	10/2019	Muratore, John Pearsey, Thomas B. *(Accounting firm assoc.)*
Heartland Drilling Fund I LP	XXXXXX8394	Wells Fargo Bank	5/2019	Open	Muratore, John Pearsey, Thomas B. Brunson, Rustin *(Accounting firm assoc.)*
The Heartland Group Ventures LLC	XXXXXX4082	Wells Fargo Bank	9/2019	Open	Brunson, Rustin
The Heartland Group Fund III LLC	XXXXXX4074	Wells Fargo Bank	9/2019	Open	Brunson, Rustin
Carson Oil Field Development Fund II LP	XXXXXX3034	Wells Fargo Bank	7/2020	Open	Brunson, Rustin
Heartland Defendant-Related Relief Defendants' bank accounts					
Panther City Energy LLC	XXXXXX1573	Wells Fargo Bank	3/2021	Open	Brunson, Rustin *(Heartland employee)*
Panther City Energy LLC	XXXXXX6661	Wells Fargo Bank	3/2021	Open	Brunson, Rustin *(Heartland employee)*
Defendant AOS's bank accounts					
Alternative Office Solutions LLC	XXXXXX0001	PlainsCapital Bank	10/2018	Open	Lewis, Jerry Ikey, James Ikey, Bridy
Alternative Office Solutions LLC	XXXXXX0901	PlainsCapital Bank	10/2019	Open	Lewis, Jerry Ikey, James Ikey, Bridy
Defendant AOS-Related Relief Defendants' bank accounts					
Encypher Bastion LLC	XXXXXX0313	Wells Fargo Bank	8/2017	Open	Lewis, Jerry Ikey, Bridy
I Group Consulting LLC	XXXXXX7557	BBVA Compass Bank	3/2016	2/2020	Ikey, James Ikey, Bridy
I Group Enterprises LLC	XXXXXX9410	BBVA Compass Bank	12/2019	Open	Ikey, James Ikey, Bridy

Account Holder	Account No. (Last 4 Digits)	Financial Institution	Date Opened	Date Closed	Current Holders of Signatory Authority
The Sahota Defendants' bank accounts					
ArcoOil Corp.	XXXXX5581	JP Morgan Chase Bank	8/2017	Open	Sahota, Mandeep Kaur
ArcoOil Corp.	XXXXX4116	Bank of Jackson Hole	6/2021	Open	Sahota, Sunny Sahota, Manjit Singh Sahota, Monrose
Barron Petroleum LLC	XXXXXX6891	Wells Fargo Bank	2/2019	Open	Sahota, Sunny
Barron Petroleum LLC	XXX0550	First State Bank	8/2020	Open	Sahota, Manjit Singh
Barron Petroleum LLC	XXXXX4132	Bank of Jackson Hole	6/2021	Open	Sahota, Sunny Sahota, Manjit Singh Sahota, Monrose
Sahota Defendant-Related Relief Defendants' bank accounts					
Barron Energy Corp.	XXXXXX4815	Wells Fargo Bank	6/2021	Open	Sahota, Sunny Sahota, Manjit Sahota, Monrose
Barron Energy Corp.	XXXXX4108	Bank of Jackson Hole	6/2021	Open	Sahota, Sunny Sahota, Manjit Singh Sahota, Monrose
Dallas Resources Inc.	XXXXXX3910	Wells Fargo Bank	9/2018	Open	Sahota, Harprit Sahota, Sunny
Dallas Resources Inc.	XXXXXX8283	Wells Fargo Bank	9/2018	Open	Sahota, Harprit Sahota, Sunny
Dallas Resources Inc.	XXXXX4140	Bank of Jackson Hole	6/2021	Open	Sahota, Sunny Sahota, Manjit Singh Sahota, Monrose
Leading Edge Energy LLC	XXXXX8608	JP Morgan Chase Bank	4/2017	Open	Sahota, Mandeep Kaur *(Person with initials B.L.)*
Sahota Capital Corp.	XXXXX4124	Bank of Jackson Hole	6/2021	Open	Sahota, Sunny Sahota, Manjit Singh Sahota, Monrose
1178137 BC Ltd.	XXX9049	Toronto Dominion Bank	Unknown	Unknown	Unknown

Summary Exhibit B

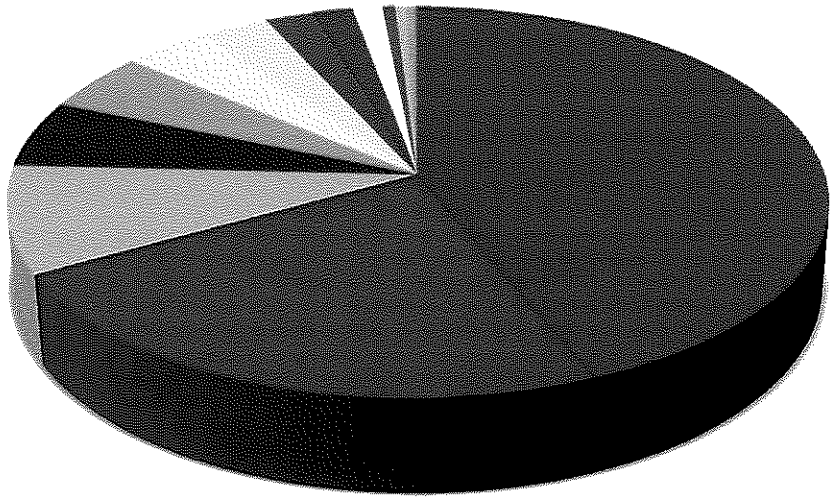


Total Cash Inflows Into Heartland Bank Accts: $ 124,156,119.65

Category	Funds Received	% Funds Received
Investors	$122,292,401.81	98.50%
Other	$1,373,475.05	1.11%
Oil & Gas: Sahota Entities	$230,947.19	0.19%
Oil & Gas: TIEP/TOGE	$226,612.88	0.18%
Oil & Gas: Other Entities	$32,682.72	0.03%

Summary Exhibit C

Heartland Uses of Funds Received



- Oil & Gas: Sahota Entities
- AOS
- Unidentified Payroll
- Payments to Advisors
- Oil & Gas: Other
- Non-Oil & Gas Investments
- Legal & Accounting
- Investor Payments
- Payments to Principals
- Oil & Gas: TIEP/TOGE
- Other
- Remaining Balance
- Cash

Total Cash Inflows Into Heartland Bank Accts: $124,156,119.65

Category	Amount of Expense	% Funds Received
Oil & Gas: Sahota Entities	-$54,404,334.67	43.82%
Investor Payments	-$28,682,244.95	23.10%
AOS	-$11,040,796.49	8.89%
Payments to Principals	-$6,808,996.91	5.48%
Unidentified Payroll	-$6,060,659.34	4.88%
Oil & Gas: TIEP/TOGE	-$4,975,000.00	4.01%
Payments to Advisors	-$3,653,384.89	2.94%
Other	-$2,682,283.09	2.16%
Oil & Gas: Other	-$2,253,715.86	1.82%
Remaining Balance	$1,699,057.52	1.37%
Non-Oil & Gas Investments	-$691,000.00	0.56%
Cash	-$562,460.75	0.45%
Legal & Accounting	-$642,185.18	0.52%

COPY NO. 1138

[redacted]
Name of Offeree

Heartland Production and Recovery Fund, LLC

A Delaware Limited Liability Company

$6,000,000 AGGREGATE AMOUNT 8% PROMISSORY NOTES
120 UNITS OFFERED

Offering Price: $50,000 Per Unit **Minimum Subscription: One Unit**

FOR ACCREDITED INVESTORS ONLY

THIS CONFIDENTIAL OFFERING MEMORANDUM HAS NOT BEEN FILED WITH OR REVIEWED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER COMMISSION OR REGULATORY AUTHORITY, NOR HAS ANY SUCH COMMISSION, AUTHORITY, OR ATTORNEY GENERAL DETERMINED WHETHER IT IS ACCURATE OR COMPLETE OR PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THESE ARE SPECULATIVE SECURITIES AND INVOLVE A HIGH DEGREE OF RISK. SEE "RISK FACTORS" BEGINNING ON PAGE 20.

THE SECURITIES OFFERED ARE FOR SALE ONLY TO ACCREDITED INVESTORS (AS DEFINED IN "MEMORANDUM SUMMARY – INVESTOR SUITABILITY REQUIREMENTS" ON PAGE 5).

In the event you decide not to participate in this Offering, please return the entire Confidential Offering Memorandum to the principal office of the Company as set forth below:

The date of this Confidential Offering Memorandum is October 23, 2018.

Heartland Production and Recovery Fund, LLC

A Delaware Limited Liability Company

$6,000,000 AGGREGATE AMOUNT 8% PROMISSORY NOTES
120 UNITS OFFERED

Offering Price: $50,000 Per Unit **Minimum Subscription: One Unit**

FOR ACCREDITED INVESTORS ONLY

This Confidential Offering Memorandum (the "Memorandum") relates to the offer and sale to a select group of accredited investors of up to 120 units (the "Units") of the securities of Heartland Production and Recovery Fund, LLC (the "Company") by Heartland Production and Recovery, LLC, the manager of the Fund (the "Manager") at an offering price of $50,000 per Unit for an aggregate offering price of $6,000,000 (the "Offering"). Each Unit will consist of one $50,000 principal amount 9-month, 8% promissory note. Each promissory note is an unsecured debt security, as more fully described in the form of promissory note attached hereto in Appendix C (the "Notes") (see "MEMORANDUM SUMMARY—Interest" below). The minimum subscription by an investor is one Unit ($50,000 minimum investment).

The Units will be offered and sold pursuant to the exemption from registration provided by Section 506(c) under Regulation D promulgated under the Securities Act of 1933. All investors must be "accredited investors" and provide a letter from a designated counselor to corroborate their status as an accredited investor.

All of the Units will be sold on a "best-efforts" basis which means that net Offering proceeds will be available to the Company upon receipt, acceptance and clearance thereof and that no minimum amount of Unit sales will be required in order to complete and close this Offering. There can be no assurance that all of the Units offered will be subscribed for.

The minimum subscription by an investor is one Unit for $50,000. The Company reserves the right in its sole discretion to sell fractionalized Units and/or Notes, and may also accept investments of less than one Unit.

	Price Paid by Investors	Proceeds to the Company [1]
Per Unit	$50,000.00	$50,000.00
Maximum Offering	$6,000,000.00	$6,000,000.00

(1) Before deducting offering expenses payable by the Company, estimated to be up to $25,000 and fees for certain agents who will act as legal "finders" to the Company, and, in the event the Company elects to retain a qualified placement agent, potential commissions paid to such placement agent in accordance with federal securities law and the securities law of the various states.

The Units will be offered and sold on behalf of the Company by certain officers and/or managers of the Company. The Company may also utilize the services of selected broker-dealers who are members of the Financial Industry Regulatory Authority ("FINRA") and "finders" who are legally restricted by the extent to which they may exercise any selling efforts in connection with the offer and sale of the Units.

All of the Units will be sold on a "best efforts" basis up to the 120 Unit maximum. There can be no assurance that the maximum number of Units or any minimum number of Units will be sold.

An investment in the Units involves a high degree of risk. Prospective investors in the Units should thoroughly consider this Memorandum and certain special considerations concerning the Company described herein. See "RISK FACTORS" below. An investment in the Units offered hereby is suitable only for, and may be made only by, accredited investors who have no need for liquidity of investment and understand and can afford the high financial risks of an investment in the Units, including the potential for a complete loss of their investment. There is currently no trading market for any securities of the Company, nor is it expected or assured that such market will develop in the foreseeable future.

THE UNITS AND NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SEC OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE UNITS AND NOTES OF THE COMPANY ARE SPECULATIVE BY NATURE AND ARE INTENDED FOR A LIMITED NUMBER OF ACCREDITED INVESTORS. EACH PROSPECTIVE INVESTOR SHOULD CAREFULLY REVIEW THIS MEMORANDUM AND THE RELEVANT DOCUMENTS REFERRED TO HEREIN BEFORE DECIDING TO INVEST IN THE COMPANY.

THE MEMORANDUM IS SUBMITTED TO YOU ON A CONFIDENTIAL BASIS SOLELY IN CONNECTION WITH YOUR CONSIDERATION OF AN INVESTMENT IN THE SECURITIES OF HEARTLAND PRODUCTION AND RECOVERY FUND, LLC, A DELAWARE LIMITED LIABILITY COMPANY. DUE TO THE CONFIDENTIAL NATURE OF THIS MEMORANDUM, ITS USE FOR ANY OTHER PURPOSE MIGHT INVOLVE SERIOUS LEGAL CONSEQUENCES. CONSEQUENTLY, THIS MEMORANDUM MAY NOT BE REPRODUCED IN WHOLE OR IN PART, AND MAY NOT BE DELIVERED TO ANY OTHER PERSON (OTHER THAN YOUR FINANCIAL ADVISOR) WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY'S MANAGER(S).

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GENERAL NOTICES AND REPRESENTATIONS

This Memorandum is furnished on a confidential basis. This Memorandum constitutes an offer of securities only to the person to whom it is specifically delivered for that purpose ("Offeree"), and is provided solely for the purpose of evaluating an investment in the Company. By accepting delivery of this Memorandum and receiving any other oral or written information provided by the Company in connection with the Offering, each Offeree agrees (a) to keep confidential the contents of this Memorandum and such other information and not to disclose the same to any third party or otherwise use the same for any purpose other than evaluating an investment in the Company, and (b) not to copy, in whole or in part, this Memorandum or any other written information provided by the Company in connection herewith. Each Offeree further agrees to return this Memorandum and any such written information to Heartland Production and Recovery Fund, LLC; attention: Brad Pearsey, 99 Regency Parkway, Suite 209, Mansfield, Texas 76063. In the event that (i) the Offeree does not subscribe to purchase any Units, (ii) no portion of the Offeree's subscription is accepted, or (iii) the Offering is terminated or withdrawn.

To the extent applicable, the Units offered hereby have not been registered under the US federal Securities Act of 1933 (the "Securities Act") or any US state securities laws, in reliance upon exemptions therefrom. If applicable, the Units may not be sold, transferred, pledged or otherwise disposed of in the absence of registration under the Securities Act and under any applicable US state securities or blue sky laws unless pursuant to exemptions therefrom. This Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any Units offered hereby to any person in any jurisdiction in which it is unlawful to make such an offer or solicitation to such person. This Memorandum does not constitute an Offer if the prospective investor is not qualified under applicable securities laws.

In determining whether to invest in the Units, each person must rely upon his, her or its own examination of the Company and the terms of the Offering made hereby, including the merits and risks involved. The Company expects that, prior to the closing for the Offering made hereby, it will afford prospective investors in the Units an opportunity to ask questions of representatives of the Company concerning the Company and the terms of the Offering and to obtain additional relevant information to the extent the Company possesses such information or can obtain it without unreasonable effort or expense. Except as aforesaid, no person is authorized in connection with the Offering to give any information or make any representation not contained in this Memorandum, and, if given or made, such information or representation must not be relied upon as having been authorized by the Company. The information contained in this Memorandum also supersedes any information concerning the Company or the terms of any investment therein provided to any prospective investor prior to the date of this Memorandum.

The Company makes no express or implied representation or warranty as to the attainability of any forecasted financial information that may be expressed or implied herein or as to the accuracy or completeness of the assumptions from which that forecasted information is derived. It must be recognized that the projections of the Company's future performance are necessarily subject to a high degree of uncertainty, that actual results can be expected to vary from the results projected and that such variances may be material and adverse. Prospective investors are expected to conduct their own investigation with regard to the Company and its prospects. It is expected that each Offeree will pursue his, her or its own independent investigation with respect to information included herein. Prospective investors in the Units are not to construe the contents of this Memorandum as legal, business or tax advice. Each prospective investor in the Units should consult his, her or its own attorney, business advisor and tax advisor as to the legal, business, tax and related matters concerning this Offering.

This Memorandum has been prepared solely for the purpose of the proposed offering of the Units. The Company reserves the right to reject any subscription for the Units, in whole or in part or to allot less than the number or amount of securities as to which any prospective investor in the Units has subscribed.

THIS OFFERING IS NOT UNDERWRITTEN. THE OFFERING PRICE HAS BEEN ARBITRARILY SET BY THE MANAGEMENT OF THE COMPANY. THERE CAN BE NO ASSURANCE THAT ANY OF THE SECURITIES WILL BE SOLD.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION OR ANY US STATE SECURITIES AGENCY, NOR HAS ANY SUCH REGULATORY BODY REVIEWED THIS OFFERING MEMORANDUM FOR ACCURACY OR COMPLETENESS. BECAUSE THESE SECURITIES HAVE NOT BEEN SO REGISTERED, THERE MAY BE RESTRICTIONS ON THEIR TRANSFERABILITY OR RESALE BY AN INVESTOR. EACH ROSPECTIVE INVESTOR SHOULD PROCEED ON THE ASSUMPTION THAT HE MUST BEAR THE ECONOMIC RISKS OF THE INVESTMENT FOR AN INDEFINITE PERIOD, SINCE THE NOTES MAY NOT BE SOLD UNLESS, AMONG OTHER THINGS, THEY ARE SUBSEQUENTLY REGISTERED UNDER THE APPLICABLE SECURITIES ACTS OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE. THERE IS NO TRADING MARKET FOR THE COMPANY'S SECURITIES AND THERE CAN BE NO ASSURANCE THAT ANY MARKET WILL DEVELOP IN THE FUTURE OR THAT THE NOTES WILL BE ACCEPTED FOR INCLUSION ON NASDAQ OR ANY OTHER TRADING EXCHANGE AT ANY TIME IN THE FUTURE. THE COMPANY IS NOT OBLIGATED TO REGISTER FOR SALE UNDER EITHER U.S. FEDERAL OR STATE SECURITIES LAWS THE SECURITIES PURCHASED PURSUANT HERETO, AND THE ISSUANCE OF THE NOTES IS BEING UNDERTAKEN PURSUANT TO CERTAIN EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT, WHICH MAY INCLUDE WITHOUT LIMITATION THE APPLICABLE RULES UNDER REGULATION D AND/OR REGULATION S UNDER THE SECURITIES ACT. ACCORDINGLY, THE SALE, TRANSFER, OR OTHER DISPOSITION OF ANY OF THE NOTES, WHICH ARE PURCHASED PURSUANT HERETO, MAY BE RESTRICTED BY APPLICABLE U.S. FEDERAL OR STATE SECURITIES LAWS AND/OR THE SECURITIES LAWS OF ONE OR MORE FOREIGN COUNTRIES (DEPENDING ON THE RESIDENCY OF THE INVESTOR) AND BY THE PROVISIONS OF THE SUBSCRIPTION AGREEMENT REFERRED TO HEREIN. THE OFFERING PRICE OF THE NOTES TO WHICH THE MEMORANDUM RELATES HAS BEEN ARBITRARILY ESTABLISHED BY THE COMPANY AND DOES NOT NECESSARILY BEAR ANY SPECIFIC RELATION TO THE ASSETS, BOOK VALUE OR POTENTIAL EARNINGS OF THE COMPANY OR ANY OTHER RECOGNIZED CRITERIA OF VALUE.

The management of the Company has provided all of the information stated herein. The Company makes no express or implied representation or warranty as to the completeness of this information or, in the case of projections, estimates, future plans, or forward-looking assumptions or statements, as to their attainability or the accuracy and completeness of the assumptions from which they are derived, and it is expected that each prospective investor will pursue his, her, or its own independent investigation. It must be recognized that estimates of the Company's performance are necessarily subject to a high degree of uncertainty and may vary materially from actual results.

This Offering is expected to be conducted as an exempt general solicitation offering pursuant to the exception for registration provided by Section 506(c) of Regulation D under the Securities Act of 1933 (the "Act").

This Memorandum has been prepared solely for the information of the person to whom it has been delivered by or on behalf of the Company. Distribution of this Memorandum to any person other than the prospective investor to whom this Memorandum is delivered by the Company and those persons retained to advise them with respect thereto is unauthorized. Any reproduction of this Memorandum, in whole or in part, or the divulgence of any of the contents without the prior written consent of the Company is strictly prohibited. This Offering is made subject to withdrawal, cancellation, or modification by the Company without notice and solely at the Company's discretion. Each prospective investor, by accepting delivery of

this Memorandum, agrees to return it and all other documents received by them to the Company if the prospective investor's subscription is not accepted or if the Offering is terminated.

By acceptance of this Memorandum, prospective investors recognize and accept the need to conduct their own thorough investigation and due diligence before considering a purchase of the Units.

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U.S. JURISDICTIONAL (NASAA) LEGENDS

The presence of the following legends for any given state reflects only that a legend may be required by that state and should not be construed to mean an offer or sale is being or may be made in that particular state.

If you are uncertain as to whether or not offers or sales may be lawfully made in your state, you are hereby advised to contact the Company. The Notes described in this Memorandum have not been registered under any state securities laws (commonly called "Blue Sky" laws). These Notes must be acquired for investment purposes only and may not be sold or transferred in the absence of an effective registration of such securities under such laws, or an opinion of counsel acceptable to the Company that such registration is not required.

The Company intends to offer and sell the Units and Notes only to accredited investors through the use of general solicitation in accordance with the provisions of Rule 506(c) under Regulation D of the Securities Act, as promulgated pursuant to the Securities Act of 1933.

NOTICE TO ALABAMA RESIDENTS ONLY: THESE SECURITIES MAY BE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE ALABAMA SECURITIES ACT. A CONFIDENTIAL OFFERING MEMORANDUM RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ALABAMA SECURITIES COMMISSION. THE COMMISSION DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO ARIZONA RESIDENTS ONLY: THESE SECURITIES MAY BE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF ARIZONA. NEITHER THE ARIZONA CORPORATION COMMISSION NOR THE DIRECTOR OF SECURITIES HAVE REVIEWED OR PASSED UPON THE ACCURACY OR COMPLETENESS OF THIS MEMORANDUM OR OTHER SELLING LITERATURE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO CALIFORNIA RESIDENTS ONLY: THE SALE OF THE SECURITIES WHICH ARE THE SUBJECT OF THIS OFFERING HAS NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF SUCH SECURITIES OR PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFORE PRIOR TO SUCH QUALIFICATIONS IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPTED FROM QUALIFICATION BY THE APPLICABLE PROVISIONS OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS OFFERING ARE EXPRESSLY CONDITIONED UPON SUCH QUALIFICATIONS BEING OBTAINED, UNLESS THE SALE IS SO EXEMPT.

NOTICE TO CONNECTICUT RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE CONNECTICUT UNIFORM SECURITIES ACT AND ARE BEING SOLD IN RELIANCE UPON THE APPLICABLE EXEMPTIONS CONTAINED IN SAID ACT. THEY CANNOT BE RESOLD UNLESS THEY ARE REGISTERED UNDER SAID ACT OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE BANKING COMMISSIONER OF THE STATE OF CONNECTICUT NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO DELAWARE RESIDENTS ONLY: IF YOU ARE A DELAWARE RESIDENT, YOU ARE HEREBY ADVISED THAT THESE SECURITIES MAY BE OFFERED IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE DELAWARE SECURITIES ACT. THE

SECURITIES CANNOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER THE ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR IN A TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE ACT.

NOTICE TO FLORIDA RESIDENTS ONLY: THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN REGISTERED WITH THE FLORIDA DIVISION OF SECURITIES AND INVESTOR PROTECTION UNDER THE FLORIDA SECURITIES ACT. THE SECURITIES REFERRED TO HEREIN MAY ONLY BE SOLD TO, AND ACQUIRED BY THE HOLDER IN A TRANSACTION EXEMPT UNDER THE APPLICABLE PROVISIONS OF SAID ACT. THE SECURITIES HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF FLORIDA. IN ADDITION, ALL OFFEREES WHO ARE FLORIDA RESIDENTS SHOULD BE AWARE THAT SECTION 517.061(11)(a)(5) OF THE ACT PROVIDES, IN RELEVANT PART, AS FOLLOWS: "WHEN SALES ARE MADE TO FIVE OR MORE PERSONS IN FLORIDA, ANY SALE IN FLORIDA MADE PURSUANT TO THIS SECTION IS VOIDABLE BY THE PURCHASER IN SUCH SALE EITHER WITHIN 3 DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY THE PURCHASER TO THE ISSUER, AN AGENT OF THE ISSUER OR AN ESCROW AGENT OR WITHIN 3 DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH PURCHASER, WHICHEVER OCCURS LATER." THE AVAILABILITY OF THE PRIVILEGE TO VOID SALES PURSUANT TO SECTION 517.061(11) IS HEREBY COMMUNICATED TO EACH FLORIDA OFFEREE. EACH PERSON ENTITLED TO EXERCISE THE PRIVILEGE TO AVOID SALES GRANTED BY SECTION 517.061 (11)(A)(5) AND WHO WISHES TO EXERCISE SUCH RIGHT, MUST, WITHIN 3 DAYS AFTER THE TENDER OF ANY AMOUNT TO THE COMPANY OR TO ANY AGENT OF THE COMPANY (INCLUDING THE SELLING AGENT OR ANY OTHER DEALER ACTING ON BEHALF OF THE PARTNERSHIP OR ANY SALESMAN OF SUCH DEALER) OR AN ESCROW AGENT CAUSE A WRITTEN NOTICE OR TELEGRAM TO BE SENT TO THE COMPANY AT THE ADDRESS PROVIDED IN THIS MEMORANDUM. SUCH LETTER OR TELEGRAM MUST BE SENT AND, IF POSTMARKED, POSTMARKED ON OR PRIOR TO THE END OF THE AFOREMENTIONED THIRD DAY. IF A PERSON IS SENDING A LETTER, IT IS PRUDENT TO SEND SUCH LETTER BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ASSURE THAT IT IS RECEIVED AND ALSO TO EVIDENCE THE TIME IT WAS MAILED. SHOULD A PERSON MAKE THIS REQUEST ORALLY, HE MUST ASK FOR WRITTEN CONFIRMATION THAT HIS REQUEST HAS BEEN RECEIVED.

NOTICE TO GEORGIA RESIDENTS ONLY: THESE SECURITIES MAY BE ISSUED OR SOLD IN RELIANCE ON THE APPLICABLE EXEMPTIONS CONTAINED IN THE GEORGIA SECURITIES ACT OF 1973, AND MAY NOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER SUCH ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION UNDER SUCH ACT.

NOTICE TO ILLINOIS RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECRETARY OF THE STATE OF ILLINOIS NOR HAS THE STATE OF ILLINOIS PASSED UPON THE ACCURACY OR ADEQUACY OF THE MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO INDIANA RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE INDIANA BLUE SKY LAW AND MAY ONLY BE OFFERED AND SOLD IN RELIANCE UPON THE APPLICABLE EXEMPTIONS THEREFROM. THEY CANNOT BE RESOLD OR TRANSFERRED UNLESS THEY ARE REGISTERED UNDER THE LAW OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

NOTICE TO KENTUCKY RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL INSTITUTIONS OF KENTUCKY NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO MARYLAND RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE MARYLAND SECURITIES ACT AND MAY ONLY BE OFFERED AND SOLD IN RELIANCE UPON APPLICABLE EXEMPTIONS CONTAINED IN SAID ACT. THEY CANNOT BE RESOLD OR TRANSFERRED UNLESS THEY ARE REGISTERED UNDER SAID ACT OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

NOTICE TO MASSACHUSETTS RESIDENTS ONLY: (1) THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT OF THIS COMMONWEALTH, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT OF THIS COMMONWEALTH, IF SUCH REGISTRATION IS REQUIRED, OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES DIVISION OF THE COMMONWEALTH OF MASSACHUSETTS NOR HAS THE SECURITIES DIVISION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO MICHIGAN RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE MICHIGAN SECURITIES ACT AND, IF OFFERED IN MICHIGAN OR TO RESIDENTS OF MICHIGAN, ARE BEING SOLD IN RELIANCE UPON THE APPLICABLE EXEMPTIONS CONTAINED IN SUCH ACT. THESE SECURITIES MAY NOT BE RESOLD OR TRANSFERRED UNLESS THEY ARE REGISTERED UNDER THE ACT OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

NOTICE TO MINNESOTA RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE MINNESOTA BLUE SKY LAW AND MAY ONLY BE SOLD TO MINNESOTA RESIDENTS IN RELIANCE UPON THE APPLICABLE EXEMPTIONS THEREFROM. THEY CANNOT BE RESOLD OR TRANSFERRED UNLESS THEY ARE REGISTERED UNDER THE LAW OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

NOTICE TO MISSISSIPPI RESIDENTS ONLY: IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN REGISTERED WITH NOR RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE. INVESTORS SHOULD BE AWARE THAT THEY WOULD BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NOTICE TO MISSOURI RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE MISSOURI SECURITIES ACT, AND IF OFFERED IN MISSOURI OR TO RESIDENTS OF MISSOURI, WILL BE SOLD TO, AND ACQUIRED BY, PURCHASERS IN RELIANCE ON AN APPLICABLE EXEMPTION THEREFROM. UNLESS THE SECURITIES ARE REGISTERED, THEY MAY NOT BE REOFFERED FOR SALE OR RESOLD IN THE STATE OF MISSOURI, EXCEPT AS A SECURITY, OR IN A TRANSACTION, EXEMPT UNDER SUCH ACT.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE NEW HAMPSHIRE SECURITIES ACT, AND IF OFFERED IN NEW HAMPSHIRE OR TO RESIDENTS OF NEW HAMPSHIRE, WILL ONLY BE SOLD TO, AND ACQUIRED

BY, PURCHASERS IN RELIANCE ON AN APPLICABLE EXEMPTION THEREFROM. UNLESS THE SECURITIES ARE REGISTERED, THEY MAY NOT BE REOFFERED FOR SALE OR RESOLD IN THE STATE OF NEW HAMPSHIRE, EXCEPT AS A SECURITY, OR IN A TRANSACTION, EXEMPT UNDER SUCH ACT.

NOTICE TO DELAWARE RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE DELAWARE UNIFORM SECURITIES LAW, AND IF OFFERED IN DELAWARE OR TO RESIDENTS OF DELAWARE, WILL ONLY BE SOLD TO, AND ACQUIRED BY, PURCHASERS IN RELIANCE ON THE APPLICABLE EXEMPTIONS THEREFROM. IF YOU ARE A DELAWARE RESIDENT AND YOU ACCEPT AN OFFER TO PURCHASE THESE SECURITIES PURSUANT TO THIS MEMORANDUM, YOU ARE HEREBY ADVISED THAT THIS MEMORANDUM HAS NOT BEEN FILED WITH OR REVIEWED BY THE BUREAU OF SECURITIES OF THE STATE OF DELAWARE. THE BUREAU OF SECURITIES OF THE STATE OF DELAWARE HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO NEW YORK RESIDENTS ONLY: THIS DOCUMENT HAS NOT BEEN REVIEWED BY THE ATTORNEY GENERAL OF THE STATE OF NEW YORK PRIOR TO ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE COMPANY HAS TAKEN NO STEPS TO CREATE AN AFTER MARKET FOR THE SECURITIES OFFERED HEREIN AND HAS MADE NO ARRANGEMENTS WITH BROKERS OR OTHERS TO TRADE OR MAKE A MARKET IN SUCH SECURITIES. AT SOME TIME IN THE FUTURE, THE COMPANY MAY ATTEMPT TO ARRANGE FOR INTERESTED BROKERS TO TRADE OR MAKE A MARKET IN THE SECURITIES AND TO QUOTE THE SAME IN A PUBLISHED QUOTATION MEDIUM, HOWEVER, NO SUCH ARRANGEMENTS HAVE BEEN MADE AND THERE IS NO ASSURANCE THAT ANY BROKERS WILL EVER HAVE SUCH AN INTEREST IN THE SECURITIES OF THE COMPANY OR THAT THERE WILL EVER BE A MARKET THEREFORE.

NOTICE TO NEVADA RESIDENTS ONLY: IF ANY INVESTOR ACCEPTS ANY OFFER TO PURCHASE THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL ONLY BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE APPLICABLE PROVISIONS OF THE NEVADA SECURITIES LAW. THE INVESTOR IS HEREBY ADVISED THAT THE ATTORNEY GENERAL OF THE STATE OF NEVADA HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING AND THE FILING OF THE OFFERING WITH THE BUREAU OF SECURITIES DOES NOT CONSTITUTE APPROVAL OF THE ISSUE, OR SALE THEREOF, BY THE BUREAU OF SECURITIES OR THE DEPARTMENT OF LAW AND PUBLIC SAFETY OF THE STATE OF NEVADA. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO NORTH CAROLINA RESIDENTS ONLY: THESE SECURITIES MAY BE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE NORTH CAROLINA SECURITIES ACT. THE NORTH CAROLINA SECURITIES ADMINISTRATION NEITHER RECOMMENDS NOR ENDORSES THE PURCHASE OF ANY SECURITIES, NOR HAS THE ADMINISTRATOR PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION PROVIDED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO NORTH DAKOTA RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO PENNSYLVANIA RESIDENTS ONLY: EACH PERSON WHO ACCEPTS AN OFFER TO PURCHASE SECURITIES EXEMPTED FROM REGISTRATION BY THE APPLICABLE PROVISIONS OF THE PENNSYLVANIA SECURITIES ACT, DIRECTLY FROM THE ISSUER OR AFFILIATE OF THIS

ISSUER, SHALL HAVE THE RIGHT TO WITHDRAW HIS ACCEPTANCE WITHOUT INCURRING ANY LIABILITY TO THE SELLER, UNDERWRITER (IF ANY) OR ANY OTHER PERSON WITHIN TWO (2) BUSINESS DAYS FROM THE DATE OF RECEIPT BY THE ISSUER OF HIS WRITTEN BINDING CONTRACT OF PURCHASE OR, IN THE CASE OF A TRANSACTION IN WHICH THERE IS NO BINDING CONTRACT OF PURCHASE, WITHIN TWO (2) BUSINESS DAYS AFTER HE MAKES THE INITIAL PAYMENT FOR THE SECURITIES BEING OFFERED. IF YOU HAVE ACCEPTED AN OFFER TO PURCHASE THESE SECURITIES MADE PURSUANT TO A PROSPECTUS WHICH CONTAINS A NOTICE EXPLAINING YOUR RIGHT TO WITHDRAW YOUR ACCEPTANCE PURSUANT TO SECTION 207(m) OF THE PENNSYLVANIA SECURITIES ACT OF 1972 (70 PS § 1-207(m), YOU MAY ELECT, WITHIN TWO (2) BUSINESS DAYS AFTER THE FIRST TIME YOU HAVE RECEIVED THIS NOTICE AND A PROSPECTUS TO WITHDRAW FROM YOUR PURCHASE AGREEMENT AND RECEIVE A FULL REFUND OF ALL MONEYS PAID BY YOU. YOUR WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON. TO ACCOMPLISH THIS WITHDRAWAL, YOU NEED ONLY SEND A LETTER OR TELEGRAM TO THE ISSUER (OR UNDERWRITER IF ONE IS LISTED ON THE FRONT PAGE OF THE PROSPECTUS) INDICATING YOUR INTENTION TO WITHDRAW. SUCH LETTER OR TELEGRAM SHOULD BE SENT AND POSTMARKED PRIOR TO THE END OF THE AFOREMENTIONED SECOND BUSINESS DAY. IF YOU ARE SENDING A LETTER, IT IS PRUDENT TO SEND IT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND ALSO EVIDENCE THE TIME WHEN IT WAS MAILED. SHOULD YOU MAKE THIS REQUEST ORALLY, YOU SHOULD ASK WRITTEN CONFIRMATION THAT YOUR REQUEST HAS BEEN RECEIVED. THE SECURITIES HAVE BEEN ISSUED PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENT OF THE PENNSYLVANIA SECURITIES ACT OF 1972. NO SUBSEQUENT RESALE OR OTHER DISPOSITION OF THE SECURITIES MAY BE MADE WITHIN 12 MONTHS FOLLOWING THEIR INITIAL SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION, EXCEPT IN ACCORDANCE WITH WAIVERS ESTABLISHED BY RULE OR ORDER OF THE COMMISSION, AND THEREAFTER ONLY PURSUANT TO AN EFFECTIVE REGISTRATION OR EXEMPTION.

NOTICE TO TEXAS RESIDENTS ONLY: THE SECURITIES OFFERED HEREUNDER HAVE NOT BEEN REGISTERED UNDER APPLICABLE TEXAS SECURITIES LAWS AND, THEREFORE, ANY PURCHASER THEREOF MUST BEAR THE ECONOMIC RISK OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME BECAUSE THE SECURITIES CANNOT BE RESOLD UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER SUCH SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE. FURTHER, PURSUANT TO §109.13 UNDER THE TEXAS SECURITIES ACT, THE COMPANY IS REQUIRED TO APPRISE PROSPECTIVE INVESTORS OF THE FOLLOWING: A LEGEND SHALL BE PLACED, UPON ISSUANCE, ON CERTIFICATES REPRESENTING SECURITIES PURCHASED HEREUNDER, AND ANY PURCHASER HEREUNDER SHALL BE REQUIRED TO SIGN A WRITTEN AGREEMENT THAT HE WILL NOT SELL THE SUBJECT SECURITIES WITHOUT REGISTRATION UNDER APPLICABLE SECURITIES LAWS, OR EXEMPTIONS THEREFROM.

NOTICE TO WASHINGTON RESIDENTS ONLY: THE ADMINISTRATOR OF SECURITIES HAS NOT REVIEWED THE OFFERING OR THIS MEMORANDUM, AND THE SECURITIES HAVE NOT BEEN REGISTERED IN RELIANCE UPON APPLICABLE EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS CONTAINED IN THE SECURITIES ACT OF WASHINGTON, AND THEREFORE, CANNOT BE RESOLD UNLESS THEY ARE REGISTERED UNDER THE SECURITIES ACT OF WASHINGTON, CHAPTER 21.20 RCW, OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

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OFFERS AND SALES MADE OUTSIDE THE UNITED STATES WITHOUT REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933

The Notes may be offered and sold to purchasers outside the United States in accordance with the rules of Regulation S promulgated under the Securities Act and/or such other rules and regulations, as may be applicable under the circumstances. Accordingly, the sale, transfer, or other disposition of any of the Notes, which are purchased pursuant hereto, may be restricted by applicable federal securities laws and/or the securities laws of one or more non-U.S. countries (depending on the residency of the investor) and by the provisions of the subscription agreement executed by such purchaser.

In the event that Regulation S applies, each distributor selling securities to a distributor, a dealer, or a person receiving a selling commission, fee or other remuneration, prior to the expiration of a one-year distribution compliance period in the case of equity securities, must send a confirmation or other notice to foreign purchasers stating that such purchasers are subject to the same restrictions on offers and sales that apply to a distributor.

This Memorandum does not constitute an offer to sell or a solicitation of an offer to buy to anyone in any jurisdiction in which such offer or solicitation would be unlawful or is not authorized or in which the person making such offer or solicitation is not qualified to do so.

Attempted compliance with any rule in Regulation S does not act as an exclusive election; the Company may also claim the availability of any applicable exemption from the registration requirements of the Securities Act. The availability of the Regulation S safe harbor to offers and sales that occur outside of the United States will not be affected by the subsequent offer and sale of these securities into the United States or to U.S. persons during the distribution compliance period, as long as the subsequent offer and sale are made pursuant to registration or an exemption therefrom under the Securities Act.

During the course of the Offering and prior to any sale, each Offeree of the Units and his or her professional advisor(s), if any, are invited to ask questions concerning the terms and conditions of the Offering and to obtain any additional information necessary to verify the accuracy of the information set forth herein. Such information will be provided to the extent the Company possess such information or can acquire it without unreasonable effort or expense.

FOREIGN JURISDICTIONAL LEGEND

FOR PERSONS WHO ARE NEITHER NATIONALS, CITIZENS, RESIDENTS NOR ENTITIES OF THE UNITED STATES: THESE SECURITIES HAVE NOT AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT AND, INSOFAR AS SUCH SECURITIES ARE OFFERED AND SOLD TO PERSONS WHO ARE NEITHER NATIONALS, CITIZENS, RESIDENTS NOR ENTITIES OF THE UNITED STATES, THEY MAY NOT BE TRANSFERRED OR RESOLD DIRECTLY OR INDIRECTLY IN THE UNITED STATES, ITS TERRITORIES OR POSSESSIONS, RESIDENTS OR ENTITIES NORMALLY RESIDENT THEREIN (OR TO ANY PERSON ACTING FOR THE ACCOUNT OF ANY SUCH NATIONAL, CITIZEN, ENTITY OR RESIDENT). FURTHER RESTRICTIONS ON TRANSFER WILL BE IMPOSED TO PREVENT SUCH SECURITIES FROM BEING HELD BY UNITED STATES PERSONS.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Memorandum and the exhibits attached hereto include *"forward-looking statements"* within the meaning of the Securities Act of 1933. All statements other than statements of historical fact are forward-looking statements.

Forward-looking statements are subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those projected. Among those risks, trends and uncertainties are the company's ability to raise sufficient working capital to carry out the business plans, the long-term efficacy of the business plans, the ability to protect its intellectual property, and general economic conditions.

Although we believe that in making such forward-looking statements, expectations are based upon reasonable assumptions; such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. We cannot assure you that the assumptions upon which these statements are based will prove to have been correct.

When used in this Memorandum, the words *"expect," "anticipate," "intend," "plan," "believe," "seek," "estimate"* and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Because these forward-looking statements involve risks and uncertainties, actual results could differ materially from those expressed or implied by these forward-looking statements for a number of important reasons, including those discussed under *"Risk Factors"* and elsewhere in this Memorandum.

You should read these statements carefully because they discuss the Company's expectations about its future performance, contain projections of its future operating results or its future financial condition, or state other *"forward-looking"* information. Before you invest in the Units, you should be aware that the occurrence of any of the contingent factors described under *"Risk Factors"* could substantially harm the business, results of operations and financial condition. Upon the occurrence of any of these events, you could lose all or part of your investment.

We cannot guarantee any future results, levels of activity, performance or achievements. Except as required by law, we undertake no obligation to update any of the forward-looking statements in this Memorandum after the date of this Memorandum.

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ABOUT THIS MEMORANDUM

The terms "the "Company," "us," "our" and "we," as used in this Memorandum, refer to Heartland Production and Recovery Fund, LLC, a Delaware limited liability company.

You should rely only on the information contained in this Memorandum. The Company has not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The Company is not making an offer to sell the Units and Notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this Memorandum is accurate as of the date on the front cover of this Memorandum only. The Company's business, financial condition, results of operations and prospects may have changed since that date.

The following term sheet summarizes the basic terms and conditions on which the Company proposes to sell the Units and Nots to certain accredited investors in an exempt offering, subject to documentation in definitive subscription agreements and to completion of all appropriate due diligence investigations. This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Memorandum and in the documents relating to this transaction, including, without limitation, the Company's articles of organization, and the Subscription Agreement for the Units and Notes.

MEMORANDUM SUMMARY

The Business: The Company is a recently formed entity that has been organized to invest in working interests in developed oil and gas wells. See "Business of the Company".

The Company: The Company was organized in October, 2018, as a Delaware limited liability company. The Company has generally been involved in limited activities, including organizational activities and fundraising since its formation. Accordingly, the Company has no operating history upon which you may evaluate its business and prospects. The Company's headquarters are located at 337 Western Boulevard, Suite B, Greenwood, Indiana 46142.

The Offering: The Company proposes to sell the Units only to certain accredited investors in an exempt, unregistered offering, pursuant to Section 506(c) of Regulation D under the Act, subject to documentation in i) definitive Subscription Agreements and ii) accredited investor suitability letters.

Size of Offering: The Company is offering up to 120 units (the "Units") of its Notes at an offering price of $50,000 per Unit for an aggregate offering price of $6,000,000 (the "Offering"). Each Unit will consist of one $50,000 principal amount 9-month, 8% promissory note. Each promissory note is an unsecured debt security with a principal amount face value of $50,000 that matures in 9 months with an 8% annualized simple interest rate (the "Notes"), subject to the terms of the Notes as more fully described in the form of promissory note attached hereto as Appendix C. The minimum subscription by an investor is one Unit ($50,000 investment). The Company reserves the right in its sole discretion to sell fractionalized Units and Notes, and may also accept investments of less than one Unit. **There is no minimum aggregate amount of subscriptions for Units that is required for the initial acceptance of subscriptions and there is no offering escrow.**

Price Per Unit: $50,000 (comprised of one $50,000 Note per Unit)

Maturity Date: Each Note issued will mature 9 months after the date ("Maturity Date") on which the Company accepts the Subscription Agreement in connection with such issued Note(s).

Interest: The holders of the Notes will be entitled to receive simple interest at an annualized rate of 8% of the principal amount per Note held by each such respective investor, payable on a monthly basis whenever funds are legally available and when and as declared by the Company. Interest shall accrue from the date the Subscription Agreements are accepted by the Company. The entire principal shall be due and payable to the investor no later than the Maturity Date.

Payments will be made under the Notes as follows:

- Monthly interest payments only.
- Upon Maturity Date, return balance of principal.

Payments will be processed monthly on the 25th of the month. As a result, payments of interest will be made on the following schedule: Each investor's interest payment will be processed the month following the first calendar month of earning interest. Example 1: If, for example, funding occurs on March 1, the first interest payment will be processed on April 25 and the first payment would be one month's interest for March. Example 2: If funding occurs at any time from March 2nd to March 31st, the first month of interest would be for April and the first interest payment would be processed on May 25. The first payment would be for interest earned in that portion of March when the Note investment was made and for one full month of interest for April.

The Company may at any time or from time to time make a voluntary prepayment, plus any accrued interest at a prorated rate, whether in full or in part, of the Notes, without premium or penalty. No interest shall accrue past the date of a prepayment in full of any such Note.

Security: The Notes will be unsecured debt.

No Redemption: The Notes may not be redeemed by the holders.

Use of Proceeds: The Company intends to use the net proceeds from the sale of the Units for acquiring working interests in developed oil and gas wells, and for working capital requirements, and other general corporate purposes, with broad discretion by the management of the Company. (see "Working Interest Acquisition" below).

Company Capitalization: The following table sets forth the consolidated capitalization of the Company as of October 1, 2018 and as adjusted to give retroactive effect to the issuance and sale of the maximum number of Units offered hereby. See the "DESCRIPTION OF SECURITIES" section below.

Securities Authorized	Notes Outstanding Prior to Offering	Notes Outstanding After Offering, as Adjusted for Maximum Subscription
8% Promissory Notes due in nine months	-0-	$6,000,000

The Manager: The Company's sole manager is Heartland Production and Recovery, LLC (the "Manager"), a Delaware limited liability company formed in October, 2018, and owned and operated by Brad Pearsey, the manager of the Manager. See "MANAGEMENT" below.

The Manager(s) and Voting Rights: The Company is a manager-managed limited liability company. The Company is not offering any membership interests in this Offering, and investors who purchase the Units will have no equity interest in the Company and will not be members of the Company. Accordingly, investors in this Offering will have no voting or governance rights whatsoever, and no ability to elect or remove the Manager.

Proposed Plan Of Distribution: The Offering will be conducted by management of the Manager, Heartland Production and Recovery, LLC, on a "best efforts" basis through its executives and affiliated persons or officers, none of whom will be entitled to any commission or other special consideration for their selling efforts. The Company may elect, at its discretion, to engage the services of one or more "finders" or qualified FINRA broker-dealer(s) or outside salesperson(s) in connection with the Offering, subject to applicable securities laws.

Investor Suitability Requirements: An investment in the Units and Notes involves a high degree of risk and is suitable only for accredited investors who have no need for liquidity of investment and can afford the high financial risks of such investment. The Company will accept Subscription Agreements for the Units only from investors who are "accredited" within the meaning of Section 506(c) Regulation D under The Securities Act of 1933, as amended. In the case of individuals, persons who have had income of $200,000 (or joint income with spouse of $300,000) or more during the last two years and the same is reasonably expected for the current year, as well as persons with a net worth of $1,000,000, excluding the value of the primary residence, are accredited. See "INVESTOR SUITABILITY REQUIREMENTS" below.

Subscription Agreement: The Units investment will be made pursuant to a subscription agreement ("Subscription Agreement") between the Company and each investor, which agreement will contain, among other things, certain representations, warranties and covenants of the investor.

Risks: See "RISK FACTORS" and the other information included in this Memorandum for a discussion of factors you should carefully consider before deciding to invest in the Units.

Available Information: Brad Pearsey, the owner of the Manager, will be available upon request to answer questions concerning the terms of this Offering, to provide any reasonably requested information necessary to verify the accuracy of the information contained in this Memorandum and to provide such other information reasonably requested by prospective investors as they deem necessary for the purposes of considering an investment in the Company. Mr. Pearsey can be reached by telephone at 317 289-7108 or by e-mail at brad@heartlandpar.com

Use of Proceeds: The Company will apply the net proceeds of the Offering (after the payment of various offering expenses, ongoing general and administrative, legal accounting and engineering, and other expenses not to exceed 15% of the Offering proceeds) for the purchase of working interests in proven oil and gas wells. The prospect wells will have been divested at a discount by larger oil and gas developmental firms which are concentrating on new high-risk drilling opportunities with greater revenue potential.

The Company will enter into an agreement for the purchase of a 24.50% working interest in two wells with TIEP, a Texas based oil and gas developmental operator (the "Operator") specializing in the purchase of proven oil and gas interests from larger oil and gas developmental companies. The purchase price is $2,795,000 payable in full in cash from the net proceeds of the Offering. The Operator will provide a 25 barrel a month minimum guarantee. The Operator is skilled in selecting, purchasing, developing and reworking existing proven properties whose production has fallen below levels required by larger and more highly capitalized major oil producers to retain them further. The Company will retain a 49% interest in the wells with the Operator holding the balance. See "Business of the Company".

The Company will utilize the net proceeds of the Offering to acquire other oil and gas properties suitable for the recovery of oil and gas petroleum products for mature wells that require the use of technology known as secondary and tertiary recovery. The wells acquired will be further developed for greater production and, in some cases, for workovers that will enhance the value of the previously low producing wells. The Company typically will acquire up to a 49% interest in the working interests with the operators retaining the balance of 51%. The initial purchase, however, will provide the Company with a 24.50% ownership interest. The Company may, in certain cases, retain the services of one more skilled, experienced, independent oil and gas engineer to review the work of the Operator and to assess the estimated barrels per day, per well, the legal title and ownership and the accuracy of the valuation of the acquired working interests. TIEP and other Operators have proven histories of success in acquiring oil and gas properties in Texas with good development and workover opportunities. They have operated at efficient and low overhead costs and have utilized advanced technologies to improve recovery and exploiting the new reserves. See "The Operators"

INVESTOR SUITABILITY REQUIREMENTS

General

An investment in the Units and the Notes involves risk and is suitable only for persons of adequate financial means who do not have liquidity requirements with respect to this investment and who can bear the economic risk of investment losses up through a complete loss of the investment made hereby. This offering is made in reliance on exemptions from the registration requirements of the Securities Act and applicable state securities laws and regulations.

The suitability standards discussed below represent minimum suitability standards for prospective investors. The satisfaction of such standards by a prospective investor does not necessarily mean that our Units and Notes are a suitable investment for such prospective investor. Prospective investors are encouraged to consult their personal financial advisors to determine whether the investment is appropriate.

In the form of a Subscription Agreement, we will require each investor to represent in writing, among other things, that (i) by reason of the investor's business or financial experience or that of the investor's professional advisor, the investor is capable of evaluating the merits and risks of an investment in the Company and of protecting its own interests in connection with the transaction, (ii) the investor is acquiring the Units in the Company for its own account, for investment only and not with a view toward the resale or distribution thereof, (iii) the investor is aware that neither the Units, nor the Notes, have been registered under the Securities Act or any state securities laws and that transfer thereof is restricted by the Securities Act and applicable state securities laws, (iv) the investor is aware of the absence of a market for the Units and Notes, and (v) such investor meets the suitability requirements set forth below.

Suitability

The Notes may be sold to an unlimited number of natural persons who have a net worth in excess of $1,000,000, excluding value of primary residence; a net income of $200,000 per year; or a net income with their spouse of $300,000 per year; or who are otherwise "accredited investors" as defined in Regulation D under the Securities Act.

Accredited Investors

To be an accredited investor, an investor must fall within ANY of the following categories at the time of the sale of a Unit(s) to that investor:

(1) A natural person whose individual net worth, or joint net worth with that person's spouse, at the time of such person's purchase of our securities, exceeds $1,000,000, excluding value of primary residence; or a natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(2) A trust with total assets in excess of $6,000,000, not formed for the specific purpose of acquiring the securities offered hereby, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D;

(3) An organization described in Section 501(c)(3) of the U.S. Internal Revenue Code, a limited liability company, a corporation, a Massachusetts or similar business trust, or a partnership, not formed for the specific purpose of acquiring the Units, with total assets in excess of $6,000,000;

(4) A bank as defined in Section 3(a)(2) of the Securities Act, or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to Section 15 of the Securities and Exchange Act of 1934 (the "Exchange Act"); an insurance company as defined in Section 2(13) of the Securities Act; an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of the Investment Company Act; a Small Business Investment Company licensed by the United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $6,000,000; an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of the Employee Retirement Income Security Act, which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of $6,000,000 or, if a self-directed plan, with the investment decisions made solely by persons that are accredited investors;

(5) A private business development company as defined in Section 202(22) of the Investment Advisers Act of 1940;

(6) An executive officer or other person otherwise deemed an insider of the Company; and

(7) An entity in which all of the equity owners are accredited investors (as defined above).

As used in this Memorandum, the term "net worth" means the excess of total assets over total liabilities, excluding value of primary residence. In determining income, an investor should add to the investor's adjusted gross income any amounts attributable to tax exempt income received, losses claimed as a limited partner in any limited partnership, deductions claimed for depletion, contributions to an IRA or KEOGH retirement plan, alimony payments, and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income.

In order to meet the conditions for exemption from the registration requirements under the securities laws of certain jurisdictions, investors who are residents of such jurisdictions may be required to meet additional suitability requirements.

PROCEDURE TO PURCHASE SECURITIES

The suitability standards discussed under "INVESTOR SUITABILITY REQUIREMENTS" above represent minimum suitability standards for prospective investors. Each prospective investor, together with his, her or its investment, tax, legal, accounting and other advisors, should determine whether this investment is appropriate for such investor.

Each investor who wishes to subscribe for Units must provide the Company with the following documents:

(1) A completed and executed Subscription Agreement and Accredited Investor Suitability Letter; and

(2) A check for the full purchase price of the securities for which the investor subscribes payable to "Heartland Production and Recovery Fund, LLC" or a wire transfer to the Company's bank account. Checks should be mailed to the Company at the following address: Heartland Production and Recovery Fund, LLC, 99 Regency Parkway, Suite 209, Mansfield, Texas 76063.

To wire funds to the Company, use the following wire transfer instructions:

Bank: Bank of America, 19300 Goldenwood Street, Huntington Beach, CA 92648
Account #: 121000358
Routing #: 026009593

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THE COMPANY

The Company is an early-stage, manager-managed, Delaware limited liability company organized in October, 2018 as Heartland Production and Recovery Fund, LLC. The Manager of the Company's principal business address is located at 337 Western Boulevard, Greenwood, Indiana. The Company's telephone number is (317) 289-7108. The Company is managed by Brad Pearsey, the sole principal and owner of the Manager. See "MANAGEMENT" below.

The Company was formed to operate as an investment vehicle to acquire working interests in oil and gas properties in Texas. See "Business of the Company".

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BUSINESS OF THE COMPANY

The Company will apply the net proceeds of the Offering (after the payment of various offering expenses, ongoing general and administrative, legal accounting and engineering, and other expenses not to exceed 15% of the Offering proceeds) for the purchase of working interests in proven oil and gas wells. The prospect wells will have been divested at a discount by larger oil and gas developmental firms which are concentrating on new high-risk drilling opportunities with greater revenue potential.

The Company has entered into a working interest purchase agreement with a Texas based oil and gas developmental company called TIEP (the "Operator"). The Company will utilize the remaining net proceeds of the Offering to acquire oil and gas properties suitable for the recovery of oil and gas petroleum products from mature wells that require the use of technologies known as secondary and tertiary recovery. The wells acquired will be further developed for greater production and, in some cases, for workovers that will enhance the value of previously low producing wells.

The Company will acquire up to a 49% interest the working interests with the Operators retaining the balance of 51%. In certain cases, the Company may retain the services of one or more skilled, experienced, independent oil and gas engineers to review the work of the Operators and to assess the estimated barrels per day per well, the legal title and ownership and, the accuracy of the valuation of the acquired working interest. The Operator has a proven history of success in acquiring oil and gas properties in Texas with good development and workover opportunities. It has operated at efficient and low overheard costs and has utilized advanced technologies to improve recovery and exploring for new reserves. See "The Operators"

MANAGEMENT OF THE COMPANY

Brad Pearsey has been in the financial services industry for well over a decade. During that time Brad has worked with clients and advisers all over the country. He has owned his own Registered Investment Advisory firm as well as his own alternative investment company. He has helped companies setting up their funds and offerings with compliance and due diligence support and assisting these companies with best business practices and protocols. Brad has most recently been working in the oil/gas industry assisting in raising capital and developing sound business objectives. His goal is to create opportunities for investors and oil businesses to partner together in creating American job opportunities as well as American produced oil. He attended Indiana Wesleyan University with an emphasis on accounting and finance. He lives just outside of Indianapolis, IN with his wife of 21 years and their 5 children.

THE OPERATORS

Texas International Energy Production, Inc
The Business of TIEP
As one of the Company's operators, TIEP's objective will be the acquisition and development of proven producing properties. TIEP's corporate strategy takes advantage of mature properties divested by larger oil and gas firms, concentrating on new, high risk drilling opportunities. Midsize and major oil companies, with a higher overhead and production cost, have changed their focus to more capital-intensive, new drilling, international and offshore programs.

Prospective working interest acquisition candidates are characterized by predictable decline curves, demonstrated stability in production, extended economic life, and an easily identified upside potential. All of these factors combined with TIEP's experienced management and operations structure contribute to the achievement of superior risk adjusted returns. TIEP, as a private oil and gas entity, does not carry the elevated overhead of larger oil and gas companies, thus lower development and per barrel lifting costs allow it to achieve higher profitability from wells that have fallen out of favor with their current owners. The simple transfer of property ownership to TIEP's cost-effective management and operations model should have the result of reducing dramatically the operational expense related to the oil and gas wells.

TIEP will operate the recovery of oil and gas reserves from mature wells that require the use of special techniques known as secondary and tertiary recovery. These methods require a broad understanding of engineering, oil field mechanics, and reservoir manipulation. Increased and sustained production is most often achieved through a combination of these components.

TIEP seeks to make prudent purchases of existing reserves that will allow for significant yields over a period of 15+ years through:

- Acquiring oil and gas properties with significant development and workover opportunities
- Operating on a low overhead cost structure
- Enhancing the value of the properties through workovers, improved operations, and, secondary and tertiary recovery methods
- Utilizing advancements in technology to improve recovery and/or finding new reserves

TIEP will access publicly available oil and gas information from

- Texas Railroad Commission, the supervising authority for oil and gas, where detailed production history can be found for all oil wells
- Drillinginfo.com, a website that provides detailed information regarding all drilled oil wells
- Lasser.com, another website with in-depth information regarding oil well history as well as future secondary and tertiary recovery zones

In addition to the above, the in-house expertise interprets well logs, geological information and surrounding well information. In order to achieve acquisitions that show the highest potential combined with the lowest risk exposure.

Once acquired, TIEP will seek to develop the assets toward their full potential. The process focuses on the ability to enhance the production and the economics of the oil wells through workovers, re-completions, and optimization of secondary and tertiary recovery operations including:

- Replacement of worn equipment including rods, tubing, valves, and/or pumps

- Completion of bypassed pay zones
- Re-frac or chemical stimulation using more modern techniques
- Pump changes to right size artificial lift equipment

TIEP's Geological Philosophy

TIEP's current acquisition and exploration philosophy has been an extension of the company's original philosophy of finding projects that were supported primarily with subsurface control and production histories. This idea is still being honored; only the size of the projects has grown to include entire fields, instead of isolated wells. While the proliferation of 3D seismic has clearly accelerated the discovery of new secondary recovery fields, many companies have focused on the advancements made in rework technologies, such as acidizing and fracturing. TIEP has applied these advances in known producing areas, which have been underdeveloped or undeveloped by major oil companies. Clearly all these technologies have to be utilized in order to avoid losing out on opportunities. TIEP believes that with the current industry contractions, which are leading to the reduction of the domestic operations by the majors, TIEP's niche of looking for developed fields to enhance is an opportunistic path on which to proceed in today's market.

MANAGEMENT OF TIEP

EDDIE HINOJOZA
CHIEF EXECUTIVE OFFICER

Eddie is a U.S. national and has enjoyed a long career in business management and development. His professional career in business management began in the automotive industry and he successfully grew and developed many businesses over an extensive 25 years in this industry. Much knowledge, experience, networking, and accomplishments were built during his time in this industry. After so many years of success Eddie sold his business that he worked very hard to build and turned his interest to the growing oil and gas industry.

In 2012 Eddie became Vice President of Business Development for a small oil and gas exploration company in Texas. In this position his primary focus was on the company's new drilling projects in the oil and gas fields of Texas. This company was primarily an exploration and new drilling company. Eddie analyzed and researched new projects throughout the state of Texas. He also maintained communication with the company investors, assisted with client services, and kept investors informed as to the day to day developments of each oil well project. Eddie was responsible for all finances coming into and out of each project, as well as the income and expenses. Eddie also interacted and communicated with the operators and drillers to help oversee each project. While serving in this position Eddie gained much knowledge of project development, operations, services, procedures, and planning execution for the oil and gas industry. It was because of this experience as well as the respect he has from people in his community that led him to his current position.

Eddie is currently serving as one of the co-founders and the Chief Executive Officer for Texas International Energy Production, Inc. as of 2015. He took on this position because of his growing appreciation and passion for this industry and because of a business model that gives the working interest partners a lower risk, higher return of investment. His main objectives with TIEP are to oversee the accounting and daily operations of the company. His current responsibilities include, but are not limited to the following: overseeing the management of all client paperwork and keeping them in proper order; purchasing of projects from operating companies; overseeing all necessary working permits for projects; reconciling monthly statements from all operating projects as well as other accounting tasks; and performing due diligence and/or analysis of prospective projects for the company to consider.

Throughout his professional business career, Eddie has been a part of several reputable organizations in his community such as The Boys and Girls Club, The Rotary Club, and has served on the board of directors of Women in Need

JANERIC JONSSON
CHIEF FINANCIAL OFFICER

Janeric is a Swedish National and started his business career in the banking industry. From 1980, at the young age of 18, he began his career in Sweden's largest bank, now known as Swedbank. After 5 years of working in several positions, he was appointed head of the department for the regional bank's financial affairs. In 1990 Janeric left the banking world and with the help of a business partner, started a CPA firm. This firm had its focus in financial planning and quickly became a success within 6 months. In the beginning of 1996, a new CPA client came in and wanted help. Janeric, while examining the profit & loss statement for this client saw a "strange" asset, it was called "Working Interest in an oil well". Curiosity and the will to find new business avenues led Janeric to investigate that asset class further. This investigation led him on a trip to Texas with his client to learn more. Janeric saw so much business potential in the industry that within 6 months of his trip to Texas he sold his part in the CPA firm to his partner and began his journey into the oil & gas industry which is still ongoing. Within the first 5 years in the business, Janeric coordinated the help of several Texas operators, geologists, engineers, pumpers and other experts. He and his team of experts have been involved in investments in oil & gas wells in excess of more than $100 million. With even more dedication to the possibilities that he saw he knew he needed to be closer to the "action" rather than continue the 30-40 trips a year between the U.S. and Sweden. In November of 2004, Janeric moved to Texas and set his home in Frisco, North of Dallas, TX. Because of the intimate and great co-operation with Petromax Operating Co, Inc. in Garland, TX, Janeric soon became their business developer for international affairs. After 6 years of learning the business and with amassing a large international clientele with Petromax in every continent, and more specifically in 67 countries all over the world, Janeric decided that it was time to head back to Europe. Confidently knowing that he had, at this point, built a substantial network of clients and contacts over the years, and realizing the benefits of technological advancements in communication he felt that he could successfully continue his professional journey in this business after the move back.

After a couple of years as a CFO for a publicly traded oil investment company, Janeric met with Eddie Hinojoza over a brunch while visiting Texas in early 2015. The idea of doing a project together grew and came to life by the summer of 2015. The group would further include Mr. Ulrich Andersson, and together the three founders decided to incorporate Texas International Energy Production, Inc.

Janeric's focus and big interest lies in the economics of the oil and gas business. To find those opportunities in smaller wells, that the larger oil companies have no interest in, is the challenge.

Janeric's strengths are the vast experience and knowledge that he has gained over his professional lifetime. His skills of organization, financial wisdom, attention to detail, and passion for the oil & gas industry with all its facets and/or complexities make him an asset to the TIEP organization he currently helps manage and develop.

ULRICH ANDERSSON
FIELD & PROSPECT MANAGER

Ulrich is a Swedish national and has been a successful entrepreneur and professional businessman in the oil and gas, mining, and forestry industries since 1999. Ulrich is well acquainted with the Swedish stock market as he has been successful in taking several of the companies he has worked with to be publically traded. In 2001 Ulrich served as CEO for a Swedish publically traded oil investment company and left that position in 2014. He also served as Chairman of the Board for another publically traded company within the same field that began in 2008, this position also ended in 2014. His oil and gas experience has mainly been focused in the Texas and European markets. In Texas his main objectives were the following: pre-evaluation of data for drilling and rework programs; managing the economics of projects during drilling, reworks, and production; and evaluation and/or acquisition of producing oil and gas projects. In Europe, Ulrich's keen analytical skills have been more focused on the areas of 2D and 3D seismic survey, exploration and side-track drilling, pipeline, and gas production. Ulrich also has some experience in acquiring or raising TIEP for public junior energy companies in the European market.

Ulrich's experience and business expertise is currently being utilized as one of the key founders and a highly valued consultant for Texas International Energy Production, Inc. (TIEP). Ulrich brings much strength to the management team of TIEP. As already mentioned, he is very knowledgeable in the oil and gas industry, he is an excellent problem solver, very detailed, and brilliant in analytics of data. Ulrich also has been able to create a sizeable sphere of influence while networking with other professionals throughout his many years in the oil and gas industry. His intelligence, "can-do" spirit, and "never quit, never give up" attitude is truly an asset to TIEP.

ARCOOIL CORP
Leading Edge Energy, LLC

OPERATOR. ArcoOil Corp is a second Operator which may offer working interest opportunities to the Company.

Introduction
ARCOOIL CORP ("AOC") *and* its sister company Leading Edge Energy, LLC ("LEE") are engaged in the oil and gas exploration and production business. Both companies have approved Oil and Gas Operator Numbers (AOC 029370, LEE 491612) with the Texas Railroad Commission and have been engaged in workovers and drilling of oil and gas reserves in the Texas Gulf Coast Region since 2003. The corporate office of AOC is located at:
471 State Highway 67
Graham, Texas 76450
Ph 1-940-549-2222
Email: roger@arcooil.com

Website: www.arcooil.com & www.leadingedgenrg.com

ArcoOil Corp intends to become a leader in the oil and gas exploration business by implementing the drilling and workover of a diverse portfolio of oil and gas exploration prospects. AOC will balance the risk of exploration with fee-related, oil field services. AOC will supplement a strategy of financial stability, diversification and high reward to risk through exploration and production.

Future Outlook
Management of AOC's fossil fuel-oriented business will be expanded into "green" energy development. This involves the generation of clean and renewable wind and solar energy from the same properties that oil and gas is being produced. Oil and gas production properties located along the Texas Gulf Coast are ideally situated for the capture and generation of wind and solar power. AOC plans to involve the development of a unique solar/paneled windmill, which will allow generating electricity from wind and

solar sources from the same facility and on the same properties from which oil and gas is produced. Selling electricity back into the power grid will create an efficient and complete energy capture on a specific property. This will increase cash flow, extend the lifespan and lower the cost of operations of a given property. We believe that this concept will be well received by investors as an environmentally responsible approach to domestic energy generation.

Re-Entry Projects in Known Fields:
The lower-risked, oil and gas production projects that AOC will pursue involve the re-entry of wells within established fields to return them to production. Many properties were abandoned during times when oil and gas prices were so low that commercial production income could not be sustained. With the current oil and gas market having tripled compared to prices over the previous twenty years, many properties can now be returned to production, with attractive cash flow possible, and minimized risk of failure. AOC and LEE have enjoyed success in doing so and have secured numerous properties on which ongoing drilling, re-entry work and production is currently taking place. By applying new technology, detailed field mapping and production history research, AOC will return abandoned wells to production in the established producing reservoirs, and ramp up flow rates where possible by identifying subtle, behind pipe-pays that were left un-produced by larger oil and gas operations.

Exploratory Drilling Prospects:
AOC's emphasis is on balance of risk through diversification. Utilizing the most advanced 3-D (three-dimensional) seismic technology and processing methods available.

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MANAGEMENT OF ARCO OIL, CORP
ROGER SAHOTA- ACQUISITION AND DEVELOPLMENT OFFICER

Mr. Sahota, CEO of AOC has extensive in-depth knowledge about techniques related to oil and gas production, work over, drilling and extensive work experience and will handle the onsite work.

Mr. Sahota has the following background and skills

- Strong knowledge and experience in oil and gas production techniques
- Knowledge about safety precautions to be taken while handling inflammable liquids, gases and high-pressure systems
- Knowledge about technical and mechanical aspects of raw oil extraction procedures
- Excellent decision-making and problem-solving abilities
- Possess required physical fitness levels necessary to manage the physically enduring tasks

Work Experience:

Arco Oil Corp and Leading Edge Energy, LLC
2003- 2018

- Performing several tasks and activities required to undertake extraction of petroleum products
- Performing several tests and procedures on collected samples to check quality and purity
- Using, repairing and maintaining various instruments and tools required for land drilling, extraction and quality tests
- Assisting external quality inspectors in conducting analysis and tests by providing the requisite information, materials and permissions
- Reporting any activity that poses danger to the life or property

Field Operator:

Performed several tasks of land drilling, work over of existing wells, crude oil & natural gas extractions, quality tests and equipment repairs as instructed by seniors

- Operated extraction pumps and other auxiliary equipment as required to maintain the pressure at required levels and managed the flow of oil at required speed
- Supervised and directed workover drilling operations
- Checked storage tanks for any defects, malfunctioning or leakages regularly
- Ensured strict adherence to the safety procedures and precautionary measures by all co-workers
- Drilling Oil and Gas wells (Exploratory wells, Appraisal wells, development wells, Reentry wells, vertical wells, horizontal wells) and Work Over and Completion Operations in onshore rigs

- Supervised and managed drilling operations.
- Supervise and ensure work progresses in accordance with approved drilling, workover and completion programs.
- Monitor and maintain adequate inventories of critical equipment and materials considering the time required for re-supply.
- Remain aware of whole conditions and trends in order to anticipate potential problems.
- Ensure through the appointed positions that materials, equipment and are timely and effectively mobilized/demobilized.
- Ensure that all activities are reported in a timely manner and recorded fully and accurately.

WORKING INTEREST ACQUISITION

The Company interests will enter into a Purchase Agreement for oil and gas working and net revenue interests ("Working Interest Agreement") with TIEP.

Under the Working Interest Agreement, the Company will receive a 24.50% ownership interest in two wells owned by TIEP. The purchase price is $2,795,000. TIEP has provided a production volume guarantee to the Company which commences on November 1, 2018 and terminates on October 31, 2019. The minimum production guarantee is 25 barrels of gross oil per month for each of the two wells. If actual production volume is higher the Company will receive its proportional share of such volume. If actual production volume is lower then the Company will receive its minimum production guarantee. Payment for production sold or guaranteed is made to the Company monthly.

Description of the Well
The following descriptions of the working interests on the two wells acquired by the Company are provided by TIEP.

Texas Exploration, Inc. ("TIEP") is pleased to present the following producing well program with a limited production guarantee.

Northwest of Fort Worth, in Jack & Stephens Counties are these 2 wells located.

Background

The wells, Sahota #1 (Stephens Co.) and Sahota #2 (Jack Co.) were recently fracked. The Sahota #1 is producing from the Marble Falls formation at a depth of 4,300 ft. Sahota #2 is producing from the Bryson Sand at a depth of 2,200 ft.
These formations have been known to the industry for decades and are considered to be predictable formations to produce from. Marble Falls is described as In some areas of the basin, it is more of a calcareous sandstone than a sandy limestone, and it is technically more correct to refer to it as the Marble Falls formation rather than the Marble Falls limestone. This fact has only come to light within the last few years with the availability of better quality wireline logs and the acquisition of cores in some key areas.
The Bryson is the most prolific of all of the Strawn formations and is known for its low resistivity pay sandstones.

History tells us that from beginning of 2003 to 2007 was this formation considered to be one of the largest natural gas fields in the U.S. That, together with a continuous rising gas price contributed to just drill wells for natural gas production, and ignoring the oil zones that was passed, drilling to the Barnett Shale formation. To understand this, it's important to know that natural gas was, in late 2007, paid with approx. $15/mcf gas. The oil price would have had to be above $300/bbl in order to make oil more interesting, so it was an easy decision, at that point, to ignore the oil zones.

In spring of 2008, the natural gas prices fell, from $15/mcf, to around $2/mcf. The price fall was due to overproduction, the lack of long-lasting production, and speculation with natural gas options.

Most, if not all, operators in the Fort Worth Basin as the area is called were now in panic. The wells were drilled as natural gas wells, and could not therefore be converted into oil wells without a lengthy procedure, and the general perception was that the gas price had to recover.
This meant that the operators choked back production to a minimum, just enough to pay the bills, waiting for the price to go up. When a couple of years had gone by, and nothing had happened, these wells were closed. This is the background to why we started to buy up leases and wells, with the plan to reopen these wells, and produce oil.

Present (well 1-13)
The WTI oil price is above $75/bbl, which makes these wells highly profitable.

We offer a production guarantee for 12 months from November 1, 2018, meaning that the minimum production volume that you will be credited for is 25 bbls/day and well. If production is higher, then you will receive that actual production volume. If the production is lower, then you'll still get credited for 25bbls/day and well. After the twelve months, you will get the actual production volumes for your share of the well ownerships.

Both wells have the potential to reach well beyond 100 bbls/day each, with smaller chemical stimulation which will be implemented over the next three months.

Economics

In our pro-forma economics, we have made the following assumptions;

	Present	High	Low
Oil Price (Bbl):	$75	$90	$50
# of producing wells:	2	2	2
Days of production/month	29	30	27
Current total production (Bbls/day):	200	160	150
Royalty (%):	20	20	20
Oil Production Tax (%):	4.60	4.60	4.60
Gas Production Tax (%):	7.50	7.50	7.50
Operating Expenses (LOE) (month):	$7,500	$8,200	$6,000
Production Decline (average %):	2.0	2.0	5.0
Working Interest Ownership (%):	24.50 in each well	24,50	24.50
Net Revenue Interest (%):	19.60 in each well	19.60	19.60
Net Revenue / month:	$77,660	$157,530	$34,920
Annual Rate of Return (%):	33.34	67.60	14.90

Above pro-forma economics are just for illustrational purpose. Past performance is not a guarantee for future income. Oil price and production volumes, as well as production days, will vary.

Acquisition

We hereby offer to sell 24.50% Wellbore Working Interest in each of the two wells. Texas Exploration, Inc. will own the remaining 75.50%.

Total acquisition cost includes Purchaser's above Working Interest to the wellbore.

Agreement day and day of transfer of ownership is November 1, 2018 with a production guarantee of 25 bbls/well until October 31, 2019.
Total acquisition cost is $ 2,795,000, to be paid in full 5 days after signed agreement.

First statement will be issued on December 20, with payment within 5 days thereafter.

EXHIBIT A

Wells included

WELL NAME	LEASE NAME	WELL	COUNTY	API NUMBER
Sahota	Whittenburg	# 1	STEPHENS	42-429-37033
Sahota	Red House	# 2	JACK	42-237-40508

RISK FACTORS

An investment in the Company's Units and Notes involves substantial risk. Prospective investors should consider carefully the factors referred to below as well as others associated with their investment. In addition, this Memorandum contains forward-looking statements regarding future events and the future financial performance of the Company that involve significant risks and uncertainties. Investors are cautioned that such statements are predictions and beliefs of the Company, and the Company's actual results may differ materially from those discussed herein. The discussion below includes some of the material risk factors that could cause future results to differ from those described or implied in the forward-looking statements and other information appearing elsewhere in this Memorandum. If any of the following risks, or any additional risks and uncertainties not listed below and not presently known to us, actually occur, our business could be harmed or fail. In such case, you may lose all or part of your investment.

The following risk factors, in addition to those discussed elsewhere in this Memorandum, should be carefully considered when evaluating the Company as an investment opportunity.

General Risks Associated with an Early Stage Company

We have no operating history upon which you may evaluate us. The Company was formed in October, 2018 as a Delaware limited liability company. The Company has no operating history upon which you may evaluate its business and prospects. Our business and prospects must be considered in light of the risk, expense, and difficulties frequently encountered by companies in early stages of development, particularly companies in highly competitive and evolving markets. If we are unable to effectively allocate our resources, generate revenues, our business operating results and financial condition would be adversely affected and we may be unable to timely service the debts evidenced by the Notes, and the Notes may go into default.

Our success is dependent on our management and key personnel. We believe that our success will depend on the continued expertise of Brad Pearsey, who is also the owner and operator of the Company's sole Manager, Heartland Production and Recovery Fund, LLC. Moreover, there could be adverse consequences to the Company in the event that any of our senior management ceases to be available to the Company. The success of the Company is therefore expected to be significantly dependent upon the expertise and efforts of these individuals. Our success may also depend on the assistance of advisors. If any of our senior management, or any of our advisors, if any, were unable or unwilling to continue in their positions, our business and operations could be disrupted or fail.

Management has broad discretion as to the use of proceeds. The net proceeds from this Offering will be used for the purposes described in "BUSINESS OF THE COMPANY." The Company reserves the right to use the funds obtained from this Offering for other similar purposes not presently contemplated, which it deems to be in the best interests of the Company and its stakeholders in order to address changed circumstances or opportunities. As a result of the foregoing, the success of the Company will be substantially dependent upon the discretion and judgment of management with respect to application and allocation of the net proceeds of this Offering. Investors for the Units offered hereby will be entrusting their funds to the Company's management, upon whose judgment and discretion the investors must depend.

Management has voting control of the Company. The Company is a manager-managed limited liability company. Investors in the Units and Notes of the Company have no authority to govern the affairs of the Company, and no voting rights to elect and remove the Manager in accordance with the provisions of the Company's Operating Agreement. The Manager of the Company is already in place, and it presently holds all of the ownership in the Company and expects to continue to hold such interests after the

Offering. Investors in this Offering are not being offered membership interests in the Company and accordingly are not members of the Company and have no governance or voting authority or rights.

Actual results of operations will vary from the Company's internal projections. Management has prepared projections for its internal use regarding the Company's anticipated financial performance. **The projections will not be available to investors.** The Company's projections are hypothetical and based upon a presumed financial performance of the Company's business and other factors influencing our business. The projections are based on management's best estimate of the probable results of operations of the Company, based on present circumstances, and have not been reviewed by any independent accountants. Any projected financial results prepared by or on behalf of the Company have not been independently reviewed, analyzed, or otherwise passed upon. Any "forward-looking" statements herein are based on various assumptions, which assumptions may prove to be incorrect. Such assumptions include but are not limited to (i) anticipated demand for our oil and gas products, and (ii) anticipated costs associated with the recovery of oil and gas. Some assumptions, upon which the projections are based, however, invariably will not materialize due to the inevitable occurrence of unanticipated events and circumstances beyond our control. Therefore, actual results of operations will vary from the projections, and such variances may be material. Assumptions regarding future changes in sales and revenues are necessarily speculative in nature. In addition, projections do not and cannot consider such factors as general economic conditions, unforeseen regulatory changes, the entry of additional competitors into our target market, the terms and conditions of future capitalization, and other risks inherent to our business. Accordingly, there can be no assurance that such projections, assumptions, and statements will accurately predict future events or actual performance. Any projections of cash flow should be considered speculative and are qualified in their entirety by the assumptions, information and risks disclosed in this Memorandum. Investors are advised to consult with their own independent tax and business advisors concerning the validity and reasonableness of the factual, accounting and tax assumptions. No representations or warranties whatsoever are made by the Company, its affiliates or any other person or entity as to the future profitability of the Company the payment of interest and principal to investors or the results of making an investment in the Units and the Notes.

We may not effectively manage growth. The anticipated growth of the Company's business will result in a corresponding growth in the demands on the Company's management and its operating infrastructure and internal controls. While we are planning for managed growth, any future growth may strain management resources and operational, financial, human and management information systems, which may not be adequate to support the Company's operations and will require the Company to develop further management systems and procedures. There can be no guarantee that the Company will be able to develop such systems or procedures effectively on a timely basis. The failure to do so could have a material adverse effect upon the Company's business, operating results and financial condition.

Our efficiency may be limited while our current employees and future employees are being integrated into our operations. In addition, we may be unable to find and hire additional qualified management and professional personnel to help lead us. There is intense competition for qualified personnel in the area of the Company's activities, and there can be no assurance that the Company will be able to attract and retain qualified personnel necessary for the development of our business

In addition, there is a risk of a conflict of interest between the interests of our management and key technical personnel, and the interests of the Company, as well as their interests in other potential unrelated activities. If such conflicts arise, this could have a material adverse impact on the Company's business.

Increased IT security threats and more sophisticated and targeted computer crime could pose a risk to our systems, networks, products, solutions and services. Increased global IT security threats and more sophisticated and targeted computer crime pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. While we intend to mitigate these risks by employing a number of measures, including employee training, comprehensive monitoring of our networks and systems, and maintenance of backup and protective systems, our systems, networks, products, solutions and services remain potentially vulnerable to advanced persistent threats. Depending on their nature and scope, such threats could potentially lead to the compromising of confidential information, improper use of our systems and networks, manipulation and destruction of data, downtimes and operational disruptions, which in turn could adversely affect our reputation, competitiveness and results of operations.

Risk Factors Related to Oil and Gas Business

The following risk factors, as well as the other information contained in this Memorandum, in evaluating an investment in the Notes offered hereby. This Memorandum contains certain forward- looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth below and elsewhere in this Memorandum.

Investing in Oil and Gas is Highly Speculative. Oil and gas ventures are highly speculative in nature. Although there have been significant advances in technology regarding the determination of the potential success of oil and gas ventures, there is no sure way to predict if a well, prospect, lease or mineral interest will be economically viable. Likewise, oil and gas exploration is a very speculative venture that has been marked by unprofitable efforts since the days of its infancy in the early twentieth century, not only resulting from the drilling of "dry holes," but also from the drilling of wells which, though productive, do not produce oil or gas in sufficient quantities to return a profit on the costs expended. Because investment in the Notes is highly speculative, you should be prepared for the possibility of a total loss of your investment. You should only participate if you are able to absorb such a total loss.

There are Numerous Unavoidable Natural Hazards Associated with Oil and Gas Property Exploration and Field Development. Certain conditions are beyond our control, such as unexpected pressures, blowouts or unusual formations. Other conditions encountered in drilling or well enhancement may cause hazards, pollution, or other damages which may result in the loss of a portion or all of a well or project. Additionally, circumstances may occur that would prevent production from a well that would otherwise be productive or would cause production from a well to be deemed prohibitively expensive, as in the case of excessive water or paraffin buildup. Also, extreme weather conditions may sometimes impede or delay drilling, completion, or production of a well.

We Face Possible Operating and Environmental Hazards. Certain operating and environmental hazards such as spillage of petroleum liquids, discharge of toxic gases or wastes, contamination of water sources, and other unforeseen conditions may be encountered. As a result of such hazards, it is possible that, even as non-operators of the wells, we may incur substantial liabilities to third parties or governmental agencies, the payment of which could reduce or eliminate cash available from producing properties to service the Notes, or could result in the complete loss of projects or wells in which we own an interest. Also, future governmental regulations relating to environmental matters could increase the cost of doing business, or require the alteration or cessation of operations. Such actions could substantially affect both the return on our capital and our liabilities. Any of these factors could jeopardize the payment of current interest or the repayment of the Notes upon maturity.

The Oil and Gas Industry is Highly Competitive. We will be competing with numerous other companies, both major oil companies as well as independents, many of which have greater financial resources and technical staff expertise than may be available to us, for acquiring producing working interests in oil and gas wells at competitive prices.

Volatile World Commodity Prices for Crude Oil and its Derivative Products Have a Direct Effect on Our Chances for Profitability. Historically, oil and gas prices have been highly volatile as supply and demand manifests themselves in the market for hydrocarbons. At times, production from productive oil and gas wells in many geographic areas of the United States has been curtailed due to lack of market demand, and it is possible that such curtailments may arise in the future. If such an event should occur in the areas in which we intend to be engaged, it is possible that our wells may be shut-in or that the oil and gas produced there from may be sold at prices or on terms that are less favorable than might otherwise be obtained in times of greater demand. It is also possible that the oil and gas interests we intend to invest in may not be productive enough to be profitable.
Also, although the Organization of Petroleum Exporting Countries (OPEC) exerts a great deal of control over market prices based on their efforts to curtail production in order to keep the price of oil at certain levels, not always are they successful in their cartel efforts.
In addition, the major oil companies are always seeking larger and larger oil fields offshore and in the remote areas of the world. The discovery of another highly productive field (e.g., North Slope of Alaska, etc.) could have a significant downward impact on the price for oil or natural gas.
Also, violence and instability in the Middle East have been shown to have a correlation to the price of oil. It is unlikely that such political instability will cease in the near future.
All of these factors may cause our oil and gas drilling, development, leasing and/or oil and gas interest acquisition activities to become less profitable or unprofitable due to lower-than-expected prices.

We are Reliant on the Expertise of Our Key personnel and expert consultants. We will depend to a great extent on the experience and expertise of our Operators and our key personnel and expert consultants. The death, resignation, or disability of any of these persons may have a materially adverse effect on the conduct of our activities and on our ability to successfully execute our business plan. Certain services to be provided to the Company, such as legal, accounting, marketing, transportation, well operations, maintenance, project origination and technical or consulting services, may be performed by our Affiliates or related parties under common control. Conflicts of interest for the individual members of our sponsoring member and others associated with this Company by way of contract may also arise. Such individuals, either directly or indirectly, may provide services to other oil and gas related programs or may engage in oil and gas exploration and development for their own account and the account of others. Also, other companies may retain carried interests (e.g., working interest, overriding royalty interest, etc.) in the leases acquired by the Company. Such persons may also be involved with other oil and gas companies and in other aspects of the petroleum industry. All of these activities may result in conflicts of interest.

There Is No Assurance That the Workover Projects Will Be Productive. Through our Operators, we will attempt to select wells or projects that are in historically productive geological areas or areas of new potential. However, there can be no assurance that the wells or projects chosen will be economically viable or will yield financial results similar to other wells or projects producing oil and gas in the same geological area or that the wells, leases, or oil and gas interests acquired will produce oil and gas in quantities sufficient to return the cost of acquisition. Therefore, there can be no assurance that an investment in the Notes will be profitable or that you will recover all or any part of your investment in the Notes.

There Can Be No Assurance of Adequate Liability Insurance Coverage. Our oil and gas field Operators, including drilling contractors, such as will be retained by the Company to manage the day-to-day drilling and/or servicing of wells on a given property are usually required by state law to carry and maintain certain performance bonds in order to continue as operators in good standing. Further, field Operators usually maintain liability insurance coverage. However, there is no mandatory requirement for a

field Operator to maintain a specific amount of liability insurance or to maintain insurance coverage altogether. The absence of insurance coverage for a particular field operator would expose the Company to greater liability and risk than if insurance were continued in force. This, of course, could also cause a material negative impact on the Company's profitability and the ability to service the Notes and to repay all principal and accrued interest on the Notes.

We will endeavor to require each of the Company's Operators to provide proof of liability insurance under each of their respective operating agreements and economic protection via contract. Although we will endeavor to cause such insurance to be carried, there is no guarantee that the amount of coverage, terms, or conditions of the insurance will not be materially changed in the future. Such insurance is usually intended to cover certain natural hazards such as blowouts. However, the Operators may not be able to insure or may elect not to insure against certain other hazards due to premium costs or other reasons. We, however, will endeavor to ensure that all agreements with field operators and drilling contractors will require them to secure and maintain an insurance policy for bodily injury liability and to maintain such insurance coverage thereafter as is deemed appropriate. Such insurance coverage would apply to new, producing, plugged and abandoned wells in which the Company has an interest.

You Should Seek Out Independent Legal Advice. Neither we nor the attorneys for the Company intend to give you any legal advice or counsel whatsoever. We strongly recommend you consult with your legal advisors regarding the inherit risks of the Company before investing in the Notes.

We Are Subject to Fluctuating Market Prices. Although many oil and gas industry analysts opine that an undersupply, rather than an oversupply of oil and gas may be prevalent in future markets, there is the possibility that restrictions on market access may occur in the future, which could result in a reduction in the amount of oil and gas marketed from the wells drilled or acquired by the Company or in the price paid to third parties for oil and gas delivered, or both. The Company may or may not enter into any futures contracts for the sale of production from its wells. Oil and gas produced by the Company's wells may be sold on the "spot market" in order to take advantage of higher seasonal prices. However, there can be no assurances that this technique will protect the Company from seasonal price drops.

Our Leases May Have Title Defects. Normally, we will not obtain title insurance on leasehold interests or other oil, gas and mineral interests, including royalty interests which the Company acquires from its Operators. While we will exercise normal procedures and take all prudent precautions in the acquisition and assignment of the leases or interests acquired by the Company, there is no assurance that losses will not result from title defects or from defects in the assignment of rights.

There Is a Limited Liquid Market for Working Interest Ownership. You must assume the risks of purchasing an illiquid asset. Transferability of working interests is limited and there is no guarantee of any market for the working interests.

Consistent Revenue Distributions May Not Be Possible Due to Unavoidable Delays. There are a number of factors that could cause a delay in the beginning or continuance of interest payments to you, including, but not limited to, title defects, completion problems, problems with well production equipment, compression problems, pipeline space availability, availability of oil and gas markets, acceptable price considerations, and regulatory or environmental concerns over which we will have no or limited control. The amount and frequency of interest payments will depend primarily on the cash receipts from the sale of production, and upon the expenses involved in the production thereof. Assuming that production is established from interests in wells acquired and/or serviced by the Company, it is our intention to make interest payments to you on a quarterly basis. However, there are no guarantees or assurances of when cash payments will commence or as to the amount of such payments.

Our Forecasts Are Reliant Upon Hypothetical Projections and Lack Independent Review. We have prepared projections for our internal use from the basics of our business model. The interest payments on the Notes are based on assumptions believed to be reasonable. Such projections are strictly hypothetical

in nature, and there is no assurance or guarantee expressed or implied that results of the wells acquired, drilled or reworked by the Company's Operators will be similar to our internal projections, or that the wells will produce oil and gas in commercial quantities, if at all. There has been no independent economic review made of the merits of an investment in the Notes. You will assume the risk that the actual results of the Company's activities may be significantly different than those shown in our internal private projections, and the risk that you may lose your entire investment.

Estimated Costs Are Not Certain. Costs to be borne by the Operators for the oil and gas projects selected for production cannot be ascertained with certainty. Estimates of such costs per well and per mineral acre have not been determined by an independent process, but are believed to be reasonable and consistent with such costs available from other operators for similar services. Due to the competitive nature of the oil and gas industry and to the dependence on the resources of the selected contractors or other independent contractors, there is no assurance that such services might be obtained at costs either higher or lower than those paid by the Operators. If difficulties are experienced, cost overruns will be borne by the owners. Excessive costs of completion due to complications may cause a well to become commercially unproductive, necessitating its eventual abandonment, or resale at a loss.

Risks Associated with an Investment in the Notes

Best efforts offering. This Offering is being made on a "best efforts" basis with no minimum number of Units required to be sold. As subscriptions are accepted (and any required rescission periods expire), the subscription funds will be available for use by the Company immediately for its intended use of proceeds. Subscriptions are irrevocable (after expiration of any rescission period) and subscribers will not have the opportunity to have their funds returned notwithstanding any future lack of success in recruiting other investors. Accordingly, initial subscribers will necessarily have a greater degree of risk. The Company has not engaged the services of a placement agent or underwriter with respect to the Offering, and will offer the Units through its managers and executive officers at its discretion. Nevertheless, the Company may seek to elect, at its discretion, to engage the services of a qualified FINRA broker-dealer. The Company will engage outside "Finders" in connection with the Offering.

There is no minimum dollar amount for this offering and investors' subscription funds will be used by us as soon as they are received. There is no minimum number of Units required to be sold in this Offering. There is no assurance that all or a significant number of Units may be sold in this Offering. We will use investors' subscription funds as soon as they are received. If only a small portion of the Units are placed, then the Company may not have sufficient capital to spread the risk of the working interests among several such interests. There is no assurance that we could obtain additional financing or capital from any source, or that such financing or capital would be available to us on terms acceptable to us. Under such circumstances, the Company's plans would need to be scaled down, and this would have a material adverse effect on the Company's business.

Notes are not guaranteed and could become worthless. The Notes are not guaranteed or insured by any government agency or by any private party. The amount of earnings is not guaranteed and can vary with market conditions. The return of all or any portion of the amounts invested in the Notes is not guaranteed, and the Units could become worthless.

We are relying on certain exemptions from registration. The Units are being offered for sale in reliance upon certain exemptions from the registration requirements of the Securities Act and applicable state securities laws. If the sale of the Units were to fail to qualify for these exemptions, purchasers may seek rescission of their purchases of the Units. If a number of purchasers were to obtain rescission, the Company would face significant financial demands, which could adversely affect the Company as a whole, as well as any non-rescinding purchasers.

If the Company incurs debt, there may be risks associated with such borrowing. If the Company incurs indebtedness, a portion of its cash flow will have to be dedicated to the payment of principal and interest on such indebtedness. Typical loan agreements also might contain restrictive covenants, which may impair the Company's operating flexibility including the requirement that interest payments under the Notes be subordinated to the payment of the debt. Such loan agreements would also provide for default under certain circumstances, such as failure to meet certain financial covenants. A default under a loan agreement could result in the loan becoming immediately due and payable and, if unpaid, a judgment in favor of such lender which would be senior to the rights of Noteholders. A judgment creditor would have the right to foreclose on any of the Company's assets resulting in a material adverse effect on the Company's business, operating results or financial condition. As a result, the Notes repayment could be jeopardized or prevented in whole or in part.

Future capital needs. The Company believes that the net proceeds of the Offering of the Units will be sufficient to fund the operations and growth of the Company for the foreseeable future, assuming that it sells all 120 Units offered hereby. Nevertheless, in the event additional funding is required, no assurance can be given that additional financing will be available at all or on terms favorable to the Company. If adequate funds were not available to satisfy either short or long-term requirements, the Company would be required to limit its operations significantly and could be unable to continue in business, with a resulting loss of all or part of investments made by the Company's investors in the Notes.

The Units and Notes are restricted securities and a market for such securities may never develop. Investors should be aware of the potentially long-term nature of their investment. Each purchaser of Units and Notes will be required to represent that it is purchasing such securities for its own account for investment purposes and not with a view to resale or distribution. Purchasers may be required to bear the economic risks of the investment for an indefinite period of time. The Company has neither registered the Units nor the Notes, under the Securities Act. Consequently, Noteholders may not be able to sell or transfer their securities under applicable federal and state securities laws. Moreover, there is no public market for the Company's Notes, such a market is not likely to develop prior to a registration undertaken by the Company for the public offering of its Notes for its own account or the account of others, and there can be no assurance that the Company will ever have such a public offering of its Notes. Ultimately, each investor's risk with respect to this Offering includes the potential for a complete loss of his or her investment.

The Offering price is arbitrary. The price of the Units and the Notes offered has been arbitrarily established by the Company, without considering such matters as the state of the Company's business development and the general condition of the industry in which it operates. The price of the Units and Notes bears little relationship to the assets, net worth, or any other objective criteria of value applicable to the Company.

Additional unforeseen risks. In addition to the risks described in this section, "RISK FACTORS," and elsewhere in this Memorandum, other risks not presently foreseeable could negatively impact our business, could disrupt our operations and could cause the Company to fail with the inability of the Company to service the debt on the Notes. Ultimately, each investor in the Units and Notes bears the risk of a complete and total loss of his/her/its investment in the Notes.

Certain Relationships and Related Transactions

Management of the Company

The Company's Manager and advisors intend to devote only such time to operations as they, in their sole discretion, deem necessary to help carry out operations effectively. The Company's manager and

advisors may work on other projects, and conflicts of interest may arise in allocating management time, services or functions among affiliates.

Conflicts of Interest

Potential conflicts of interest may arise in the course of our operations involving affiliate companies, as well as their interests in other potential unrelated activities. Accordingly, in addition to such potential conflicts of interest noted herein and under "Management of the Company" above, other conflicts of interest may exist or may arise in the future. The Company does not have any formally documented procedures to identify, analyze or monitor conflicts of interest.

Duties of the Manager to the Company

Duty of Care and the 'Business Judgment Rule'

Just as officers and directors of corporations owe a fiduciary duty to their shareholders, the Manager is required to perform its duties with the care, skill, diligence, and prudence of like persons in like positions. The Manager will be required to make decisions employing the diligence, care, and skill an ordinary prudent person would exercise in the management of their own affairs. The 'business judgment rule' should be the standard applied when determining what constitutes care, skill, diligence, and prudence of like persons in like positions.

Duty of Disclosure

The Manager has an affirmative duty to disclose material facts to the Noteholders. Information is considered material if there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision. The Manager must not make any untrue statements to the Noteholders and must not omit disclosing any material facts to the Noteholders.

Duty of Loyalty

The Manager has a duty to avoid undisclosed conflicts of interest. Before raising money from investors, the Manager must disclose any conflicts that may exist between the investment interests of such Manager and the investment interests of the Company or any of the individual investors.

Litigation

The Company is not presently a party neither to any material litigation, nor to the knowledge of the Manager is any litigation threatened against the Company, which may materially affect the business of the Company or its assets.

Transfer Agent and Registrar

The Company will act as its own transfer agent and registrar for the Units issued hereby.

MARKET PRICE OF THE UNITS AND NOTES

The offering price of the Units to which the Memorandum relates has been arbitrarily established by the Company and does not necessarily bear any specific relation to the assets, book value or potential earnings of the Company or any other recognized criteria of value. Neither the Units, nor the Notes, have been registered under the Securities Exchange Act of 1934. Our Units have not been traded or quoted on any exchange or quotation system. There is no public market in which shareholders may sell their Notes, and there can be no assurance given that such a market will ever develop. The securities offered hereby are restricted and the investors' rights to sell or transfer their interests are severely limited.

Assuming the Company sells all 120 Units offered hereby, the Company believes that the net proceeds from the Units offering will be sufficient to fund the Company's operations for at least 12 months. If the Company sells less than the full number of Units offered hereby, the Company may need to raise additional capital sooner than expected. In addition, the Company expects that it may require significant additional capital or debt proceeds in the future to fund operations and growth. There can be no assurance that the Company will be able to obtain additional capital or debt proceeds, or on terms agreeable to the Company.

The Company's use of proceeds may differ materially from the foregoing as a result of changing conditions and as deemed appropriate in the absolute discretion of management. Therefore, we reserve broad discretion in the use of proceeds and the right to alter the use of proceeds of this Offering without notice in the interest of the Company and its stakeholders.

DESCRIPTION OF SECURITIES

The Notes

The Company is offering up to 120 units (the "Units") of its promissory notes (the "Notes") at an offering price of $50,000 per Unit for an aggregate offering price of $6,000,000 (the "Offering"). Each Unit will consist of one $50,000 principal amount 9-month, 8% promissory note. Each promissory note is an unsecured debt security.

Each Note will mature on the date that is 9 months from the date of its issuance (the "Date of Maturity"). The Notes are not subject to redemption, call, or demand for prepayment by the holder prior to the Date of Maturity. The Notes may be repaid prior to Maturity at the Company's option. An event of default under any Note is limited to: (i) the failure of the Company to timely pay any interest or principal due under such Note which is not cured within 30 days after the date such payment is due; (ii) the commencement of a voluntary case seeking relief under the United States Bankruptcy Code (or any successor statute); or (iii) the continuation for more than 90 days after the commencement of an involuntary case under the United States Bankruptcy Code (or any successor statute).

The Notes will bear interest at the rate of 8% simple interest per annum until the principal of Notes has been paid in full. We intend to make payments under the Notes as follows:

- Monthly interest payments only.
- Upon Maturity Date, the return of the balance of principal.

Interest on Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months. Payments will be processed monthly on the 25th of the month. As a result, payments of interest will be

made on the following schedule: Each investor's interest payment will be processed the month following the first calendar month of earning interest. Example 1: If, for example, funding occurs on March 1, the first interest payment will be processed on April 25 and your first payment would be one month's interest from March. Example 2: If funding occurs at any time from March 2nd to March 31st, the first month of interest would be for April and the first interest payment would be processed on May 25. The first payment would be for interest earned in that portion of March when the Note investment was made, and for one full month of interest for April.

Because the Notes will not be issued pursuant to an indenture, each holder will be responsible for acting independently with respect to any matter affecting such holder's Note, including enforcing the agreements contained therein, responding to any requests for consents, waivers or amendments and giving written notice of default or accelerating the maturity of the Notes upon the occurrence an event of default.

The foregoing description of the Notes should in no way be relied upon as complete, and it is qualified in its entirety by the terms and conditions of the form of promissory note, attached hereto as Appendix C.

OTHER MATTERS

Certain Transactions

Other Contemporaneous and Subsequent Offering Transactions

The Company, in its absolute discretion may carry out contemporaneous and additional subsequent offerings of its securities on terms and conditions it deems appropriate without notice to investors herein or other stakeholders, subject to applicable securities laws.

FINANCIAL INFORMATION

This Memorandum contains "forward-looking" statements. These statements are based on the Company's current expectations about the businesses and the markets in which it operates. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties or other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Actual operating results may be affected by various factors including, without limitation, changes in national economic conditions, competitive market conditions, uncertainties and costs related to government regulation, and actual versus projected timing of events, all of which may cause such actual results to differ materially from what is expressed or forecast in this Memorandum.

ADDITIONAL INFORMATION

Brad Pearsey, Manager, will be available upon request to answer questions concerning the terms of this Offering, to provide any reasonably requested information necessary to verify the accuracy of the information contained in this Memorandum and to provide such other information reasonably requested by prospective investors as they deem necessary for the purposes of considering an investment in the Company. Mr. Pearsey can be contacted by telephone at (317) 289-7108.

You should rely only on the information contained in this Memorandum. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell the Units and Notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in

this Memorandum is accurate as of the date on the front cover of this Memorandum only. Our business, financial condition, results of operations and prospects may have changed since that date.

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Copy No. 1164
Name of Offeree: [redacted]

Heartland Production and Recovery Fund II, LLC

A Delaware Limited Liability Company

$25,000,000 AGGREGATE AMOUNT PROMISSORY NOTES
500 UNITS OFFERED

Offering Price: $50,000 Per Unit **Minimum Subscription: One Unit**

FOR ACCREDITED INVESTORS ONLY

THIS CONFIDENTIAL OFFERING MEMORANDUM HAS NOT BEEN FILED WITH OR REVIEWED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER COMMISSION OR REGULATORY AUTHORITY, NOR HAS ANY SUCH COMMISSION, AUTHORITY, OR ATTORNEY GENERAL DETERMINED WHETHER IT IS ACCURATE OR COMPLETE OR PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THESE ARE SPECULATIVE SECURITIES AND INVOLVE A HIGH DEGREE OF RISK. SEE "RISK FACTORS"

THE SECURITIES OFFERED ARE FOR SALE ONLY TO ACCREDITED INVESTORS (AS DEFINED IN "MEMORANDUM SUMMARY – INVESTOR SUITABILITY REQUIREMENTS" ON PAGE 6).

In the event you decide not to participate in this Offering, please return the entire Confidential Offering Memorandum to the principal office of the Company as set forth below:

The date of this Confidential Offering Memorandum is January 7, 2019.

Heartland Production and Recovery Fund II, LLC

A Delaware Limited Liability Company

$25,000,000 AGGREGATE AMOUNT PROMISSORY NOTES
500 UNITS OFFERED

Offering Price: $50,000 Per Unit **Minimum Subscription: One Unit**

FOR ACCREDITED INVESTORS ONLY

This Confidential Offering Memorandum (the "Memorandum") relates to the offer and sale to a select group of accredited investors("Investors") of up to 500 units (the "Units") of the securities of Heartland Production and Recovery Fund II, LLC (the "Company") by Heartland Production and Recovery, LLC, the manager of the Fund (the "Manager") at an offering price of $50,000 per Unit for an aggregate offering price of $25,000,000 (the "Offering"). Each Unit will consist of one $50,000 principal amount promissory note. Investors will have the right to invest in Units comprised of one-year Notes bearing interest at 8.5% per annum or two-year Notes bearing interest at 9% per annum. Each promissory note is an unsecured debt security, as more fully described in the form of promissory note attached hereto in Appendix B (the "Notes") (see "MEMORANDUM SUMMARY—Interest" below). The minimum subscription by an investor is one Unit ($50,000 minimum investment).

The Units will be offered and sold pursuant to the exemption from registration provided by Section 506(c) under Regulation D promulgated under the Securities Act of 1933. All investors must be "accredited investors" and provide a letter from a designated counselor to corroborate their status as an accredited investor.

All of the Units will be sold on a "best-efforts" basis which means that net Offering proceeds will be available to the Company upon receipt, acceptance and clearance thereof and that no minimum amount of Unit sales will be required in order to complete and close this Offering. There can be no assurance that all of the Units offered will be subscribed for.

The Manager shall have the absolute right, and sole discretion, to terminate the offer at any time for any reason, regardless of the number of Units previously sold.

The minimum subscription by an investor is one Unit for $50,000. The Company reserves the right in its sole discretion to sell fractionalized Units and/or Notes, and may also accept investments of less than one Unit.

	Price Paid by Investors	Proceeds to the Company [1]
Per Unit	$50,000.00	$50,000.00
Maximum Offering	$25,000,000.00	$25,000,000.00

(1) Before deducting offering expenses payable by the Company, estimated to be up to $50,000 and fees for certain agents who will act as legal "finders" to the Company, and, in the event the Company elects to retain a qualified placement agent, potential commissions paid to such placement agent in accordance with federal securities law and the securities law of the various states.

The Units will be offered and sold on behalf of the Company by certain officers and/or managers of the Company. The Company may also utilize the services of selected broker-dealers who are members of the Financial Industry Regulatory Authority ("FINRA") and "finders" who are legally restricted by the extent to which they may exercise any selling efforts in connection with the offer and sale of the Units.

All of the Units will be sold on a "best efforts" basis up to the 500 Unit maximum. There can be no assurance that the maximum number of Units or any minimum number of Units will be sold.

An investment in the Units involves a high degree of risk. Prospective investors in the Units should thoroughly consider this Memorandum and certain special considerations concerning the Company described herein. See "RISK FACTORS" below. An investment in the Units offered hereby is suitable only for, and may be made only by, accredited investors who have no need for liquidity of investment and understand and can afford the high financial risks of an investment in the Units, including the potential for a complete loss of their investment. There is currently no trading market for any securities of the Company, nor is it expected or assured that such market will develop in the foreseeable future.

THE UNITS AND NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SEC OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE UNITS AND NOTES OF THE COMPANY ARE SPECULATIVE BY NATURE AND ARE INTENDED FOR A LIMITED NUMBER OF ACCREDITED INVESTORS. EACH PROSPECTIVE INVESTOR SHOULD CAREFULLY REVIEW THIS MEMORANDUM AND THE RELEVANT DOCUMENTS REFERRED TO HEREIN BEFORE DECIDING TO INVEST IN THE COMPANY.

THE MEMORANDUM IS SUBMITTED TO YOU ON A CONFIDENTIAL BASIS SOLELY IN CONNECTION WITH YOUR CONSIDERATION OF AN INVESTMENT IN THE SECURITIES OF HEARTLAND PRODUCTION AND RECOVERY FUND, LLC, A DELAWARE LIMITED LIABILITY COMPANY. DUE TO THE CONFIDENTIAL NATURE OF THIS MEMORANDUM, ITS USE FOR ANY OTHER PURPOSE MIGHT INVOLVE SERIOUS LEGAL CONSEQUENCES. CONSEQUENTLY, THIS MEMORANDUM MAY NOT BE REPRODUCED IN WHOLE OR IN PART, AND MAY NOT BE DELIVERED TO ANY OTHER PERSON (OTHER THAN YOUR FINANCIAL ADVISOR) WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY'S MANAGER(S).

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GENERAL NOTICES AND REPRESENTATIONS

This Memorandum is furnished on a confidential basis. This Memorandum constitutes an offer of securities only to the person to whom it is specifically delivered for that purpose ("Offeree"), and is provided solely for the purpose of evaluating an investment in the Company. By accepting delivery of this Memorandum and receiving any other oral or written information provided by the Company in connection with the Offering, each Offeree agrees (a) to keep confidential the contents of this Memorandum and such other information and not to disclose the same to any third party or otherwise use the same for any purpose other than evaluating an investment in the Company, and (b) not to copy, in whole or in part, this Memorandum or any other written information provided by the Company in connection herewith. Each Offeree further agrees to return this Memorandum and any such written information to Heartland Production and Recovery Fund, LLC; attention: Brad Pearsey, 99 Regency Parkway, Suite 209, Mansfield, Texas 76063. In the event that (i) the Offeree does not subscribe to purchase any Units, (ii) no portion of the Offeree's subscription is accepted, or (iii) the Offering is terminated or withdrawn.

To the extent applicable, the Units offered hereby have not been registered under the US federal Securities Act of 1933 (the "Securities Act") or any US state securities laws, in reliance upon exemptions therefrom. If applicable, the Units may not be sold, transferred, pledged or otherwise disposed of in the absence of registration under the Securities Act and under any applicable US state securities or blue sky laws unless pursuant to exemptions therefrom. This Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any Units offered hereby to any person in any jurisdiction in which it is unlawful to make such an offer or solicitation to such person. This Memorandum does not constitute an Offer if the prospective investor is not qualified under applicable securities laws.

In determining whether to invest in the Units, each person must rely upon his, her or its own examination of the Company and the terms of the Offering made hereby, including the merits and risks involved. The Company expects that, prior to the closing for the Offering made hereby, it will afford prospective investors in the Units an opportunity to ask questions of representatives of the Company concerning the Company and the terms of the Offering and to obtain additional relevant information to the extent the Company possesses such information or can obtain it without unreasonable effort or expense. Except as aforesaid, no person is authorized in connection with the Offering to give any information or make any representation not contained in this Memorandum, and, if given or made, such information or representation must not be relied upon as having been authorized by the Company. The information contained in this Memorandum also supersedes any information concerning the Company or the terms of any investment therein provided to any prospective investor prior to the date of this Memorandum.

The Company makes no express or implied representation or warranty as to the attainability of any forecasted financial information that may be expressed or implied herein or as to the accuracy or completeness of the assumptions from which that forecasted information is derived. It must be recognized that the projections of the Company's future performance are necessarily subject to a high degree of uncertainty, that actual results can be expected to vary from the results projected and that such variances may be material and adverse. Prospective investors are expected to conduct their own investigation with regard to the Company and its prospects. It is expected that each Offeree will pursue his, her or its own independent investigation with respect to information included herein. Prospective investors in the Units are not to construe the contents of this Memorandum as legal, business or tax advice. Each prospective investor in the Units should consult his, her or its own attorney, business advisor and tax advisor as to the legal, business, tax and related matters concerning this Offering.

This Memorandum has been prepared solely for the purpose of the proposed offering of the Units. The Company reserves the right to reject any subscription for the Units, in whole or in part or to allot less than the number or amount of securities as to which any prospective investor in the Units has subscribed.

THIS OFFERING IS NOT UNDERWRITTEN. THE OFFERING PRICE HAS BEEN ARBITRARILY SET BY THE MANAGEMENT OF THE COMPANY. THERE CAN BE NO ASSURANCE THAT ANY OF THE SECURITIES WILL BE SOLD.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION OR ANY US STATE SECURITIES AGENCY, NOR HAS ANY SUCH REGULATORY BODY REVIEWED THIS OFFERING MEMORANDUM FOR ACCURACY OR COMPLETENESS. BECAUSE THESE SECURITIES HAVE NOT BEEN SO REGISTERED, THERE MAY BE RESTRICTIONS ON THEIR TRANSFERABILITY OR RESALE BY AN INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD PROCEED ON THE ASSUMPTION THAT HE MUST BEAR THE ECONOMIC RISKS OF THE INVESTMENT FOR AN INDEFINITE PERIOD, SINCE THE NOTES MAY NOT BE SOLD UNLESS, AMONG OTHER THINGS, THEY ARE SUBSEQUENTLY REGISTERED UNDER THE APPLICABLE SECURITIES ACTS OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE. THERE IS NO TRADING MARKET FOR THE COMPANY'S SECURITIES AND THERE CAN BE NO ASSURANCE THAT ANY MARKET WILL DEVELOP IN THE FUTURE OR THAT THE NOTES WILL BE ACCEPTED FOR INCLUSION ON NASDAQ OR ANY OTHER TRADING EXCHANGE AT ANY TIME IN THE FUTURE. THE COMPANY IS NOT OBLIGATED TO REGISTER FOR SALE UNDER EITHER U.S. FEDERAL OR STATE SECURITIES LAWS THE SECURITIES PURCHASED PURSUANT HERETO, AND THE ISSUANCE OF THE NOTES IS BEING UNDERTAKEN PURSUANT TO CERTAIN EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT, WHICH MAY INCLUDE WITHOUT LIMITATION THE APPLICABLE RULES UNDER REGULATION D AND/OR REGULATION S UNDER THE SECURITIES ACT. ACCORDINGLY, THE SALE, TRANSFER, OR OTHER DISPOSITION OF ANY OF THE NOTES, WHICH ARE PURCHASED PURSUANT HERETO, MAY BE RESTRICTED BY APPLICABLE U.S. FEDERAL OR STATE SECURITIES LAWS AND/OR THE SECURITIES LAWS OF ONE OR MORE FOREIGN COUNTRIES (DEPENDING ON THE RESIDENCY OF THE INVESTOR) AND BY THE PROVISIONS OF THE SUBSCRIPTION AGREEMENT REFERRED TO HEREIN. THE OFFERING PRICE OF THE NOTES TO WHICH THE MEMORANDUM RELATES HAS BEEN ARBITRARILY ESTABLISHED BY THE COMPANY AND DOES NOT NECESSARILY BEAR ANY SPECIFIC RELATION TO THE ASSETS, BOOK VALUE OR POTENTIAL EARNINGS OF THE COMPANY OR ANY OTHER RECOGNIZED CRITERIA OF VALUE.

The management of the Company has provided all of the information stated herein. The Company makes no express or implied representation or warranty as to the completeness of this information or, in the case of projections, estimates, future plans, or forward-looking assumptions or statements, as to their attainability or the accuracy and completeness of the assumptions from which they are derived, and it is expected that each prospective investor will pursue his, her, or its own independent investigation. It must be recognized that estimates of the Company's performance are necessarily subject to a high degree of uncertainty and may vary materially from actual results.

This Offering is expected to be conducted as an exempt general solicitation offering pursuant to the exception for registration provided by Section 506(c) of Regulation D under the Securities Act of 1933 (the "Act").

This Memorandum has been prepared solely for the information of the person to whom it has been delivered by or on behalf of the Company. Distribution of this Memorandum to any person other than the prospective investor to whom this Memorandum is delivered by the Company and those persons retained to advise them with respect thereto is unauthorized. Any reproduction of this Memorandum, in whole or in part, or the divulgence of any of the contents without the prior written consent of the Company is strictly prohibited. This Offering is made subject to withdrawal, cancellation, or modification by the Company without notice and solely at the Company's discretion. Each prospective investor, by accepting delivery of

this Memorandum, agrees to return it and all other documents received by them to the Company if the prospective investor's subscription is not accepted or if the Offering is terminated.

By acceptance of this Memorandum, prospective investors recognize and accept the need to conduct their own thorough investigation and due diligence before considering a purchase of the Units.

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U.S. JURISDICTIONAL (NASAA) LEGENDS

The presence of the following legends for any given state reflects only that a legend may be required by that state and should not be construed to mean an offer or sale is being or may be made in that particular state.

If you are uncertain as to whether or not offers or sales may be lawfully made in your state, you are hereby advised to contact the Company. The Notes described in this Memorandum have not been registered under any state securities laws (commonly called "Blue Sky" laws). These Notes must be acquired for investment purposes only and may not be sold or transferred in the absence of an effective registration of such securities under such laws, or an opinion of counsel acceptable to the Company that such registration is not required.

The Company intends to offer and sell the Units and Notes only to accredited investors through the use of general solicitation in accordance with the provisions of Rule 506(c) under Regulation D of the Securities Act, as promulgated pursuant to the Securities Act of 1933.

NOTICE TO ALABAMA RESIDENTS ONLY: THESE SECURITIES MAY BE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE ALABAMA SECURITIES ACT. A CONFIDENTIAL OFFERING MEMORANDUM RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ALABAMA SECURITIES COMMISSION. THE COMMISSION DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO ARIZONA RESIDENTS ONLY: THESE SECURITIES MAY BE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF ARIZONA. NEITHER THE ARIZONA CORPORATION COMMISSION, NOR THE DIRECTOR OF SECURITIES HAVE REVIEWED OR PASSED UPON THE ACCURACY OR COMPLETENESS OF THIS MEMORANDUM OR OTHER SELLING LITERATURE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO CALIFORNIA RESIDENTS ONLY: THE SALE OF THE SECURITIES WHICH ARE THE SUBJECT OF THIS OFFERING HAS NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF SUCH SECURITIES OR PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFORE PRIOR TO SUCH QUALIFICATIONS IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPTED FROM QUALIFICATION BY THE APPLICABLE PROVISIONS OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS OFFERING ARE EXPRESSLY CONDITIONED UPON SUCH QUALIFICATIONS BEING OBTAINED, UNLESS THE SALE IS SO EXEMPT.

NOTICE TO CONNECTICUT RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE CONNECTICUT UNIFORM SECURITIES ACT AND ARE BEING SOLD IN RELIANCE UPON THE APPLICABLE EXEMPTIONS CONTAINED IN SAID ACT. THEY CANNOT BE RESOLD UNLESS THEY ARE REGISTERED UNDER SAID ACT OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE BANKING COMMISSIONER OF THE STATE OF CONNECTICUT NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO DELAWARE RESIDENTS ONLY: IF YOU ARE A DELAWARE RESIDENT, YOU ARE HEREBY ADVISED THAT THESE SECURITIES MAY BE OFFERED IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE DELAWARE SECURITIES ACT. THE

SECURITIES CANNOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER THE ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR IN A TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE ACT.

NOTICE TO FLORIDA RESIDENTS ONLY: THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN REGISTERED WITH THE FLORIDA DIVISION OF SECURITIES AND INVESTOR PROTECTION UNDER THE FLORIDA SECURITIES ACT. THE SECURITIES REFERRED TO HEREIN MAY ONLY BE SOLD TO, AND ACQUIRED BY THE HOLDER IN A TRANSACTION EXEMPT UNDER THE APPLICABLE PROVISIONS OF SAID ACT. THE SECURITIES HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF FLORIDA. IN ADDITION, ALL OFFEREES WHO ARE FLORIDA RESIDENTS SHOULD BE AWARE THAT SECTION 517.061(11)(a)(5) OF THE ACT PROVIDES, IN RELEVANT PART, AS FOLLOWS: "WHEN SALES ARE MADE TO FIVE OR MORE PERSONS IN FLORIDA, ANY SALE IN FLORIDA MADE PURSUANT TO THIS SECTION IS VOIDABLE BY THE PURCHASER IN SUCH SALE EITHER WITHIN 3 DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY THE PURCHASER TO THE ISSUER, AN AGENT OF THE ISSUER OR AN ESCROW AGENT OR WITHIN 3 DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH PURCHASER, WHICHEVER OCCURS LATER." THE AVAILABILITY OF THE PRIVILEGE TO VOID SALES PURSUANT TO SECTION 517.061(11) IS HEREBY COMMUNICATED TO EACH FLORIDA OFFEREE. EACH PERSON ENTITLED TO EXERCISE THE PRIVILEGE TO AVOID SALES GRANTED BY SECTION 517.061 (11)(A)(5) AND WHO WISHES TO EXERCISE SUCH RIGHT, MUST, WITHIN 3 DAYS AFTER THE TENDER OF ANY AMOUNT TO THE COMPANY OR TO ANY AGENT OF THE COMPANY (INCLUDING THE SELLING AGENT OR ANY OTHER DEALER ACTING ON BEHALF OF THE PARTNERSHIP OR ANY SALESMAN OF SUCH DEALER) OR AN ESCROW AGENT CAUSE A WRITTEN NOTICE OR TELEGRAM TO BE SENT TO THE COMPANY AT THE ADDRESS PROVIDED IN THIS MEMORANDUM. SUCH LETTER OR TELEGRAM MUST BE SENT AND, IF POSTMARKED, POSTMARKED ON OR PRIOR TO THE END OF THE AFOREMENTIONED THIRD DAY. IF A PERSON IS SENDING A LETTER, IT IS PRUDENT TO SEND SUCH LETTER BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ASSURE THAT IT IS RECEIVED AND ALSO TO EVIDENCE THE TIME IT WAS MAILED. SHOULD A PERSON MAKE THIS REQUEST ORALLY, HE MUST ASK FOR WRITTEN CONFIRMATION THAT HIS REQUEST HAS BEEN RECEIVED.

NOTICE TO GEORGIA RESIDENTS ONLY: THESE SECURITIES MAY BE ISSUED OR SOLD IN RELIANCE ON THE APPLICABLE EXEMPTIONS CONTAINED IN THE GEORGIA SECURITIES ACT OF 1973, AND MAY NOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER SUCH ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION UNDER SUCH ACT.

NOTICE TO ILLINOIS RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECRETARY OF THE STATE OF ILLINOIS NOR HAS THE STATE OF ILLINOIS PASSED UPON THE ACCURACY OR ADEQUACY OF THE MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO INDIANA RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE INDIANA BLUE SKY LAW AND MAY ONLY BE OFFERED AND SOLD IN RELIANCE UPON THE APPLICABLE EXEMPTIONS THEREFROM. THEY CANNOT BE RESOLD OR TRANSFERRED UNLESS THEY ARE REGISTERED UNDER THE LAW OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

NOTICE TO KENTUCKY RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL INSTITUTIONS OF KENTUCKY NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO MARYLAND RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE MARYLAND SECURITIES ACT AND MAY ONLY BE OFFERED AND SOLD IN RELIANCE UPON APPLICABLE EXEMPTIONS CONTAINED IN SAID ACT. THEY CANNOT BE RESOLD OR TRANSFERRED UNLESS THEY ARE REGISTERED UNDER SAID ACT OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

NOTICE TO MASSACHUSETTS RESIDENTS ONLY: (1) THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT OF THIS COMMONWEALTH, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT OF THIS COMMONWEALTH, IF SUCH REGISTRATION IS REQUIRED, OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES DIVISION OF THE COMMONWEALTH OF MASSACHUSETTS NOR HAS THE SECURITIES DIVISION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO MICHIGAN RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE MICHIGAN SECURITIES ACT AND, IF OFFERED IN MICHIGAN OR TO RESIDENTS OF MICHIGAN, ARE BEING SOLD IN RELIANCE UPON THE APPLICABLE EXEMPTIONS CONTAINED IN SUCH ACT. THESE SECURITIES MAY NOT BE RESOLD OR TRANSFERRED UNLESS THEY ARE REGISTERED UNDER THE ACT OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

NOTICE TO MINNESOTA RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE MINNESOTA BLUE SKY LAW AND MAY ONLY BE SOLD TO MINNESOTA RESIDENTS IN RELIANCE UPON THE APPLICABLE EXEMPTIONS THEREFROM. THEY CANNOT BE RESOLD OR TRANSFERRED UNLESS THEY ARE REGISTERED UNDER THE LAW OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

NOTICE TO MISSISSIPPI RESIDENTS ONLY: IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN REGISTERED WITH NOR RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE. INVESTORS SHOULD BE AWARE THAT THEY WOULD BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NOTICE TO MISSOURI RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE MISSOURI SECURITIES ACT, AND IF OFFERED IN MISSOURI OR TO RESIDENTS OF MISSOURI, WILL BE SOLD TO, AND ACQUIRED BY, PURCHASERS IN RELIANCE ON AN APPLICABLE EXEMPTION THEREFROM. UNLESS THE SECURITIES ARE REGISTERED, THEY MAY NOT BE REOFFERED FOR SALE OR RESOLD IN THE STATE OF MISSOURI, EXCEPT AS A SECURITY, OR IN A TRANSACTION, EXEMPT UNDER SUCH ACT.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE NEW HAMPSHIRE SECURITIES ACT, AND IF OFFERED IN NEW HAMPSHIRE OR TO RESIDENTS OF NEW HAMPSHIRE, WILL ONLY BE SOLD TO, AND ACQUIRED

BY, PURCHASERS IN RELIANCE ON AN APPLICABLE EXEMPTION THEREFROM. UNLESS THE SECURITIES ARE REGISTERED, THEY MAY NOT BE REOFFERED FOR SALE OR RESOLD IN THE STATE OF NEW HAMPSHIRE, EXCEPT AS A SECURITY, OR IN A TRANSACTION, EXEMPT UNDER SUCH ACT.

NOTICE TO DELAWARE RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE DELAWARE UNIFORM SECURITIES LAW, AND IF OFFERED IN DELAWARE OR TO RESIDENTS OF DELAWARE, WILL ONLY BE SOLD TO, AND ACQUIRED BY, PURCHASERS IN RELIANCE ON THE APPLICABLE EXEMPTIONS THEREFROM. IF YOU ARE A DELAWARE RESIDENT AND YOU ACCEPT AN OFFER TO PURCHASE THESE SECURITIES PURSUANT TO THIS MEMORANDUM, YOU ARE HEREBY ADVISED THAT THIS MEMORANDUM HAS NOT BEEN FILED WITH OR REVIEWED BY THE BUREAU OF SECURITIES OF THE STATE OF DELAWARE. THE BUREAU OF SECURITIES OF THE STATE OF DELAWARE HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO NEW YORK RESIDENTS ONLY: THIS DOCUMENT HAS NOT BEEN REVIEWED BY THE ATTORNEY GENERAL OF THE STATE OF NEW YORK PRIOR TO ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON NOR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE COMPANY HAS TAKEN NO STEPS TO CREATE AN AFTER MARKET FOR THE SECURITIES OFFERED HEREIN AND HAS MADE NO ARRANGEMENTS WITH BROKERS OR OTHERS TO TRADE OR MAKE A MARKET IN SUCH SECURITIES. AT SOME TIME IN THE FUTURE, THE COMPANY MAY ATTEMPT TO ARRANGE FOR INTERESTED BROKERS TO TRADE OR MAKE A MARKET IN THE SECURITIES AND TO QUOTE THE SAME IN A PUBLISHED QUOTATION MEDIUM, HOWEVER, NO SUCH ARRANGEMENTS HAVE BEEN MADE AND THERE IS NO ASSURANCE THAT ANY BROKERS WILL EVER HAVE SUCH AN INTEREST IN THE SECURITIES OF THE COMPANY OR THAT THERE WILL EVER BE A MARKET THEREFORE.

NOTICE TO NEVADA RESIDENTS ONLY: IF ANY INVESTOR ACCEPTS ANY OFFER TO PURCHASE THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL ONLY BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE APPLICABLE PROVISIONS OF THE NEVADA SECURITIES LAW. THE INVESTOR IS HEREBY ADVISED THAT THE ATTORNEY GENERAL OF THE STATE OF NEVADA HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING AND THE FILING OF THE OFFERING WITH THE BUREAU OF SECURITIES DOES NOT CONSTITUTE APPROVAL OF THE ISSUE, OR SALE THEREOF, BY THE BUREAU OF SECURITIES OR THE DEPARTMENT OF LAW AND PUBLIC SAFETY OF THE STATE OF NEVADA. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO NORTH CAROLINA RESIDENTS ONLY: THESE SECURITIES MAY BE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE NORTH CAROLINA SECURITIES ACT. THE NORTH CAROLINA SECURITIES ADMINISTRATION NEITHER RECOMMENDS NOR ENDORSES THE PURCHASE OF ANY SECURITIES, NOR HAS THE ADMINISTRATOR PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION PROVIDED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO NORTH DAKOTA RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO PENNSYLVANIA RESIDENTS ONLY: EACH PERSON WHO ACCEPTS AN OFFER TO PURCHASE SECURITIES EXEMPTED FROM REGISTRATION BY THE APPLICABLE PROVISIONS OF THE PENNSYLVANIA SECURITIES ACT, DIRECTLY FROM THE ISSUER OR AFFILIATE OF THIS

ISSUER, SHALL HAVE THE RIGHT TO WITHDRAW HIS ACCEPTANCE WITHOUT INCURRING ANY LIABILITY TO THE SELLER, UNDERWRITER (IF ANY) OR ANY OTHER PERSON WITHIN TWO (2) BUSINESS DAYS FROM THE DATE OF RECEIPT BY THE ISSUER OF HIS WRITTEN BINDING CONTRACT OF PURCHASE OR, IN THE CASE OF A TRANSACTION IN WHICH THERE IS NO BINDING CONTRACT OF PURCHASE, WITHIN TWO (2) BUSINESS DAYS AFTER HE MAKES THE INITIAL PAYMENT FOR THE SECURITIES BEING OFFERED. IF YOU HAVE ACCEPTED AN OFFER TO PURCHASE THESE SECURITIES MADE PURSUANT TO A PROSPECTUS WHICH CONTAINS A NOTICE EXPLAINING YOUR RIGHT TO WITHDRAW YOUR ACCEPTANCE PURSUANT TO SECTION 207(m) OF THE PENNSYLVANIA SECURITIES ACT OF 1972 (70 PS § 1-207(m), YOU MAY ELECT, WITHIN TWO (2) BUSINESS DAYS AFTER THE FIRST TIME YOU HAVE RECEIVED THIS NOTICE AND A PROSPECTUS TO WITHDRAW FROM YOUR PURCHASE AGREEMENT AND RECEIVE A FULL REFUND OF ALL MONEYS PAID BY YOU. YOUR WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON. TO ACCOMPLISH THIS WITHDRAWAL, YOU NEED ONLY SEND A LETTER OR TELEGRAM TO THE ISSUER (OR UNDERWRITER IF ONE IS LISTED ON THE FRONT PAGE OF THE PROSPECTUS) INDICATING YOUR INTENTION TO WITHDRAW. SUCH LETTER OR TELEGRAM SHOULD BE SENT AND POSTMARKED PRIOR TO THE END OF THE AFOREMENTIONED SECOND BUSINESS DAY. IF YOU ARE SENDING A LETTER, IT IS PRUDENT TO SEND IT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND ALSO EVIDENCE THE TIME WHEN IT WAS MAILED. SHOULD YOU MAKE THIS REQUEST ORALLY, YOU SHOULD ASK WRITTEN CONFIRMATION THAT YOUR REQUEST HAS BEEN RECEIVED. THE SECURITIES HAVE BEEN ISSUED PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENT OF THE PENNSYLVANIA SECURITIES ACT OF 1972. NO SUBSEQUENT RESALE OR OTHER DISPOSITION OF THE SECURITIES MAY BE MADE WITHIN 12 MONTHS FOLLOWING THEIR INITIAL SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION, EXCEPT IN ACCORDANCE WITH WAIVERS ESTABLISHED BY RULE OR ORDER OF THE COMMISSION, AND THEREAFTER ONLY PURSUANT TO AN EFFECTIVE REGISTRATION OR EXEMPTION.

NOTICE TO TEXAS RESIDENTS ONLY: THE SECURITIES OFFERED HEREUNDER HAVE NOT BEEN REGISTERED UNDER APPLICABLE TEXAS SECURITIES LAWS AND, THEREFORE, ANY PURCHASER THEREOF MUST BEAR THE ECONOMIC RISK OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME BECAUSE THE SECURITIES CANNOT BE RESOLD UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER SUCH SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE. FURTHER, PURSUANT TO §109.13 UNDER THE TEXAS SECURITIES ACT, THE COMPANY IS REQUIRED TO APPRISE PROSPECTIVE INVESTORS OF THE FOLLOWING: A LEGEND SHALL BE PLACED, UPON ISSUANCE, ON CERTIFICATES REPRESENTING SECURITIES PURCHASED HEREUNDER, AND ANY PURCHASER HEREUNDER SHALL BE REQUIRED TO SIGN A WRITTEN AGREEMENT THAT HE WILL NOT SELL THE SUBJECT SECURITIES WITHOUT REGISTRATION UNDER APPLICABLE SECURITIES LAWS, OR EXEMPTIONS THEREFROM.

NOTICE TO WASHINGTON RESIDENTS ONLY: THE ADMINISTRATOR OF SECURITIES HAS NOT REVIEWED THE OFFERING OR THIS MEMORANDUM, AND THE SECURITIES HAVE NOT BEEN REGISTERED IN RELIANCE UPON APPLICABLE EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS CONTAINED IN THE SECURITIES ACT OF WASHINGTON, AND THEREFORE, CANNOT BE RESOLD UNLESS THEY ARE REGISTERED UNDER THE SECURITIES ACT OF WASHINGTON, CHAPTER 21.20 RCW, OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

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OFFERS AND SALES MADE OUTSIDE THE UNITED STATES WITHOUT REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933

The Notes may be offered and sold to purchasers outside the United States in accordance with the rules of Regulation S promulgated under the Securities Act and/or such other rules and regulations, as may be applicable under the circumstances. Accordingly, the sale, transfer, or other disposition of any of the Notes, which are purchased pursuant hereto, may be restricted by applicable federal securities laws and/or the securities laws of one or more non-U.S. countries (depending on the residency of the investor) and by the provisions of the subscription agreement executed by such purchaser.

In the event that Regulation S applies, each distributor selling securities to a distributor, a dealer, or a person receiving a selling commission, fee or other remuneration, prior to the expiration of a one-year distribution compliance period in the case of equity securities, must send a confirmation or other notice to foreign purchasers stating that such purchasers are subject to the same restrictions on offers and sales that apply to a distributor.

This Memorandum does not constitute an offer to sell or a solicitation of an offer to buy to anyone in any jurisdiction in which such offer or solicitation would be unlawful or is not authorized or in which the person making such offer or solicitation is not qualified to do so.

Attempted compliance with any rule in Regulation S does not act as an exclusive election; the Company may also claim the availability of any applicable exemption from the registration requirements of the Securities Act. The availability of the Regulation S safe harbor to offers and sales that occur outside of the United States will not be affected by the subsequent offer and sale of these securities into the United States or to U.S. persons during the distribution compliance period, as long as the subsequent offer and sale are made pursuant to registration or an exemption therefrom under the Securities Act.

During the course of the Offering and prior to any sale, each Offeree of the Units and his or her professional advisor(s), if any, are invited to ask questions concerning the terms and conditions of the Offering and to obtain any additional information necessary to verify the accuracy of the information set forth herein. Such information will be provided to the extent the Company possess such information or can acquire it without unreasonable effort or expense.

FOREIGN JURISDICTIONAL LEGEND

FOR PERSONS WHO ARE NEITHER NATIONALS, CITIZENS, RESIDENTS NOR ENTITIES OF THE UNITED STATES: THESE SECURITIES HAVE NOT AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT AND, INSOFAR AS SUCH SECURITIES ARE OFFERED AND SOLD TO PERSONS WHO ARE NEITHER NATIONALS, CITIZENS, RESIDENTS NOR ENTITIES OF THE UNITED STATES, THEY MAY NOT BE TRANSFERRED OR RESOLD DIRECTLY OR INDIRECTLY IN THE UNITED STATES, ITS TERRITORIES OR POSSESSIONS, RESIDENTS OR ENTITIES NORMALLY RESIDENT THEREIN (OR TO ANY PERSON ACTING FOR THE ACCOUNT OF ANY SUCH NATIONAL, CITIZEN, ENTITY OR RESIDENT). FURTHER RESTRICTIONS ON TRANSFER WILL BE IMPOSED TO PREVENT SUCH SECURITIES FROM BEING HELD BY UNITED STATES PERSONS.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Memorandum and the exhibits attached hereto include *"forward-looking statements"* within the meaning of the Securities Act of 1933. All statements other than statements of historical fact are forward-looking statements.

Forward-looking statements are subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those projected. Among those risks, trends and uncertainties are the company's ability to raise sufficient working capital to carry out the business plans, the long-term efficacy of the business plans, the ability to protect its intellectual property, and general economic conditions.

Although we believe that in making such forward-looking statements, expectations are based upon reasonable assumptions; such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. We cannot assure you that the assumptions upon which these statements are based will prove to have been correct.

When used in this Memorandum, the words *"expect," "anticipate," "intend," "plan," "believe," "seek," "estimate"* and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Because these forward-looking statements involve risks and uncertainties, actual results could differ materially from those expressed or implied by these forward-looking statements for a number of important reasons, including those discussed under *"Risk Factors"* and elsewhere in this Memorandum.

You should read these statements carefully because they discuss the Company's expectations about its future performance, contain projections of its future operating results or its future financial condition, or state other *"forward-looking"* information. Before you invest in the Units, you should be aware that the occurrence of any of the contingent factors described under *"Risk Factors"* could substantially harm the business, results of operations and financial condition. Upon the occurrence of any of these events, you could lose all or part of your investment.

We cannot guarantee any future results, levels of activity, performance or achievements. Except as required by law, we undertake no obligation to update any of the forward-looking statements in this Memorandum after the date of this Memorandum.

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ABOUT THIS MEMORANDUM

The terms "the "Company," "us," "our" and "we," as used in this Memorandum, refer to Heartland Production and Recovery Fund II, LLC, a Delaware limited liability company.

You should rely only on the information contained in this Memorandum. The Company has not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The Company is not making an offer to sell the Units and Notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this Memorandum is accurate as of the date on the front cover of this Memorandum only. The Company's business, financial condition, results of operations and prospects may have changed since that date.

The following term sheet summarizes the basic terms and conditions on which the Company proposes to sell the Units and Nots to certain accredited investors in an exempt offering, subject to documentation in definitive subscription agreements and to completion of all appropriate due diligence investigations. This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Memorandum and in the documents relating to this transaction, including, without limitation, the Company's articles of organization, and the Subscription Agreement for the Units and Notes.

MEMORANDUM SUMMARY

The Business: The Company is a recently formed entity that has been organized to invest in working interests in developed oil and gas wells. See "Business of the Company".

The Company: The Company was organized in January, 2019, as a Delaware limited liability company. The Company has generally been involved in limited activities, including organizational activities and fundraising since its formation. Accordingly, the Company has no operating history upon which you may evaluate its business and prospects. The Company's headquarters are located at 99 Regency Parkway, Suite 209, Mansfield, Texas 76063.

The Offering: The Company proposes to sell the Units only to certain accredited investors in an exempt, unregistered offering, pursuant to Section 506(c) of Regulation D under the Act, subject to documentation in i) definitive Subscription Agreements and ii) accredited investor suitability letters.

Size of Offering: The Company is offering up to 500 units (the "Units") of its Notes at an offering price of $50,000 per Unit for an aggregate offering price of $25,000,000 (the "Offering"). Each Unit will consist of one $50,000 principal amount promissory note. Investors will have the right to invest in Units with a one-year Note bearing simple interest at 8.5% per annum or a two-year Note bearing simple interest at 9% per annum. Each promissory note is an unsecured debt security with a principal amount face value of $50,000 (the "Notes"), subject to the terms of the Notes as more fully described in the form of promissory note attached hereto as Appendix C. The minimum subscription by an investor is one Unit ($50,000 investment). The Company reserves the right in its sole discretion to sell fractionalized Units and Notes, and may also accept investments of less than one Unit. **There is no minimum aggregate amount of subscriptions for Units that is required for the initial acceptance of subscriptions and there is no offering escrow.**
Accordingly, the Company may apply the net proceeds of the sale of Units to the business operations of the Company without regard to the sale of any minimum number of Units.

Price Per Unit: $50,000 (comprised of one $50,000 Note per Unit)

Maturity Date: At the option of Investors, Notes issued will mature in either one year or two years after the date ("Maturity Date") on which the Company accepts the Subscription Agreement in connection with such issued Note(s).

Interest: The holders of the Notes will be entitled to receive simple interest at an annualized rate of 8.5% or 9% of the principal amount per Note held by each such respective investor. At the option of the Investor, the Notes will either bear interest at 8.5% per annum and mature in one year or will bear interest at 9% per annum and mature in two years, payable on a monthly basis whenever funds are legally available and when and as Interest shall be declared by the Company. Interest shall accrue from the date the Subscription Agreements are accepted by the Company. The entire principal shall be due and payable to the investor no later than the Maturity Date.

Payments will be made under the Notes as follows:

- Monthly interest payments only.
- Upon Maturity Date, return balance of principal.

Payments will be processed monthly on the 25th of the month. As a result, payments of interest will be made on the following schedule: Each investor's interest payment will be processed the month following the first calendar month of earning interest. Example 1: If, for example, funding occurs on March 1, the first interest payment will be processed on April 25 and the first payment would be one month's interest for March. Example 2: If funding occurs at any time from March 2nd to March 31st, the first month of interest would be for April and the first interest payment would be processed on May 25. The first payment would be for interest earned in that portion of March when the Note investment was made and for one full month of interest for April.

Because of the deferral of the payment of the monthly interest, investors who elect to have a return of the principal of Notes prepaid on maturity will continue to receive interest payments after the Maturity Date of their Notes.

The Company may at any time or from time to time make a voluntary prepayment, plus any accrued interest at a prorated rate, whether in full or in part, of the Notes, without premium or penalty. No interest shall accrue past the date of a prepayment in full of any such Note.

Security: The Notes will be unsecured debt. Generally, if in the event of the termination of operations and the liquidation of the Fund, Investors would be entitled to receive their pro rata share of the liquidation of the Fund's assets after the payment of all other debts and secured debt (if any).

No Redemption: The Notes may not be redeemed by the holders.

Use of Proceeds: The Company intends to use the net proceeds from the sale of the Units to acquire a working interest from Texas Exploration, Inc. in developed oil and gas wells, and for working capital requirements, and other general corporate purposes, with broad discretion by the management of the Company. (see "Working Interest Acquisition" below).

Company Capitalization: The following table sets forth the consolidated capitalization of the Company as of December 31, 2018 and as adjusted to give retroactive effect to the issuance and sale of the maximum number of Units offered hereby. See the "DESCRIPTION OF SECURITIES" section below.

Securities Authorized	Notes Outstanding Prior to Offering	Notes Outstanding After Offering, as Adjusted for Maximum Subscription
8.5% Notes due in 12 months; 9% Notes due in 24 months	-0-	$25,000,000

The Manager: The Company's sole manager is Heartland Production and Recovery, LLC (the "Manager"), a Delaware limited liability company formed in October, 2018, and owned and operated by Brad Pearsey, the manager of the Fund. See "MANAGEMENT" below.

The Manager(s) and Voting Rights: The Company is a manager-managed limited liability company. The Company is not offering any membership interests in this Offering, and investors who purchase the Units will have no equity interest in the Company and will not be members of the Company. Accordingly, investors in this Offering will have no voting or governance rights whatsoever, and no ability to elect or remove the Manager.

Proposed Plan Of Distribution: The Offering will be conducted by management of the Manager, Heartland Production and Recovery, LLC, on a "best efforts" basis through its executives and affiliated persons or officers, none of whom will be entitled to any commission or other special consideration for their selling efforts. The Company may elect, at its discretion, to engage the services of one or more "finders" or qualified FINRA broker-dealer(s) or outside salesperson(s) in connection with the Offering, subject to applicable securities laws.

Investor Suitability Requirements: An investment in the Units and Notes involves a high degree of risk and is suitable only for accredited investors who have no need for liquidity of investment and can afford the high financial risks of such investment. The Company will accept Subscription Agreements for the Units only from investors who are "accredited" within the meaning of Section 506(c) Regulation D under The Securities Act of 1933, as amended. In the case of individuals, persons who have had income of $200,000 (or joint income with spouse of $300,000) or more during the last two years and the same is reasonably expected for the current year, as well as persons with a net worth of $1,000,000, excluding the value of the primary residence, are accredited. See "INVESTOR SUITABILITY REQUIREMENTS" below.

Specialty Investors: The Company intends to accept subscriptions from "feeder funds", which are investment funds formed for the specific purpose of investing in the Units and Notes offered by the Company. Feeder Funds will be accepted as "accredited Investors" in compliance with all applicable state and federal securities and other relevant laws.

Subscription Agreement: The Units investment will be made pursuant to a subscription agreement ("Subscription Agreement") between the Company and each investor, which agreement will contain, among other things, certain representations, warranties and covenants of the investor.

Risks: See "RISK FACTORS" and the other information included in this Memorandum for a discussion of factors you should carefully consider before deciding to invest in the Units.

Available Information: Brad Pearsey, the owner of the Fund, will be available upon request to answer questions concerning the terms of this Offering, to provide any reasonably requested information necessary to verify the accuracy of the information contained in this Memorandum and to provide such other information reasonably requested by prospective investors as they deem necessary for the purposes of considering an investment in the Company. Mr. Pearsey can be reached by telephone at 317-289-7108 or by e-mail at bpearsey@heartlandpar.com

Use of Proceeds: The Company will apply the net proceeds of the Offering (after the payment of various offering expenses, ongoing general and administrative, legal accounting and engineering, and other expenses not to exceed 20% of the Offering proceeds) for the

purchase of working interests in proven oil and gas wells. The prospect wells will have been divested at a discount by larger oil and gas developmental firms which are concentrating on new high-risk drilling opportunities with greater revenue potential.

The Company will retain the services of one or more skilled, experienced and independent oil and gas engineers to review and analyze the work of the Operator and, specifically, to assess the projected barrels per day to be produced, the legal title and ownership of the Interest, and the appraised value of the Interest to be acquired. The engineer will be compensated from the net proceeds of the offering.

The Company will enter into an agreement for the purchase of an 80% working interest in ten wells with Texas Exploration, Inc. ("TE"), a Texas based oil and gas developmental operator (the "Operator") specializing in the purchase of proven oil and gas interests from larger oil and gas developmental companies. The purchase price of $21,150,000 or portion thereof is payable in full in cash from the net proceeds of the Offering. The Company will acquire ownership on a pro rata basis as net proceeds are received from Investors. For example, the first $5 million would represent a 20% interest in the working interest which in turn provides an 80% ownership in the working interest. There is no obligation to acquire the entire working interest for the aggregate price of $21,150,000. The Operator will provide a minimum monthly guarantee to be determined. The Operator is skilled in selecting, purchasing, developing and reworking existing proven properties whose production has fallen below levels required by larger and more highly capitalized major oil producers to retain them further. The Company will retain an 80% interest in the wells with the Operator holding the balance of 20%. See "Business of the Company".

The Company will utilize the net proceeds of the Offering to acquire oil and gas properties suitable for the recovery of oil and gas petroleum products for mature wells that require the use of technology known as secondary and tertiary recovery. The 10 wells to be acquired will be further developed for greater production and, in some cases for workovers that will enhance the value of the previously low producing wells and will provide the Company with an 80% ownership interest in the dollar amount of the $21,150,000 million purchase price of the working interest. Independent Oil and Gas Engineer.

Independent Oil and Gas Engineer: The Company will, retain the services of one more skilled, experienced, independent oil and gas engineer to review the work of the Operator and to assess the estimated barrels per day, per well, the legal title and ownership and the accuracy of the valuation of the acquired working interests has a proven history of success in acquiring oil and gas properties in Texas with good development and workover opportunities. It has operated at efficient and low overhead costs and has utilized advance technologies to improve recovery and exploiting the new reserves. See "The Operator."

INVESTOR SUITABILITY REQUIREMENTS

General

An investment in the Units and the Notes involves risk and is suitable only for persons of adequate financial means who do not have liquidity requirements with respect to this investment and who can bear the economic risk of investment losses up through a complete loss of the investment made hereby. This offering is made in reliance on exemptions from the registration requirements of the Securities Act and applicable state securities laws and regulations.

The suitability standards discussed below represent minimum suitability standards for prospective investors. The satisfaction of such standards by a prospective investor does not necessarily mean that our Units and Notes are a suitable investment for such prospective investor. Prospective investors are encouraged to consult their personal financial advisors to determine whether the investment is appropriate.

In the form of a Subscription Agreement, we will require each investor to represent in writing, among other things, that (i) by reason of the investor's business or financial experience or that of the investor's professional advisor, the investor is capable of evaluating the merits and risks of an investment in the Company and of protecting its own interests in connection with the transaction, (ii) the investor is acquiring the Units in the Company for its own account, for investment only and not with a view toward the resale or distribution thereof, (iii) the investor is aware that neither the Units, nor the Notes, have been registered under the Securities Act or any state securities laws and that transfer thereof is restricted by the Securities Act and applicable state securities laws, (iv) the investor is aware of the absence of a market for the Units and Notes, and (v) such investor meets the suitability requirements set forth below.

Suitability

The Notes may be sold to an unlimited number of natural persons who have a net worth in excess of $1,000,000, excluding value of primary residence; a net income of $200,000 per year; or a net income with their spouse of $300,000 per year; or who are otherwise "accredited investors" as defined in Regulation D under the Securities Act.

Accredited Investors

To be an accredited investor, an investor must fall within ANY of the following categories at the time of the sale of a Unit(s) to that investor:

(1) A natural person whose individual net worth, or joint net worth with that person's spouse, at the time of such person's purchase of our securities, exceeds $1,000,000, excluding value of primary residence; or a natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(2) A trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered hereby, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D;

(3) An organization described in Section 501(c)(3) of the U.S. Internal Revenue Code, a limited liability company, a corporation, a Massachusetts or similar business trust, or a partnership, not formed for the specific purpose of acquiring the Units, with total assets in excess of $5,000,000;

(4) A bank as defined in Section 3(a)(2) of the Securities Act, or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to Section 15 of the Securities and Exchange Act of 1934 (the "Exchange Act"); an insurance company as defined in Section 2(13) of the Securities Act; an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of the Investment Company Act; a Small Business Investment Company licensed by the United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of the Employee Retirement Income Security Act, which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with the investment decisions made solely by persons that are accredited investors;

(5) A private business development company as defined in Section 202(22) of the Investment Advisers Act of 1940;

(6) An executive officer or other person otherwise deemed an insider of the Company; and

(7) An entity in which all of the equity owners are accredited investors (as defined above).

As used in this Memorandum, the term "net worth" means the excess of total assets over total liabilities, excluding value of primary residence. In determining income, an investor should add to the investor's adjusted gross income any amounts attributable to tax exempt income received, losses claimed as a limited partner in any limited partnership, deductions claimed for depletion, contributions to an IRA or KEOGH retirement plan, alimony payments, and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income.

In order to meet the conditions for exemption from the registration requirements under the securities laws of certain jurisdictions, investors who are residents of such jurisdictions may be required to meet additional suitability requirements.

PROCEDURE TO PURCHASE SECURITIES

The suitability standards discussed under "INVESTOR SUITABILITY REQUIREMENTS" above represent minimum suitability standards for prospective investors. Each prospective investor, together with his, her or its investment, tax, legal, accounting and other advisors, should determine whether this investment is appropriate for such investor.

Each investor who wishes to subscribe for Units must provide the Company with the following documents:

(1) A completed and executed Subscription Agreement and Accredited Investor Suitability Letter; and

(2) A check for the full purchase price of the securities for which the investor subscribes payable to "Heartland Production and Recovery Fund, LLC" or a wire transfer to the Company's bank account. Checks should be mailed to the Company at the following address: Heartland Production and Recovery Fund, LLC, 99 Regency Parkway, Suite 209, Mansfield, Texas 76063.

To wire funds to the Company, use the following wire transfer instructions:

Bank: Wells Fargo, 3000 Matlock Road, Mansfield, Texas 76063
Account #: 6812420112
Routing #: 121000248

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THE COMPANY

The Company is an early-stage, manager-managed, Delaware limited liability company organized in January, 2019 as Heartland Production and Recovery Fund II, LLC. The Manager of the Company is Heartland Production and Recovery, LLC whose principal business address is located at 99 Regency Parkway, Suite 209, Mansfield, Texas 76063. The Company's telephone number is (317) 289-7108. The Company is managed by Brad Pearsey, the sole principal and owner of the Fund. See "Management of the Company" below.

The Company was formed to operate as an investment vehicle to acquire working interests in oil and gas properties in Texas. See "Business of the Company".

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BUSINESS OF THE COMPANY

The Company will apply the net proceeds of the Offering (after the payment of various offering expenses, ongoing general and administrative, legal accounting and engineering, and other expenses not to exceed 20% of the Offering proceeds) for the purchase of working interests in proven oil and gas wells. The prospect wells will have been divested at a discount by larger oil and gas developmental firms which are concentrating on new high-risk drilling opportunities with greater revenue potential.

The Company has entered into a working interest purchase agreement with a Texas based oil and gas developmental company called Texas Exploration, Inc (the "Operator"). The Company will utilize the net proceeds of the Offering to acquire portions of the working interest from TE for the purchase of a $21,150,000 working interest on a pro rata basis. The working interest is suitable for the recovery of oil and gas petroleum products from mature wells that require the use of technologies known as secondary and tertiary recovery. The wells acquired will be further developed for greater production and, in some cases, for workovers that will enhance the value of previously low producing wells.

The Company will acquire an 80% interest in the working interest with the Operator retaining the balance of 20%. The Company will own a pro rata share of the $21,150,000 working interest as investor net proceeds are received for investment. The Company shall retain the services of one or more skilled, experienced, independent oil and gas engineers to review the work of the Operator and to assess the estimated barrels per day per well, the legal title and ownership of the working interest and the validity of the valuation of the acquired working interest. The Operator has a proven history of success in acquiring oil and gas properties in Texas with good development and workover opportunities. It has operated at efficient and low overheard costs and has utilized advanced technologies to improve recovery and exploring for new reserves. See "The Operator."

MANAGEMENT OF THE COMPANY

Brad Pearsey has been in the financial services industry for well over a decade. During that time Brad has worked with clients and advisers all over the country. He has owned his own Registered Investment Advisory firm as well as his own alternative investment company. He has helped companies setting up their funds and offerings with compliance and due diligence support and assisting these companies with best business practices and protocols. Brad has most recently been working in the oil/gas industry assisting in raising capital and developing sound business objectives. His goal is to create opportunities for investors and oil businesses to partner together in creating American job opportunities as well as American produced oil. He attended Indiana Wesleyan University with an emphasis on accounting and finance. He lives just outside of Indianapolis, IN with his wife of 21 years and their 5 children.

THE OPERATOR

Texas Exploration, Inc
The Business of TE

As the Company operator, Texas Exploration's (TE's) objective will be the acquisition and development of proven producing properties. TE's corporate strategy takes advantage of mature properties divested by larger oil and gas firms, concentrating on new, high risk drilling opportunities. Midsize and major oil companies, with a higher overhead and production cost, have changed their focus to more capital-intensive, new drilling, international and offshore programs.

Prospective working interest acquisition candidates are characterized by predictable decline curves, demonstrated stability in production, extended economic life, and an easily identified upside potential. All of these factors combined with TE's experienced management and operations structure contribute to the achievement of superior risk adjusted returns. TE, as a private oil and gas entity, does not carry the elevated overhead of larger oil and gas companies, thus lower development and per barrel lifting costs allow it to achieve higher profitability from wells that have fallen out of favor with their current owners. The simple transfer of property ownership to TE's cost-effective management and operations model should have the result of reducing dramatically the operational expense related to the oil and gas wells.

TE will operate the recovery of oil and gas reserves from mature wells that require the use of special techniques known as secondary and tertiary recovery. These methods require a broad understanding of engineering, oil field mechanics, and reservoir manipulation. Increased and sustained production is most often achieved through a combination of these components.

TE seeks to make prudent purchases of existing reserves that will allow for significant yields over a period of 15+ years through:

- Acquiring oil and gas properties with significant development and workover opportunities
- Operating on a low overhead cost structure
- Enhancing the value of the properties through workovers, improved operations, and, secondary and tertiary recovery methods
- Utilizing advancements in technology to improve recovery and/or finding new reserves

TE will access publicly available oil and gas information from

- Texas Railroad Commission, the supervising authority for oil and gas, where detailed production history can be found for all oil wells
- Drillinginfo.com, a website that provides detailed information regarding all drilled oil wells
- Lasser.com, another website with in-depth information regarding oil well history as well as future secondary and tertiary recovery zones

In addition to the above, the in-house expertise interprets well logs, geological information and surrounding well information. In order to achieve acquisitions that show the highest potential combined with the lowest risk exposure.

Once acquired, TE will seek to develop the assets toward their full potential. The process focuses on the ability to enhance the production and the economics of the oil wells through workovers, re-completions, and optimization of secondary and tertiary recovery operations including:

- Replacement of worn equipment including rods, tubing, valves, and/or pumps
- Completion of bypassed pay zones

- Re-frac or chemical stimulation using more modern techniques
- Pump changes to right size artificial lift equipment

TE's Geological Philosophy

TE's current acquisition and exploration philosophy has been an extension of the company's original philosophy of finding projects that were supported primarily with subsurface control and production histories. This idea is still being honored; only the size of the projects has grown to include entire fields, instead of isolated wells. While the proliferation of 3D seismic has clearly accelerated the discovery of new secondary recovery fields, many companies have focused on the advancements made in rework technologies, such as acidizing and fracturing. TE has applied these advances in known producing areas, which have been underdeveloped or undeveloped by major oil companies. Clearly all these technologies have to be utilized in order to avoid losing out on opportunities. TE believes that with the current industry contractions, which are leading to the reduction of the domestic operations by the majors, TE's niche of looking for developed fields to enhance is an opportunistic path on which to proceed in today's market.

MANAGEMENT OF TE

EDDIE HINOJOZA
CHIEF EXECUTIVE OFFICER

Eddie is a U.S. national and has enjoyed a long career in business management and development. His professional career in business management began in the automotive industry and he successfully grew and developed many businesses over an extensive 25 years in this industry. Much knowledge, experience, networking, and accomplishments were built during his time in this industry. After so many years of success Eddie sold his business that he worked very hard to build and turned his interest to the growing oil and gas industry.

In 2012 Eddie became Vice President of Business Development for a small oil and gas exploration company in Texas. In this position his primary focus was on the company's new drilling projects in the oil and gas fields of Texas. This company was primarily an exploration and new drilling company. Eddie analyzed and researched new projects throughout the state of Texas. He also maintained communication with the company investors, assisted with client services, and kept investors informed as to the day to day developments of each oil well project. Eddie was responsible for all finances coming into and out of each project, as well as the income and expenses. Eddie also interacted and communicated with the operators and drillers to help oversee each project. While serving in this position Eddie gained much knowledge of project development, operations, services, procedures, and planning execution for the oil and gas industry. It was because of this experience as well as the respect he has from people in his community that led him to his current position.

Eddie is currently serving as one of the co-founders and the Chief Executive Officer for Texas Exploration, Inc. He took on this position because of his growing appreciation and passion for this industry and because of a business model that gives the working interest partners a lower risk, higher return of investment. His main objectives with TE are to oversee the accounting and daily operations of the company. His current responsibilities include, but are not limited to the following: overseeing the management of all client paperwork and keeping them in proper order; purchasing of projects from operating companies; overseeing all necessary working permits for projects; reconciling monthly statements from all operating projects as well as other accounting tasks; and performing due diligence and/or analysis of prospective projects for the company to consider.

Throughout his professional business career, Eddie has been a part of several reputable organizations in his community such as The Boys and Girls Club, The Rotary Club, and has served on the board of directors of Women in Need.

JANERIC JONSSON
CHIEF FINANCIAL OFFICER

Janeric is a Swedish National and started his business career in the banking industry. From 1980, at the young age of 18, he began his career in Sweden's largest bank, now known as Swedbank. After 5 years of working in several positions, he was appointed head of the department for the regional bank's financial affairs. In 1990 Janeric left the banking world and with the help of a business partner, started a CPA firm. This firm had its focus in financial planning and quickly became a success within 6 months. In the beginning of 1996, a new CPA client came in and wanted help. Janeric, while examining the profit & loss statement for this client saw a "strange" asset, it was called "Working Interest in an oil well". Curiosity and the will to find new business avenues led Janeric to investigate that asset class further. This investigation led him on a trip to Texas with his client to learn more. Janeric saw so much business potential in the industry that within 6 months of his trip to Texas he sold his part in the CPA firm to his partner and began his journey into the oil & gas industry which is still ongoing. Within the first 5 years in the business, Janeric coordinated the help of several Texas operators, geologists, engineers, pumpers and other experts. He and his team of experts have been involved in investments in oil & gas wells in excess of more than $100 million. With even more dedication to the possibilities that he saw he knew he needed to be closer to the "action" rather than continue the 30-40 trips a year between the U.S. and Sweden. In November of 2004, Janeric moved to Texas and set his home in Frisco, North of Dallas, TX. Because of the intimate and great co-operation with Petromax Operating Co, Inc. in Garland, TX, Janeric soon became their business developer for international affairs. After 6 years of learning the business and with amassing a large international clientele with Petromax in every continent, and more specifically in 67 countries all over the world, Janeric decided that it was time to head back to Europe. Confidently knowing that he had, at this point, built a substantial network of clients and contacts over the years, and realizing the benefits of technological advancements in communication he felt that he could successfully continue his professional journey in this business after the move back.

After a couple of years as a CFO for a publicly traded oil investment company, Janeric met with Eddie Hinojoza over a brunch while visiting Texas in early 2015. The idea of doing a project together grew and came to life by the summer of 2015. Additional partners, such as Mr. Ulrich Andersson, would be added and soon after Texas Exploration, Inc. would be incorporated.

Janeric's focus and big interest lies in the economics of the oil and gas business. To find those opportunities in smaller wells, that the larger oil companies have no interest in, is the challenge.

Janeric's strengths are the vast experience and knowledge that he has gained over his professional lifetime. His skills of organization, financial wisdom, attention to detail, and passion for the oil & gas industry with all its facets and/or complexities make him an asset to the TE organization he currently helps manage and develop.

ULRICH ANDERSSON
FIELD & PROSPECT MANAGER

Ulrich is a Swedish national and has been a successful entrepreneur and professional businessman in the oil and gas, mining, and forestry industries since 1999. Ulrich is well acquainted with the Swedish stock market as he has been successful in taking several of the companies he has worked with to be publically traded. In 2001 Ulrich served as CEO for a Swedish publically traded oil investment company and left that position in 2014. He also served as Chairman of the Board for another publically traded company within

the same field that began in 2008, this position also ended in 2014. His oil and gas experience has mainly been focused in the Texas and European markets. In Texas his main objectives were the following: pre-evaluation of data for drilling and rework programs; managing the economics of projects during drilling, reworks, and production; and evaluation and/or acquisition of producing oil and gas projects. In Europe, Ulrich's keen analytical skills have been more focused on the areas of 2D and 3D seismic survey, exploration and side-track drilling, pipeline, and gas production. Ulrich also has some experience in acquiring or raising TE for public junior energy companies in the European market.

Ulrich's experience and business expertise is currently being utilized as one of the key founders and a highly valued consultant for Texas Exploration, Inc. (TE). Ulrich brings much strength to the management team of TE. As already mentioned, he is very knowledgeable in the oil and gas industry, he is an excellent problem solver, very detailed, and brilliant in analytics of data. Ulrich also has been able to create a sizeable sphere of influence while networking with other professionals throughout his many years in the oil and gas industry. His intelligence, "can-do" spirit, and "never quit, never give up" attitude is truly an asset to TE.

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Description of the Well

The following description acquired by the Company is provided by TE.

Texas Exploration, Inc. ("TE") is pleased to present the following 10 well program.

All of the wells are located on the Conway lease in Palo Pinto County, Texas.

Background

The area has a long history of producing from the Strawn formation (approx. 2,200 – 2,600 ft.) with good results. Texas Exploration has discovered, with help from geologists and petroleum engineers, that there is also significant oil and gas to be developed from the Marble Falls Formation (approx. 3,800 – 4,100 ft.) and, which is the most exciting one, the Sahota-Ellenburger Formation (approx. 4,500 – 4,800 ft.).

These formations have been known to the industry for decades and are considered to be predictable formations to produce from. Marble Falls is described as in some areas of the basin, it is more of calcareous sandstone than a sandy limestone, and it is technically more correct to refer to it as the Strawn Formation rather than the Marble Falls limestone. This fact has only come to light within the last few years with the availability of better quality wireline logs and the acquisition of cores in some key areas.

The Bryson is the most prolific of all of the Strawn Formations and is known for its low resistivity pay sandstones.

The Ellenburger was initially discovered in 1961 in North Texas, and is widely known throughout the State of Texas as it is one of the major formations in the Permian Basin in West Texas

Present

The WTI oil price is above $45/bbl, which makes these wells have a great potential for an income upside when and if the oil price increases.

All 10 wells are gross 72+ BOE/day producers and have additional upside through the Sahota-Ellenburger formation, which could increase production significantly.

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Economics

In our pro-forma economics, we have made the following assumptions;

	Present	High	Low
Oil Price (Bbl):	$45	$60	$35
# of producing wells:	10	10	10
Days of production/month	30	30	27
Current total production (Bbls/day):	760	1,200	500
Royalty (%):	23	23	23
Oil Production Tax (%):	4.60	4.60	4.60
Gas Production Tax (%):	7.50	7.50	7.50
Operating Expenses (LOE) (month):	$15,000	$17,200	$15,000
Production Decline (average %):	2.5	2.5	5.0
Working Interest Ownership (%):	80.00 in each well	80.00	80.00
Net Revenue Interest (%):	61.60 in each well	61.60	61.60
Net Revenue / month:	$587,940	$1,252,150	$293,520
Annual Rate of Return (%):	33.59	71.50	16.77

Above pro-forma economics are just for illustrational purpose. Past performance is not a guarantee for future income. Oil price and production volumes, as well as production days, will vary.

Acquisition

We hereby offer to sell 80.00% Wellbore Working Interest in each of the ten wells. Texas Exploration, Inc. will own the remaining 20.00%

Total Acquisition cost includes Purchaser's above Working Interest to the Wellbore.

Total acquisition cost is $21,150,000, to be paid with $3,000,000 as soon as possible. The remaining $18,150,000 is to be paid in increments of $4,500,000 every 30 days. Ownership and production revenues will be earned proportionally as from the day the funds become available for Texas Exploration.

EXHIBIT A

Wells included

WELL'S NAME	LEASE NAME	COUNTY
Sahota Conway #1-10	Conway	Conway, Texas

RISK FACTORS

An investment in the Company's Units and Notes involves substantial risk. Prospective investors should consider carefully the factors referred to below as well as others associated with their investment. In addition, this Memorandum contains forward-looking statements regarding future events and the future financial performance of the Company that involve risks and uncertainties. Investors are cautioned that such statements are predictions and beliefs of the Company, and the Company's actual results may differ materially from those discussed herein. The discussion below includes some of the material risk factors that could cause future results to differ from those described or implied in the forward-looking statements and other information appearing elsewhere in this Memorandum. If any of the following risks, or any additional risks and uncertainties not listed below and not presently known to us, actually occur, our business could be harmed or fail. In such case, you may lose all or part of your investment.

The following risk factors, in addition to those discussed elsewhere in this Memorandum, should be carefully considered when evaluating the Company as an investment opportunity.

General Risks Associated with an Early Stage Company

We have limited operating history upon which you may evaluate us. The Manager was formed in October, 2018 as a Delaware limited liability company. The Manager sponsored and sold Notes of an initial fund for $6.8 million in the last quarter of 2018. The economic results of that Fund have yet to be determined. The Manager and the Company have limited operating history upon which you may evaluate the business and prospects. The business and prospects must be considered in light of the risk, expense, and difficulties frequently encountered by companies in early stages of development, particularly companies in highly competitive and evolving markets. If we are unable to effectively allocate our resources, or generate revenues, our business operating results and financial condition would be adversely affected and we may be unable to timely service the debts evidenced by the Notes, and the Notes may go into default.

Our success is dependent on our management and key personnel. We believe that our success will depend on the continued expertise of Brad Pearsey, who is also the owner and operator of the Company's sole Manager, Heartland Production and Recovery Fund, LLC. Moreover, there could be adverse consequences to the Company in the event that any of our senior management ceases to be available to the Company. The success of the Company is therefore expected to be significantly dependent upon the expertise and efforts of Mr. Pearsey. Our success may also depend on the assistance of advisors. If Mr. Pearsey, or any of our advisors, were unable or unwilling to continue in their positions, our business and operations could be disrupted or fail.

Management has broad discretion as to the use of proceeds. The net proceeds from this **Offering will be used for the purposes described in "BUSINESS OF THE COMPANY." The Company reserves the right to use the funds obtained from this Offering for other similar purposes not presently contemplated, which it deems to be in the best interests of the Company and its stakeholders in order to address changed circumstances or opportunities. As a result of the foregoing, the success of the Company will be substantially dependent upon the discretion and judgment of management with respect to application and allocation of the net proceeds of this Offering. Investors for the Units offered hereby will be entrusting their funds to the Company's management, upon whose judgment and discretion the investors must depend.**

Management has voting control of the Company. The Company is a manager-managed limited liability company. Investors in the Units and Notes of the Company have no authority to govern the affairs of the Company, and no voting rights to elect and remove the Manager in accordance with the provisions of any Operating Agreement. The Manager of the Company is already in place, and it presently holds all of the

ownership in the Company and expects to continue to hold such interests after the Offering. Investors in this Offering are not being offered membership interests in the Company and accordingly are not members of the Company and have no governance or voting authority or rights.

Actual results of operations may vary from the Company's internal projections. Management has prepared projections for its internal use regarding the Company's anticipated financial performance. **The projections will not be available to investors.** The Company's projections are hypothetical and based upon a presumed financial performance of the Company's business and other factors influencing our business. The projections are based on management's best estimate of the probable results of operations of the Company, based on present circumstances, and have not been reviewed by any independent accountants. Any projected financial results prepared by or on behalf of the Company have not been independently reviewed, analyzed, or otherwise passed upon. Any "forward-looking" statements herein are based on various assumptions, which assumptions may prove to be incorrect. Such assumptions include but are not limited to (i) anticipated demand for our oil and gas products, and (ii) anticipated costs associated with the recovery of oil and gas. Some assumptions, upon which the projections are based, however, invariably will not materialize due to the inevitable occurrence of unanticipated events and circumstances beyond our control. Therefore, actual results of operations will vary from the projections, and such variances may be material. Assumptions regarding future changes in sales and revenues are necessarily speculative in nature. In addition, projections do not and cannot consider such factors as general economic conditions, unforeseen regulatory changes, the entry of additional competitors into our target market, the terms and conditions of future capitalization, and other risks inherent to our business. Accordingly, there can be no assurance that such projections, assumptions, and statements will accurately predict future events or actual performance. Any projections of cash flow should be considered speculative and are qualified in their entirety by the assumptions, information and risks disclosed in this Memorandum. Investors are advised to consult with their own independent tax and business advisors concerning the validity and reasonableness of the factual, accounting and tax assumptions. No representations or warranties whatsoever are made by the Company, its affiliates or any other person or entity as to the future profitability of the Company the payment of interest and principal to investors or the results of making an investment in the Units and the Notes.

We may not effectively manage growth. The anticipated growth of the Company's business will result in a corresponding growth in the demands on the Company's management and its operating infrastructure and internal controls. While we are planning for managed growth, any future growth may strain management resources and operational, financial, human and management information systems, which may not be adequate to support the Company's operations and will require the Company to develop further management systems and procedures. There can be no guarantee that the Company will be able to develop such systems or procedures effectively on a timely basis. The failure to do so could have a material adverse effect upon the Company's business, operating results and financial condition.

Our efficiency may be limited while our current employees and future employees are being integrated into our operations. In addition, we may be unable to find and hire additional qualified management and professional personnel to help lead us. There is intense competition for qualified personnel in the area of the Company's activities, and there can be no assurance that the Company will be able to attract and retain qualified personnel necessary for the development of our business. In addition, there is a risk of a conflict of interest between the interests of our management and key technical personnel, and the interests of the Company, as well as their interests in other potential unrelated activities. If such conflicts arise, this could have a material adverse impact on the Company's business.

Increased IT security threats and more sophisticated and targeted computer crime could pose a risk to our systems, networks, products, solutions and services. Increased global IT security threats and more sophisticated and targeted computer crime pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. While we intend to mitigate these

risks by employing a number of measures, including employee training, comprehensive monitoring of our networks and systems, and maintenance of backup and protective systems, our systems, networks, products, solutions and services remain potentially vulnerable to advanced persistent threats. Depending on their nature and scope, such threats could potentially lead to the compromising of confidential information, improper use of our systems and networks, manipulation and destruction of data, downtimes and operational disruptions, which in turn could adversely affect our reputation, competitiveness and results of operations.

Risk Factors Related to Oil and Gas Business

The following risk factors, as well as the other information contained in this Memorandum, in evaluating an investment in the Notes offered hereby. This Memorandum contains certain forward- looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth below and elsewhere in this Memorandum.

Investing in Oil and Gas is Speculative. Oil and gas ventures are risky by nature. Although there have been significant advances in technology regarding the determination of the potential success of oil and gas ventures, there is no sure way to predict if a well, prospect, lease or mineral interest will be economically viable. Likewise, oil and gas exploration has a degree of risk that has been marked by unprofitable efforts since the days of its infancy in the early twentieth century, not only resulting from the drilling of "dry holes," but also from the drilling of wells which, though productive, do not produce oil or gas in sufficient quantities to return a profit on the costs expended. Because investment in the Notes is speculative, you should be prepared for the possibility of a total loss of your investment. You should only participate if you are able to absorb such a total loss.

There are Unavoidable Natural Hazards Associated with Oil and Gas Property Exploration and Field Development. Certain conditions are beyond our control, such as unexpected pressures, blowouts or unusual formations. Other conditions encountered in drilling or well enhancement may cause hazards, pollution, or other damages which may result in the loss of a portion or all of a well or project. Additionally, circumstances may occur that would prevent production from a well that would otherwise be productive or would cause production from a well to be deemed prohibitively expensive, as in the case of excessive water or paraffin buildup. Also, extreme weather conditions may sometimes impede or delay drilling, completion, or production of a well.

We Face Possible Operating and Environmental Hazards. Certain operating and environmental hazards such as spillage of petroleum liquids, discharge of toxic gases or wastes, contamination of water sources, and other unforeseen conditions may be encountered. As a result of such hazards, it is possible that, even as non-operators of the wells, we may incur substantial liabilities to third parties or governmental agencies, the payment of which could reduce or eliminate cash available from producing properties to service the Notes, or could result in the complete loss of projects or wells in which we own an interest. Also, future governmental regulations relating to environmental matters could increase the cost of doing business, or require the alteration or cessation of operations. Such actions could substantially affect both the return on our capital and our liabilities. Any of these factors could jeopardize the payment of current interest or the repayment of the Notes upon maturity.

The Oil and Gas Industry is Highly Competitive. We will be competing with numerous other companies, both major oil companies as well as independents, many of which have greater financial resources and technical staff expertise than may be available to us, for acquiring producing working interests in oil and gas wells at competitive prices.

Potential World Commodity Prices for Crude Oil and its Derivative Products May Have a Direct Effect on Our Chances for Profitability. Historically, oil and gas prices have been highly volatile as supply and demand manifests themselves in the market for hydrocarbons. At times, production from productive oil and gas wells in many geographic areas of the United States has been curtailed due to lack

of market demand, and it is possible that such curtailments may arise in the future. If such an event should occur in the areas in which we intend to be engaged, it is possible that our wells may be shut-in or that the oil and gas produced there from may be sold at prices or on terms that are less favorable than might otherwise be obtained in times of greater demand. It is also possible that the oil and gas interests we intend to invest in may not be productive enough to be profitable.
Also, although the Organization of Petroleum Exporting Countries (OPEC) exerts a great deal of control over market prices based on their efforts to curtail production in order to keep the price of oil at certain levels, not always are they successful in their cartel efforts.
In addition, the major oil companies are always seeking larger and larger oil fields offshore and in the remote areas of the world. The discovery of another highly productive field (e.g., North Slope of Alaska, etc.) could have a significant downward impact on the price for oil or natural gas.
Also, violence and instability in the Middle East have been shown to have a correlation to the price of oil. It is unlikely that such political instability will cease in the near future.
All of these factors may cause our oil and gas drilling, development, leasing and/or oil and gas interest acquisition activities to become less profitable or unprofitable due to lower-than-expected prices.

We are Reliant on the Expertise of Our Key personnel and expert consultants. We will depend to a great extent on the experience and expertise of our Operator and our key personnel and expert consultants. The death, resignation, or disability of any of these persons may have a materially adverse effect on the conduct of our activities and on our ability to successfully execute our business plan and to pay the principal and interest on the Notes. Certain services to be provided to the Company, such as legal, accounting, marketing, transportation, well operations, maintenance, project origination and technical or consulting services, may be performed by our Affiliates or related parties under common control. Conflicts of interest for the individual members of our sponsoring member and others associated with this Company by way of contract may also arise. Such individuals, either directly or indirectly, may provide services to other oil and gas related programs or may engage in oil and gas exploration and development for their own account and the account of others. Also, other companies may retain carried interests (e.g., working interest, overriding royalty interest, etc.) in the leases acquired by the Company. Such persons may also be involved with other oil and gas companies and in other aspects of the petroleum industry. All of these activities may result in conflicts of interest.

There Is No Assurance That the Workover Projects Will Be Productive. Through our Operator, we will attempt to select wells or projects that are in historically productive geological areas or areas of new potential. However, there can be no assurance that the wells or projects chosen will be economically viable or will yield financial results similar to other wells or projects producing oil and gas in the same geological area or that the wells, leases, or oil and gas interests acquired will produce oil and gas in quantities sufficient to return the cost of acquisition. Therefore, there can be no assurance that an investment in the Notes will be profitable or that you will recover all or any part of your investment in the Notes.

There Can Be No Assurance of Adequate Liability Insurance Coverage. Our oil and gas field Operator, including drilling contractors, such as will be retained by the Company to manage the day-to-day drilling and/or servicing of wells on a given property are usually required by state law to carry and maintain certain performance bonds in order to continue as operators in good standing. Further, field operators usually maintain liability insurance coverage. However, there is no mandatory requirement for a field operator to maintain a specific amount of liability insurance or to maintain insurance coverage altogether. The absence of insurance coverage for a particular field operator would expose the Company to greater liability and risk than if insurance were continued in force. This, of course, could also cause a material negative impact on the Company's profitability and the ability to service the Notes and to repay all principal and accrued interest on the Notes.

We will endeavor to require each of the Company's operators to provide proof of liability insurance under each of their respective operating agreements and economic protection via contract. Although we will endeavor to cause such insurance to be carried, there is no guarantee that the amount of coverage, terms, or conditions of the insurance will not be materially changed in the future. Such insurance is

usually intended to cover certain natural hazards such as blowouts. However, the operators may not be able to insure or may elect not to insure against certain other hazards due to premium costs or other reasons. We, however, will endeavor to ensure that all agreements with field operators and drilling contractors will require them to secure and maintain an insurance policy for bodily injury liability and to maintain such insurance coverage thereafter as is deemed appropriate. Such insurance coverage would apply to new, producing, plugged and abandoned wells in which the Company has an interest.

You Should Seek Out Independent Legal Advice. Neither we nor the attorneys for the Company intend to give you any legal advice or counsel whatsoever. We strongly recommend you consult with your legal advisors regarding the inherit risks of the Company before investing in the Notes.

We Are Subject to Fluctuating Market Prices; Recent Reduction of Oil Prices. Although many oil and gas industry analysts opine that an undersupply, rather than an oversupply of oil and gas may be prevalent in future markets, there is the possibility that restrictions on market access may occur in the future, which could result in a reduction in the amount of oil and gas marketed from the wells drilled or acquired by the Company or in the price paid to third parties for oil and gas delivered, or both. Oil prices recently have declined significantly as worldwide supply has in some instances exceeded demand in the world economy which is now experiencing a slowdown. The Company may or may not enter into any futures contracts for the sale of production from its wells. Oil and gas produced by the Company's wells may be sold on the "spot market" in order to take advantage of higher seasonal prices. However, there can be no assurances that this technique will protect the Company from seasonal price drops.

Our Leases May Have Title Defects. Normally, we will not obtain title insurance on leasehold interests or other oil, gas and mineral interests, including royalty interests which the Company acquires from its Operator. While we will exercise normal procedures and take all prudent precautions in the acquisition and assignment of the leases or interests acquired by the Company, there is no assurance that losses will not result from title defects or from defects in the assignment of rights. However, a third-part oil and gas engineer will be searching the title record on our behalf to assure good title.

There Is a Limited Liquid Market for Working Interest Ownership. You must assume the risks of purchasing an illiquid asset. Transferability of working interests is limited and there is no guarantee of any market for the working interests.

Consistent Revenue Distributions May Not Be Possible Due to Unavoidable Delays. There are a number of factors that could cause a delay in the beginning or continuance of interest payments to you, including, but not limited to, title defects, completion problems, problems with well production equipment, compression problems, pipeline space availability, availability of oil and gas markets, acceptable price considerations, and regulatory or environmental concerns over which we will have no or limited control. The amount and frequency of interest payments will depend primarily on the cash receipts from the sale of production, and upon the expenses involved in the production thereof. Assuming that production is established from interests in wells acquired and/or serviced by the Company, it is our intention to make interest payments to you on a monthly basis. However, there are no guarantees or assurances of when cash payments will commence or as to the amount of such payments.

Our Forecasts Are Reliant Upon Hypothetical Projections and Lack Independent Review. We have prepared projections for our internal use from the basics of our business model. The interest payments on the Notes are based on assumptions believed to be reasonable. Such projections are strictly hypothetical in nature, and there is no assurance or guarantee expressed or implied that results of the wells acquired, drilled or reworked by the Company's Operator will be similar to our internal projections, or that the wells will produce oil and gas in commercial quantities, if at all. There has been no independent economic review made of the merits of an investment in the Notes. You will assume the risk that the actual results of the Company's activities may be significantly different than those shown in our internal private projections, and the risk that you may lose your entire investment.

Estimated Costs Are Not Certain. Costs to be borne by the Operator for the oil and gas projects selected for production cannot be ascertained with certainty. Estimates of such costs per well and per mineral acre have not been determined by an independent process, but are believed to be reasonable and consistent with such costs available from other operators for similar services. Due to the competitive nature of the oil and gas industry and to the dependence on the resources of the selected contractors or other independent contractors, there is no assurance that such services might be obtained at costs either higher or lower than those paid by the Operator. If difficulties are experienced, cost overruns will be borne by the owners. Excessive costs of completion due to complications may cause a well to become commercially unproductive, necessitating its eventual abandonment, or resale at a loss.

Risks Associated with an Investment in the Notes

Best efforts offering. This Offering is being made on a "best efforts" basis with no minimum number of Units required to be sold. As subscriptions are accepted (and any required rescission periods expire), the subscription funds will be available for use by the Company immediately for its intended use of proceeds. Subscriptions are irrevocable (after expiration of any rescission period) and subscribers will not have the opportunity to have their funds returned notwithstanding any future lack of success in recruiting other investors. Accordingly, initial subscribers will necessarily have a greater degree of risk. The Company has not engaged the services of a placement agent or underwriter with respect to the Offering, and will offer the Units through its managers and executive officers at its discretion. Nevertheless, the Company may seek, at its discretion, to engage the services of a qualified FINRA broker-dealer. The Company will engage outside "Finders" in connection with the Offering.

There is no minimum dollar amount for this offering and investors' subscription funds will be used by us as soon as they are received. There is no minimum number of Units required to be sold in this Offering. There is no assurance that all or a significant number of Units may be sold in this Offering. We will use investors' subscription funds as soon as they are received. If only a small portion of the Units are placed, then the Company may not have sufficient capital to spread the risk of the working interests among several such interests. The Manager has the right to terminate the Offering at any time for any reason regardless of the number of Units sold. There is no assurance that we could obtain additional financing or capital from any source, or that such financing or capital would be available to us on terms acceptable to us. Under such circumstances, the Company's plans would need to be scaled down, and this would have a material adverse effect on the Company's business.

Notes are not guaranteed and could become worthless. The Notes are not guaranteed or insured by any government agency or by any private party. The amount of interest payments is not guaranteed and can vary with market conditions. The return of all or any portion of the amounts invested in the Notes is not guaranteed, and the Units could become worthless.

We are relying on certain exemptions from registration. The Units are being offered for sale in reliance upon certain exemptions from the registration requirements of the Securities Act and applicable state securities laws. If the sale of the Units were to fail to qualify for these exemptions, purchasers may seek rescission of their purchases of the Units. If a number of purchasers were to obtain rescission, the Company would face significant financial demands, which could adversely affect the Company as a whole, as well as any non-rescinding purchasers.

If the Company incurs debt, there may be risks associated with such borrowing. If the Company incurs indebtedness, a portion of its cash flow will have to be dedicated to the payment of principal and interest on such indebtedness. Typical loan agreements also might contain restrictive covenants, which may impair the Company's operating flexibility including the requirement that interest payments under the Notes be subordinated to the payment of the debt. Such loan agreements would also provide for default under certain circumstances, such as failure to meet certain financial covenants. A default under a loan agreement could result in the loan becoming immediately due and payable and, if unpaid, a judgment in favor of such lender which would be senior to the rights of Noteholders. A judgment creditor would have the right to foreclose on any of the Company's assets resulting in a material adverse effect on the Company's business, operating results or financial condition. As a result, the Notes repayment could be jeopardized or prevented in whole or in part.

Future capital needs. The Company believes that the net proceeds of the Offering of the Units will be sufficient to fund the operations and growth of the Company for the foreseeable future, assuming that it sells all 500 Units offered hereby. Nevertheless, in the event additional funding is required, no assurance can be given that additional financing will be available at all or on terms favorable to the Company. If adequate funds were not available to satisfy either short or long-term requirements, the Company would be required to limit its operations significantly and could be unable to continue in business, with a resulting loss of all or part of investments made by the Company's investors in the Notes.

The Units and Notes are restricted securities and a market for such securities will likely never develop. Investors should be aware of the potentially long-term nature of their investment. Each purchaser of Units and Notes will be required to represent that it is purchasing such securities for its own account for investment purposes and not with a view to resale or distribution. Purchasers may be required to bear the economic risks of the investment for an indefinite period of time. The Company has neither registered the Units nor the Notes, under the Securities Act. Consequently, Noteholders may not be able to sell or transfer their securities under applicable federal and state securities laws. Moreover, there is no public market for the Company's Notes, such a market is not likely to develop prior to a registration undertaken by the Company for the public offering of its Notes for its own account or the account of others, and there can be no assurance that the Company will ever have such a public offering of its Notes. Ultimately, each investor's risk with respect to this Offering includes the potential for a complete loss of his or her investment.

The Offering price is arbitrary. The price of the Units and the Notes offered has been arbitrarily established by the Company, without considering such matters as the state of the Company's business development and the general condition of the industry in which it operates. The price of the Units and Notes bears little relationship to the assets, net worth, or any other objective criteria of value applicable to the Company.

Additional unforeseen risks. In addition to the risks described in this section, "RISK FACTORS," and elsewhere in this Memorandum, other risks not presently foreseeable could negatively impact our business, could disrupt our operations and could cause the Company to fail with the inability of the Company to service the debt on the Notes. Ultimately, each investor in the Units and Notes bears the risk of a complete and total loss of his/her/its investment in the Notes.

Certain Relationships and Related Transactions

Management of the Company

The Company's Manager and advisors intend to devote only such time to operations as they, in their sole discretion, deem necessary to help carry out operations effectively. The Company's manager and advisors may work on other projects, and conflicts of interest may arise in allocating management time, services or functions among affiliates.

Conflicts of Interest

Potential conflicts of interest may arise in the course of our operations involving affiliate companies, as well as their interests in other potential unrelated activities. Accordingly, in addition to such potential conflicts of interest noted herein and under "Management of the Company" above, other conflicts of interest may exist or may arise in the future. The Company does not have any formally documented procedures to identify, analyze or monitor conflicts of interest.

Previous Fund

During the late fall of 2018, the Manager offered nine-month promissory notes in an initial fund ('Initial Fund') of $6,600,000. The Initial Fund acquired a 49% working interest in 2 wells owned by Texas Exploration, Inc ('TE') for a total purchase price of $4,975,000. The Manager will oversee and monitor the operations of the Initial Fund which is now closed off and will not offer additional promissory notes or acquire further properties or working interests. Nevertheless, the Manager will be required to spend a normal amount of time and effort in actively managing the Initial Fund for the benefit of its Noteholders. However, it is the view of the Manager that Mr. Pearsey and other personnel will have more than enough time to devote to the business and operations of the Company and does not consider the duty of the Noteholders to be a conflict of interest. Any investor who may feel otherwise, however, and is of the view that the Manager will be conflicted should contact his or her financial advisor or attorney before deciding whether or not to invest in the Unites and Notes.

Duties of the Manager to the Company

Duty of Care and the 'Business Judgment Rule'

Just as officers and directors of corporations owe a fiduciary duty to their shareholders, the Manager is required to perform its duties with the care, skill, diligence, and prudence of like persons in like positions. The Manager will be required to make decisions employing the diligence, care, and skill an ordinary prudent person would exercise in the management of their own affairs. The 'business judgment rule' should be the standard applied when determining what constitutes care, skill, diligence, and prudence of like persons in like positions.

Duty of Disclosure

The Manager has an affirmative duty to disclose material facts to investors who may become Noteholders. Information is considered material if there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision. During the Offering, the Manager must not make any untrue statements to the Noteholders and must not omit disclosing any material facts to the Noteholders.

Duty of Loyalty

The Manager has a duty to avoid undisclosed conflicts of interest. Before raising money from investors, the Manager must disclose any conflicts that may exist between the investment interests of such Manager and the investment interests of the Company or any of the individual investors.

Litigation

The Company is not presently a party neither to any material litigation, nor to the knowledge of the Manager is any litigation threatened against the Company, which may materially affect the business of the Company or its assets.

Transfer Agent and Registrar

The Company will act as its own transfer agent and registrar for the Units issued hereby.

MARKET PRICE OF THE UNITS AND NOTES

The offering price of the Units and Notes has been arbitrarily established by the Company and does not necessarily bear any specific relation to the assets, book value or potential earnings of the Company or any other recognized criteria of value. Neither the Units, nor the Notes, have been registered under the Securities Exchange Act of 1934. Our Units have not been traded or quoted on any exchange or quotation system. There is no public market in which shareholders may sell their Notes, and there is no reasonable likelihood that such a market will ever develop. The securities offered hereby are restricted and the investors' rights to sell or transfer their interests are severely limited.

Assuming the Company sells all 500 Units offered hereby, the Company believes that the net proceeds from the Units offering will be sufficient to fund the Company's operations for at least 12 months and to acquire adequate working interests to service the Notes. If the Company sells less than the full number of Units offered hereby, the Company may need to raise additional capital sooner than expected. In addition, the Company may require significant additional capital or debt proceeds in the future to fund operations and growth. There can be no assurance that the Company will be able to obtain additional capital or debt proceeds, or on terms agreeable to the Company.

The Company's use of proceeds may differ materially from the foregoing as a result of changing conditions and as deemed appropriate in the absolute discretion of management. Therefore, we reserve broad discretion in the use of proceeds and the right to alter the use of proceeds of this Offering without notice in the interest of the Company and its stakeholders.

DESCRIPTION OF SECURITIES

The Notes

The Company is offering up to 500 units (the "Units") of its promissory notes (the "Notes") at an offering price of $50,000 per Unit for an aggregate offering price of $25,000,000 (the "Offering"). Each Unit will consist of either one $50,000 principal amount one-year, 8.5% promissory Note or one $50,000 principal amount two-year 9% Note. Each promissory note is an unsecured debt security.

Each Note will mature on the date that is either 12 or 24 months from the date of its issuance (the "Date of Maturity"). The Notes are not subject to redemption, call, or demand for prepayment by the holder prior to the Date of Maturity. The Notes may be repaid prior to Maturity at the Company's option. An event of default under any Note is limited to: (i) the failure of the Company to timely pay any interest or principal due under such Note which is not cured within 30 days after the date such payment is due; (ii) the commencement of a voluntary case seeking relief under the United States Bankruptcy Code (or any successor statute); or (iii) the continuation for more than 90 days after the commencement of an involuntary case under the United States Bankruptcy Code (or any successor statute).

If a Noteholder chooses not to rollover the principal of the Note on the Maturity Date, the Company shall have 60 days to repay any accrued interest and on the principal.

The Notes will bear interest at the rate of 8.5% or 9% simple interest per annum until the principal of Notes has been paid in full. We intend to make payments under the Notes as follows:

- Monthly interest payments only.
- Upon Maturity Date, the return of the balance of principal.

Interest on Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months. Payments will be processed monthly on the 25th of the month. As a result, payments of interest will be made on the following schedule: Each investor's interest payment will be processed the month following the first calendar month of earning interest. Example 1: If, for example, funding occurs on March 1, the first interest payment will be processed on April 25 and your first payment would be one month's interest from March. Example 2: If funding occurs at any time from March 2nd to March 31st, the first month of interest would be for April and the first interest payment would be processed on May 25. The first payment would be for interest earned in that portion of March when the Note investment was made, and for one full month of interest for April.

Because the Notes will not be issued pursuant to an indenture, each holder will be responsible for acting independently with respect to any matter affecting such holder's Note, including enforcing the agreements contained therein, responding to any requests for consents, waivers or amendments and giving written notice of default or accelerating the maturity of the Notes upon the occurrence an event of default.

The foregoing description of the Notes should in no way be relied upon as complete, and it is qualified in its entirety by the terms and conditions of the form of promissory note, attached hereto as Appendix B.

OTHER MATTERS

Certain Transactions

Other Contemporaneous and Subsequent Offering Transactions

The Company, in its absolute discretion may carry out contemporaneous and additional subsequent offerings of its securities on terms and conditions it deems appropriate without notice to investors herein, subject to applicable securities laws. No Investor shall have any preemptive right to acquire any other offerings of securities regardless of an investment in the Units and Notes.

FINANCIAL INFORMATION

This Memorandum contains "forward-looking" statements. These statements are based on the Company's current expectations about the businesses and the markets in which it operates. Such forward-looking statements are not guaranteeing of future performance and involve known and unknown risks, uncertainties or other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Actual operating results may be affected by various factors including, without limitation, changes in national economic conditions, competitive market conditions, uncertainties and costs related to government regulation, and actual versus projected timing of events, all of which may cause such actual results to differ materially from what is expressed or forecast in this Memorandum.

ADDITIONAL INFORMATION

Brad Pearsey, Manager of the Fund and sole owner, will be available upon request to answer questions concerning the terms of this Offering, to provide any reasonably requested information necessary to verify the accuracy of the information contained in this Memorandum and to provide such other information reasonably requested by prospective investors as they deem necessary for the purposes of considering an investment in the Company. Mr. Pearsey can be contacted by telephone at (317) 289-7108 and his email is bpearsey@heartlandpar.com

You should rely only on the information contained in this Memorandum. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell the Units and Notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this Memorandum is accurate as of the date on the front cover of this Memorandum only. Our business, financial condition, results of operations and prospects may have changed since that date.

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COPY NO. _____

Name of Offeree: _____

Heartland Production and Recovery Fund II, LLC

A Delaware Limited Liability Company

$25,000,000 AGGREGATE AMOUNT PROMISSORY NOTES
500 UNITS OFFERED

Offering Price: $50,000 Per Unit **Minimum Subscription: One Unit**

FOR ACCREDITED INVESTORS ONLY

THIS CONFIDENTIAL OFFERING MEMORANDUM HAS NOT BEEN FILED WITH OR REVIEWED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER COMMISSION OR REGULATORY AUTHORITY, NOR HAS ANY SUCH COMMISSION, AUTHORITY, OR ATTORNEY GENERAL DETERMINED WHETHER IT IS ACCURATE OR COMPLETE OR PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THESE ARE SPECULATIVE SECURITIES AND INVOLVE A HIGH DEGREE OF RISK. SEE "RISK FACTORS"

THE SECURITIES OFFERED ARE FOR SALE ONLY TO ACCREDITED INVESTORS (AS DEFINED IN "MEMORANDUM SUMMARY – INVESTOR SUITABILITY REQUIREMENTS" ON PAGE 5).

In the event you decide not to participate in this Offering, please return the entire Confidential Offering Memorandum to the principal office of the Company as set forth below:

The date of this Confidential Offering Memorandum is April 30, 2019.

Heartland Production and Recovery Fund II, LLC

A Delaware Limited Liability Company

$25,000,000 AGGREGATE AMOUNT PROMISSORY NOTES
500 UNITS OFFERED

Offering Price: $50,000 Per Unit **Minimum Subscription: One Unit**

FOR ACCREDITED INVESTORS ONLY

This Confidential Offering Memorandum (the "Memorandum") relates to the offer and sale to a select group of accredited investors("Investors") of up to 500 units (the "Units") of the securities of Heartland Production and Recovery Fund II, LLC (the "Company") by Heartland Production and Recovery, LLC, the manager of the Fund (the "Manager") at an offering price of $50,000 per Unit for an aggregate offering price of $25,000,000 (the "Offering"). Each Unit will consist of one $50,000 principal amount promissory note. Investors will have the right to invest in Units comprised of one-year Notes bearing interest at 8.5% per annum or two-year notes bearing interest at 9% per annum. Each promissory note is an unsecured debt security, as more fully described in the form of promissory note attached hereto in Investor Kit (the "Notes") (see "MEMORANDUM SUMMARY—Interest" below). The minimum subscription by an investor is one Unit ($50,000 minimum investment).

The Units will be offered and sold pursuant to the exemption from registration provided by Section 506(c) under Regulation D promulgated under the Securities Act of 1933. All investors must be "accredited investors" and provide a letter from a designated counselor to corroborate their status as an accredited investor.

All of the Units will be sold on a "best-efforts" basis which means that net Offering proceeds will be available to the Company upon receipt, acceptance and clearance thereof and that no minimum amount of Unit sales will be required in order to complete and close this Offering. There can be no assurance that all of the Units offered will be subscribed for.

The Manager shall have the absolute right, and sole discretion, to terminate the offer at any time for any reason, regardless of the number of Units previously sold.

The minimum subscription by an investor is one Unit for $50,000. The Company reserves the right in its sole discretion to sell fractionalized Units and/or Notes, and may also accept investments of less than one Unit.

	Price Paid by Investors	Proceeds to the Company [1]
Per Unit	$50,000.00	$50,000.00
Maximum Offering	$25,000,000.00	$25,000,000.00

(1) Before deducting offering expenses payable by the Company, estimated to be up to $50,000 and fees for certain agents who will act as legal "finders" to the Company, and, in the event the Company elects to retain a qualified FINRA placement agent, potential commissions paid to such FINRA placement agent in accordance with federal securities law and the securities law of the various states.

The Units will be offered and sold on behalf of the Company by certain officers and/or managers of the Company. The Company may also utilize the services of selected broker-dealers who are members of the Financial Industry Regulatory Authority ("FINRA") and "finders" who are legally restricted by the extent to which they may exercise any selling efforts in connection with the offer and sale of the Units.

All of the Units will be sold on a "best efforts" basis up to the 500 Unit maximum. There can be no assurance that the maximum number of Units or any minimum number of Units will be sold.

An investment in the Units involves a high degree of risk. Prospective investors in the Units should thoroughly consider this Memorandum and certain special considerations concerning the Company described herein. See "RISK FACTORS" below. An investment in the Units offered hereby is suitable only for, and may be made only by, accredited investors who have no need for liquidity of investment and understand and can afford the high financial risks of an investment in the Units, including the potential for a complete loss of their investment. There is currently no trading market for any securities of the Company, nor is it expected or assured that such market will develop in the foreseeable future.

THE UNITS AND NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SEC OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE UNITS AND NOTES OF THE COMPANY ARE SPECULATIVE BY NATURE AND ARE INTENDED FOR A LIMITED NUMBER OF ACCREDITED INVESTORS. EACH PROSPECTIVE INVESTOR SHOULD CAREFULLY REVIEW THIS MEMORANDUM AND THE RELEVANT DOCUMENTS REFERRED TO HEREIN BEFORE DECIDING TO INVEST IN THE COMPANY.

THE MEMORANDUM IS SUBMITTED TO YOU ON A CONFIDENTIAL BASIS SOLELY IN CONNECTION WITH YOUR CONSIDERATION OF AN INVESTMENT IN THE SECURITIES OF HEARTLAND PRODUCTION AND RECOVERY FUND, LLC, A DELAWARE LIMITED LIABILITY COMPANY. DUE TO THE CONFIDENTIAL NATURE OF THIS MEMORANDUM, ITS USE FOR ANY OTHER PURPOSE MIGHT INVOLVE SERIOUS LEGAL CONSEQUENCES. CONSEQUENTLY, THIS MEMORANDUM MAY NOT BE REPRODUCED IN WHOLE OR IN PART, AND MAY NOT BE DELIVERED TO ANY OTHER PERSON (OTHER THAN YOUR FINANCIAL ADVISOR) WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY'S MANAGER(S).

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GENERAL NOTICES AND REPRESENTATIONS

This Memorandum is furnished on a confidential basis. This Memorandum constitutes an offer of securities only to the person to whom it is specifically delivered for that purpose ("Offeree"), and is provided solely for the purpose of evaluating an investment in the Company. By accepting delivery of this Memorandum and receiving any other oral or written information provided by the Company in connection with the Offering, each Offeree agrees (a) to keep confidential the contents of this Memorandum and such other information and not to disclose the same to any third party or otherwise use the same for any purpose other than evaluating an investment in the Company, and (b) not to copy, in whole or in part, this Memorandum or any other written information provided by the Company in connection herewith. Each Offeree further agrees to return this Memorandum and any such written information to Heartland Production and Recovery Fund, LLC; attention: Brad Pearsey, 337 Western Boulevard Suite B, Greenwood, Indiana 46142. In the event that (i) the Offeree does not subscribe to purchase any Units, (ii) no portion of the Offeree's subscription is accepted, or (iii) the Offering is terminated or withdrawn.

To the extent applicable, the Units offered hereby have not been registered under the US federal Securities Act of 1933 (the "Securities Act") or any US state securities laws, in reliance upon exemptions therefrom. If applicable, the Units may not be sold, transferred, pledged or otherwise disposed of in the absence of registration under the Securities Act and under any applicable US state securities or blue sky laws unless pursuant to exemptions therefrom. This Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any Units offered hereby to any person in any jurisdiction in which it is unlawful to make such an offer or solicitation to such person. This Memorandum does not constitute an Offer if the prospective investor is not qualified under applicable securities laws.

In determining whether to invest in the Units, each person must rely upon his, her or its own examination of the Company and the terms of the Offering made hereby, including the merits and risks involved. The Company expects that, prior to the closing for the Offering made hereby, it will afford prospective investors in the Units an opportunity to ask questions of representatives of the Company concerning the Company and the terms of the Offering and to obtain additional relevant information to the extent the Company possesses such information or can obtain it without unreasonable effort or expense. Except as aforesaid, no person is authorized in connection with the Offering to give any information or make any representation not contained in this Memorandum, and, if given or made, such information or representation must not be relied upon as having been authorized by the Company. The information contained in this Memorandum also supersedes any information concerning the Company or the terms of any investment therein provided to any prospective investor prior to the date of this Memorandum.

The Company makes no express or implied representation or warranty as to the attainability of any forecasted financial information that may be expressed or implied herein or as to the accuracy or completeness of the assumptions from which that forecasted information is derived. It must be recognized that the projections of the Company's future performance are necessarily subject to a high degree of uncertainty, that actual results can be expected to vary from the results projected and that such variances may be material and adverse. Prospective investors are expected to conduct their own investigation with regard to the Company and its prospects. It is expected that each Offeree will pursue his, her or its own independent investigation with respect to information included herein. Prospective investors in the Units are not to construe the contents of this Memorandum as legal, business or tax advice. Each prospective investor in the Units should consult his, her or its own attorney, business advisor and tax advisor as to the legal, business, tax and related matters concerning this Offering.

This Memorandum has been prepared solely for the purpose of the proposed offering of the Units. The Company reserves the right to reject any subscription for the Units, in whole or in part or to allot less than the number or amount of securities as to which any prospective investor in the Units has subscribed.

THIS OFFERING IS NOT UNDERWRITTEN. THE OFFERING PRICE HAS BEEN ARBITRARILY SET BY THE MANAGEMENT OF THE COMPANY. THERE CAN BE NO ASSURANCE THAT ANY OF THE SECURITIES WILL BE SOLD.

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION OR ANY US STATE SECURITIES AGENCY, NOR HAS ANY SUCH REGULATORY BODY REVIEWED THIS OFFERING MEMORANDUM FOR ACCURACY OR COMPLETENESS. BECAUSE THESE SECURITIES HAVE NOT BEEN SO REGISTERED, THERE MAY BE RESTRICTIONS ON THEIR TRANSFERABILITY OR RESALE BY AN INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD PROCEED ON THE ASSUMPTION THAT HE MUST BEAR THE ECONOMIC RISKS OF THE INVESTMENT FOR AN INDEFINITE PERIOD, SINCE THE NOTES MAY NOT BE SOLD UNLESS, AMONG OTHER THINGS, THEY ARE SUBSEQUENTLY REGISTERED UNDER THE APPLICABLE SECURITIES ACTS OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE. THERE IS NO TRADING MARKET FOR THE COMPANY'S SECURITIES AND THERE CAN BE NO ASSURANCE THAT ANY MARKET WILL DEVELOP IN THE FUTURE OR THAT THE NOTES WILL BE ACCEPTED FOR INCLUSION ON NASDAQ OR ANY OTHER TRADING EXCHANGE AT ANY TIME IN THE FUTURE. THE COMPANY IS NOT OBLIGATED TO REGISTER FOR SALE UNDER EITHER U.S. FEDERAL OR STATE SECURITIES LAWS THE SECURITIES PURCHASED PURSUANT HERETO, AND THE ISSUANCE OF THE NOTES IS BEING UNDERTAKEN PURSUANT TO CERTAIN EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT, WHICH MAY INCLUDE WITHOUT LIMITATION THE APPLICABLE RULES UNDER REGULATION D AND/OR REGULATION S UNDER THE SECURITIES ACT. ACCORDINGLY, THE SALE, TRANSFER, OR OTHER DISPOSITION OF ANY OF THE NOTES, WHICH ARE PURCHASED PURSUANT HERETO, MAY BE RESTRICTED BY APPLICABLE U.S. FEDERAL OR STATE SECURITIES LAWS AND/OR THE SECURITIES LAWS OF ONE OR MORE FOREIGN COUNTRIES (DEPENDING ON THE RESIDENCY OF THE INVESTOR) AND BY THE PROVISIONS OF THE SUBSCRIPTION AGREEMENT REFERRED TO HEREIN. THE OFFERING PRICE OF THE NOTES TO WHICH THE MEMORANDUM RELATES HAS BEEN ARBITRARILY ESTABLISHED BY THE COMPANY AND DOES NOT NECESSARILY BEAR ANY SPECIFIC RELATION TO THE ASSETS, BOOK VALUE OR POTENTIAL EARNINGS OF THE COMPANY OR ANY OTHER RECOGNIZED CRITERIA OF VALUE.

The management of the Company has provided all of the information stated herein. The Company makes no express or implied representation or warranty as to the completeness of this information or, in the case of projections, estimates, future plans, or forward-looking assumptions or statements, as to their attainability or the accuracy and completeness of the assumptions from which they are derived, and it is expected that each prospective investor will pursue his, her, or its own independent investigation. It must be recognized that estimates of the Company's performance are necessarily subject to a high degree of uncertainty and may vary materially from actual results.

This Offering is expected to be conducted as an exempt general solicitation offering pursuant to the exception for registration provided by Section 506(c) of Regulation D under the Securities Act of 1933 (the "Act").

This Memorandum has been prepared solely for the information of the person to whom it has been delivered by or on behalf of the Company. Distribution of this Memorandum to any person other than the prospective investor to whom this Memorandum is delivered by the Company and those persons retained to advise them with respect thereto is unauthorized. Any reproduction of this Memorandum, in whole or in part, or the divulgence of any of the contents without the prior written consent of the Company is strictly prohibited. This Offering is made subject to withdrawal, cancellation, or modification by the Company without notice and solely at the Company's discretion. Each prospective investor, by accepting delivery of

this Memorandum, agrees to return it and all other documents received by them to the Company if the prospective investor's subscription is not accepted or if the Offering is terminated.

By acceptance of this Memorandum, prospective investors recognize and accept the need to conduct their own thorough investigation and due diligence before considering a purchase of the Units.

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U.S. JURISDICTIONAL (NASAA) LEGENDS

The presence of the following legends for any given state reflects only that a legend may be required by that state and should not be construed to mean an offer or sale is being or may be made in that particular state.

If you are uncertain as to whether or not offers or sales may be lawfully made in your state, you are hereby advised to contact the Company. The Notes described in this Memorandum have not been registered under any state securities laws (commonly called "Blue Sky" laws). These Notes must be acquired for investment purposes only and may not be sold or transferred in the absence of an effective registration of such securities under such laws, or an opinion of counsel acceptable to the Company that such registration is not required.

The Company intends to offer and sell the Units and Notes only to accredited investors through the use of general solicitation in accordance with the provisions of Rule 506(c) under Regulation D of the Securities Act, as promulgated pursuant to the Securities Act of 1933.

NOTICE TO ALABAMA RESIDENTS ONLY: THESE SECURITIES MAY BE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE ALABAMA SECURITIES ACT. A CONFIDENTIAL OFFERING MEMORANDUM RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ALABAMA SECURITIES COMMISSION. THE COMMISSION DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO ARIZONA RESIDENTS ONLY: THESE SECURITIES MAY BE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF ARIZONA. NEITHER THE ARIZONA CORPORATION COMMISSION, NOR THE DIRECTOR OF SECURITIES HAVE REVIEWED OR PASSED UPON THE ACCURACY OR COMPLETENESS OF THIS MEMORANDUM OR OTHER SELLING LITERATURE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO CALIFORNIA RESIDENTS ONLY: THE SALE OF THE SECURITIES WHICH ARE THE SUBJECT OF THIS OFFERING HAS NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF SUCH SECURITIES OR PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFORE PRIOR TO SUCH QUALIFICATIONS IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPTED FROM QUALIFICATION BY THE APPLICABLE PROVISIONS OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS OFFERING ARE EXPRESSLY CONDITIONED UPON SUCH QUALIFICATIONS BEING OBTAINED, UNLESS THE SALE IS SO EXEMPT.

NOTICE TO CONNECTICUT RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE CONNECTICUT UNIFORM SECURITIES ACT AND ARE BEING SOLD IN RELIANCE UPON THE APPLICABLE EXEMPTIONS CONTAINED IN SAID ACT. THEY CANNOT BE RESOLD UNLESS THEY ARE REGISTERED UNDER SAID ACT OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE BANKING COMMISSIONER OF THE STATE OF CONNECTICUT NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO DELAWARE RESIDENTS ONLY: IF YOU ARE A DELAWARE RESIDENT, YOU ARE HEREBY ADVISED THAT THESE SECURITIES MAY BE OFFERED IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE DELAWARE SECURITIES ACT. THE

SECURITIES CANNOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER THE ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR IN A TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE ACT.

NOTICE TO FLORIDA RESIDENTS ONLY: THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN REGISTERED WITH THE FLORIDA DIVISION OF SECURITIES AND INVESTOR PROTECTION UNDER THE FLORIDA SECURITIES ACT. THE SECURITIES REFERRED TO HEREIN MAY ONLY BE SOLD TO, AND ACQUIRED BY THE HOLDER IN A TRANSACTION EXEMPT UNDER THE APPLICABLE PROVISIONS OF SAID ACT. THE SECURITIES HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF FLORIDA. IN ADDITION, ALL OFFEREES WHO ARE FLORIDA RESIDENTS SHOULD BE AWARE THAT SECTION 517.061(11)(a)(5) OF THE ACT PROVIDES, IN RELEVANT PART, AS FOLLOWS: "WHEN SALES ARE MADE TO FIVE OR MORE PERSONS IN FLORIDA, ANY SALE IN FLORIDA MADE PURSUANT TO THIS SECTION IS VOIDABLE BY THE PURCHASER IN SUCH SALE EITHER WITHIN 3 DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY THE PURCHASER TO THE ISSUER, AN AGENT OF THE ISSUER OR AN ESCROW AGENT OR WITHIN 3 DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH PURCHASER, WHICHEVER OCCURS LATER." THE AVAILABILITY OF THE PRIVILEGE TO VOID SALES PURSUANT TO SECTION 517.061(11) IS HEREBY COMMUNICATED TO EACH FLORIDA OFFEREE. EACH PERSON ENTITLED TO EXERCISE THE PRIVILEGE TO AVOID SALES GRANTED BY SECTION 517.061 (11)(A)(5) AND WHO WISHES TO EXERCISE SUCH RIGHT, MUST, WITHIN 3 DAYS AFTER THE TENDER OF ANY AMOUNT TO THE COMPANY OR TO ANY AGENT OF THE COMPANY (INCLUDING THE SELLING AGENT OR ANY OTHER DEALER ACTING ON BEHALF OF THE PARTNERSHIP OR ANY SALESMAN OF SUCH DEALER) OR AN ESCROW AGENT CAUSE A WRITTEN NOTICE OR TELEGRAM TO BE SENT TO THE COMPANY AT THE ADDRESS PROVIDED IN THIS MEMORANDUM. SUCH LETTER OR TELEGRAM MUST BE SENT AND, IF POSTMARKED, POSTMARKED ON OR PRIOR TO THE END OF THE AFOREMENTIONED THIRD DAY. IF A PERSON IS SENDING A LETTER, IT IS PRUDENT TO SEND SUCH LETTER BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ASSURE THAT IT IS RECEIVED AND ALSO TO EVIDENCE THE TIME IT WAS MAILED. SHOULD A PERSON MAKE THIS REQUEST ORALLY, HE MUST ASK FOR WRITTEN CONFIRMATION THAT HIS REQUEST HAS BEEN RECEIVED.

NOTICE TO GEORGIA RESIDENTS ONLY: THESE SECURITIES MAY BE ISSUED OR SOLD IN RELIANCE ON THE APPLICABLE EXEMPTIONS CONTAINED IN THE GEORGIA SECURITIES ACT OF 1973, AND MAY NOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER SUCH ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION UNDER SUCH ACT.

NOTICE TO ILLINOIS RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECRETARY OF THE STATE OF ILLINOIS NOR HAS THE STATE OF ILLINOIS PASSED UPON THE ACCURACY OR ADEQUACY OF THE MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO INDIANA RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE INDIANA BLUE SKY LAW AND MAY ONLY BE OFFERED AND SOLD IN RELIANCE UPON THE APPLICABLE EXEMPTIONS THEREFROM. THEY CANNOT BE RESOLD OR TRANSFERRED UNLESS THEY ARE REGISTERED UNDER THE LAW OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

NOTICE TO KENTUCKY RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL INSTITUTIONS OF KENTUCKY NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO MARYLAND RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE MARYLAND SECURITIES ACT AND MAY ONLY BE OFFERED AND SOLD IN RELIANCE UPON APPLICABLE EXEMPTIONS CONTAINED IN SAID ACT. THEY CANNOT BE RESOLD OR TRANSFERRED UNLESS THEY ARE REGISTERED UNDER SAID ACT OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

NOTICE TO MASSACHUSETTS RESIDENTS ONLY: (1) THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT OF THIS COMMONWEALTH, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT OF THIS COMMONWEALTH, IF SUCH REGISTRATION IS REQUIRED, OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES DIVISION OF THE COMMONWEALTH OF MASSACHUSETTS NOR HAS THE SECURITIES DIVISION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO MICHIGAN RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE MICHIGAN SECURITIES ACT AND, IF OFFERED IN MICHIGAN OR TO RESIDENTS OF MICHIGAN, ARE BEING SOLD IN RELIANCE UPON THE APPLICABLE EXEMPTIONS CONTAINED IN SUCH ACT. THESE SECURITIES MAY NOT BE RESOLD OR TRANSFERRED UNLESS THEY ARE REGISTERED UNDER THE ACT OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

NOTICE TO MINNESOTA RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE MINNESOTA BLUE SKY LAW AND MAY ONLY BE SOLD TO MINNESOTA RESIDENTS IN RELIANCE UPON THE APPLICABLE EXEMPTIONS THEREFROM. THEY CANNOT BE RESOLD OR TRANSFERRED UNLESS THEY ARE REGISTERED UNDER THE LAW OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

NOTICE TO MISSISSIPPI RESIDENTS ONLY: IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN REGISTERED WITH NOR RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE. INVESTORS SHOULD BE AWARE THAT THEY WOULD BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NOTICE TO MISSOURI RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE MISSOURI SECURITIES ACT, AND IF OFFERED IN MISSOURI OR TO RESIDENTS OF MISSOURI, WILL BE SOLD TO, AND ACQUIRED BY, PURCHASERS IN RELIANCE ON AN APPLICABLE EXEMPTION THEREFROM. UNLESS THE SECURITIES ARE REGISTERED, THEY MAY NOT BE REOFFERED FOR SALE OR RESOLD IN THE STATE OF MISSOURI, EXCEPT AS A SECURITY, OR IN A TRANSACTION, EXEMPT UNDER SUCH ACT.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE NEW HAMPSHIRE SECURITIES ACT, AND IF OFFERED IN NEW HAMPSHIRE OR TO RESIDENTS OF NEW HAMPSHIRE, WILL ONLY BE SOLD TO, AND ACQUIRED

BY, PURCHASERS IN RELIANCE ON AN APPLICABLE EXEMPTION THEREFROM. UNLESS THE SECURITIES ARE REGISTERED, THEY MAY NOT BE REOFFERED FOR SALE OR RESOLD IN THE STATE OF NEW HAMPSHIRE, EXCEPT AS A SECURITY, OR IN A TRANSACTION, EXEMPT UNDER SUCH ACT.

NOTICE TO DELAWARE RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE DELAWARE UNIFORM SECURITIES LAW, AND IF OFFERED IN DELAWARE OR TO RESIDENTS OF DELAWARE, WILL ONLY BE SOLD TO, AND ACQUIRED BY, PURCHASERS IN RELIANCE ON THE APPLICABLE EXEMPTIONS THEREFROM. IF YOU ARE A DELAWARE RESIDENT AND YOU ACCEPT AN OFFER TO PURCHASE THESE SECURITIES PURSUANT TO THIS MEMORANDUM, YOU ARE HEREBY ADVISED THAT THIS MEMORANDUM HAS NOT BEEN FILED WITH OR REVIEWED BY THE BUREAU OF SECURITIES OF THE STATE OF DELAWARE. THE BUREAU OF SECURITIES OF THE STATE OF DELAWARE HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO NEW YORK RESIDENTS ONLY: THIS DOCUMENT HAS NOT BEEN REVIEWED BY THE ATTORNEY GENERAL OF THE STATE OF NEW YORK PRIOR TO ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON NOR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE COMPANY HAS TAKEN NO STEPS TO CREATE AN AFTER MARKET FOR THE SECURITIES OFFERED HEREIN AND HAS MADE NO ARRANGEMENTS WITH BROKERS OR OTHERS TO TRADE OR MAKE A MARKET IN SUCH SECURITIES. AT SOME TIME IN THE FUTURE, THE COMPANY MAY ATTEMPT TO ARRANGE FOR INTERESTED BROKERS TO TRADE OR MAKE A MARKET IN THE SECURITIES AND TO QUOTE THE SAME IN A PUBLISHED QUOTATION MEDIUM, HOWEVER, NO SUCH ARRANGEMENTS HAVE BEEN MADE AND THERE IS NO ASSURANCE THAT ANY BROKERS WILL EVER HAVE SUCH AN INTEREST IN THE SECURITIES OF THE COMPANY OR THAT THERE WILL EVER BE A MARKET THEREFORE.

NOTICE TO NEVADA RESIDENTS ONLY: IF ANY INVESTOR ACCEPTS ANY OFFER TO PURCHASE THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL ONLY BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE APPLICABLE PROVISIONS OF THE NEVADA SECURITIES LAW. THE INVESTOR IS HEREBY ADVISED THAT THE ATTORNEY GENERAL OF THE STATE OF NEVADA HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING AND THE FILING OF THE OFFERING WITH THE BUREAU OF SECURITIES DOES NOT CONSTITUTE APPROVAL OF THE ISSUE, OR SALE THEREOF, BY THE BUREAU OF SECURITIES OR THE DEPARTMENT OF LAW AND PUBLIC SAFETY OF THE STATE OF NEVADA. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO NORTH CAROLINA RESIDENTS ONLY: THESE SECURITIES MAY BE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE NORTH CAROLINA SECURITIES ACT. THE NORTH CAROLINA SECURITIES ADMINISTRATION NEITHER RECOMMENDS NOR ENDORSES THE PURCHASE OF ANY SECURITIES, NOR HAS THE ADMINISTRATOR PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION PROVIDED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO NORTH DAKOTA RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO PENNSYLVANIA RESIDENTS ONLY: EACH PERSON WHO ACCEPTS AN OFFER TO PURCHASE SECURITIES EXEMPTED FROM REGISTRATION BY THE APPLICABLE PROVISIONS OF THE PENNSYLVANIA SECURITIES ACT, DIRECTLY FROM THE ISSUER OR AFFILIATE OF THIS

ISSUER, SHALL HAVE THE RIGHT TO WITHDRAW HIS ACCEPTANCE WITHOUT INCURRING ANY LIABILITY TO THE SELLER, UNDERWRITER (IF ANY) OR ANY OTHER PERSON WITHIN TWO (2) BUSINESS DAYS FROM THE DATE OF RECEIPT BY THE ISSUER OF HIS WRITTEN BINDING CONTRACT OF PURCHASE OR, IN THE CASE OF A TRANSACTION IN WHICH THERE IS NO BINDING CONTRACT OF PURCHASE, WITHIN TWO (2) BUSINESS DAYS AFTER HE MAKES THE INITIAL PAYMENT FOR THE SECURITIES BEING OFFERED. IF YOU HAVE ACCEPTED AN OFFER TO PURCHASE THESE SECURITIES MADE PURSUANT TO A PROSPECTUS WHICH CONTAINS A NOTICE EXPLAINING YOUR RIGHT TO WITHDRAW YOUR ACCEPTANCE PURSUANT TO SECTION 207(m) OF THE PENNSYLVANIA SECURITIES ACT OF 1972 (70 PS § 1-207(m), YOU MAY ELECT, WITHIN TWO (2) BUSINESS DAYS AFTER THE FIRST TIME YOU HAVE RECEIVED THIS NOTICE AND A PROSPECTUS TO WITHDRAW FROM YOUR PURCHASE AGREEMENT AND RECEIVE A FULL REFUND OF ALL MONEYS PAID BY YOU. YOUR WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON. TO ACCOMPLISH THIS WITHDRAWAL, YOU NEED ONLY SEND A LETTER OR TELEGRAM TO THE ISSUER (OR UNDERWRITER IF ONE IS LISTED ON THE FRONT PAGE OF THE PROSPECTUS) INDICATING YOUR INTENTION TO WITHDRAW. SUCH LETTER OR TELEGRAM SHOULD BE SENT AND POSTMARKED PRIOR TO THE END OF THE AFOREMENTIONED SECOND BUSINESS DAY. IF YOU ARE SENDING A LETTER, IT IS PRUDENT TO SEND IT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND ALSO EVIDENCE THE TIME WHEN IT WAS MAILED. SHOULD YOU MAKE THIS REQUEST ORALLY, YOU SHOULD ASK WRITTEN CONFIRMATION THAT YOUR REQUEST HAS BEEN RECEIVED. THE SECURITIES HAVE BEEN ISSUED PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENT OF THE PENNSYLVANIA SECURITIES ACT OF 1972. NO SUBSEQUENT RESALE OR OTHER DISPOSITION OF THE SECURITIES MAY BE MADE WITHIN 12 MONTHS FOLLOWING THEIR INITIAL SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION, EXCEPT IN ACCORDANCE WITH WAIVERS ESTABLISHED BY RULE OR ORDER OF THE COMMISSION, AND THEREAFTER ONLY PURSUANT TO AN EFFECTIVE REGISTRATION OR EXEMPTION.

NOTICE TO TEXAS RESIDENTS ONLY: THE SECURITIES OFFERED HEREUNDER HAVE NOT BEEN REGISTERED UNDER APPLICABLE TEXAS SECURITIES LAWS AND, THEREFORE, ANY PURCHASER THEREOF MUST BEAR THE ECONOMIC RISK OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME BECAUSE THE SECURITIES CANNOT BE RESOLD UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER SUCH SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE. FURTHER, PURSUANT TO §109.13 UNDER THE TEXAS SECURITIES ACT, THE COMPANY IS REQUIRED TO APPRISE PROSPECTIVE INVESTORS OF THE FOLLOWING: A LEGEND SHALL BE PLACED, UPON ISSUANCE, ON CERTIFICATES REPRESENTING SECURITIES PURCHASED HEREUNDER, AND ANY PURCHASER HEREUNDER SHALL BE REQUIRED TO SIGN A WRITTEN AGREEMENT THAT HE WILL NOT SELL THE SUBJECT SECURITIES WITHOUT REGISTRATION UNDER APPLICABLE SECURITIES LAWS, OR EXEMPTIONS THEREFROM.

NOTICE TO WASHINGTON RESIDENTS ONLY: THE ADMINISTRATOR OF SECURITIES HAS NOT REVIEWED THE OFFERING OR THIS MEMORANDUM, AND THE SECURITIES HAVE NOT BEEN REGISTERED IN RELIANCE UPON APPLICABLE EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS CONTAINED IN THE SECURITIES ACT OF WASHINGTON, AND THEREFORE, CANNOT BE RESOLD UNLESS THEY ARE REGISTERED UNDER THE SECURITIES ACT OF WASHINGTON, CHAPTER 21.20 RCW, OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

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OFFERS AND SALES MADE OUTSIDE THE UNITED STATES WITHOUT REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933

The Notes may be offered and sold to purchasers outside the United States in accordance with the rules of Regulation S promulgated under the Securities Act and/or such other rules and regulations, as may be applicable under the circumstances. Accordingly, the sale, transfer, or other disposition of any of the Notes, which are purchased pursuant hereto, may be restricted by applicable federal securities laws and/or the securities laws of one or more non-U.S. countries (depending on the residency of the investor) and by the provisions of the subscription agreement executed by such purchaser.

In the event that Regulation S applies, each distributor selling securities to a distributor, a dealer, or a person receiving a selling commission, fee or other remuneration, prior to the expiration of a one-year distribution compliance period in the case of equity securities, must send a confirmation or other notice to foreign purchasers stating that such purchasers are subject to the same restrictions on offers and sales that apply to a distributor.

This Memorandum does not constitute an offer to sell or a solicitation of an offer to buy to anyone in any jurisdiction in which such offer or solicitation would be unlawful or is not authorized or in which the person making such offer or solicitation is not qualified to do so.

Attempted compliance with any rule in Regulation S does not act as an exclusive election; the Company may also claim the availability of any applicable exemption from the registration requirements of the Securities Act. The availability of the Regulation S safe harbor to offers and sales that occur outside of the United States will not be affected by the subsequent offer and sale of these securities into the United States or to U.S. persons during the distribution compliance period, as long as the subsequent offer and sale are made pursuant to registration or an exemption therefrom under the Securities Act.

During the course of the Offering and prior to any sale, each Offeree of the Units and his or her professional advisor(s), if any, are invited to ask questions concerning the terms and conditions of the Offering and to obtain any additional information necessary to verify the accuracy of the information set forth herein. Such information will be provided to the extent the Company possess such information or can acquire it without unreasonable effort or expense.

FOREIGN JURISDICTIONAL LEGEND

FOR PERSONS WHO ARE NEITHER NATIONALS, CITIZENS, RESIDENTS NOR ENTITIES OF THE **UNITED STATES:** THESE SECURITIES HAVE NOT AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT AND, INSOFAR AS SUCH SECURITIES ARE OFFERED AND SOLD TO PERSONS WHO ARE NEITHER NATIONALS, CITIZENS, RESIDENTS NOR ENTITIES OF THE UNITED STATES, THEY MAY NOT BE TRANSFERRED OR RESOLD DIRECTLY OR INDIRECTLY IN THE UNITED STATES, ITS TERRITORIES OR POSSESSIONS, RESIDENTS OR ENTITIES NORMALLY RESIDENT THEREIN (OR TO ANY PERSON ACTING FOR THE ACCOUNT OF ANY SUCH NATIONAL, CITIZEN, ENTITY OR RESIDENT). FURTHER RESTRICTIONS ON TRANSFER WILL BE IMPOSED TO PREVENT SUCH SECURITIES FROM BEING HELD BY UNITED STATES PERSONS.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Memorandum and the exhibits attached hereto include *"forward-looking statements"* within the meaning of the Securities Act of 1933. All statements other than statements of historical fact are forward-looking statements.

Forward-looking statements are subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those projected. Among those risks, trends and uncertainties are the company's ability to raise sufficient working capital to carry out the business plans, the long-term efficacy of the business plans, the ability to protect its intellectual property, and general economic conditions.

Although we believe that in making such forward-looking statements, expectations are based upon reasonable assumptions; such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. We cannot assure you that the assumptions upon which these statements are based will prove to have been correct.

When used in this Memorandum, the words *"expect," "anticipate," "intend," "plan," "believe," "seek," "estimate"* and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Because these forward-looking statements involve risks and uncertainties, actual results could differ materially from those expressed or implied by these forward-looking statements for a number of important reasons, including those discussed under *"Risk Factors"* and elsewhere in this Memorandum.

You should read these statements carefully because they discuss the Company's expectations about its future performance, contain projections of its future operating results or its future financial condition, or state other *"forward-looking"* information. Before you invest in the Units, you should be aware that the occurrence of any of the contingent factors described under *"Risk Factors"* could substantially harm the business, results of operations and financial condition. Upon the occurrence of any of these events, you could lose all or part of your investment.

We cannot guarantee any future results, levels of activity, performance or achievements. Except as required by law, we undertake no obligation to update any of the forward-looking statements in this Memorandum after the date of this Memorandum.

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ABOUT THIS MEMORANDUM

The terms "the "Company," "us," "our" and "we," as used in this Memorandum, refer to Heartland Production and Recovery Fund II, LLC, a Delaware limited liability company.

You should rely only on the information contained in this Memorandum. The Company has not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The Company is not making an offer to sell the Units and Notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this Memorandum is accurate as of the date on the front cover of this Memorandum only. The Company's business, financial condition, results of operations and prospects may have changed since that date.

The following term sheet summarizes the basic terms and conditions on which the Company proposes to sell the Units and Nots to certain accredited investors in an exempt offering, subject to documentation in definitive subscription agreements and to completion of all appropriate due diligence investigations. This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Memorandum and in the documents relating to this transaction, including, without limitation, the Company's articles of organization, and the Subscription Agreement for the Units and Notes.

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MEMORANDUM SUMMARY

The Business: The Company is a recently formed entity that has been organized to invest in working interests in developed oil and gas wells. See "Business of the Company".

The Company: The Company was organized in January, 2019, as a Delaware limited liability company. The Company has generally been involved in limited activities, including organizational activities and fundraising since its formation. Accordingly, the Company has no operating history upon which you may evaluate its business and prospects. The Company's headquarters are located at 337 Western Boulevard, Suite B, Greenwood, Indiana 46142.

The Offering: The Company proposes to sell the Units only to certain accredited investors in an exempt, unregistered offering, pursuant to Section 506(c) of Regulation D under the Act, subject to documentation in i) definitive Subscription Agreements and ii) accredited investor suitability letters.

Size of Offering: The Company is offering up to 500 units (the "Units") of its Notes at an offering price of $50,000 per Unit for an aggregate offering price of $25,000,000 (the "Offering"). Each Unit will consist of one $50,000 principal amount promissory note. Investors will have the right to invest in Units with a one-year Note bearing simple interest at 8.5% per annum or two-year notes bearing simple interest at 9% per annum. Each promissory note is an unsecured debt security with a principal amount face value of $50,000 (the "Notes"), subject to the terms of the Notes as more fully described in the form of promissory note attached hereto as Appendix C. The minimum subscription by an investor is one Unit ($50,000 investment). The Company reserves the right in its sole discretion to sell fractionalized Units and Notes, and may also accept investments of less than one Unit. **There is no minimum aggregate amount of subscriptions for Units that is required for the initial acceptance of subscriptions and there is no offering escrow.**
Accordingly, the Company may apply the net proceeds of the sale of Units to the business operations of the Company without regard to the sale of any minimum number of Units.

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Price Per Unit: $50,000 (comprised of one $50,000 Note per Unit)

Maturity Date: At the option of Investors, Notes issued will mature in either one year or two years after the date ("Maturity Date") on which the Company accepts the Subscription Agreement in connection with such issued Note(s).

Interest: The holders of the Notes will be entitled to receive simple interest at an annualized rate of 8.5% or 9% of the principal amount per Note held by each such respective investor. At the option of the Investor, the Notes will either bear interest at 8.5% per annum and mature in one year or will bear interest at 9% per annum and mature in two years, payable on a monthly basis whenever funds are legally available and when and as Interest shall be declared by the Company. Interest shall accrue from the date the Subscription Agreements are accepted by the Company. The entire principal shall be due and payable to the investor no later than the Maturity Date.

Payments will be made under the Notes as follows:

- Monthly interest payments only.
- Upon Maturity Date, return balance of principal.

Payments will be processed monthly on the 25th of the month. As a result, payments of interest will be made on the following schedule: Each investor's interest payment will be processed the month following the first calendar month of earning interest. Example 1: If, for example, funding occurs on March 1, the first interest payment will be processed on April 25 and the first payment would be one month's interest for March. Example 2: If funding occurs at any time from March 2nd to March 31st, the first month of interest would be for April and the first interest payment would be processed on May 25. The first payment would be for interest earned in that portion of March when the Note investment was made and for one full month of interest for April.

Because of the deferral of the payment of the monthly interest, investors who elect to have a return of the principal of Notes prepaid on maturity will continue to receive interest payments after the Maturity Date of their Notes.

The Company may at any time or from time to time make a voluntary prepayment, plus any accrued interest at a prorated rate, whether in full or in part, of the Notes, without premium or penalty. No interest shall accrue past the date of a prepayment in full of any such Note.

Security: The Notes will be unsecured debt. Generally, if in the event of the termination of operations and the liquidation of the Fund, Investors would be entitled to receive their pro rata share of the liquidation of the Fund's assets after the payment of all other debts and secured debt (if any).

No Redemption: The Notes may not be redeemed by the holders.

Use of Proceeds: The Company intends to use the net proceeds from the sale of the Units to acquire properties from ARCO OIL CORP in developed oil and gas wells, and for working capital requirements, and other general corporate purposes, with broad discretion by the management of the Company. (see "Summary of Oil and Gas Projects" below).

Company Capitalization: The following table sets forth the consolidated capitalization of the Company as of December 31, 2018 and as adjusted to give retroactive effect to the issuance and sale of the maximum number of Units offered hereby. See the "DESCRIPTION OF SECURITIES" section below.

Securities Authorized	Notes Outstanding Prior to Offering	Notes Outstanding After Offering, as Adjusted for Maximum Subscription
8.5% Notes due in 12 months; 9% Notes due in 24 months	-0-	$25,000,000

The Manager: The Company's sole manager is Heartland Production and Recovery, LLC (the "Manager"), a Delaware limited liability company formed in October, 2018, and owned and operated by Brad Pearsey and John Muratore, the managers of the Manager. See "MANAGEMENT" below.

The Manager(s) and Voting Rights: The Company is a manager-managed limited liability company. The Company is not offering any membership interests in this Offering, and investors who purchase the Units will have no equity interest in the Company and will not be members of the Company. Accordingly, investors in this Offering will have no voting or governance rights whatsoever, and no ability to elect or remove the Manager.

Proposed Plan

Of Distribution: The Offering will be conducted by management of the Manager, Heartland Production and Recovery, LLC, on a "best efforts" basis through its executives and affiliated persons or officers, none of whom will be entitled to any commission or other special consideration for their selling efforts. The Company may elect, at its discretion, to engage the services of one or more "finders" or qualified FINRA broker-dealer(s) or outside salesperson(s) in connection with the Offering, subject to applicable securities laws.

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Investor Suitability Requirements: An investment in the Units and Notes involves a high degree of risk and is suitable only for accredited investors who have no need for liquidity of investment and can afford the high financial risks of such investment. The Company will accept Subscription Agreements for the Units only from investors who are "accredited" within the meaning of Section 506(c) Regulation D under The Securities Act of 1933, as amended. In the case of individuals, persons who have had income of $200,000 (or joint income with spouse of $300,000) or more during the last two years and the same is reasonably expected for the current year, as well as persons with a net worth of $1,000,000, excluding the value of the primary residence, are accredited. See "INVESTOR SUITABILITY REQUIREMENTS" below.

Specialty Investors: The Company intends to accept subscriptions from "feeder funds", which are investment funds formed for the specific purpose of investing in the Units and Notes offered by the Company. Feeder Funds will be accepted as "accredited Investors" in compliance with all applicable state and federal securities and other relevant laws.

Subscription Agreement: The Units investment will be made pursuant to a subscription agreement ("Subscription Agreement") between the Company and each investor, which agreement will contain, among other things, certain representations, warranties and covenants of the investor.

Risks: See "RISK FACTORS" and the other information included in this Memorandum for a discussion of factors you should carefully consider before deciding to invest in the Units.

Available Information: Brad Pearsey and John Muratore, the owners of the Manager, will be available upon request to answer questions concerning the terms of this Offering, to provide any reasonably requested information necessary to verify the accuracy of the information contained in this Memorandum and to provide such other information reasonably requested by prospective investors as they deem necessary for the purposes of considering an investment in the Company. Mr. Pearsey can be reached by telephone at 817-865-1245 or by e-mail at bpearsey@heartlandpar.com; Mr. Muratore's telephone number is 817-865-1245.

Use of Proceeds: The Company will apply the net proceeds of the Offering (after the payment of various offering expenses, ongoing general and administrative, legal accounting and engineering, and other expenses not to exceed 20% of the Offering proceeds) for the purchase of working interests in proven oil and gas wells. The prospect wells will have been divested at a discount by larger oil and gas developmental firms which are concentrating on new high-risk drilling opportunities with greater revenue potential. See "Summary of Oil and Gas Projects."

The Company will retain the services of one or more skilled, experienced and independent oil and gas Landmen to review and analyze the work of the Operator and, specifically, to assess the projected barrels per day to be produced, the legal title and ownership of the Interest, and the appraised value of the Interest to be acquired. The engineer will be compensated from the net proceeds of the offering.

The Company will utilize the net proceeds of the Offering to acquire oil and gas properties suitable for the recovery of oil and gas petroleum products for mature wells that require the use of technology known as secondary and tertiary recovery. The wells to be acquired from ARCO OIL Company will be further developed for greater production and, in some cases for workovers that will enhance the value of the previously low producing wells. The Company has executed lease agreements for three separate tracts of property in Texas, with affiliates of ARCO Oil, the company that will prepare the drilling and workout services on the project. The total cost of the leases is about $17,564,000. See "Summary of the Oil and Gas Projects."

The Company will, retain the services of one more skilled, experienced, independent oil and gas Landman to review the work of the Operator and to assess the estimated barrels per day, per well, the legal title and ownership and the accuracy of the valuation of the acquired working interests has a proven history of success in acquiring oil and gas properties in Texas with good development and workover opportunities. It has operated at efficient and low overhead costs and has utilized advance technologies to improve recovery and exploiting the new reserves. See "The Operator."

INVESTOR SUITABILITY REQUIREMENTS

General

An investment in the Units and the Notes involves risk and is suitable only for persons of adequate financial means who do not have liquidity requirements with respect to this investment and who can bear the economic risk of investment losses up through a complete loss of the investment made hereby. This offering is made in reliance on exemptions from the registration requirements of the Securities Act and applicable state securities laws and regulations.

The suitability standards discussed below represent minimum suitability standards for prospective investors. The satisfaction of such standards by a prospective investor does not necessarily mean that our Units and Notes are a suitable investment for such prospective investor. Prospective investors are encouraged to consult their personal financial advisors to determine whether the investment is appropriate.

In the form of a Subscription Agreement, we will require each investor to represent in writing, among other things, that (i) by reason of the investor's business or financial experience or that of the investor's professional advisor, the investor is capable of evaluating the merits and risks of an investment in the Company and of protecting its own interests in connection with the transaction, (ii) the investor is acquiring the Units in the Company for its own account, for investment only and not with a view toward the resale or distribution thereof, (iii) the investor is aware that neither the Units, nor the Notes, have been registered under the Securities Act or any state securities laws and that transfer thereof is restricted by

the Securities Act and applicable state securities laws, (iv) the investor is aware of the absence of a market for the Units and Notes, and (v) such investor meets the suitability requirements set forth below.

Suitability

The Notes may be sold to an unlimited number of natural persons who have a net worth in excess of $1,000,000, excluding value of primary residence; a net income of $200,000 per year; or a net income with their spouse of $300,000 per year; or who are otherwise "accredited investors" as defined in Regulation D under the Securities Act.

Accredited Investors

To be an accredited investor, an investor must fall within ANY of the following categories at the time of the sale of a Unit(s) to that investor:

(1) A natural person whose individual net worth, or joint net worth with that person's spouse, at the time of such person's purchase of our securities, exceeds $1,000,000, excluding value of primary residence; or a natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(2) A trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered hereby, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D;

(3) An organization described in Section 501(c)(3) of the U.S. Internal Revenue Code, a limited liability company, a corporation, a Massachusetts or similar business trust, or a partnership, not formed for the specific purpose of acquiring the Units, with total assets in excess of $5,000,000;

(4) A bank as defined in Section 3(a)(2) of the Securities Act, or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to Section 15 of the Securities and Exchange Act of 1934 (the "Exchange Act"); an insurance company as defined in Section 2(13) of the Securities Act; an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of the Investment Company Act; a Small Business Investment Company licensed by the United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of the Employee Retirement Income Security Act, which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with the investment decisions made solely by persons that are accredited investors;

(5) A private business development company as defined in Section 202(22) of the Investment Advisers Act of 1940;

(6) An executive officer or other person otherwise deemed an insider of the Company; and

(7) An entity in which all of the equity owners are accredited investors (as defined above).

As used in this Memorandum, the term "net worth" means the excess of total assets over total liabilities, excluding value of primary residence. In determining income, an investor should add to the investor's adjusted gross income any amounts attributable to tax exempt income received, losses claimed as a limited partner in any limited partnership, deductions claimed for depletion, contributions to an IRA or KEOGH retirement plan, alimony payments, and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income.

In order to meet the conditions for exemption from the registration requirements under the securities laws of certain jurisdictions, investors who are residents of such jurisdictions may be required to meet additional suitability requirements.

PROCEDURE TO PURCHASE SECURITIES

The suitability standards discussed under "INVESTOR SUITABILITY REQUIREMENTS" above represent minimum suitability standards for prospective investors. Each prospective investor, together with his, her or its investment, tax, legal, accounting and other advisors, should determine whether this investment is appropriate for such investor.

Each investor who wishes to subscribe for Units must provide the Company with the following documents:

(1) A completed and executed Subscription Agreement and Accredited Investor Suitability Letter; and

(2) A check for the full purchase price of the securities for which the investor subscribes payable to "Heartland Production and Recovery Fund, LLC" or a wire transfer to the Company's bank account. Checks should be mailed to the Company at the following address: Heartland Production and Recovery Fund, LLC, 400 Industrial Blvd, Suite 114, Mansfield, Texas 76063.

To wire funds to the Company, use the following wire transfer instructions:

Bank: Wells Fargo, 3000 Matlock Road, Mansfield, Texas 76063
Account #: 6812420112
Routing #: 121000248

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THE COMPANY

The Company is an early-stage, manager-managed, Delaware limited liability company organized in January, 2019 as Heartland Production and Recovery Fund II, LLC. The Manager of the Company is Heartland Production and Recovery, LLC whose principal business address is located at 337 Western Boulevard, Greenwood, Indiana. The Company's telephone number is (817) 865-1245. The Company is managed by Brad Pearsey and John Muratore, the sole principals and owners of the Manager. See "Management of the Company" below.

The Company was formed to operate as an investment vehicle to acquire working interests in oil and gas properties in Texas. See "Business of Heartland II."

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BUSINESS OF THE COMPANY

The Company will apply the net proceeds of the Offering (after the payment of various offering expenses, ongoing general and administrative, legal accounting and engineering, and other expenses not to exceed 15% of the Offering proceeds) for the purchase of working interests in proven oil and gas wells. The prospect wells will have been divested at a discount by larger oil and gas developmental firms which are concentrating on new high-risk drilling opportunities with greater revenue potential.

Heartland II has entered into lease purchase agreements with a Texas based oil and gas developmental company called ARCO OIL, LLC (The "Operator"). Heartland II will utilize the net proceeds from investors (and other investors) to acquire leases in the wells from the Operator suitable for the recovery of oil and gas petroleum products from mature wells that require the use of technologies known as secondary and tertiary recovery. The wells acquired will be further developed for greater production and, in some cases, for workovers that are expected to enhance the value of previously low producing wells.

Heartland II has executed lease agreements for three separate tracts of property in Texas, with affiliates of ARCO OIL, the company hired to provide the drilling and workout services on the projects under lease. The total cost of the leases and the ancillary activities is approximately $5,564,000 for the Val Verde property, $9 million for the Wolfcamp property and $3 million for the Conway property.

Heartland shall retain the services of one or more skilled, experienced, independent oil and gas Landmen to review the work of the Operator and to assess the estimated barrels per day per well, the legal title and ownership of the working interest and the validity of the valuation of the acquired working interest. The Operator has a proven history of success in acquiring oil and gas properties in Texas with good development and workover opportunities. It has operated at efficient and low overhead costs and has utilized advanced technologies to improve recovery and exploring for new reserves. See The "Operator."

Heartland II will issue Units of Notes to "accredited investors" under the exemption from registration provided by Rule 506(c) of Regulation D. Heartland II will offer up to $25 million of Units of Notes for the purpose of acquiring oil and gas properties from ARCO OIL ("ARCO") See "Oil and Gas Acquisitions."

Heartland Production and Recovery, LLC is a limited liability company formed in October, 2018 to act as the manager of the Heartland Production and Recovery Fund, LLC, which raised $6.6 million to acquire a 24.50% interest in two wells ("Wells") from Texas Exploration LLC, a Texas oil and gas operation. Investors should be aware that the economic results of the investment in the wells may not be fully determined at this time because the initial ownership of the wells began in November and concluded in December 2018, and will continue to make required monthly interest payments on the issued Notes thereafter without delay.

Additional information is available about Heartland through Brad Pearsey, the Manager of Heartland whose phone number is 817-865-1245 or by email at bpearsey@heartlandpar.com. The executive offices of Heartland are 400 Industrial Blvd, Suite 114, Mansfield, Texas 76063.

MANAGEMENT

MANAGEMENT OF HEARTLAND II

Brad Pearsey has been in the financial services industry for well over a decade. During that time Brad has worked with clients and advisers all over the country. He has owned his own Registered Investment Advisory firm as well as his own alternative investment company. He has helped companies setting up their funds and offerings with compliance and due diligence support and assisting these companies with best business practices and protocols. Brad has most recently been working in the oil/gas industry assisting in raising capital and developing sound business objectives. His goal is to create opportunities for investors and oil businesses to partner together in creating American job opportunities as well as American produced oil. He attended Indiana Wesleyan University with an emphasis on accounting and finance. He lives just outside of Indianapolis, IN with his wife of 21 years and their 5 children.

John Muratore is a 40+ year financial services professional. He owned two very successful mortgage banking firms in Orange County, California. In 2006 he sold his company, California Nova Financial, and retired. It was through his own search for protection and growth of his family's personal wealth that he decided to seek out investment opportunities that would not only enhance, but protect the assets that he worked so very hard to earn.

In 2009/2010 he used that invaluable experience to transition his focus to helping clients preserve and grow their wealth in the similar manner that he had done with his own assets.

Through his development of Muratore Financial Services Inc, d/b/a Champion Investments, over the last six years he focused on insurance and alternative asset platforms to meet the needs of investors across the country. Mr. Muratore holds a California Life Insurance license and a California Real Estate license. He resides in Huntington Beach, California with his wife of 21 years and their 5 children.

Since 2018, Mr. Muratore has been engaged as a manager of Heartland Production and Recovery LLC, a company dedicated to acquiring oil and gas working interests in Texas as an alternative investment for qualified investors.

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THE OPERATOR

ARCO OIL CORP

OPERATOR. Arco Oil Corp is the Operator which is providing oil and gas lease opportunities to the Company.

Introduction
ARCO OIL CORP ("AOC") and its sister companies are engaged in the oil and gas exploration and production business. The companies have approved Oil and Gas Operator Numbers with the Texas Railroad Commission and have been engaged in workovers and drilling of oil and gas reserves in the Texas Gulf Coast Region since 2003. The corporate office of AOC is located at:

471 State Highway 67
Graham, Texas 76450
Ph 1-940-549-2222
Email: roger@arcooil.com
Website: www.arcooil.com & www.leadingedgenrg.com

Arco Oil Corp intends to become a leader in the oil and gas exploration business by implementing the drilling and workover of a diverse portfolio of oil and gas exploration prospects. AOC will balance the risk of exploration with fee related, oil field services. AOC will supplement a strategy of financial stability, diversification and high reward to risk through exploration and production.

Future Outlook

Management of AOC's fossil fuel-oriented business will be expanded into "green" energy development. This involves the generation of clean and renewable wind and solar energy from the same properties that oil and gas is being produced. Oil and gas production properties located along the Texas Gulf Coast are ideally situated for the capture and generation of wind and solar power. AOC plans to involve the development of a unique solar/paneled windmill, which will allow it to generate electricity from wind and solar sources from the same facility and on the same properties from which oil and gas is produced. Selling electricity back into the power grid will create an efficient and complete energy capture on a specific property. This will increase cash flow, extend the lifespan and lower the cost of operations of a given property. We believe that this concept will be well received by investors as an environmentally responsible approach to domestic energy generation.

Re-Entry Projects in Known Fields:

The lower-risked, oil and gas production projects that AOC will pursue involve the re-entry of wells within established fields to return them to production. Many properties were abandoned during times when oil and gas prices were so low that commercial production income could not be sustained. With the current oil and gas market having tripled compared to prices over the previous twenty years, many properties can now be returned to production, with attractive cash flow possible, and minimized risk of failure. AOC and its affiliates have enjoyed success in doing so and have secured numerous properties on which ongoing drilling, re-entry work and production is currently taking place. By applying new technology, detailed field mapping and production history research, AOC will return abandoned wells to production in the established reservoirs, and ramp up flow rates where possible by identifying subtle, behind pipe-pays that were left un-produced by larger oil and gas operations.

Exploratory Drilling Prospects:

AOC's emphasis is on balance of risk through diversification. Utilizing the most advanced 3-D (three-dimensional) seismic technology and processing methods available.

MANAGEMENT OF ARCO OIL, CORP
ROGER SAHOTA-ACQUISITION AND DEVELOPMENT OFFICER

Mr. Sahota, CEO of AOC has extensive in-depth knowledge about techniques related to oil and gas production, workover, drilling and extensive work experience and will handle the onsite work.

Mr. Sahota has the following background and skills

- Strong knowledge and experience in oil and gas production techniques
- Knowledge about safety precautions to be taken while handling inflammable liquids, gases and high-pressure systems
- Knowledge about technical and mechanical aspects of raw oil extraction procedures
- Excellent decision-making and problem-solving abilities
- Possess required physical fitness levels necessary to manage the physically enduring tasks

Work Experience:

Arco Oil Corp and Leading Edge Energy, LLC
2003-2018

- Performing several tasks and activities required to undertake extraction of petroleum products
- Performing several tests and procedures on collected samples to check quality and purity
- Using, repairing and maintaining various instruments and tools required for land drilling, extraction and quality tests
- Assisting external quality inspectors in conducting analysis and tests by providing the requisite information, materials and permissions
- Reporting any activity that poses danger to the life or property

Field Operator:

Performed several tasks of land drilling, work over of existing wells, crude oil & natural gas extractions, quality tests and equipment repairs as instructed by seniors.

- Operated extraction pumps and other auxiliary equipment as required to maintain the pressure at required levels and managed the flow of oil at required speed
- Supervised and directed workover drilling operations
- Checked storage tanks for any defects, malfunctioning or leakages regularly
- Ensured strict adherence to the safety procedures and precautionary measures by all co-workers
- Drilling Oil and Gas wells (Exploratory wells, Appraisal wells, developmental wells, Reentry wells, vertical wells, horizontal wells) and Work Over and Completion Operations in onshore rigs
- Supervised and managed drilling operations
- Supervise and ensure work progresses in accordance with approved drilling, workover and completion programs

- Monitor and maintain adequate inventories of critical equipment and materials considering the time required for re-supply
- Remain aware of whole conditions and trends in order to anticipate potential problems
- Ensure through the appointed positions that materials, equipment and are timely and effectively mobilized/demobilized
- Ensure that all activities are reported in a timely manner and recorded fully and accurately

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SENIOR OIL AND GAS CONSULTANT

JACK L. PETERSON

Mr. Jack L. Peterson, the Fund's oil and gas consultant, prepared the Val Verde and Wolfcamp project Memorandums for this document. The Conway Project memorandum was provided by a geologist of Mr. Roger Sahota.

BIO OF JACK L. PETERSON

Mr. Peterson has 41 years experience in the energy industry, 23 years with Union Pacific Resources (UPRC) in Oil & Gas E & P and 18 years with Southern California Edison (SCE). His varied work experience includes Industrial Automation and Controls Engineering, Facilities Construction and Relocation, Asset Management, Project/Program Management, Field Supervision. He retired from SCE September 2016 as a Senior Manager of T&EO Support for Power Supply which included Energy & Gas Trading, Real Time operations, Day Ahead operations, Energy Settlements functions.

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SUMMARY OF OIL AND GAS PROJECTS

Introduction

In March, 2019 Heartland Production and Recovery, LLC, the Manager of the Heartland Production and Recovery Fund II, LLC (the "Fund"), entered into a lease agreement (the "Agreement") with one energy company and a production agreement with an affiliate of that company. In April, 2019 the Manager closed on a purchase and sale joint venture agreement with the ARCO OIL Corp.

Val Verde Project

The Val Verde lease is with Barron Petroleum, LLC ("Barron") and related to the Val Verde project (See Val Verde Project Memorandum below)

Under the Agreement, the Fund is obligated to Barron for a total of $5,564,000 for a 49% ownership in all properties, oil and gas leases, and engineering reports, first well drilled to completion and installed gas line and meter. The purchase price includes the value of the drilling and development estimated at $3,000,000.

In order to induce the Fund to execute the Agreement, the Seller has agreed to allocate as much of the tax deduction related to the new drilling as possible. If this is not possible, Barron has agreed to guarantee the Fund that its share of net proceeds will yield a minimum of 12.5% per annum rate of return on the purchase price of the Agreement. If the net proceeds are less than the 12.5% per annum return, Barron will make up the difference to the Fund.

The Val Verde tract covers about 1000 acres in Val Verde County, Texas. No existing wells are included on the property; drilling activities if undertaken could result in from 10 to 25 wells upon completion. The Fund presently expects only to acquire and develop the one well.

Wolfcamp Project

Another transaction is the Wolfcamp project which relates to over 9000 acres in Schleicher County, Texas. The project covers 14 active wells in various stages of end of life production. The purchase price under the Agreement is $8 million for a 49% ownership in all properties, oil and gas leases, engineering agents, production equipment and the like. The project is expected to require about $1 million for the workover and drilling and a return to enhanced production for about 3 to 4 years.

Each of the Val Verde and Wolfcamp sellers is a corporation or other entity controlled by Roger Sahota, the owner of ARCO Oil, the company responsible for drilling and the workover of the wells.

Conway Project

The Conway lease with ARCO Oil relates to approximately 1,040 acres in Palo Pinto County, Texas. The purchase price under the Agreement is $3,000,000 for an undivided 49% interest (and 36.75% of Net Revenue Interest) in all right, title and interest in the wells and leases. The lease covers 100% of the working interest in each of the wells and leases and 49% of all personal property in place on the lease.

The Seller and the Fund will enter into a joint venture agreement to do further exploration and possibly, further development of the Leases. Seller shall be the operator of the Joint Venture provided Seller has at least a 50% working interest in the wells and leases.

The Drilling Operation

The Fund has entered into an agreement with ARCO oil ("Arco") of Graham, Texas for the drilling and workover of oil and gas projects. ARCO specializes in the re-entry of wells within established oil fields to return them to enhanced production. Mr. Roger Sahota, the CEO of ARCO has extensive experience in

the techniques related to oil and gas production, drilling and workover of existing wells. A summary bio of Mr. Sahota and ARCO appear below.

Texas Exploration, Inc. Transactions

The original Heartland Production and Recovery Fund, LLC ("Initial Fund") paid approximately $4,975,000 to Texas Exploration, Inc. ("TIEP") for two (2) wells in 2018 with a 24.5% interest. The transaction was an acquisition of production and did not involve any lease. The Fund acquired the oil and gas production from the well bore. The Fund will not and has not acquired any further wells or other oil and gas interests from TIEP. The Initial Fund has received production payments adequate to service its outstanding promissory notes.

Risk Factors

Investors should carefully consider the following risk factors as they relate to the Val Verde and Wolfcamp projects before investing in the Units. The Risk Factor section of the PPM should also be carefully reviewed.

Val Verde Costs

The total estimate for Val Verde costs of drilling one well is $3,000,000 (which is included in the cost of the one well purchased), which is a risk since no facilities are on location and will have to be built and commissioned as wells are drilled. Such new equipment will be costly to effect the production of oil and there is no assurance that the Fund will be successful in raising sufficient investor funds to pay for the expected drilling costs.

If the Fund were unable to provide adequate capital for drilling activities, the 49% percentage interest owned in the well drilled would be reduced on a pro rata basis. The ability to spread the risk of the failure of any one or more of the wells among a large group of wells would not be possible. Accordingly, an investor's risk of loss would increase proportionately to the number of wells not drilled. Moreover, the dollar amount of revenue from the well program would be reduced assuming only one well were drilled.

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Val Verde project Memorandum

Description

1000 acres in Val Verde County, Texas covering perspective reservoirs of Strawn LS, Ellenburger, Wolfcamp canyon sands. These perspective reservoirs lie within the Val Verde-Midland foreland basin fronting the Marathon Ouchita Fold belt. Historic Oil & Gas production for this area has shown large deposits of recoverable production that continue to this day. Working perspective depths are 2000' to 16000' across three zones. The deeper zones show potential for high gravity crude oil production with estimated production of 150 – 300 barrels per day per well.

Ground Truth Background

Geophysical vibrating trucks and sensors were employed using TRNCO 3D seismic program data. Collected data shows build ups in belts adjacent to interface of basin shelfs assisting in targeted prospects. Various ground thickness and porousness were detailed in data that could allow multiple wells surrounding prospective areas. Overall the data is complete and indicates a high confidence of possibilities for production success.

Present Wells

No present wells are included in this project however the large amount of historic data from past production in adjacent areas gives rise to a positive outcome of targeted drilling. Most of the areas past drilling concentrated on Gas production wells due to gas prices at the time. This targeted gas drilling left the oil deposits intact and untouched until past years oil prices started to rise.

This lease has a close proximity to connectable gas gathering pipelines that could result in extra revenue streams depending on gas production and market prices at the time.

Economics

Since no existing wells are included in this project the economics are strictly drilling opportunities that could result in a 10 to 25 well drilling strategy. Using 10 new drilled wells as a starting point (Estimated cost for drilling activities is $3M per well) the possible economics are positive using high and low assumption parameters. These assumptions are for illustration of the possibilities of outcomes. Past performance, oil price, production volumes, production days are variables that could impact results.

The upfront operating costs will be a potential risk given no facilities are on location. Facilities will have to be built and commissioned as wells are drilled to facilitate sales. These facilities would add to tax write offs as equipment depreciation is calculated.

		ASSUMPTIONS				
Total Acreage: 1,000 acres						
VAL VERDE County						
	%	**Medium**		**High**		**Low**
Oil Price (Bbl):		**$52**		**$60**		**$35**
# of Producing Wells:		**10**		**10**		**10**
Days of production/month		**30**		**30**		**30**
Estimated Production Per Well		**200**		**300**		**180**

Gross Production Per Day (BOE):		**2,000**		**3,000**		**1,800**
Royalty:	**25%**	**500.0**		**750.0**		**450.0**
Net Production (Bbl/Day):		**1,500**		**2,250**		**1,350**
Gross Income Per Day:		**$78,000**		**$135,000**		**$47,250**
Gross Income Per Month:		**$2,340,000**		**$4,050,000**		**$1,417,500**
Oil Production Tax):	**4.6%**	**$107,640.00**		**$186,300.00**		**$65,205.00**
Operating Expenses (LOE/month):		**$30,000**		**$30,000**		**$30,000**
Net Revenue / Month:		**$2,202,360.00**		**$3,833,700.00**		**$1,322,295.00**
Net Revenue/ Year		**$26,428,320.0**		**$46,004,400.0**		**$15,867,540.0**
Numbers are estimates only subject to change based upon prices, performance.						
49% Interest Return 12 Months:		**$12,949,876.8**		**$22,542,156**		**$7,775,094.60**
51% Interest Return 12 Months:		**$13,487,443.2**		**$23,462,244**		**$8,092,445.40**

Acquisition

Offering costs $5,564M for 49% ownership (36.75% Net Revenue Interest) in all properties, oil and gas leases as shown in Exhibits, various engineering reports, first well drilled to completion, installed gas line and meter. Royalties to be paid at 25% of total gross production quantities prorated per ownership share.

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Wolfcamp Project Memorandum

Description

9019 acres located in Schleicher County. Schleicher County is located on the Edwards Plateau in the State of Texas and is a major low-permeability oil play in the Permian Basin. The Permian Basin is one of the most prolific oil-producing basins in North America. Historic Oil & Gas production for this area has shown large deposits of recoverable production that continue to this day. Completions in these zones are generally anticipated at 2,500 to 3,000 foot intervals and drilled to a depth between 7,000 and 11,000 feet. Completions begin at the bottom most formation and could include up to 8 to 12 fracture stimulations over the wells life time.

Ground Truth Background

The project does require mapping to support the drilling program to access the stacked zone opportunities. It is now common practice to stack all the zones together by completion of higher pressure deep zones, produce for a couple years and then add in the up hole lower pressure zones with staged completion practices. All these zones show a possibility for horizontal drilling which could increase production opportunities.

The well workover program is dependent on many variables, including well depth, existing well equipment, oil reservoir zone, past stimulations, ability to complete workover.

Present Wells

There are 14 active wells on location in various stages of end of life production at current depths and well bore status. The majority of these wells show large oil production decline from 2013 to present. Four of these wells show better then average oil production decline and are providing the major part of existing production revenue. The existing wells are of limited value without workover programs and stimulation. These wells should react positively to stimulations and could provide 3 - 4 + years of enhanced production after workover stimulation.

Economics

As stated above the existing wells will require workovers that should enhance the oil production and increase the revenue stream. An estimate of $1M is reasonable for these workovers and would start revenue increases as each workover is completed and returned to production.

These assumptions are for illustration of the possibilities of outcomes. Past performance, oil price, production volumes, production days are variables that could impact results.

		ASSUMPTIONS				
Total Acreage: 9,019 acres						
Wolfcamp project				**After Workover**		**After Workover**
		Present		**50% increase**		**+ 4 new wells**
				Med.		**Med.**
Oil Price (Bbl):		**$52**		**$52**		**$52**
# of Producing Wells:		**14**		**14**		**18**
Days of production/month		**30**		**30**		**30**

Average Production Per Well		**13**		**20**		**46**
Gross Production Per Day (BOE):		**182**		**280**		**828**
Royalty:	**25%**	**45.5**		**70**		**207**
Net Production (Bbl/Day):		**136.5**		**210**		**621**
Gross Income Per Day:		**$7098**		**$10920**		**$32,292**
Gross Income Per Month:		**$212,940**		**$327,600**		**$968,760**
Oil Production Tax:	**4.6%**	**$9,795.24**		**$15,069.60**		**$44,562.96**
Operating Expenses (LOE/month):		**$30,000**		**$40,000**		**$45,000**
Net Revenue / Month:		**$173,144.76**		**$272,530.40**		**$879,197.04**
Net Revenue/ Year		**$2,077,737.12**		**$3,270,364.80**		**$10,550,364.5**
Numbers are estimates only subject to change based upon prices, performance.						
49% Interest Return 12 Months:		**$1,018,091.19**		**$1,602,478.75**		**$5,169,678.60**
51% Interest Return 12 Months:		**$1,059,645.93**		**$1,667,886.05**		**$5,380,685.90**

Acquisition

Offering Costs $8.0M for 49% ownership (36.75% Net Revenue Interest) in all properties, oil & gas leases as shown on Exhibits, various engineering reports, existing production equipment and wells on location. Royalties to be paid at 25% of total gross production quantities prorated per ownership shares.

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Geological Summary

Conway Prospect
Palo Pinto County, Texas

The Conway Prospect is located in Central Palo Pinto County Texas, in the Metcalf Gap area. The prospect under discussion consists of a 1040 acre tract located in the T & P Railroad Company Surveys, Sections 50 and *59*.

REGIONAL HISTORY & GEOLOGY:

The prospect is located in a well established, prolific oil and gas producing area situated on the eastern flank of the Bend Arch in North Central Texas; The Bend Arch separates the Fort Worth Basis to the east from the well known Permian Basin to the west. The sedimentary strata present along the west flank include Cambrian thru Permian age sediments with a maximum preserved thickness of approximately 6000'. Pay zones in the prospect area are primarily late Ordovician to early Pennsylvanian time.

LOCAL HISTORY & GEOLOGY:

Production in Palo Pinto County is found from multiple pay, zones ranging from shallow Permian sands down to the Ellenberger Dolomite. Depositional environments present during the Ordovician time up through early Pennsylvanian age contributed to the formation of thick organic shale deposits on top of limestone and dolomite deposits across the County which in turn created numerous oil and gas reservoirs as discussed below. Shallower late Pennsylvanian and early Canyon 'time deposited fluvial channels sands and conglomerates that have proven to be substantial oil and gas reservoirs across the area.

ELLENBERGER/ BARNETT SHALE

Production was established in this area in recent years by the Graham Clarke and Holub wells due west in Section 57. These 2 wells have combined to produce over 42,000 barrels of oil with over 1.6 Bcf of gas to date. These wells were drilled on a similar, but smaller structure than found here on the Conway lease. Production expectations for the Ellenberger dolomite/Barnett Shale on the Conway should exceed those numbers with current completion techniques. This will be a Virgin reservoir since no wells have penetrated the structure to date. Referring to thtt3-D imaged seismic structure map inducted, the structure here in the Ellenberger should be large enough to accommodate a minimum of 4 wells, each capable of producing upwards of 30,000+ barrels of oil per well with ½-1 Bcf gas per well. 4 wells could cum 120,000+/- barrels of oil and 2-4 Bcf of gas for this formation combo alone.

MARBLE FALLS / BEND

This large section of lime and chert has 2-3 producing horizons that have been phenomenal productive intervals across the prospect area and throughout the county. The *3* zones are named the Big Saline, Marble Falls, and the Duffer each having somewhat different characteristics, but all are mainly gas productive with some additional oil/condensate production. Many wells produce 500 Mmcfg to over 1 Bcfg per well in the area. All of these formations are additional primary targets for the well and you can find any one of the 3 zones productive or all 3 in every well bore. Again, referring to the 3-D imaged seismic structure map on the Duffer Lime one can see the structure IS large enough to accommodate upwards of *6* well locations. Nearby production from the Duffer and/Marble Falls limes have produced upwards of ¼ to ½ Bcf gas per well, but those wells were not drilled on structure and were not fracked with the newest completion technology. Production from new Wells is anticipated to be upwards of½ to 1 Bcf gas per well with condensate from each of these formations.

BIG SALINE/ BEND CONGLOMERATES

The deepest any well has been drilled on the Conway lease is to the Bend Conglomerate. This 20'+ deposit of sandy conglomerate has produced over 9 Bcf of gas from 3 wells on top of this huge structural anomaly identified on the Conway lease. Although pressure depleted itself, there is another conglomerate that is deposited in the Big Saline section just above that is significant as well. This particular conglomerate was found and blew out in the #5 well when it was drilled. After the #8 well was drilled in the Bend conglomerate mentioned earlier, this zone was abandoned and the well was drilled deeper to produce from that zone, leaving behind a zone that was producing 10 barrels of oil and 200 mcf of gas per day. A rough draft map has been made across the lease of the Big Saline conglomerate and it offers several additional locations across the lease as well as an additional payzone for wells drilled to the deeper Ellenberger formation.

STRAWN SANDS

The shallow Strawn sands appear from 500' to 2500' and are fluvial, deltaic sand bar deposits. The prominent 1150' sand has been mapped across the lease and show numerous potential drilling locations. There are at least 5 different productive Strawn sands on the lease in different locales. These sands are both oil and gas productive and can produce upwards of 6000 barrels of oil and/or ¼ Bcf of gas per well.

RECOMMENDATIONS:

The primary objectives of the Conway Prospect are the Ellenberger/Barnett combo, along With the Big Saline conglomerate, Marble Falls and Duffer Lime formations. Secondary objectives include additional Conglomerates and Strawn sands. All these formations have been proven to contain and produce oil and gas in abundance across the area.

It is recommended that the Conway #1 well be spud on the Ellenberger seismic structural apex. The well should be drilled deep enough to test all the formations down through the Barnett Shale and Ellenberger Dolomite or approximately 450W. After the #1 well is drilled, completed, and proven successful as anticipated, subsequent offset wells should be drilled where at least 4-6 more locations are leased and available for future exploration.

The proposed Conway location is surrounded by exceptional Oil and Gas production from all 9 possible pay zones. The likelihood of finding and producing commercial oil and gas on the Conway Prospect is considered fairly low risk and favorable due to the numerous pay zones at various shallow depths.

Respectfully submitted,
Randy Andrews, Geologist

NOTE – An effort has been made to present all information contained herein in the most factual manner. Not all scientific data has been personally verified but there is no reason to disbelieve the sources and the data contained herein which appears consistent with past experience. Any interpretation and/or conclusion contained herein are expressed as my opinion and its total accuracy is not guaranteed. By the very nature of any seismic and drilling program having some risk, no liability or responsibility for financial loss will be assumed, should it be sustained by anyone using and/or referring to this report.

RISK FACTORS

An investment in the Company's Units and Notes involves substantial risk. Prospective investors should consider carefully the factors referred to below as well as others associated with their investment. In addition, this Memorandum contains forward-looking statements regarding future events and the future financial performance of the Company that involve risks and uncertainties. Investors are cautioned that such statements are predictions and beliefs of the Company and the Company's actual results may differ materially from those discussed herein. The discussion below includes some of the material risk factors that could cause future results to differ from those described or implied in the forward-looking statements and other information appearing elsewhere in this Memorandum. If any of the following risks, or any additional risks and uncertainties not listed below and not presently known to us, actually occur, our business could be harmed or fail. In such case, you may lose all or part of your investment.

The following risk factors, in addition to those discussed elsewhere in this Memorandum, should be carefully considered when evaluating the Company as an investment opportunity.

General Risks Associated with an Early Stage Company

We have limited operating history upon which you may evaluate us. The Manager was formed in October, 2018 as a Delaware limited liability company. The Manager sponsored and sold Notes of an initial fund for $8 million in the last quarter of 2018. The economic results of that Fund have yet to be determined. The Manager and the Company have limited operating history upon which you may evaluate the business and prospects. The business and prospects must be considered in light of the risk, expense, and difficulties frequently encountered by companies in early stages of development, particularly companies in highly competitive and evolving markets. If we are unable to effectively allocate our resources, or generate revenues, our business operating results and financial condition would be adversely affected and we may be unable to timely service the debts evidenced by the Notes, and the Notes may go into default.

Our success is dependent on our management and key personnel. We believe that our success will depend on the continued expertise of Brad Pearsey and John Muratore, who are also the owners and operators of the Company's sole Manager, Heartland Production and Recovery Fund, LLC. Moreover, there could be adverse consequences to the Company in the event that any of our senior management ceases to be available to the Company. The success of the Company is therefore expected to be significantly dependent upon the expertise and efforts of Mr. Pearsey and Mr. Muratore. Our success may also depend on the assistance of advisors. If Mr. Pearsey, Mr. Muratore, or any of our advisors, were unable or unwilling to continue in their positions, our business and operations could be disrupted or fail.

Management has broad discretion as to the use of proceeds. The net proceeds from this Offering will be used for the purposes described in "BUSINESS OF THE COMPANY." The Company reserves the right to use the funds obtained from this Offering for other similar purposes not presently contemplated, which it deems to be in the best interests of the Company and its stakeholders in order to address changed circumstances or opportunities including different oil and gas projects and opportunities. As a result of the foregoing, the success of the Company will be substantially dependent upon the discretion and judgment of management with respect to application and allocation of the net proceeds of this Offering. Investors for the Units offered hereby will be entrusting their funds to the Company's management, upon whose judgment and discretion the investors must depend.

Management has voting control of the Company. The Company is a manager-managed limited liability company. Investors in the Units and Notes of the Company have no authority to govern the affairs of the Company, and no voting rights to elect and remove the Manager in accordance with the provisions of any Operating Agreement. The Manager of the Company is already in place, and it presently holds all of the ownership in the Company and expects to continue to hold such interests after the Offering. Investors in

this Offering are not being offered membership interests in the Company and accordingly are not members of the Company and have no governance or voting authority or rights.

Actual results of operations may vary from the Company's internal projections. Management has prepared projections for its internal use regarding the Company's anticipated financial performance. **The projections will not be available to investors.** The Company's projections are hypothetical and based upon a presumed financial performance of the Company's business and other factors influencing our business. The projections are based on management's best estimate of the probable results of operations of the Company, based on present circumstances, and have not been reviewed by any independent accountants. Any projected financial results prepared by or on behalf of the Company have not been independently reviewed, analyzed, or otherwise passed upon. Any "forward-looking" statements herein are based on various assumptions, which assumptions may prove to be incorrect. Such assumptions include but are not limited to (i) anticipated demand for our oil and gas products, and (ii) anticipated costs associated with the recovery of oil and gas. Some assumptions, upon which the projections are based, however, invariably will not materialize due to the inevitable occurrence of unanticipated events and circumstances beyond our control. Therefore, actual results of operations will vary from the projections, and such variances may be material. Assumptions regarding future changes in sales and revenues are necessarily speculative in nature. In addition, projections do not and cannot consider such factors as general economic conditions, unforeseen regulatory changes, the entry of additional competitors into our target market, the terms and conditions of future capitalization, and other risks inherent to our business. Accordingly, there can be no assurance that such projections, assumptions, and statements will accurately predict future events or actual performance. Any projections of cash flow should be considered speculative and are qualified in their entirety by the assumptions, information and risks disclosed in this Memorandum. Investors are advised to consult with their own independent tax and business advisors concerning the validity and reasonableness of the factual, accounting and tax assumptions. No representations or warranties whatsoever are made by the Company, its affiliates or any other person or entity as to the future profitability of the Company the payment of interest and principal to investors or the results of making an investment in the Units and the Notes.

We may not effectively manage growth. The anticipated growth of the Company's business will result in a corresponding growth in the demands on the Company's management and its operating infrastructure and internal controls. While we are planning for managed growth, any future growth may strain management resources and operational, financial, human and management information systems, which may not be adequate to support the Company's operations and will require the Company to develop further management systems and procedures. There can be no guarantee that the Company will be able to develop such systems or procedures effectively on a timely basis. The failure to do so could have a material adverse effect upon the Company's business, operating results and financial condition.

Our efficiency may be limited while our current employees and future employees are being integrated into our operations. In addition, we may be unable to find and hire additional qualified management and professional personnel to help lead us. There is intense competition for qualified personnel in the area of the Company's activities, and there can be no assurance that the Company will be able to attract and retain qualified personnel necessary for the development of our business.

In addition, there is a risk of a conflict of interest between the interests of our management and key technical personnel, and the interests of the Company, as well as their interests in other potential unrelated activities. If such conflicts arise, this could have a material adverse impact on the Company's business.

Increased IT security threats and more sophisticated and targeted computer crime could pose a risk to our systems, networks, products, solutions and services. Increased global IT security threats

and more sophisticated and targeted computer crime pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. While we intend to mitigate these risks by employing a number of measures, including employee training, comprehensive monitoring of our networks and systems, and maintenance of backup and protective systems, our systems, networks, products, solutions and services remain potentially vulnerable to advanced persistent threats. Depending on their nature and scope, such threats could potentially lead to the compromising of confidential information, improper use of our systems and networks, manipulation and destruction of data, downtimes and operational disruptions, which in turn could adversely affect our reputation, competitiveness and results of operations.

Risk Factors Related to Oil and Gas Business

The following risk factors, as well as the other information contained in this Memorandum, in evaluating an investment in the Notes offered hereby. This Memorandum contains certain forward- looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth below and elsewhere in this Memorandum.

Investing in Oil and Gas is Highly Speculative. Oil and gas ventures are risky by nature. Although there have been significant advances in technology regarding the determination of the potential success of oil and gas ventures, there is no sure way to predict if a well, prospect, lease or mineral interest will be economically viable. Likewise, oil and gas exploration has a degree of risk that has been marked by unprofitable efforts since the days of its infancy in the early twentieth century, not only resulting from the drilling of "dry holes," but also from the drilling of wells which, though productive, do not produce oil or gas in sufficient quantities to return a profit on the costs expended. Because investment in the Notes is highly speculative, you should be prepared for the possibility of a total loss of your investment. You should only participate if you are able to absorb such a total loss.

There are Unavoidable Natural Hazards Associated with Oil and Gas Property Exploration and Field Development. Certain conditions are beyond our control, such as unexpected pressures, blowouts or unusual formations. Other conditions encountered in drilling or well enhancement may cause hazards, pollution, or other damages which may result in the loss of a portion or all of a well or project. Additionally, circumstances may occur that would prevent production from a well that would otherwise be productive or would cause production from a well to be deemed prohibitively expensive, as in the case of excessive water or paraffin buildup. Also, extreme weather conditions may sometimes impede or delay drilling, completion, or production of a well.

We Face Possible Operating and Environmental Hazards. Certain operating and environmental hazards such as spillage of petroleum liquids, discharge of toxic gases or wastes, contamination of water sources, and other unforeseen conditions may be encountered. As a result of such hazards, it is possible that, even as non-operators of the wells, we may incur substantial liabilities to third parties or governmental agencies, the payment of which could reduce or eliminate cash available from producing properties to service the Notes, or could result in the complete loss of projects or wells in which we own an interest. Also, future governmental regulations relating to environmental matters could increase the cost of doing business, or require the alteration or cessation of operations. Such actions could substantially affect both the return on our capital and our liabilities. Any of these factors could jeopardize the payment of current interest or the repayment of the Notes upon maturity.

The Oil and Gas Industry is Highly Competitive. We will be competing with numerous other companies, both major oil companies as well as independents, many of which have greater financial resources and technical staff expertise than may be available to us, for acquiring producing working interests in oil and gas wells at competitive prices.

Potential World Commodity Prices for Crude Oil and its Derivative Products May Have a Direct Effect on Our Chances for Profitability. Historically, oil and gas prices have been highly volatile as

supply and demand manifests themselves in the market for hydrocarbons. At times, production from productive oil and gas wells in many geographic areas of the United States has been curtailed due to lack of market demand, and it is possible that such curtailments may arise in the future. If such an event should occur in the areas in which we intend to be engaged, it is possible that our wells may be shut-in or that the oil and gas produced there from may be sold at prices or on terms that are less favorable than might otherwise be obtained in times of greater demand. It is also possible that the oil and gas interests we intend to invest in may not be productive enough to be profitable.
Also, although the Organization of Petroleum Exporting Countries (OPEC) exerts a great deal of control over market prices based on their efforts to curtail production in order to keep the price of oil at certain levels, not always are they successful in their cartel efforts.
In addition, the major oil companies are always seeking larger and larger oil fields offshore and in the remote areas of the world. The discovery of another highly productive field (e.g., North Slope of Alaska, etc.) could have a significant downward impact on the price for oil or natural gas.
Also, violence and instability in the Middle East have been shown to have a correlation to the price of oil. It is unlikely that such political instability will cease in the near future.
All of these factors may cause our oil and gas drilling, development, leasing and/or oil and gas interest acquisition activities to become less profitable or unprofitable due to lower-than-expected prices.

We are Reliant on the Expertise of Our Key personnel and expert consultants. We will depend to a great extent on the experience and expertise of our Operator and our key personnel and expert consultants. The death, resignation, or disability of any of these persons may have a materially adverse effect on the conduct of our activities and on our ability to successfully execute our business plan and to pay the principal and interest on the Notes. Certain services to be provided to the Company, such as legal, accounting, marketing, transportation, well operations, maintenance, project origination and technical or consulting services, may be performed by our Affiliates or related parties under common control. Conflicts of interest for the individual members of our sponsoring member and others associated with this Company by way of contract may also arise. Such individuals, either directly or indirectly, may provide services to other oil and gas related programs or may engage in oil and gas exploration and development for their own account and the account of others. Also, other companies may retain carried interests (e.g., working interest, overriding royalty interest, etc.) in the leases acquired by the Company. Such persons may also be involved with other oil and gas companies and in other aspects of the petroleum industry. All of these activities may result in conflicts of interest.

There Is No Assurance That the Workover Projects Will Be Productive. Through our Operator, we will attempt to select wells or projects that are in historically productive geological areas or areas of new potential. However, there can be no assurance that the wells or projects chosen will be economically viable or will yield financial results similar to other wells or projects producing oil and gas in the same geological area or that the wells, leases, or oil and gas interests acquired will produce oil and gas in quantities sufficient to return the cost of acquisition. Therefore, there can be no assurance that an investment in the Notes will be profitable or that you will recover all or any part of your investment in the Notes.

There Can Be No Assurance of Adequate Liability Insurance Coverage. Our oil and gas field Operator, including drilling contractors, such as will be retained by the Company to manage the day-to-day drilling and/or servicing of wells on a given property are usually required by state law to carry and maintain certain performance bonds in order to continue as operators in good standing. Further, field operators usually maintain liability insurance coverage. However, there is no mandatory requirement for a field operator to maintain a specific amount of liability insurance or to maintain insurance coverage altogether. The absence of insurance coverage for a particular field operator would expose the Company to greater liability and risk than if insurance were continued in force. This, of course, could also cause a material negative impact on the Company's profitability and the ability to service the Notes and to repay all principal and accrued interest on the Notes.

We will endeavor to require each of the Company's operators to provide proof of liability insurance under each of their respective operating agreements and economic protection via contract. Although we will

endeavor to cause such insurance to be carried, there is no guarantee that the amount of coverage, terms, or conditions of the insurance will not be materially changed in the future. Such insurance is usually intended to cover certain natural hazards such as blowouts. However, the operators may not be able to insure or may elect not to insure against certain other hazards due to premium costs or other reasons. We, however, will endeavor to ensure that all agreements with field operators and drilling contractors will require them to secure and maintain an insurance policy for bodily injury liability and to maintain such insurance coverage thereafter as is deemed appropriate. Such insurance coverage would apply to new, producing, plugged and abandoned wells in which the Company has an interest.

You Should Seek Out Independent Legal Advice. Neither we nor the attorneys for the Company intend to give you any legal advice or counsel whatsoever. We strongly recommend you consult with your legal advisors regarding the inherit risks of the Company before investing in the Notes.

We Are Subject to Fluctuating Market Prices; Recent Reduction of Oil Prices. Although many oil and gas industry analysts opine that an undersupply, rather than an oversupply of oil and gas may be prevalent in future markets, there is the possibility that restrictions on market access may occur in the future, which could result in a reduction in the amount of oil and gas marketed from the wells drilled or acquired by the Company or in the price paid to third parties for oil and gas delivered, or both. Oil prices recently have declined significantly as worldwide supply has in some instances exceeded demand in the world economy which is now experiencing a slowdown. The Company may or may not enter into any futures contracts for the sale of production from its wells. Oil and gas produced by the Company's wells may be sold on the "spot market" in order to take advantage of higher seasonal prices. However, there can be no assurances that this technique will protect the Company from seasonal price drops.

Our Leases May Have Title Defects. Normally, we will not obtain title insurance on leasehold interests or other oil, gas and mineral interests, including royalty interests which the Company acquires from its Operator. While we will exercise normal procedures and take all prudent precautions in the acquisition and assignment of the leases or interests acquired by the Company, there is no assurance that losses will not result from title defects or from defects in the assignment of rights. However, a third-part oil and gas engineer will be searching the title record on our behalf to assure good title.

There Is a Limited Liquid Market for Working Interest Ownership. You must assume the risks of purchasing an illiquid asset. Transferability of working interests is limited and there is no guarantee of any market for the working interests.

Consistent Revenue Distributions May Not Be Possible Due to Unavoidable Delays. There are a number of factors that could cause a delay in the beginning or continuance of interest payments to you, including, but not limited to, title defects, completion problems, problems with well production equipment, compression problems, pipeline space availability, availability of oil and gas markets, acceptable price considerations, and regulatory or environmental concerns over which we will have no or limited control. The amount and frequency of interest payments will depend primarily on the cash receipts from the sale of production, and upon the expenses involved in the production thereof. Assuming that production is established from interests in wells acquired and/or serviced by the Company, it is our intention to make interest payments to you on a monthly basis. However, there are no guarantees or assurances of when cash payments will commence or as to the amount of such payments.

Our Forecasts Are Reliant Upon Hypothetical Projections and Lack Independent Review. We have prepared projections for our internal use from the basics of our business model. The interest payments on the Notes are based on assumptions believed to be reasonable. Such projections are strictly hypothetical in nature, and there is no assurance or guarantee expressed or implied that results of the wells acquired, drilled or reworked by the Company's Operator will be similar to our internal projections, or that the wells will produce oil and gas in commercial quantities, if at all. There has been no independent economic review made of the merits of an investment in the Notes. You will assume the risk that the actual results of the Company's activities may be significantly different than those shown in our internal private projections, and the risk that you may lose your entire investment.

Estimated Costs Are Not Certain. Costs to be borne by the Operator for the oil and gas projects selected for production cannot be ascertained with certainty. Estimates of such costs per well and per mineral acre have not been determined by an independent process, but are believed to be reasonable and consistent with such costs available from other operators for similar services. Due to the competitive nature of the oil and gas industry and to the dependence on the resources of the selected contractors or other independent contractors, there is no assurance that such services might be obtained at costs either higher or lower than those paid by the Operator. If difficulties are experienced, cost overruns will be borne by the owners. Excessive costs of completion due to complications may cause a well to become commercially unproductive, necessitating its eventual abandonment, or resale at a loss.

Risks Associated with an Investment in the Notes

Best efforts offering. This Offering is being made on a "best efforts" basis with no minimum number of Units required to be sold. As subscriptions are accepted (and any required rescission periods expire), the subscription funds will be available for use by the Company immediately for its intended use of proceeds. Subscriptions are irrevocable (after expiration of any rescission period) and subscribers will not have the opportunity to have their funds returned notwithstanding any future lack of success in recruiting other investors. Accordingly, initial subscribers will necessarily have a greater degree of risk. The Company has not engaged the services of a placement agent or underwriter with respect to the Offering, and will offer the Units through its managers and executive officers at its discretion. Nevertheless, the Company may seek, at its discretion, to engage the services of a qualified FINRA broker-dealer. The Company will engage outside "Finders" in connection with the Offering.

There is no minimum dollar amount for this offering and investors' subscription funds will be used by us as soon as they are received. There is no minimum number of Units required to be sold in this Offering. There is no assurance that all or a significant number of Units may be sold in this Offering. We will use investors' subscription funds as soon as they are received. If only a small portion of the Units are placed, then the Company may not have sufficient capital to spread the risk of the working interests among several such interests. The Manager has the right to terminate the Offering at any time for any reason regardless of the number of Units sold. There is no assurance that we could obtain additional financing or capital from any source, or that such financing or capital would be available to us on terms acceptable to us. Under such circumstances, the Company's plans would need to be scaled down, and this would have a material adverse effect on the Company's business.

Notes are not guaranteed and could become worthless. The Notes are not guaranteed or insured by any government agency or by any private party. The amount of interest payments is not guaranteed and can vary with market conditions. The return of all or any portion of the amounts invested in the Notes is not guaranteed, and the Units could become worthless.

We are relying on certain exemptions from registration. The Units are being offered for sale in reliance upon certain exemptions from the registration requirements of the Securities Act and applicable state securities laws. If the sale of the Units were to fail to qualify for these exemptions, purchasers may seek rescission of their purchases of the Units. If a number of purchasers were to obtain rescission, the Company would face significant financial demands, which could adversely affect the Company as a whole, as well as any non-rescinding purchasers.

If the Company incurs debt, there may be risks associated with such borrowing. If the Company incurs indebtedness, a portion of its cash flow will have to be dedicated to the payment of principal and interest on such indebtedness. Typical loan agreements also might contain restrictive covenants, which may impair the Company's operating flexibility including the requirement that interest payments under the Notes be subordinated to the payment of the debt. Such loan agreements would also provide for default

under certain circumstances, such as failure to meet certain financial covenants. A default under a loan agreement could result in the loan becoming immediately due and payable and, if unpaid, a judgment in favor of such lender which would be senior to the rights of Noteholders. A judgment creditor would have the right to foreclose on any of the Company's assets resulting in a material adverse effect on the Company's business, operating results or financial condition. As a result, the Notes repayment could be jeopardized or prevented in whole or in part.

Future capital needs. The Company believes that the net proceeds of the Offering of the Units will be sufficient to fund the operations and growth of the Company for the foreseeable future, assuming that it sells all 500 Units offered hereby. Nevertheless, in the event additional funding is required, no assurance can be given that additional financing will be available at all or on terms favorable to the Company. If adequate funds were not available to satisfy either short or long-term requirements, the Company would be required to limit its operations significantly and could be unable to continue in business, with a resulting loss of all or part of investments made by the Company's investors in the Notes.

The Units and Notes are restricted securities and a market for such securities will likely never develop. Investors should be aware of the potentially long-term nature of their investment. Each purchaser of Units and Notes will be required to represent that it is purchasing such securities for its own account for investment purposes and not with a view to resale or distribution. Purchasers may be required to bear the economic risks of the investment for an indefinite period of time. The Company has neither registered the Units nor the Notes, under the Securities Act. Consequently, Noteholders may not be able to sell or transfer their securities under applicable federal and state securities laws. Moreover, there is no public market for the Company's Notes, such a market is not likely to develop prior to a registration undertaken by the Company for the public offering of its Notes for its own account or the account of others, and there can be no assurance that the Company will ever have such a public offering of its Notes. Ultimately, each investor's risk with respect to this Offering includes the potential for a complete loss of his or her investment.

The Offering price is arbitrary. The price of the Units and the Notes offered has been arbitrarily established by the Company, without considering such matters as the state of the Company's business development and the general condition of the industry in which it operates. The price of the Units and Notes bears little relationship to the assets, net worth, or any other objective criteria of value applicable to the Company.

Additional unforeseen risks. In addition to the risks described in this section, "RISK FACTORS," and elsewhere in this Memorandum, other risks not presently foreseeable could negatively impact our business, could disrupt our operations and could cause the Company to fail with the inability of the Company to service the debt on the Notes. Ultimately, each investor in the Units and Notes bears the risk of a complete and total loss of his/her/its investment in the Notes.

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Certain Relationships and Related Transactions

Management of the Company

The Company's Manager and advisors intend to devote only such time to operations as they, in their sole discretion, deem necessary to help carry out operations effectively. The Company's manager and advisors may work on other projects, and conflicts of interest may arise in allocating management time, services or functions among affiliates.

Conflicts of Interest

Potential conflicts of interest may arise in the course of our operations involving affiliate companies, as well as their interests in other potential unrelated activities. Accordingly, in addition to such potential conflicts of interest noted herein and under "Management of the Company" above, other conflicts of interest may exist or may arise in the future. The Company does not have any formally documented procedures to identify, analyze or monitor conflicts of interest.

Previous Fund

During the late fall of 2018, the Manager offered nine-month promissory notes in an initial fund ('Initial Fund') of $6,600,000. The Initial Fund acquired a 49% working interest in 2 wells owned by Texas Exploration, Inc ('TE') for a total purchase price of about $4,975,000. The Manager will oversee and monitor the operations of the Initial Fund which is now closed off and will not offer additional promissory notes or acquire further properties or working interests. Nevertheless, the Manager will be required to spend a normal amount of time and effort in actively managing the Initial Fund for the benefit of its Noteholders. However, it is the view of the Manager that Mr. Pearsey and other personnel will have more than enough time to devote to the business and operations of the Company and does not consider the duty of the Noteholders to be a conflict of interest. Any investor who may feel otherwise, however, and is of the view that the Manager will be conflicted should contact his or her financial advisor or attorney before deciding whether or not to invest in the Unites and Notes.

Duties of the Manager to the Company

Duty of Care and the 'Business Judgment Rule'

Just as officers and directors of corporations owe a fiduciary duty to their shareholders, the Manager is required to perform its duties with the care, skill, diligence, and prudence of like persons in like positions. The Manager will be required to make decisions employing the diligence, care, and skill an ordinary prudent person would exercise in the management of their own affairs. The 'business judgment rule' should be the standard applied when determining what constitutes care, skill, diligence, and prudence of like persons in like positions.

Duty of Disclosure

The Manager has an affirmative duty to disclose material facts to investors who may become Noteholders. Information is considered material if there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision. During the Offering, the Manager must not make any untrue statements to the Noteholders and must not omit disclosing any material facts to the Noteholders.

Duty of Loyalty

The Manager has a duty to avoid undisclosed conflicts of interest. Before raising money from investors, the Manager must disclose any conflicts that may exist between the investment interests of such Manager and the investment interests of the Company or any of the individual investors.

Litigation

The Company is not presently a party neither to any material litigation, nor to the knowledge of the Manager is any litigation threatened against the Company, which may materially affect the business of the Company or its assets.

Transfer Agent and Registrar

The Company will act as its own transfer agent and registrar for the Units issued hereby.

MARKET PRICE OF THE UNITS AND NOTES

The offering price of the Units and Notes has been arbitrarily established by the Company and does not necessarily bear any specific relation to the assets, book value or potential earnings of the Company or any other recognized criteria of value. Neither the Units, nor the Notes, have been registered under the Securities Exchange Act of 1934. Our Units have not been traded or quoted on any exchange or quotation system. There is no public market in which shareholders may sell their Notes, and there is no reasonable likelihood that such a market will ever develop. The securities offered hereby are restricted and the investors' rights to sell or transfer their interests are severely limited.

Assuming the Company sells all 500 Units offered hereby, the Company believes that the net proceeds from the Units offering will be sufficient to fund the Company's operations for at least 12 months and to acquire adequate working interests to service the Notes. If the Company sells less than the full number of Units offered hereby, the Company may need to raise additional capital sooner than expected. In addition, the Company may require significant additional capital or debt proceeds in the future to fund operations and growth. There can be no assurance that the Company will be able to obtain additional capital or debt proceeds, or on terms agreeable to the Company.

The Company's use of proceeds may differ materially from the foregoing as a result of changing conditions and as deemed appropriate in the absolute discretion of management. Therefore, we reserve broad discretion in the use of proceeds and the right to alter the use of proceeds of this Offering without notice in the interest of the Company and its stakeholders.

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DESCRIPTION OF SECURITIES

The Notes

The Company is offering up to 500 units (the "Units") of its promissory notes (the "Notes") at an offering price of $50,000 per Unit for an aggregate offering price of $25,000,000 (the "Offering"). Each Unit will consist of either one $50,000 principal amount one-year, 8.5% promissory Note or one $50,000 principal amount two-year 9% Note. Each promissory note is an unsecured debt security.

Each Note will mature on the date that is either 12 or 24 months from the date of its issuance (the "Date of Maturity"). The Notes are not subject to redemption, call, or demand for prepayment by the holder prior to the Date of Maturity. The Notes may be repaid prior to Maturity at the Company's option. An event of default under any Note is limited to: (i) the failure of the Company to timely pay any interest or principal due under such Note which is not cured within 30 days after the date such payment is due; (ii) the commencement of a voluntary case seeking relief under the United States Bankruptcy Code (or any successor statute); or (iii) the continuation for more than 90 days after the commencement of an involuntary case under the United States Bankruptcy Code (or any successor statute).

The Notes will bear interest at the rate of 8.5% or 9% simple interest per annum until the principal of Notes has been paid in full. We intend to make payments under the Notes as follows:

- Monthly interest payments only.
- Upon Maturity Date, the return of the balance of principal.

Interest on Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months. Payments will be processed monthly on the 25th of the month. As a result, payments of interest will be made on the following schedule: Each investor's interest payment will be processed the month following the first calendar month of earning interest. Example 1: If, for example, funding occurs on March 1, the first interest payment will be processed on April 25 and your first payment would be one month's interest from March. Example 2: If funding occurs at any time from March 2nd to March 31st, the first month of interest would be for April and the first interest payment would be processed on May 25. The first payment would be for interest earned in that portion of March when the Note investment was made, and for one full month of interest for April.

Because the Notes will not be issued pursuant to an indenture, each holder will be responsible for acting independently with respect to any matter affecting such holder's Note, including enforcing the agreements contained therein, responding to any requests for consents, waivers or amendments and giving written notice of default or accelerating the maturity of the Notes upon the occurrence an event of default.

The foregoing description of the Notes should in no way be relied upon as complete, and it is qualified in its entirety by the terms and conditions of the form of promissory note, attached hereto as Appendix C.

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OTHER MATTERS

Certain Transactions

Other Contemporaneous and Subsequent Offering Transactions

The Company, in its absolute discretion may carry out contemporaneous and additional subsequent offerings of its securities on terms and conditions it deems appropriate without notice to investors herein, subject to applicable securities laws. No Investor shall have any preemptive right to acquire any other offerings of securities regardless of an investment in the Units and Notes.

FINANCIAL INFORMATION

This Memorandum contains "forward-looking" statements. These statements are based on the Company's current expectations about the businesses and the markets in which it operates. Such forward-looking statements are not guaranteeing of future performance and involve known and unknown risks, uncertainties or other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Actual operating results may be affected by various factors including, without limitation, changes in national economic conditions, competitive market conditions, uncertainties and costs related to government regulation, and actual versus projected timing of events, all of which may cause such actual results to differ materially from what is expressed or forecast in this Memorandum.

ADDITIONAL INFORMATION

Brad Pearsey and John Muratore, Managers of the Fund and sole owner, will be available upon request to answer questions concerning the terms of this Offering, to provide any reasonably requested information necessary to verify the accuracy of the information contained in this Memorandum and to provide such other information reasonably requested by prospective investors as they deem necessary for the purposes of considering an investment in the Company. Mr. Pearsey can be contacted by telephone at (817) 865-1245 and his email is bpearsey@heartlandpar.com; Mr. Muratore's phone number is 817-865-1245.

You should rely only on the information contained in this Memorandum. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell the Units and Notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this Memorandum is accurate as of the date on the front cover of this Memorandum only. Our business, financial condition, results of operations and prospects may have changed since that date.

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[redacted]
COPY NO. 1048
Name of Offeree

The Heartland Group Fund III

A Texas Limited Liability Company

UP TO $100,000,000 AGGREGATE AMOUNT PROMISSORY NOTES
4,000 UNITS OFFERED

Offering Price: $25,000 Per Unit **Minimum Subscription: One Unit**

THIS CONFIDENTIAL OFFERING MEMORANDUM HAS NOT BEEN FILED WITH OR REVIEWED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER COMMISSION OR REGULATORY AUTHORITY, NOR HAS ANY SUCH COMMISSION, AUTHORITY, OR ATTORNEY GENERAL DETERMINED WHETHER IT IS ACCURATE OR COMPLETE OR PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THE SECURITIES OFFERED ARE FOR SALE ONLY TO ACCREDITED INVESTORS AND TO OTHER QUALIFIED INVESTORS (AS DEFINED IN "MEMORANDUM SUMMARY – INVESTOR SUITABILITY REQUIREMENTS" ON PAGE 17).

In the event you decide not to participate in this Offering, please return the entire Confidential Offering Memorandum to the principal office of the Company as set forth below:

The date of this Confidential Offering Memorandum is September 27, 2019.

NOTICE

THE HEARTLAND GROUP FUND III, LLC

UP TO $100,000,000 AGGREGATE AMOUNT PROMISSORY NOTES
4000 UNITS OFFERED

This Confidential Offering Memorandum (the "Memorandum") relates to the offer and sale to a select group of investors ("Investors") of up to 4000 units (the "Units") of the securities of The Heartland Group Fund III, LLC (the "Company" or "Heartland" or "Heartland III") by the manager of the Fund, The Heartland Group Ventures, LLC (the "Manager") at an offering price of $25,000 per Unit for an aggregate offering price of $100,000,000 (the "Offering"). Each Unit will consist of one $25,000 principal amount promissory note. Investors will have the right to invest in Units comprised of one-year Notes bearing interest at 8.5% per annum or two-year notes bearing interest at 9% per annum. Each promissory note is an unsecured debt security, as more fully described in the form of promissory note attached hereto in Exhibit B (the "Note") (see "MEMORANDUM SUMMARY—Interest" page 16 herein). The minimum subscription by an investor is one Unit ($25,000 minimum investment).

The Company, will primarily invest the net proceeds of the Company Notes in diversified Texas oil and gas projects. See, "Business of Heartland III" "The Operator," and "Summary of the Oil and Gas Projects." The Company will also use funds to recapitalize and consolidate Heartland Production and Recovery Fund I, LLC (Heartland I) and Heartland Production and Recovery Fund II, LLC (Heartland II). The Company also intends to acquire the assets of failing companies through the assumption of debt.

The Units will be offered and sold pursuant to the exemption from registration provided by Section 506(b) under Regulation D promulgated under the Securities Act of 1933 (the "Act"). All investors must qualify as "accredited investors," or as "qualified sophisticated investors" as that term is defined under Regulation D under the Act. See "Memorandum Summary-Investor Suitability Requirement.

All of the Units will be sold on a "best-efforts" basis which means that net Offering proceeds will be available to the Company upon receipt, acceptance and clearance thereof and that no minimum amount of Unit sales will be required in order to complete and close this Offering. There can be no assurance that all of the Units offered will be subscribed for.

The Manager shall have the absolute right, and sole discretion, to terminate the offer at any time for any reason, regardless of the number of units previously sold.

The minimum subscription by an investor is one Unit for $25,000. The Company reserves the right in its sole discretion to sell fractionalized Units and/or Notes, and may also accept investments of less than one Unit.

	Price Paid by Investors	Proceeds to the Company [1]
Per Unit	$25,000.00	$25,000.00
Maximum Offering	$100,000,000	$100,000,000

(1) Before deducting offering expenses payable by the Company, estimated to be up to $25,000 and, in the event the Company elects to retain a qualified placement agent, potential commissions paid to such placement agent in accordance with federal securities law and the securities law of the various states.

The Units will be offered and sold on behalf of the Company by certain officers and/or managers of the Company. The Company may also utilize the services of selected broker-dealers who are members of the Financial Industry Regulatory Authority ("FINRA").

All of the Units will be sold on a "best efforts " basis up to the 4000 Unit maximum. There can be no assurance that the maximum number of Units or any minimum number of Units will be sold. The Manager my close the Offering at its discretion. All proceeds from the sale of Units will be available for immediate use by the Company.

An investment in the Units involves a high degree of risk. Prospective investors in the Units should thoroughly consider this Memorandum and certain special considerations concerning the Company described herein. See "RISK FACTORS" below. An investment in the Units offered hereby is suitable only for, and may be made only by accredited and qualified sophisticated investors who have no need for liquidity of investment and understand and can afford the high financial risks of an investment in the Units, including the potential for a complete loss of their investment. There is currently no trading market for any securities of the Company, nor is it expected or assured that such market will develop in the foreseeable future.

THE UNITS AND NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SEC OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE UNITS AND NOTES OF THE COMPANY ARE SPECULATIVE BY NATURE AND ARE INTENDED FOR ACCREDITED INVESTORS AND A LIMITED NUMBER OF QUALIFIED SOPHISTICATED INVESTORS. EACH PROSPECTIVE INVESTOR SHOULD CAREFULLY REVIEW THIS MEMORANDUM AND THE RELEVANT DOCUMENTS REFERRED TO HEREIN BEFORE DECIDING TO INVEST IN THE COMPANY.

THE MEMORANDUM IS SUBMITTED TO YOU ON A CONFIDENTIAL BASIS SOLELY IN CONNECTION WITH YOUR CONSIDERATION OF AN INVESTMENT IN THE SECURITIES OF THE HEARTLAND GROUP FUND, III, LLC, A TEXAS LIMITED LIABILITY COMPANY. DUE TO THE CONFIDENTIAL NATURE OF THIS MEMORANDUM, ITS USE FOR ANY OTHER PURPOSE MIGHT INVOLVE SERIOUS LEGAL CONSEQUENCES. CONSEQUENTLY, THIS MEMORANDUM MAY NOT BE REPRODUCED IN WHOLE OR IN PART, AND MAY NOT BE DELIVERED TO ANY OTHER PERSON (OTHER THAN YOUR FINANCIAL ADVISOR) WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY'S MANAGER(S).

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GENERAL NOTICES AND REPRESENTATIONS

This Memorandum is furnished on a confidential basis. This Memorandum constitutes an offer of securities only to the person to whom it is specifically delivered for that purpose ("Offeree"), and is provided solely for the purpose of evaluating an investment in the Company. By accepting delivery of this Memorandum and receiving any other oral or written information provided by the Company in connection with the Offering, each Offeree agrees (a) to keep confidential the contents of this Memorandum and such other information and not to disclose the same to any third party or otherwise use the same for any purpose other than evaluating an investment in the Company, and (b) not to copy, in whole or in part, this Memorandum or any other written information provided by the Company in connection herewith. Each Offeree further agrees to return this Memorandum and any such written information to The Heartland Group Fund III, LLC; attention: Manager, 400 Industrial Blvd, Suite 114, Mansfield, Texas 76063. In the event that (i) the Offeree does not subscribe to purchase any Units, (ii) no portion of the Offeree's subscription is accepted, or (iii) the Offering is terminated or withdrawn.

To the extent applicable, the Units offered hereby have not been registered under the US federal Securities Act of 1933 (the "Securities Act") or any US state securities laws, in reliance upon exemptions therefrom. If applicable, the Units may not be sold, transferred, pledged or otherwise disposed of in the absence of registration under the Securities Act and under any applicable US state securities or Blue-Sky laws unless pursuant to exemptions therefrom. This Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, any Units offered hereby to any person in any jurisdiction in which it is unlawful to make such an offer or solicitation to such person. This Memorandum does not constitute an Offer if the prospective investor is not qualified under applicable securities laws.

In determining whether to invest in the Units, each person must rely upon his, her or its own examination of the Company and the terms of the Offering made hereby, including the merits and risks involved. The Company expects that, prior to the closing for the Offering made hereby, it will afford prospective investors in the Units an opportunity to ask questions of representatives of the Company concerning the Company and the terms of the Offering and to obtain additional relevant information to the extent the Company possesses such information or can obtain it without unreasonable effort or expense. Except as aforesaid, no person is authorized in connection with the Offering to give any information or make any representation not contained in this Memorandum, and, if given or made, such information or representation must not be relied upon as having been authorized by the Company. The information contained in this Memorandum also supersedes any information concerning the Company or the terms of any investment therein provided to any prospective investor prior to the date of this Memorandum.

The Company makes no express or implied representation or warranty as to the attainability of any forecasted financial information that may be expressed or implied herein or as to the accuracy or completeness of the assumptions from which that forecasted information is derived. It must be recognized that the projections of the Company's future performance are necessarily subject to a degree of uncertainty, that actual results can be expected to vary from the results projected and that such variances may be material and adverse. Prospective investors are expected to conduct their own investigation with regard to the Company and its prospects. It is expected that each Offeree will pursue his, her or its own independent investigation with respect to information included herein. Prospective investors in the Units are not to construe the contents of this Memorandum as legal, business or tax advice. Each prospective investor in the Units should consult his, her or its own attorney, business advisor and tax advisor as to the legal, business, tax and related matters concerning this Offering.

This Memorandum has been prepared solely for the purpose of the proposed offering of the Units. The Company reserves the right to reject any subscription for the Units, in whole or in part, or to allot less than the number or amount of securities as to which any prospective investor in the Units has subscribed.

THIS OFFERING IS NOT UNDERWRITTEN. THE OFFERING PRICE HAS BEEN ARBITRARILY SET BY THE MANAGEMENT OF THE COMPANY. THERE CAN BE NO ASSURANCE THAT ANY OF THE SECURITIES WILL BE SOLD. THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION OR ANY US STATE SECURITIES AGENCY, NOR HAS ANY SUCH REGULATORY BODY REVIEWED THIS OFFERING MEMORANDUM FOR ACCURACY OR COMPLETENESS. BECAUSE THESE SECURITIES HAVE NOT BEEN SO REGISTERED, THERE MAY BE RESTRICTIONS ON THEIR TRANSFERABILITY OR RESALE BY AN INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD PROCEED ON THE ASSUMPTION THAT HE MUST BEAR THE ECONOMIC RISKS OF THE INVESTMENT FOR AN INDEFINITE PERIOD, SINCE THE NOTES MAY NOT BE SOLD UNLESS, AMONG OTHER THINGS, THEY ARE SUBSEQUENTLY REGISTERED UNDER THE APPLICABLE SECURITIES ACTS OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE. THERE IS NO TRADING MARKET FOR THE COMPANY'S SECURITIES AND THERE IS NO LIKELIHOOD THAT ANY MARKET WILL DEVELOP IN THE FUTURE OR THAT THE NOTES WILL EVER BE ACCEPTED FOR INCLUSION ON NASDAQ OR ANY OTHER TRADING EXCHANGE AT ANY TIME IN THE FUTURE. THE COMPANY IS NOT OBLIGATED TO REGISTER FOR SALE UNDER EITHER U.S. FEDERAL OR STATE SECURITIES LAWS THE SECURITIES PURCHASED PURSUANT HERETO, AND THE ISSUANCE OF THE NOTES IS BEING UNDERTAKEN PURSUANT TO CERTAIN EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT, WHICH MAY INCLUDE WITHOUT LIMITATION THE APPLICABLE RULES UNDER REGULATION D AND/OR REGULATION S UNDER THE SECURITIES ACT. ACCORDINGLY, THE SALE, TRANSFER, OR OTHER DISPOSITION OF ANY OF THE NOTES, WHICH ARE PURCHASED PURSUANT HERETO, MAY BE RESTRICTED BY APPLICABLE U.S. FEDERAL OR STATE SECURITIES LAWS AND/OR THE SECURITIES LAWS OF ONE OR MORE FOREIGN COUNTRIES (DEPENDING ON THE RESIDENCY OF THE INVESTOR) AND BY THE PROVISIONS OF THE SUBSCRIPTION AGREEMENT REFERRED TO HEREIN. THE OFFERING PRICE OF THE NOTES TO WHICH THE MEMORANDUM RELATES HAS BEEN ARBITRARILY ESTABLISHED BY THE COMPANY AND DOES NOT NECESSARILY BEAR ANY SPECIFIC RELATION TO THE ASSETS, BOOK VALUE OR POTENTIAL EARNINGS OF THE COMPANY OR ANY OTHER RECOGNIZED CRITERIA OF VALUE.

The management of the Company has provided all of the information stated herein. The Company makes no express or implied representation or warranty as to the completeness of this information or, in the case of projections, estimates, future plans, or forward-looking assumptions or statements, as to their attainability or the accuracy and completeness of the assumptions from which they are derived, and it is expected that each prospective investor will pursue his, her, or its own independent investigation. It must be recognized that estimates of the Company's performance are necessarily subject to a degree of uncertainty and may vary materially from actual results.

This Offering will be conducted as an exempt offering pursuant to the exemption for registration provided by Section 506(b) of Regulation D under the Securities Act of 1933 (the "Act").

This Memorandum has been prepared solely for the information of the person to whom it has been delivered by or on behalf of the Company. Distribution of this Memorandum to any person other than the prospective investor to whom this Memorandum is delivered by the Company and those persons retained to advise them with respect thereto is unauthorized. Any reproduction of this Memorandum, in whole or in part, or the divulgence of any of the contents without the prior written consent of the Company is strictly prohibited. This Offering is made subject to withdrawal, cancellation, or modification by the Company without notice and solely at the Company's discretion. Each prospective investor, by accepting delivery of this Memorandum, agrees to return it and all other documents received by them to the Company if the prospective investor's subscription is not accepted or if the Offering is terminated.

By acceptance of this Memorandum, prospective investors recognize and accept the need to conduct their own thorough investigation and due diligence before considering a purchase of the Units.

U.S. JURISDICTIONAL (NASAA) LEGENDS

The presence of the following legends for any given state reflects only that a legend may be required by that state and should not be construed to mean an offer or sale is being or may be made in that particular state.

If you are uncertain as to whether or not offers or sales may be lawfully made in your state, you are hereby advised to contact the Company. The Notes described in this Memorandum have not been registered under any state securities laws (commonly called "Blue-Sky" laws). These Notes must be acquired for investment purposes only and may not be sold or transferred in the absence of an effective registration of such securities under such laws, or an opinion of counsel acceptable to the Company that such registration is not required.

The Company intends to offer and sell the Units and Notes only to accredited investors through the use of general solicitation in accordance with the provisions of Rule 506(c) under Regulation D of the Securities Act, as promulgated pursuant to the Securities Act of 1933.

NOTICE TO ALABAMA RESIDENTS ONLY: THESE SECURITIES MAY BE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE ALABAMA SECURITIES ACT. A CONFIDENTIAL OFFERING MEMORANDUM RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE ALABAMA SECURITIES COMMISSION. THE COMMISSION DOES NOT RECOMMEND OR ENDORSE THE PURCHASE OF ANY SECURITIES, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO ARIZONA RESIDENTS ONLY: THESE SECURITIES MAY BE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF ARIZONA. NEITHER THE ARIZONA CORPORATION COMMISSION NOR THE DIRECTOR OF SECURITIES HAVE REVIEWED OR PASSED UPON THE ACCURACY OR COMPLETENESS OF THIS MEMORANDUM OR OTHER SELLING LITERATURE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO CALIFORNIA RESIDENTS ONLY: THE SALE OF THE SECURITIES WHICH ARE THE SUBJECT OF THIS OFFERING HAS NOT BEEN QUALIFIED WITH THE COMMISSIONER OF CORPORATIONS OF THE STATE OF CALIFORNIA AND THE ISSUANCE OF SUCH SECURITIES OR PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREFORE PRIOR TO SUCH QUALIFICATIONS IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPTED FROM QUALIFICATION BY THE APPLICABLE PROVISIONS OF THE CALIFORNIA CORPORATIONS CODE. THE RIGHTS OF ALL PARTIES TO THIS OFFERING ARE EXPRESSLY CONDITIONED UPON SUCH QUALIFICATIONS BEING OBTAINED, UNLESS THE SALE IS SO EXEMPT.

NOTICE TO CONNECTICUT RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE CONNECTICUT UNIFORM SECURITIES ACT AND ARE BEING SOLD IN RELIANCE UPON THE APPLICABLE EXEMPTIONS CONTAINED IN SAID ACT. THEY CANNOT BE RESOLD UNLESS THEY ARE REGISTERED UNDER SAID ACT OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE BANKING COMMISSIONER OF THE STATE OF CONNECTICUT NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO DELAWARE RESIDENTS ONLY: IF YOU ARE A DELAWARE RESIDENT, YOU ARE HEREBY ADVISED THAT THESE SECURITIES MAY BE OFFERED IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE DELAWARE SECURITIES ACT. THE SECURITIES CANNOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS

EXEMPT UNDER THE ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR IN A TRANSACTION WHICH IS OTHERWISE IN COMPLIANCE WITH THE ACT.

NOTICE TO FLORIDA RESIDENTS ONLY: THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN REGISTERED WITH THE FLORIDA DIVISION OF SECURITIES AND INVESTOR PROTECTION UNDER THE FLORIDA SECURITIES ACT. THE SECURITIES REFERRED TO HEREIN MAY ONLY BE SOLD TO, AND ACQUIRED BY THE HOLDER IN A TRANSACTION EXEMPT UNDER THE APPLICABLE PROVISIONS OF SAID ACT. THE SECURITIES HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF FLORIDA. IN ADDITION, ALL OFFEREES WHO ARE FLORIDA RESIDENTS SHOULD BE AWARE THAT SECTION 517.061(11)(a)(5) OF THE ACT PROVIDES, IN RELEVANT PART, AS FOLLOWS: "WHEN SALES ARE MADE TO FIVE OR MORE PERSONS IN FLORIDA, ANY SALE IN FLORIDA MADE PURSUANT TO THIS SECTION IS VOIDABLE BY THE PURCHASER IN SUCH SALE EITHER WITHIN 3 DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY THE PURCHASER TO THE ISSUER, AN AGENT OF THE ISSUER OR AN ESCROW AGENT OR WITHIN 3 DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH PURCHASER, WHICHEVER OCCURS LATER." THE AVAILABILITY OF THE PRIVILEGE TO VOID SALES PURSUANT TO SECTION 517.061(11) IS HEREBY COMMUNICATED TO EACH FLORIDA OFFEREE. EACH PERSON ENTITLED TO EXERCISE THE PRIVILEGE TO AVOID SALES GRANTED BY SECTION 517.061 (11)(A)(5) AND WHO WISHES TO EXERCISE SUCH RIGHT, MUST, WITHIN 3 DAYS AFTER THE TENDER OF ANY AMOUNT TO THE COMPANY OR TO ANY AGENT OF THE COMPANY (INCLUDING THE SELLING AGENT OR ANY OTHER DEALER ACTING ON BEHALF OF THE PARTNERSHIP OR ANY SALESMAN OF SUCH DEALER) OR AN ESCROW AGENT CAUSE A WRITTEN NOTICE OR TELEGRAM TO BE SENT TO THE COMPANY AT THE ADDRESS PROVIDED IN THIS MEMORANDUM. SUCH LETTER OR TELEGRAM MUST BE SENT AND, IF POSTMARKED, POSTMARKED ON OR PRIOR TO THE END OF THE AFOREMENTIONED THIRD DAY. IF A PERSON IS SENDING A LETTER, IT IS PRUDENT TO SEND SUCH LETTER BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ASSURE THAT IT IS RECEIVED AND ALSO TO EVIDENCE THE TIME IT WAS MAILED. SHOULD A PERSON MAKE THIS REQUEST ORALLY, HE MUST ASK FOR WRITTEN CONFIRMATION THAT HIS REQUEST HAS BEEN RECEIVED.

NOTICE TO GEORGIA RESIDENTS ONLY: THESE SECURITIES MAY BE ISSUED OR SOLD IN RELIANCE ON THE APPLICABLE EXEMPTIONS CONTAINED IN THE GEORGIA SECURITIES ACT OF 1973, AND MAY NOT BE SOLD OR TRANSFERRED EXCEPT IN A TRANSACTION WHICH IS EXEMPT UNDER SUCH ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION UNDER SUCH ACT.

NOTICE TO ILLINOIS RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECRETARY OF THE STATE OF ILLINOIS NOR HAS THE STATE OF ILLINOIS PASSED UPON THE ACCURACY OR ADEQUACY OF THE MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO INDIANA RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE INDIANA BLUE-SKY LAW AND MAY ONLY BE OFFERED AND SOLD IN RELIANCE UPON THE APPLICABLE EXEMPTIONS THEREFROM. THEY CANNOT BE RESOLD OR TRANSFERRED
UNLESS THEY ARE REGISTERED UNDER THE LAW OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

NOTICE TO KENTUCKY RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL INSTITUTIONS OF KENTUCKY NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO MARYLAND RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE MARYLAND SECURITIES ACT AND MAY ONLY BE OFFERED AND SOLD IN RELIANCE UPON APPLICABLE EXEMPTIONS CONTAINED IN SAID ACT. THEY CANNOT BE RESOLD OR TRANSFERRED UNLESS THEY ARE REGISTERED UNDER SAID ACT OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

NOTICE TO MASSACHUSETTS RESIDENTS ONLY: (1) THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT OF THIS COMMONWEALTH, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER. THESE SECURITIES CANNOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES ACT OF THIS COMMONWEALTH, IF SUCH REGISTRATION IS REQUIRED, OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES DIVISION OF THE COMMONWEALTH OF MASSACHUSETTS NOR HAS THE SECURITIES DIVISION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO MICHIGAN RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE MICHIGAN SECURITIES ACT AND, IF OFFERED IN MICHIGAN OR TO RESIDENTS OF MICHIGAN, ARE BEING SOLD IN RELIANCE UPON THE APPLICABLE EXEMPTIONS CONTAINED IN SUCH ACT. THESE SECURITIES MAY NOT BE RESOLD OR TRANSFERRED UNLESS THEY ARE REGISTERED UNDER THE ACT OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

NOTICE TO MINNESOTA RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE MINNESOTA BLUE-SKY LAW AND MAY ONLY BE SOLD TO MINNESOTA RESIDENTS IN RELIANCE UPON THE APPLICABLE EXEMPTIONS THEREFROM. THEY CANNOT BE RESOLD OR TRANSFERRED UNLESS THEY ARE REGISTERED UNDER THE LAW OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

NOTICE TO MISSISSIPPI RESIDENTS ONLY: IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN REGISTERED WITH NOR RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE. INVESTORS SHOULD BE AWARE THAT THEY WOULD BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

NOTICE TO MISSOURI RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE MISSOURI SECURITIES ACT, AND IF OFFERED IN MISSOURI OR TO RESIDENTS OF MISSOURI, WILL BE SOLD TO, AND ACQUIRED BY, PURCHASERS IN RELIANCE ON AN APPLICABLE EXEMPTION THEREFROM. UNLESS THE SECURITIES ARE REGISTERED, THEY MAY NOT BE REOFFERED FOR SALE OR RESOLD IN THE STATE OF MISSOURI, EXCEPT AS A SECURITY, OR IN A TRANSACTION, EXEMPT UNDER SUCH ACT.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE NEW HAMPSHIRE SECURITIES ACT, AND IF OFFERED IN NEW

HAMPSHIRE OR TO RESIDENTS OF NEW HAMPSHIRE, WILL ONLY BE SOLD TO, AND ACQUIRED BY, PURCHASERS IN RELIANCE ON AN APPLICABLE EXEMPTION THEREFROM. UNLESS THE SECURITIES ARE REGISTERED, THEY MAY NOT BE REOFFERED FOR SALE OR RESOLD IN THE STATE OF NEW HAMPSHIRE, EXCEPT AS A SECURITY, OR IN A TRANSACTION, EXEMPT UNDER SUCH ACT.

NOTICE TO DELAWARE RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE DELAWARE UNIFORM SECURITIES LAW, AND IF OFFERED IN DELAWARE OR TO RESIDENTS OF DELAWARE, WILL ONLY BE SOLD TO, AND ACQUIRED BY, PURCHASERS IN RELIANCE ON THE APPLICABLE EXEMPTIONS THEREFROM. IF YOU ARE A DELAWARE RESIDENT AND YOU ACCEPT AN OFFER TO PURCHASE THESE SECURITIES PURSUANT TO THIS MEMORANDUM, YOU ARE HEREBY ADVISED THAT THIS MEMORANDUM HAS NOT BEEN FILED WITH OR REVIEWED BY THE BUREAU OF SECURITIES OF THE STATE OF DELAWARE. THE BUREAU OF SECURITIES OF THE STATE OF DELAWARE HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO NEW YORK RESIDENTS ONLY: THIS DOCUMENT HAS NOT BEEN REVIEWED BY THE ATTORNEY GENERAL OF THE STATE OF NEW YORK PRIOR TO ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE COMPANY HAS TAKEN NO STEPS TO CREATE AN AFTER MARKET FOR THE SECURITIES OFFERED HEREIN AND HAS MADE NO ARRANGEMENTS WITH BROKERS OR OTHERS TO TRADE OR MAKE A MARKET IN SUCH SECURITIES. AT SOME TIME IN THE FUTURE, THE COMPANY MAY ATTEMPT TO ARRANGE FOR INTERESTED BROKERS TO TRADE OR MAKE A MARKET IN THE SECURITIES AND TO QUOTE THE SAME IN A PUBLISHED QUOTATION MEDIUM, HOWEVER, NO SUCH ARRANGEMENTS HAVE BEEN MADE AND THERE IS NO ASSURANCE THAT ANY BROKERS WILL EVER HAVE SUCH AN INTEREST IN THE SECURITIES OF THE COMPANY OR THAT THERE WILL EVER BE A MARKET THEREFORE.

NOTICE TO NEVADA RESIDENTS ONLY: IF ANY INVESTOR ACCEPTS ANY OFFER TO PURCHASE THE SECURITIES, THE INVESTOR IS HEREBY ADVISED THE SECURITIES WILL ONLY BE SOLD TO AND ACQUIRED BY IT/HIM/HER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE APPLICABLE PROVISIONS OF THE NEVADA SECURITIES LAW. THE INVESTOR IS HEREBY ADVISED THAT THE ATTORNEY GENERAL OF THE STATE OF NEVADA HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING AND THE FILING OF THE OFFERING WITH THE BUREAU OF SECURITIES DOES NOT CONSTITUTE APPROVAL OF THE ISSUE, OR SALE THEREOF, BY THE BUREAU OF SECURITIES OR THE DEPARTMENT OF LAW AND PUBLIC SAFETY OF THE STATE OF NEVADA. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

NOTICE TO NORTH CAROLINA RESIDENTS ONLY: THESE SECURITIES MAY BE OFFERED PURSUANT TO A CLAIM OF EXEMPTION UNDER THE NORTH CAROLINA SECURITIES ACT. THE NORTH CAROLINA SECURITIES ADMINISTRATION NEITHER RECOMMENDS NOR ENDORSES THE PURCHASE OF ANY SECURITIES, NOR HAS THE ADMINISTRATOR PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION PROVIDED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO NORTH DAKOTA RESIDENTS ONLY: THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NOTICE TO PENNSYLVANIA RESIDENTS ONLY: EACH PERSON WHO ACCEPTS AN OFFER TO PURCHASE SECURITIES EXEMPTED FROM REGISTRATION BY THE APPLICABLE PROVISIONS

OF THE PENNSYLVANIA SECURITIES ACT, DIRECTLY FROM THE ISSUER OR AFFILIATE OF THIS ISSUER, SHALL HAVE THE RIGHT TO WITHDRAW HIS ACCEPTANCE WITHOUT INCURRING ANY LIABILITY TO THE SELLER, UNDERWRITER (IF ANY) OR ANY OTHER PERSON WITHIN TWO (2) BUSINESS DAYS FROM THE DATE OF RECEIPT BY THE ISSUER OF HIS WRITTEN BINDING CONTRACT OF PURCHASE OR, IN THE CASE OF A TRANSACTION IN WHICH THERE IS NO BINDING CONTRACT OF PURCHASE, WITHIN TWO (2) BUSINESS DAYS AFTER HE MAKES THE INITIAL PAYMENT FOR THE SECURITIES BEING OFFERED. IF YOU HAVE ACCEPTED AN OFFER TO PURCHASE THESE SECURITIES MADE PURSUANT TO A PROSPECTUS WHICH CONTAINS A NOTICE EXPLAINING YOUR RIGHT TO WITHDRAW YOUR ACCEPTANCE PURSUANT TO SECTION 207(m) OF THE PENNSYLVANIA SECURITIES ACT OF 1972 (70 PS § 1-207(m), YOU MAY ELECT, WITHIN TWO (2) BUSINESS DAYS AFTER THE FIRST TIME YOU HAVE RECEIVED THIS NOTICE AND A PROSPECTUS TO WITHDRAW FROM YOUR PURCHASE AGREEMENT AND RECEIVE A FULL REFUND OF ALL MONEYS PAID BY YOU. YOUR WITHDRAWAL WILL BE WITHOUT ANY FURTHER LIABILITY TO ANY PERSON. TO ACCOMPLISH THIS WITHDRAWAL, YOU NEED ONLY SEND A LETTER OR TELEGRAM TO THE ISSUER (OR UNDERWRITER IF ONE IS LISTED ON THE FRONT PAGE OF THE PROSPECTUS) INDICATING YOUR INTENTION TO WITHDRAW. SUCH LETTER OR TELEGRAM SHOULD BE SENT AND POSTMARKED PRIOR TO THE END OF THE AFOREMENTIONED SECOND BUSINESS DAY. IF YOU ARE SENDING A LETTER, IT IS PRUDENT TO SEND IT BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ENSURE THAT IT IS RECEIVED AND ALSO EVIDENCE THE TIME WHEN IT WAS MAILED. SHOULD YOU MAKE THIS REQUEST ORALLY, YOU SHOULD ASK WRITTEN CONFIRMATION THAT YOUR REQUEST HAS BEEN RECEIVED. THE SECURITIES HAVE BEEN ISSUED PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENT OF THE PENNSYLVANIA SECURITIES ACT OF 1972. NO SUBSEQUENT RESALE OR OTHER DISPOSITION OF THE SECURITIES MAY BE MADE WITHIN 12 MONTHS FOLLOWING THEIR INITIAL SALE IN THE ABSENCE OF AN EFFECTIVE REGISTRATION, EXCEPT IN ACCORDANCE WITH WAIVERS ESTABLISHED BY RULE OR ORDER OF THE COMMISSION, AND THEREAFTER ONLY PURSUANT TO AN EFFECTIVE REGISTRATION OR EXEMPTION.

NOTICE TO TEXAS RESIDENTS ONLY: THE SECURITIES OFFERED HEREUNDER HAVE NOT BEEN REGISTERED UNDER APPLICABLE TEXAS SECURITIES LAWS AND, THEREFORE, ANY PURCHASER THEREOF MUST BEAR THE ECONOMIC RISK OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME BECAUSE THE SECURITIES CANNOT BE RESOLD UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER SUCH SECURITIES LAWS OR AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE. FURTHER, PURSUANT TO §109.13 UNDER THE TEXAS SECURITIES ACT, THE COMPANY IS REQUIRED TO APPRISE PROSPECTIVE INVESTORS OF THE FOLLOWING: A LEGEND SHALL BE PLACED, UPON ISSUANCE, ON CERTIFICATES REPRESENTING SECURITIES PURCHASED HEREUNDER, AND ANY PURCHASER HEREUNDER SHALL BE REQUIRED TO SIGN A WRITTEN AGREEMENT THAT HE WILL NOT SELL THE SUBJECT SECURITIES WITHOUT REGISTRATION UNDER APPLICABLE SECURITIES LAWS, OR EXEMPTIONS THEREFROM.

NOTICE TO WASHINGTON RESIDENTS ONLY: THE ADMINISTRATOR OF SECURITIES HAS NOT REVIEWED THE OFFERING OR THIS MEMORANDUM, AND THE SECURITIES HAVE NOT BEEN REGISTERED IN RELIANCE UPON APPLICABLE EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS CONTAINED IN THE SECURITIES ACT OF WASHINGTON, AND THEREFORE, CANNOT BE RESOLD UNLESS THEY ARE REGISTERED UNDER THE SECURITIES ACT OF WASHINGTON, CHAPTER 21.20 RCW, OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

OFFERS AND SALES MADE OUTSIDE THE UNITED STATES WITHOUT REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933

The Notes may be offered and sold to purchasers outside the United States in accordance with the rules of Regulation S promulgated under the Securities Act and/or such other rules and regulations, as may be applicable under the circumstances. Accordingly, the sale, transfer, or other disposition of any of the Notes, which are purchased pursuant hereto, may be restricted by applicable federal securities laws and/or the securities laws of one or more non-U.S. countries (depending on the residency of the investor) and by the provisions of the subscription agreement executed by such purchaser.

In the event that Regulation S applies, each distributor selling securities to a distributor, a dealer, or a person receiving a selling commission, fee or other remuneration, prior to the expiration of a one-year distribution compliance period in the case of equity securities, must send a confirmation or other notice to foreign purchasers stating that such purchasers are subject to the same restrictions on offers and sales that apply to a distributor.

This Memorandum does not constitute an offer to sell or a solicitation of an offer to buy to anyone in any jurisdiction in which such offer or solicitation would be unlawful or is not authorized or in which the person making such offer or solicitation is not qualified to do so.

Attempted compliance with any rule in Regulation S does not act as an exclusive election; the Company may also claim the availability of any applicable exemption from the registration requirements of the Securities Act. The availability of the Regulation S safe harbor to offers and sales that occur outside of the United States will not be affected by the subsequent offer and sale of these securities into the United States or to U.S. persons during the distribution compliance period, as long as the subsequent offer and sale are made pursuant to registration or an exemption therefrom under the Securities Act.

During the course of the Offering and prior to any sale, each Offeree of the Units and his or her professional advisor(s), if any, are invited to ask questions concerning the terms and conditions of the Offering and to obtain any additional information necessary to verify the accuracy of the information set forth herein. Such information will be provided to the extent the Company possess such information or can acquire it without unreasonable effort or expense.

FOREIGN JURISDICTIONAL LEGEND

FOR PERSONS WHO ARE NEITHER NATIONALS, CITIZENS, RESIDENTS NOR ENTITIES OF THE UNITED STATES: THESE SECURITIES HAVE NOT AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT AND, INSOFAR AS SUCH SECURITIES ARE OFFERED AND SOLD TO PERSONS WHO ARE NEITHER NATIONALS, CITIZENS, RESIDENTS NOR ENTITIES OF THE UNITED STATES, THEY MAY NOT BE TRANSFERRED OR RESOLD DIRECTLY OR INDIRECTLY IN THE UNITED STATES, ITS TERRITORIES OR POSSESSIONS, RESIDENTS OR ENTITIES NORMALLY RESIDENT THEREIN (OR TO ANY PERSON ACTING FOR THE ACCOUNT OF ANY SUCH NATIONAL, CITIZEN, ENTITY OR RESIDENT). FURTHER RESTRICTIONS ON TRANSFER WILL BE IMPOSED TO PREVENT SUCH SECURITIES FROM BEING HELD BY UNITED STATES PERSONS.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Memorandum and the exhibits attached hereto include *"forward-looking statements"* within the meaning of the Securities Act of 1933. All statements other than statements of historical fact are forward-looking statements.

Forward-looking statements are subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those projected. Among those risks, trends and uncertainties are the Company's ability to raise sufficient working capital to carry out the business plans, the long-term efficacy of the business plans, the ability to protect its intellectual property, and general economic conditions.

Although we believe that in making such forward-looking statements, expectations are based upon reasonable assumptions; such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. We cannot assure you that the assumptions upon which these statements are based will prove to have been correct.

When used in this Memorandum, the words *"expect," "anticipate," "intend," "plan," "believe," "seek," "estimate"* and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Because these forward-looking statements involve risks and uncertainties, actual results could differ materially from those expressed or implied by these forward-looking statements for a number of important reasons, including those discussed under *"Risk Factors"* and elsewhere in this Memorandum.

You should read these statements carefully because they discuss the Company's expectations about its future performance, contain projections of its future operating results or its future financial condition, or state other *"forward-looking"* information. Before you invest in the Units, you should be aware that the occurrence of any of the contingent factors described under *"Risk Factors"* could substantially harm the business, results of operations and financial condition. Upon the occurrence of any of these events, you could lose all or part of your investment.

We cannot guarantee any future results, levels of activity, performance or achievements. Except as required by law, we undertake no obligation to update any of the forward-looking statements in this Memorandum after the date of this Memorandum.

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ABOUT THIS MEMORANDUM

The terms "the "Company," "us," "our" and "we," as used in this Memorandum, refer to The Heartland Group Fund III, LLC, a Texas limited liability company.

You should rely only on the information contained in this Memorandum. The Company has not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. The Company is not making an offer to sell the Units and Notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this Memorandum is accurate as of the date on the front cover of this Memorandum only. The Company's business, financial condition, results of operations and prospects may have changed since that date.

The following term sheet summarizes the basic terms and conditions on which the Company proposes to sell the Units and Notes to certain accredited investors in an exempt offering, subject to documentation in definitive subscription agreements and to completion of all appropriate due diligence investigations. This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Memorandum and in the documents relating to this transaction, including, without limitation, the Company's articles of organization, and the Subscription Agreement for the Units and Notes.

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EXECUTIVE SUMMARY:

THE HEARTLAND GROUP FUND III, LLC

$100,000,000 AGGREGATE AMOUNT PROMISSORY NOTES
4000 UNITS OFFERED

Offering Price: $25,000 Per Unit **Minimum Subscription: One Unit**

The Business: The Company is a recently formed entity that has been organized to invest in working interests in developed oil and gas wells and in new drilling ventures, also known as exploration and production operations. The Company will also use the proceeds of the Fund to recapitalize and consolidate with Heartland I and Heartland II. Further, the Company intends to use proceeds of the Fund to acquire the assets of failing or insolvent companies through acquisition and assumption of debt. See "Business of the Company." Finally, the company intends to offset any risk in investment in oil and gas exploration and production activities through investment in other alternative investments deemed appropriate by the Management Team.

The Company: The Company was organized in September 2019, as a Texas limited liability company. The Company has generally been involved in limited activities, including organizational activities and fundraising since its formation. Accordingly, the Company has no operating history upon which you may evaluate its business and prospects. The Company's headquarters are located at 400 Industrial Blvd., Suite 114, Mansfield, Texas 76063. The Manager of the fund is The Heartland Group Ventures, LLC. The telephone number is 817-865-1245.

The Offering: The Company proposes to sell the Units only to certain accredited investors and qualified sophisticated investors in an exempt, unregistered offering, pursuant to Section 506(b) of Regulation D under the Act, subject to documentation in definitive Subscription Agreements.

Termination of Offer: The Manager shall have the right and the absolute discretion to terminate the Offering at any time for any reason regardless of the number of Units previously sold.

Size of Offering: The Company is offering up to 4,000 units (the "Units") of its Notes at an offering price of $25,000 per Unit for an aggregate offering price of $100,000,000 (the "Offering"). Each Unit will consist of one $25,000 principal amount promissory note. Investors will have the right to invest in Units with a one-year unsecured Note bearing simple interest at 8.5% per annum or two-year notes bearing simple interest at 9% per annum. Each promissory note is an unsecured debt security with a principal amount face value of $25,000 (the "Notes"), subject to the terms of the Notes as more fully described in the form of a promissory note attached hereto as Exhibit B. The minimum subscription by an investor is one Unit ($25,000 investment). The Company reserves the right in its sole discretion to sell fractionalized Units and Notes, and may also accept investments of less than

one Unit. **There is no minimum aggregate amount of subscriptions for Units that is required for the initial acceptance of subscriptions and there is no offering escrow.**
Accordingly, the Company may apply the net proceeds of the sale of Units to the business operations of the Company without regard to the sale of any minimum number of Units.

Price Per Unit: $25,000 (comprised of one $25,000 Note per Unit)

Maturity Date: Investors, at their option, may purchase Notes issued by the Company which will mature in either one year or two years after the date ("Maturity Date") on which the Company accepts the Subscription Agreement in connection with such issued Note(s).

Interest: The holders of the Notes will be entitled to receive simple interest at an annualized rate of 8.5% or 9% of the principal amount per Note held by each such respective investor. Investors, at their option, may acquire Notes which will either bear interest at 8.5% per annum and mature in one year or will bear interest at 9% per annum and mature in two years, payable on a monthly basis whenever funds are legally available and when and as Interest shall be declared by the Company. Interest shall accrue from the date the Subscription Agreements are accepted by the Company. The entire principal shall be due and payable to the Investor no later than the Maturity Date.

Payments will be made under the Notes as follows:

- Monthly interest payments only.
- Upon Maturity Date, return balance of principal.

Payments will be processed monthly on the 25th of the month. As a result, payments of interest will be made on the following schedule: Each investor's interest payment will be processed the month following the first calendar month of earning interest. Example 1: If, for example, funding occurs on March 1, the first interest payment will be processed on April 25 and the first payment would be one month's interest for March. Example 2: If funding occurs at any time from March 2nd to March 31st, the first month of interest would be for April and the first interest payment would be processed on May 25. The first payment would be for interest earned in that portion of March when the Note investment was made and for one full month of interest for April.

Because of the deferral of the payment of monthly interest, investors who elect to receive the return of the Principal of Notes to be paid on maturity, will continue to receive interest payments after the Maturity Date of their Notes.

The Company may at any time or from time to time make a voluntary prepayment, plus any accrued interest at a prorated rate, whether in full or in part, of the Notes, without premium or penalty. No interest shall accrue past the date of a prepayment in full of any such Note.

Security: The Notes will be unsecured debt. Generally, if in the event of the termination of operations and the liquidation of the Fund, Investors would be entitled to receive their pro rata share of the liquidation of the Fund's assets after the payment of all other debts and secured debt (if any).

No Redemption: The Notes may not be redeemed by the holders.

Use of Proceeds: The Company intends to use the net proceeds from the sale of the Units to purchase some or all of the Units of Notes issued by Heartland Fund I and Heartland II ("Heartland II") in order to recapitalize and consolidate the business of the Company, to continue acquiring working interests in developed oil and gas wells, to continue conducting oil and gas exploration and production operations, to assist in the acquisition of the assets of other operating and non-operating companies which are insolvent or failing through the acquisition of debt, and will seek investment in other alternative investment strategies generating returns for the Company in an effort to offset any risk in the Company's oil and gas investment pursuits and create a diversified portfolio of investment. Lastly the proceeds of the Fund will be used for working capital requirements, and other general corporate purposes, with broad discretion by the management of the Company.

Company Capitalization: The following table sets forth the consolidated capitalization of the Company as of September 1, 2019, and as adjusted to give retroactive effect to the issuance and sale of the maximum number of Units offered hereby. See the "DESCRIPTION OF SECURITIES" section below.

Securities Authorized	Notes Outstanding Prior to Offering	Notes Outstanding After Offering, as Adjusted for Maximum Subscription
8.5% Notes due in 12 months; 9% Notes due in 24 months	-0-	$100,000,000

The Manager: The Company's sole manager is The Heartland Group Ventures, LLC, (the "Manager"), a limited liability company. See "MANAGEMENT" below.

The Manager(s) and Voting Rights: The Company is a manager-managed limited liability company. The Company is not offering any membership interests in this Offering, and investors who purchase the Units will have no equity interest in the Company and will not be members of the Company. Accordingly, investors in this Offering will have no voting or governance rights whatsoever, and no ability to elect or remove the Manager.

Proposed Plan Of Distribution: The Offering will be conducted by management of the Manager, on a "best efforts" basis through the Management team and affiliated persons or officers, none of whom will be entitled to any commission or other special consideration for their selling efforts. The Company may attempt, at its discretion, to engage the services of one or more qualified FINRA broker-dealer(s) in connection with the Offering, subject to applicable securities laws.

Investor Suitability Requirements: An investment in the Units and Notes involves a high degree of risk and is suitable only for accredited investors and a limited number of qualified sophisticated investors who have no need for liquidity of investment and can afford the high financial risks of such investment. The Company will accept Subscription Agreements for the Units only from investors who are either "accredited" or "qualified sophisticated investors" within the meaning of Regulation D under The Securities Act of 1933, as amended. In the case of individuals, persons who have had income of $200,000 (or joint income with spouse of $300,000) or more during the last two years and the same is reasonably expected for the current year, as well as persons with a net worth of $1,000,000, excluding the value of the primary residence, are "accredited investors" of Regulation D under the Act. See "INVESTOR SUITABILITY REQUIREMENTS" below.

Subscription Agreement: The Units investment will be made pursuant to a subscription agreement ("Subscription Agreement") between the Company and each investor, which agreement will contain, among other things, certain representations, warranties and covenants of the investor.

Risks: See "RISK FACTORS" and the other information included in this Memorandum for a discussion of factors you should carefully consider before deciding to invest in the Units.

Available Information: The Management Team will be available upon request to answer questions concerning the terms of this Offering, to provide any reasonably requested information necessary to verify the accuracy of the information contained in this Memorandum and to provide such other information reasonably requested by prospective investors as they deem necessary for the purposes of considering an investment in the Company. Management can be reached by telephone at 817-865-1245.

Use of Proceeds: The Company will apply the net proceeds of the Offering (after the payment of various offering expenses, ongoing general and administrative, legal accounting and engineering, and other expenses of the Fund not to exceed 20% of the Offering proceeds). The proceeds of the Units of Notes will be used to purchase leases on several different oil and gas producing tracts along with drilling and exploration and production operations (the "Interest"). The prospect wells for acquisition of production will have been divested at a discount by larger oil and gas developmental firms which are concentrating on new high-risk drilling opportunities with greater revenue potential. The Company also intends to use the net proceeds from the sale of the Units to purchase some or all of the Units of Notes issued by Heartland Fund I and Heartland II ("Heartland II") in order to recapitalize and consolidate the business of the Company. The Company also intends to use proceeds of the Fund to assist in the acquisition of the assets of other operating and non-operating companies, which are insolvent or failing through the acquisition of their debt. The Company will seek to offset risk of oil and gas exploration and production activities through investment in other alternative investment strategies generating returns for the Company creating a diversified portfolio of investments.

The Company will retain the services of one or more skilled, experienced and independent oil and gas landmen and/or engineers to review and analyze the work of the Operator and, specifically, to assess the projected barrels per day to be produced, the legal title and ownership of the interest, and the appraised value of the Interest to be acquired. These professionals will be compensated from the net proceeds of the Offering. See "Business of Heartland" for full disclosure regarding the oil and gas interests acquired in Heartland.

The Units and Notes issued by the Company will be serviced from the proceeds of revenues generated by the Company from its ownership in the oil and gas interests.

The Company will utilize the net proceeds from investors in this Offering (and the other Investors who invest in the Notes issued by the Company) to acquire oil and gas properties suitable for the recovery of oil and gas petroleum products for mature wells that require the use of technology known as secondary and tertiary recovery. The wells acquired will be further developed for greater production and, in some cases, for workovers that will enhance the value of the previously reduced producing wells. See "Summary of Oil and Gas Projects. The operators the Company will work with have a proven history of success in acquiring oil and gas properties in Texas with good development and workover opportunities. The Company will see that the operations are conducted at efficient and low overhead costs and utilize advanced technologies to improve recovery and exploiting the new reserves. See "The Operator"

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INVESTOR SUITABILITY REQUIREMENTS

General

An investment in the Debt or Equity offering of this fund involves risk and is suitable only for persons of adequate financial means who do not have liquidity requirements with respect to this investment and who can bear the economic risk of investment losses up through a complete loss of the investment made hereby. This offering is made in reliance on exemptions from the registration requirements of the Securities Act and applicable state securities laws and regulations.

The suitability standards discussed below represent minimum suitability standards for prospective investors. The satisfaction of such standards by a prospective investor does not necessarily mean that the Units and Notes are a suitable investment for such prospective investor. Prospective investors are encouraged to consult their personal financial advisors to determine whether the investment is appropriate.

In the form of a Subscription Agreement, we will require each investor to represent in writing, among other things, that (i) by reason of the investor's business or financial experience or that of the investor's professional advisor, the investor is capable of evaluating the merits and risks of an investment in the Company and of protecting its own interests in connection with the transaction, (ii) the investor is acquiring the Units in the Company for its own account, for investment only and not with a view toward the resale or distribution thereof, (iii) the investor is aware that neither the Units, nor the Notes, have been registered under the Securities Act or any state securities laws and that transfer thereof is restricted by the Securities Act and applicable state securities laws, (iv) the investor is aware of the absence of a market for the Units and Notes, and (v) such investor meets the suitability requirements set forth below.

Suitability

The Notes may be sold, and equity may be offered, to an unlimited number of natural persons who are "accredited investors" have a net worth in excess of $1,000,000, excluding value of primary residence; or a net income of $200,000 per year; or a net income with their spouse of $300,000 per year in each of the last two years; and the expectation of the same income in the present year in each of the last two years or who are otherwise "accredited investors" as defined in Regulation D under the Securities Act. The Notes (Only) may also be sold to a limited number (35) qualified sophisticated investors.

A) Accredited Investors

To be an accredited investor, an investor must fall within ANY of the following categories at the time of the sale of a Unit(s) to that investor:

(1) A natural person whose individual net worth, or joint net worth with that person's spouse, at the time of such person's purchase of our securities, exceeds $1,000,000, excluding value of primary residence; or a natural person who had an individual income in excess of $200,000 in each of the two most recent years (2017 and 2018), or joint income with that person's spouse in excess of $300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year (2019);

(2) A trust with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered hereby, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D;

(3) An organization described in Section 501(c)(3) of the U.S. Internal Revenue Code, a limited liability company, a corporation, a Massachusetts or similar business trust, or a partnership, not formed for the specific purpose of acquiring the Units, with total assets in excess of $5,000,000;

(4) A bank as defined in Section 3(a)(2) of the Securities Act, or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to Section 15 of the Securities and Exchange Act of 1934 (the "Exchange Act"); an insurance company as defined in Section 2(13) of the Securities Act; an investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of the Investment Company Act; a Small Business Investment Company licensed by the United States Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; an employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of the Employee Retirement Income Security Act, which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with the investment decisions made solely by persons that are accredited investors;

(5) A private business development company as defined in Section 202(22) of the Investment Advisers Act of 1940;

(6) An executive officer or other person otherwise deemed an insider of the Company; and

(7) An entity in which all of the equity owners are accredited investors (as defined above).

Qualified Sophisticated Investor: To be a qualified sophisticated investor, an investor must represent, in its Subscription Agreement that it has a sufficient degree of sophistication to understand and evaluate the merits and risks associated with investment in the Note and (a) its overall commitment to investments which are not readily marketable is not disproportionate to its net worth and its investment in the Note will not cause such overall commitment to become excessive; (b) it has adequate net worth and means of providing for any current needs and contingencies such that it is able to sustain a complete loss of its investment in the Note, and it has no need for liquidity in this investment; (c) it has evaluated the risk of investing in the Note and the Company; and (d) it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risk of an investment in the Note and the Company. **The information must be represented in the Subscription Agreement.**

As used in this Memorandum, the term "net worth" means the excess of total assets over total liabilities, excluding value of primary residence. In determining income, an investor should add to the investor's adjusted gross income any amounts attributable to tax exempt income received, losses claimed as a limited partner in any limited partnership, deductions claimed for depletion, contributions to an IRA or KEOGH retirement plan, alimony payments, and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income.

In order to meet the conditions for exemption from the registration requirements under the securities laws of certain jurisdictions, investors who are residents of such jurisdictions may be required to meet additional suitability requirements.

PROCEDURE TO PURCHASE SECURITIES

The suitability standards discussed under "INVESTOR SUITABILITY REQUIREMENTS" above represent minimum suitability standards for prospective investors. Each prospective investor, together with his, her or its investment, tax, legal, accounting and other advisors, should determine whether this investment is appropriate for such investor.

Each investor who wishes to subscribe for Units must provide the Company with the following documents:

(1) A completed and executed Subscription Agreement and Accredited Investor Suitability Letter; and

(2) A check for the full purchase price of the securities for which the investor subscribes, payable to "The Heartland Group Fund, III, LLC" or a wire transfer to the Company's bank account. Checks should be mailed to the Company at the following address: 400 Industrial Blvd. Suite 114, Mansfield, Texas 76063.

To wire funds to the Company, use the following wire transfer instructions:

Bank: Wells Fargo Bank, N.A.
Account #: 1830984074
Routing #: 111900659

THE COMPANY

The Company is a recently formed entity that has been organized to invest in working interests in developed oil and gas wells and in new drilling ventures. The Company will also use the proceeds of the Fund to recapitalize and consolidate with Heartland I and Heartland II. Also, the Company intends to use proceeds of the Fund to acquire the assets of failing or insolvent companies through acquisition and assumption of debt. See "Business of the Company." Finally, the company intends to offset any risk in investment in oil and gas exploration and production activities through investment in other alternative investments deemed appropriate by the Management Team. See "MANAGEMENT" below.

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The Business of Heartland III

Heartland III has entered into various lease purchase agreements with a Texas based oil and gas developmental entities known as Barron Petroleum, LLC and Arco Oil, LLC (individually and collectively the "Operator""). Heartland III will utilize the net proceeds from investors (and other investors) to acquire leases in the wells from the Operator suitable for the recovery of oil and gas petroleum products from mature wells that require the use of technologies known as secondary and tertiary recovery. The wells acquired will be further developed for greater production and, in some cases, for workovers that are expected to enhance the value of previously low producing wells.

Heartland III has executed lease agreements for three separate tracts of property in Texas, with affiliates of the Operator, the company hired to provide the drilling and workout services on the projects under lease. The total cost of the leases and the ancillary activities is approximately $5,564,000 for the Val Verde property, $9 million for the Wolfcamp property and $3 million for the Conway property. The Company will also use proceeds of the Fund to conduct additional oil and gas exploration and recovery activities through the prospecting and drilling of new wells on these properties.

Heartland shall retain the services of one or more skilled, experienced, independent oil and gas landmen and/or engineers to review the work of the Operator and to assess the estimated barrels per day per well, the legal title and ownership of the working interest and the validity of the valuation of the acquired working interest. The Operator has a proven history of success in acquiring oil and gas properties in Texas with good development and workover opportunities and new drills. It has operated at efficient and low overhead costs and has utilized advanced technologies to improve recovery and exploring for new reserves. See "The Operator".

The Company intends to also seek opportunities with other oil and gas operators as Management deems prudent. Acquisitions other than those with the Operator will be most likely be smaller investments intended to acquire strategic production opportunities to increase revenue. The revenues produced from Heartland's ownership in the wells purchased by it from the Operator and others will be used to meet the debt service requirements of the Notes issued by the Company.

Additional information is available about Heartland through the Management team whose phone number is 817-865-1245 or by email at rustin@theheartlandgroup.net. The executive offices of Heartland are 400 Industrial Blvd, Suite 114, Mansfield, Texas 76063.

MANAGEMENT

The Manager of the Fund is The Heartland Group Ventures, LLC.

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OPERATIONS AND DISCLOSURES

THE OPERATOR

Barron Petroleum, LLC
Arco Oil, LLC

OPERATOR. Barron Petroleum, LLC / Arco Oil, LLC is the Operator which is providing oil and gas lease opportunities to the Company.

Introduction
The Operator and its sister companies are engaged in the oil and gas exploration and production business. The companies have approved Oil and Gas Operator Numbers with the Texas Railroad Commission and have been engaged in workovers and drilling of oil and gas reserves in the Texas Gulf Coast Region since 2003. The corporate office of Barron is located at:

471 State Highway 67
Graham, Texas 76450
Ph 1-940-549-2222
Email: roger@arcooil.com

The Operator intends to become a leader in the oil and gas exploration business by implementing the drilling and workover of a diverse portfolio of oil and gas exploration prospects. The Operator will balance the risk of exploration with fee related, oil field services. Further it will supplement a strategy of financial stability, diversification and high reward to risk through exploration and production.

Future Outlook

Management of the Operator's fossil fuel-oriented business will be expanded into "green" energy development. This involves the generation of clean and renewable wind and solar energy from the same properties that oil and gas is being produced. Oil and gas production properties located along the Texas Gulf Coast are ideally situated for the capture and generation of wind and solar power. Barron plans to involve the development of a unique solar/paneled windmill, which will allow to generate electricity from wind and solar sources from the same facility and on the same properties from which oil and gas is produced. Selling electricity back into the power grid will create an efficient and complete energy capture on a specific property. This will increase cash flow, extend the lifespan and lower the cost of operations of a given property. We believe that this concept will be well received by investors as an environmentally responsible approach to domestic energy generation.

Re-Entry Projects in Known Fields:

The lower-risked, oil and gas production projects that Barron will pursue involve the re-entry of wells within established fields to return them to production. Many properties were abandoned during times when oil and gas prices were so low that commercial production income could not be sustained. With the current oil and gas market having tripled compared to prices over the previous twenty years, many properties can now be returned to production, with attractive cash flow possible, and minimized risk of failure. Barron and its affiliates have enjoyed success in doing so and have secured numerous properties on which ongoing drilling, re-entry work and production is currently taking place. By applying new technology, detailed field mapping and production history research, Barron will return abandoned wells to

production in the established reservoirs, and ramp up flow rates where possible by identifying subtle, behind pipe-pays that were left un-produced by larger oil and gas operations.

Exploratory Drilling Prospects:
The Operator's emphasis is on balance of risk through diversification. Utilizing the most advanced 3-D (three-dimensional) seismic technology and processing methods available.

MANAGEMENT OF BARRON PETROLEUM, LLC and ARCO OIL, LLC
ROGER SAHOTA-ACQUISITION AND DEVELOPMENT OFFICER

Mr. Sahota, CEO of Barron / Arco has extensive in-depth knowledge about techniques related to oil and gas production, workover, drilling and extensive work experience and will handle the onsite work.

Mr. Sahota has the following background and skills

- Strong knowledge and experience in oil and gas production techniques
- Knowledge about safety precautions to be taken while handling inflammable liquids, gases and high-pressure systems
- Knowledge about technical and mechanical aspects of raw oil extraction procedures
- Excellent decision-making and problem-solving abilities
- Possess required physical fitness levels necessary to manage the physically enduring tasks
-

Work Experience:

Barron Petroleum, LLC / Arco Oil Corp and Leading Edge Energy, LLC
2003-Present

- Performing several tasks and activities required to undertake extraction of petroleum products
- Performing several tests and procedures on collected samples to check quality and purity
- Using, repairing and maintaining various instruments and tools required for land drilling, extraction and quality tests
- Assisting external quality inspectors in conducting analysis and tests by providing the requisite information, materials and permissions
- Reporting any activity that poses danger to the life or property

Field Operator:

Performed several tasks of land drilling, work over of existing wells, crude oil & natural gas extractions, quality tests and equipment repairs as instructed by seniors

- Operated extraction pumps and other auxiliary equipment as required to maintain the pressure at required levels and managed the flow of oil at required speed
- Supervised and directed workover drilling operations
- Checked storage tanks for any defects, malfunctioning or leakages regularly
- Ensured strict adherence to the safety procedures and precautionary measures by all co-workers
- Drilling Oil and Gas wells (Exploratory wells, Appraisal wells, developmental wells, Reentry wells, vertical wells, horizontal wells) and Work Over and Completion Operations in onshore rigs
- Supervised and managed drilling operations
- Supervise and ensure work progresses in accordance with approved drilling, workover and completion programs
- Monitor and maintain adequate inventories of critical equipment and materials considering the time required for re-supply
- Remain aware of whole conditions and trends in order to anticipate potential problems

- Ensure through the appointed positions that materials, equipment and are timely and effectively mobilized/demobilized
- Ensure that all activities are reported in a timely manner and recorded fully and accurately

SUMMARY OF OIL AND GAS PROJECTS TO DATE

Introduction

In March, 2019 Heartland Production and Recovery, LLC, the Manager of the Heartland Production and Recovery Fund II, LLC (the "Fund"), entered into a lease agreement (the "Agreement") with one energy company and a production agreement with an affiliate of that company. In April, 2019 the Manager closed on a purchase and sale joint venture agreement with the ARCO OIL Corp. These interests have been transferred to The Heartland Group Fund III, LLC through Company consolidation.

Val Verde Project

The Val Verde lease is with Barron Petroleum, LLC ("Barron") and related to the Val Verde project (See Val Verde Project Memorandum below)

Under the Agreement, the Fund is obligated to Barron for a total of $5,564,000 for a 49% ownership in all properties, oil and gas leases, engineering reports, first well drilled to completion and installed gas line and meter. The purchase price includes the value of the drilling and development estimated at $3,000,000.

In order to induce the Fund to execute the Agreement, the Seller has agreed to allocate as much of the tax deduction related to the new drilling as possible. If this is not possible, Barron has agreed to guarantee the Fund that its share of net proceeds will yield a minimum of 12.5% per annum rate of return on the purchase price of the Agreement. If the net proceeds are less than the 12.5% per anum return, Barron will make up the difference to the Fund.

The Val Verde tract covers about 1000 acres in Val Verde County, Texas. No existing wells are included on the property, drilling activities if undertaken could result in from 10 to 25 wells upon completion. The Fund presently expects only to acquire and develop the one well; however, the Fund may pursue additional wells as opportunities present themselves.

Wolfcamp Project

Another transaction is the Wolfcamp project which relates to over 9000 acres in Schleicher County, Texas. The project covers 14 active wells in various stages of end of life production. The purchase price under the Agreement is $8 million for a 49% ownership in all properties, oil and gas leases, engineering agents, production equipment and the like. The project is expected to require about $1 million for the workover and drilling and a return to enhanced production for about 3 to 4 years.

Each of the Val Verde and Wolfcamp sellers is a corporation or other entity controlled by Roger Sahota, the owner of ARCO Oil, the company responsible for drilling and the workover of the wells.

Conway Project

The Conway lease with ARCO Oil relates to approximately 1,040 acres in Palo Pinto County, Texas. The purchase price under the Agreement is $3,000,000 for an undivided 49% interest (and 36.75% of Net Revenue Interest) in all right, title and interest in the wells and leases. The lease covers 100% of the working interest in each of the wells and leases and 49% of all personal property in place on the lease.

The Seller and the Fund will enter into a joint venture agreement to do further exploration and possibly, further development of the Leases. Seller shall be the operator of the Joint Venture provided Seller has at

least a 50% working interest in the wells and leases. The Fund may prospect additional exploration and production opportunities as the Management Team and Operator deem prudent.

The Drilling Operation

The Fund has entered into an agreement with ARCO oil ("Arco") of Graham, Texas for the drilling and workover of oil and gas projects. ARCO specializes in the re-entry of wells within established oil fields to return them to enhanced production. Mr. Roger Sahota, the CEO of ARCO has extensive experience in the techniques related to oil and gas production, drilling and workover of existing wells. A summary bio of Mr. Sahota and ARCO appear below.

Texas Exploration, Inc. Transactions

The original Heartland Production and Recovery Fund, LLC ("Initial Fund") paid approximately $4,975,000 to Texas Exploration, Inc. ("TIEP") for two (2) wells in 2018 with a 24.5% interest. The transaction was an acquisition of production and did not involve any lease. The Fund acquired the oil and gas production from the well bore. The Fund will not and has not acquired any further wells or other oil and gas interests from TIEP. TIEP is now in default.

Risk Factors

Investors should carefully consider the following risk factors as they relate to all projects before investing in the Units. The Risk Factor section of the PPM should also be carefully reviewed.

Val Verde Costs

The total estimate for Val Verde costs of drilling one well is $3,000,000 (which is included in the cost of the one well purchased), which is a risk since no facilities are on location and will have to be built and commissioned as wells are drilled. Such new equipment will be costly to effect the production of oil and there is no assurance that the Fund will be successful in raising sufficient investor funds to pay for the expected drilling costs.

If the Fund were unable to provide adequate capital for drilling activities, the 49% percentage interest owned in the well drilled would be reduced on a pro rata basis. The ability to spread the risk of the failure of any one or more of the wells among a large group of wells would not be possible. Accordingly, an investor's risk of loss would increase proportionately to the number of wells not drilled. Moreover, the dollar amount of revenue from the well program would be reduced assuming only one well was drilled.

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Val Verde project Memorandum

Description

1000 acres in Val Verde county, Texas covering perspective reservoirs of Strawn LS, Ellenburger, Wolfcamp canyon sands. These perspective reservoirs lie within the Val Verde-Midland foreland basin fronting the Marathon Ouachita Fold belt. Historic Oil & Gas production for this area has shown large deposits of recoverable production that continue to this day. Working perspective depths are 2000' to 16000' across three zones. The deeper zones show potential for high gravity crude oil production with estimated production of 150 – 300 barrels per day per well.

Ground Truth Background

Geophysical vibrating trucks and sensors were employed using TRNCO 3D seismic program data. Collected data shows build ups in belts adjacent to interface of basin shelfs assisting in targeted prospects. Various ground thickness and porousness were detailed in data that could allow multiple wells surrounding prospective areas. Overall the data is complete and indicates a high confidence of possibilities for production success.

Present Wells

No present wells are included in this project however the large amount of historic data from past production in adjacent areas gives rise to a positive outcome of targeted drilling. Most of the areas past drilling concentrated on Gas production wells due to gas prices at the time. This targeted gas drilling left the oil deposits intact and untouched until past years oil prices started to rise.

This lease has a close proximity to connectable gas gathering pipelines that could result in extra revenue streams depending on gas production and market prices at the time.

Economics

Since no existing wells are included in this project the economics are strictly drilling opportunities that could result in a 10 to 25 well drilling strategy. Using 10 new drilled wells as a starting point (Estimated cost for drilling activities is $3M per well) the possible economics are positive using high and low assumption parameters. These assumptions are for illustration of the possibilities of outcomes. Past performance, oil price, production volumes, production days are variables that could impact results.

The upfront operating costs will be a potential risk given no facilities are on location. Facilities will have to be built and commissioned as wells are drilled to facilitate sales. These facilities would add to tax write offs as equipment depreciation is calculated.

		ASSUMPTIONS				
Total Acreage: 1,000 acres						
VAL VERDE County						
	%	Medium		High		Low
Oil Price (Bbl):		$52		$60		$35
# of Producing Wells:		10		10		10
Days of production/month		30		30		30
Estimated Production Per Well		200		300		180
Gross Production Per Day (BOE):		2,000		3,000		1,800
Royalty:	25%	500.0		750.0		450.0
Net Production (Bbl/Day):		1,500		2,250		1,350
Gross Income Per Day:		$78,000		$135,000		$47,250
Gross Income Per Month:		$2,340,000		$4,050,000		$1,417,500
Oil Production Tax):	4.6%	$107,640.00		$186,300.00		$65,205.00
Operating Expenses (LOE/month):		$30,000		$30,000		$30,000
Net Revenue / Month:		$2,202,360.00		$3,833,700.00		$1,322,295.00
Net Revenue/ Year		$26,428,320.0		$46,004,400.0		$15,867,540.0
Numbers are estimates only subject to change based upon prices, performance.						
49% Interest Return 12 Months:		$12,949,876.8		$22,542,156		$7,775,094.60
51% Interest Return 12 Months:		$13,487,443.2		$23,462,244		$8,092,445.40

Acquisition

Offering costs $5,564M for 49% ownership (36.75% Net Revenue Interest) in all properties, oil and gas leases as shown in Exhibits, various engineering reports, first well drilled to completion, installed gas line and meter. Royalties to be paid at 25% of total gross production quantities prorated per ownership share.

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Wolfcamp Project Memorandum

Description

9019 acres located in Schleicher County. Schleicher County is located on the Edwards Plateau in the State of Texas and is a major low-permeability oil play in the Permian Basin. The Permian Basin is one of the most prolific oil-producing basins in North America. Historic Oil & Gas production for this area has shown large deposits of recoverable production that continue to this day. Completions in these zones are generally anticipated at 2,500 to 3,000 foot intervals and drilled to a depth between 7,000 and 11,000 feet. Completions begin at the bottom most formation and could include up to 8 to 12 fracture stimulations over the wells' lifetime.

Ground Truth Background

The project does require mapping to support the drilling program to access the stacked zone opportunities. It is now common practice to stack all the zones together by completion of higher pressure deep zones, produce for a couple years and then add in the up hole lower pressure zones with staged completion practices. All these zones show a possibility for horizontal drilling which could increase production opportunities.

The well workover program is dependent on many variables, including well depth, existing well equipment, oil reservoir zone, past stimulations, ability to complete workover.

Present Wells

There are 14 active wells on location in various stages of end of life production at current depths and well bore status. The majority of these wells show large oil production decline from 2013 to present. Four of these wells show better then average oil production decline and are providing the major part of existing production revenue. The existing wells are of limited value without workover programs and stimulation. These wells should react positively to stimulations and could provide 3 - 4 + years of enhanced production after workover stimulation.

Economics

As stated above the existing wells will require workovers that should enhance the oil production and increase the revenue stream. An estimate of $1M is reasonable for these workovers and would start revenue increases as each workover is completed and returned to production.

These assumptions are for illustration of the possibilities of outcomes. Past performance, oil price, production volumes, production days are variables that could impact results.

		ASSUMPTIONS				
Total Acreage: 9,019 acres						
Wolfcamp project				**After Workover**		**After Workover**
		Present		**50% increase**		**+ 4 new wells**
				Med.		**Med.**
Oil Price (Bbl):		**$52**		**$52**		**$52**
# of Producing Wells:		**14**		**14**		**18**
Days of production/month		**30**		**30**		**30**
Average Production Per Well		**13**		**20**		**46**
Gross Production Per Day (BOE):		**182**		**280**		**828**
Royalty:	**25%**	**45.5**		**70**		**207**
Net Production (Bbl/Day):		**136.5**		**210**		**621**
Gross Income Per Day:		**$7098**		**$10920**		**$32,292**
Gross Income Per Month:		**$212,940**		**$327,600**		**$968,760**
Oil Production Tax:	**4.6%**	**$9,795.24**		**$15,069.60**		**$44,562.96**
Operating Expenses (LOE/month):		**$30,000**		**$40,000**		**$45,000**
Net Revenue / Month:		**$173,144.76**		**$272,530.40**		**$879,197.04**
Net Revenue/ Year		**$2,077,737.12**		**$3,270,364.80**		**$10,550,364.5**
Numbers are estimates only subject to change based upon prices, performance.						
49% Interest Return 12 Months:		**$1,018,091.19**		**$1,602,478.75**		**$5,169,678.60**
51% Interest Return 12 Months:		**$1,059,645.93**		**$1,667,886.05**		**$5,380,685.90**

Acquisition

Offering Costs $8.0M for 49% ownership (36.75% Net Revenue Interest) in all properties, oil & gas leases as shown on Exhibits, various engineering reports, existing production equipment and wells on location. Royalties to be paid at 25% of total gross production quantities prorated per ownership shares.

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Geological Summary

Conway Prospect
Palo Pinto County, Texas

The Conway Prospect is located in Central Palo Pinto County Texas, in the Metcalf Gap area. The prospect under discussion consists of a 1040 acre tract located in the T & P Railroad Company Surveys, Sections 50 and *59.*

REGIONAL HISTORY & GEOLOGY:

The prospect is located in a well established, prolific oil and gas producing area situated on the eastern flank of the Bend Arch in North Central Texas; The Bend Arch separates the Fort Worth Basis to the east from the well known Permian Basin to the west. The sedimentary strata present along the west flank include Cambrian thru Permian age sediments with a maximum preserved thickness of approximately 6000'. Pay zones in the prospect area are primarily late Ordovician to early Pennsylvanian time.

LOCAL HISTORY & GEOLOGY:

Production in Palo Pinto County is found from multiple pay, zones ranging from shallow Permian sands down to the Ellenberger Dolomite. Depositional environments present during the Ordovician time up through early Pennsylvanian age contributed to the formation of thick organic shale deposits on top of limestone and dolomite deposits across the County which in turn created numerous oil and gas reservoirs as discussed below. Shallower late Pennsylvanian and early Canyon 'time deposited fluvial channels sands and conglomerates that have proven to be substantial oil and gas reservoirs across the area.

ELLENBERGER/ BARNETT SHALE

Production was established in this area in recent years by the Graham Clarke and Holub wells due west in Section 57. These 2 wells have combined to produce over 42,000 barrels of oil with over 1.6 Bcf of gas to date. These wells were drilled on a similar, but smaller structure than found here on the Conway lease. Production expectations for the Ellenberger dolomite/Barnett Shale on the Conway should exceed those numbers with current completion techniques. This will be a Virgin reservoir since no wells have penetrated the structure to date. Referring to the 3-D imaged seismic structure map inducted, the structure here in the Ellenberger should be large enough to accommodate a minimum of 4 wells, each capable of producing upwards of 30,000+ barrels of oil per well with ½-1 Bcf gas per well. 4 wells could cum 120,000+/- barrels of oil and 2-4 Bcf of gas for this formation combo alone.

MARBLE FALLS / BEND

This large section of lime and chert has 2-3 producing horizons that have been phenomenal productive intervals across the prospect area and throughout the county. The *3* zones are named the Big Saline, Marble Falls, and the Duffer each having somewhat different characteristics, but all are mainly gas productive with some additional oil/condensate production. Many wells produce 500 Mmcfg to over 1 Bcfg per well in the area. All of these formations are additional primary targets for the well and you can find any one of the 3 zones productive or all 3 in every well bore. Again, referring to the 3-D imaged seismic structure map on the Duffer Lime one can see the structure IS large enough to accommodate upwards of *6* well locations. Nearby production from the Duffer and/Marble Falls limes have produced upwards of ¼ to ½ Bcf gas per well, but those wells were not drilled on structure and were not fracked with the newest completion technology. Production from new Wells is anticipated to be upwards of½ to 1 Bcf gas per well with condensate from each of these formations.

BIG SALINE/ BEND CONGLOMERATES

The deepest any well has been drilled on the Conway lease is to the Bend Conglomerate. This 20'+ deposit of sandy conglomerate has produced over 9 Bcf of gas from 3 wells on top of this huge structural anomaly identified on the Conway lease. Although pressure depleted itself, there is another conglomerate that is deposited in the Big Saline section just above that is significant as well. This particular conglomerate was found and blew out in the #5 well when it was drilled. After the #8 well was drilled in the Bend conglomerate mentioned earlier, this zone was abandoned and the well was drilled deeper to produce from that zone, leaving behind a zone that was producing 10 barrels of oil and 200 mcf of gas per day. A rough draft map has been made across the lease of the Big Saline conglomerate and it offers several additional locations across the lease as well as an additional pay zone for wells drilled to the deeper Ellenberger formation.

STRAWN SANDS

The shallow Strawn sands appear from 500' to 2500' and are fluvial, deltaic sand bar deposits. The prominent 1150' sand has been mapped across the lease and show numerous potential drilling locations. There are at least 5 different productive Strawn sands on the lease in different locales. These sands are both oil and gas productive and can produce upwards of 6000 barrels of oil and/or ¼ Bcf of gas per well.

RECOMMENDATIONS:

The primary objectives of the Conway Prospect are the Ellenberger/Barnett combo, along With the Big Saline conglomerate, Marble Falls and Duffer Lime formations. Secondary objectives include additional Conglomerates and Strawn sands. All these formations have been proven to contain and produce oil and gas in abundance across the area.

It is recommended that the Conway #1 well be spud on the Ellenberger seismic structural apex. The well should be drilled deep enough to test all the formations down through the Barnett Shale and Ellenberger Dolomite or approximately 450W. After the #1 well is drilled, completed, and proven successful as anticipated, subsequent offset wells should be drilled where at least 4-6 more locations are leased and available for future exploration.

The proposed Conway location is surrounded by exceptional Oil and Gas production from all 9 possible pay zones. The likelihood of finding and producing commercial oil and gas on the Conway Prospect is considered fairly low risk and favorable due to the numerous pay zones at various shallow depths.

Respectfully submitted,
Randy Andrews, Geologist

NOTE – An effort has been made to present all information contained herein in the most factual manner. Not all scientific data has been personally verified but there is no reason to disbelieve the sources and the data contained herein which appears consistent with past experience. Any interpretation and/or conclusion contained herein are expressed as my opinion and its total accuracy is not guaranteed. By the very nature of any seismic and drilling program having some risk, no liability or responsibility for financial loss will be assumed, should it be sustained by anyone using and/or referring to this report.

RISK FACTORS

An investment in the Company's Units and Notes involves risk. Prospective investors should consider carefully the factors referred to below as well as others associated with their investment. In addition, this Memorandum contains forward-looking statements regarding future events and the future financial performance of the Company that involve risks and uncertainties. Investors are cautioned that such statements are predictions and beliefs of the Company, and the Company's actual results may differ materially from those discussed herein. The discussion below includes some of the material risk factors that could cause future results to differ from those described or implied in the forward-looking statements and other information appearing elsewhere in this Memorandum. If any of the following risks, or any additional risks and uncertainties not listed below and not presently known to us, actually occur, our business could be harmed. In such case, you may lose all or part of your investment.

The following risk factors, in addition to those discussed elsewhere in this Memorandum, should be carefully considered when evaluating the Company as an investment opportunity.

General Risks Associated with an Early Stage Company Like Heartland

We have limited operating history upon which you may evaluate us. Heartland's initial fund was formed in October, 2018 as a Delaware limited liability company. That fund sponsored and sold Notes for $6.8 million through the last quarter of 2018. The economic results of that fund have yet to be determined. The initial fund has limited operating history upon which you may evaluate the business and prospects. Our business and prospects must be considered in light of the risk, expense, and difficulties frequently encountered by companies in early stages of development, particularly companies in highly competitive and evolving markets. If we are unable to effectively allocate our resources, generate revenues, through our investments, then our business operating results and financial condition would be adversely affected and we may be unable to timely service the debts evidenced by the Notes, and the Notes may go into default. Further, the assumption of debt from TIEP is an additional risk. While the Company maintains a "do the right thing at the right time" philosophy, that does not come without risk. The Company hopes that through acquisition of TIEP's defaulted debt that it will be able to acquire additional assets. However, the increase in debt obligations will affect the Company's cash flow and the acquisition of TIEP assets is speculative.

Our success is dependent on our management and key personnel. We believe that our success will depend on the continued expertise of members of management such as Rustin Brunson. Moreover, there could be adverse consequences to the Company in the event that Mr. Brunson ceases to be available to his company. Our success may also depend on the assistance of advisors. Should Mr. Brunson, or any key advisors, if any, were unable or unwilling to continue in their positions, our business and operations could be disrupted or fail.

Management has broad discretion as to the use of proceeds. The net proceeds from this Offering will be used for the purposes described in "BUSINESS OF THE COMPANY and BUSINESS OF HEARTLAND III." The Company reserves the right to use the funds obtained from this Offering for other similar purposes not presently contemplated, which it deems to be in the best interests of the Company and its noteholders in order to address changed circumstances or opportunities. As a result of the foregoing, the success of the Company will be substantially dependent upon the discretion and judgment of management with respect to application and allocation of the net proceeds of this Offering. Investors in the Units offered hereby will be entrusting their funds to the Company's management, upon whose judgment and discretion the investors must depend.

Management has voting control of the Company. The Company is a manager-managed limited liability company. Investors in the Units and Notes of the Company have no authority to govern the affairs of the Company, and no voting rights to elect and remove the Manager. The management team of the Company is already in place, and it presently holds all of the ownership in the Company and expects to continue to

hold such interests after the Offering. Investors in this Offering are not being offered membership interests in the Company and Heartland III and accordingly are not equity owners and members of the Company and have no governance or voting authority or rights.

Actual results of operations will vary from the Company's internal projections. Management has prepared projections for its internal use regarding the Company's anticipated financial performance. The projections will not be available to investors. The Company's projections are hypothetical and based upon a presumed financial performance of the Company's business and other factors influencing our business. The projections are based on management's best estimate of the probable results of operations of the Company, based on present circumstances, and have not been reviewed by any independent accountants. Any projected financial results prepared by or on behalf of the Company have not been independently reviewed, analyzed, or otherwise passed upon. Any "forward-looking" statements herein are based on various assumptions, which assumptions may prove to be incorrect. Such assumptions include but are not limited to (i) anticipated demand for our oil and gas products, and (ii) anticipated costs associated with the recovery of oil and gas. Some assumptions upon which the projections are based, however, invariably will not materialize due to the inevitable occurrence of unanticipated events and circumstances beyond our control. Therefore, actual results of operations will vary from the projections, and such variances may be material. Assumptions regarding future changes in sales and revenues are necessarily speculative in nature. In addition, projections do not and cannot consider such factors as general economic conditions, unforeseen regulatory changes, the entry of additional competitors into our target market, the terms and conditions of future capitalization, and other risks inherent to our business. Accordingly, there can be no assurance that such projections, assumptions, and statements will accurately predict future events or actual performance. Any projections of cash flow should be considered speculative and are qualified in their entirety by the assumptions, information and risks disclosed in this Memorandum. Investors are advised to consult with their own independent tax and business advisors concerning the validity and reasonableness of the factual, accounting and tax assumptions. No representations or warranties whatsoever are made by the Company, its affiliates or any other person or entity as to the future profitability of the Company, the payment of interest and principal to investors or the results of making an investment in the Units and the Notes.

Increased IT security threats and more sophisticated and targeted computer crime could pose a risk to our systems, networks, products, solutions and services. Increased global IT security threats and more sophisticated and targeted computer crime pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. While we intend to mitigate these risks by employing a number of measures, including comprehensive monitoring of our networks and systems, and maintenance of backup and protective systems, our systems, networks, products, solutions and services remain potentially vulnerable to advanced persistent threats. Depending on their nature and scope, such threats could potentially lead to the compromising of confidential information, improper use of our systems and networks, manipulation and destruction of data, downtimes and operational disruptions, which in turn could adversely affect our reputation, competitiveness and results of operations.

Risk Factors Related to Oil and Gas Business

The following risk factors, as well as the other information contained in this Memorandum, in evaluating an investment in the Notes offered hereby. This Memorandum contains certain forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth below and elsewhere in this Memorandum.

Investing in Oil and Gas is Risky. Oil and gas ventures are risky by nature. Investors will be reliant upon the economic results of Heartland's investments. Although there have been significant advances in technology regarding the determination of the potential success of oil and gas ventures, there is no sure way to predict if a well, prospect, lease or mineral interest will be economically viable. Likewise, oil and gas exploration has a degree of risk that has been marked by unprofitable efforts since the days of its

infancy in the early twentieth century, not only resulting from the drilling of "dry holes," but also from the drilling of wells which, though productive, do not produce oil or gas in sufficient quantities to return a profit on the costs expended. Because investment in the Notes is risky, you should be prepared for the possibility of a total loss of your investment. You should only participate if you are able to absorb such a total loss.

There are Unavoidable Natural Hazards Associated with Oil and Gas Property Exploration and Field Development. Certain conditions are beyond anyone's control, such as unexpected pressures, blowouts or unusual formations. Other conditions encountered in drilling or well enhancement may cause hazards, pollution, or other damages which may result in the loss of a portion or all of a well or project. Additionally, circumstances may occur that would prevent production from a well that would otherwise be productive or would cause production from a well to be deemed prohibitively expensive, as in the case of excessive water or paraffin buildup. Also, extreme weather conditions may sometimes impede or delay drilling, completion, or production of a well.

Heartland III Faces Possible Operating and Environmental Hazards. Certain operating and environmental hazards such as spillage of petroleum liquids, discharge of toxic gases or wastes, contamination of water sources, and other unforeseen conditions may be encountered. As a result of such hazards, it is possible that, even as non-operators of the wells, Heartland III may incur substantial liabilities to third parties or governmental agencies, the payment of which could reduce or eliminate cash available from producing properties to service the Notes, or could result in the complete loss of projects or wells in which Heartland III owns an interest. Also, future governmental regulations relating to environmental matters could increase the cost of doing business, or require the alteration or cessation of operations. Such actions could substantially adversely affect the return on the Notes we issue in the Offering. Any of these factors could jeopardize the payment of current interest or the repayment of the Notes upon maturity.

The Oil and Gas Industry is Highly Competitive. Heartland III will be competing with numerous other companies, both major oil companies as well as independents, many of which have greater financial resources and technical staff expertise than may be available to it, for acquiring producing working interests in oil and gas wells at competitive prices.

Potential World Commodity Prices for Crude Oil and its Derivative Products May Have a Direct Effect on Our Chances for Profitability. Historically, oil and gas prices have been volatile as supply and demand manifests themselves in the market for hydrocarbons. At times, production from productive oil and gas wells in many geographic areas of the United States has been curtailed due to lack of market demand, and it is possible that such curtailments may arise in the future. If such an event should occur in the areas in which we intend to be engaged, it is possible that Heartland III wells may be shut-in or that the oil and gas produced there from may be sold at prices or on terms that are less favorable than might otherwise be obtained in times of greater demand. It is also possible that the oil and gas interests Heartland III intends to invest in may not be productive enough to be profitable with the result that it will be unable to service the Notes the Company will purchase. Also, although the Organization of Petroleum Exporting Countries (OPEC) exerts a great deal of control over market prices based on their efforts to curtail production in order to keep the price of oil at certain levels, not always are they successful in their cartel efforts. In this regard, the price per barrel of oil has fallen to $45, a new low for the last 12 months. In addition, the major oil companies are always seeking larger and larger oil fields offshore and in the remote areas of the world. The discovery of another highly productive field (e.g., North Slope of Alaska, etc.) could have a significant downward impact on the price for oil or natural gas. Also, violence and instability in the Middle East have been shown to have a correlation to the price of oil. It is unlikely that such political instability will cease in the near future. All of these factors may cause Heartland III's oil and gas drilling, development, leasing and/or oil and gas interest acquisition activities to become less profitable or unprofitable due to lower-than-expected prices.

Heartland III is Reliant on the Expertise of Heartland's Key personnel and consultants. Heartland III will depend to a great extent on the experience and expertise of its Operator and its key personnel and expert oil and gas consultants. The death, resignation, or disability of any of these persons may have a

materially adverse effect on the conduct of Heartland III's activities and on our ability to successfully execute our business plan and to pay the principal and interest on the Notes. Certain services to be provided to the Company, such as legal, accounting, marketing, transportation, well operations, maintenance, project origination and technical or consulting services, may be performed by our Affiliates or related parties under common control of Heartland III. Conflicts of interest for the individual members of our sponsoring member and others associated with Heartland III by way of contract may also arise. Such individuals, either directly or indirectly, may provide services to other oil and gas related programs and may engage in oil and gas exploration and development for their own account and the account of others. Also, other companies may retain carried interests (e.g., working interest, overriding royalty interest, etc.) in the leases acquired by II. Such persons may also be involved with other oil and gas companies and in other aspects of the petroleum industry. All of these activities may result in conflicts of interest.

There Is No Assurance That the Workover Projects Will Be Productive. Through the Operator, Heartland III will acquire wells or projects that are in historically productive geological areas or areas of new potential. However, there can be no assurance that the wells or projects chosen will be economically viable or will yield financial results similar to other wells or projects producing oil and gas in the same geological area or that the wells, leases, or oil and gas interests acquired will produce oil and gas in quantities sufficient to return the cost of acquisition. Therefore, there can be no assurance that an investment in the Notes issued by the Company can be properly serviced or that you will recover your entire principal in your Notes.

There Can Be No Assurance of Adequate Liability Insurance Coverage. The oil and gas field Operator, including drilling contractors, such as will be retained by Heartland III to manage the day-to-day drilling and/or servicing of wells on a given property are usually required by state law to carry and maintain certain performance bonds in order to continue as operators in good standing. Further, field Operators usually maintain liability insurance coverage. However, there is no mandatory requirement for a field Operator to maintain a specific amount of liability insurance or to maintain insurance coverage altogether. The absence of insurance coverage for a particular field operator would expose Heartland III to greater liability and risk than if insurance were continued in force. This could also cause a material negative impact on Heartland III's profitability and the ability to service the Notes and to repay all principal and accrued interest on the Notes.

Heartland III will endeavor to require its Operator to provide proof of liability insurance under each of their respective operating agreements and economic protection via contract. Although Heartland III will endeavor to cause such insurance to be carried, there is no guarantee that the amount of coverage, terms, or conditions of the insurance will not be materially changed in the future. Such insurance is usually intended to cover certain natural hazards such as blowouts. However, the Operator may not be able to insure or may elect not to insure against certain other hazards due to premium costs or other reasons. Heartland III, however, will endeavor to ensure that all agreements with field operators and drilling contractors will require them to secure and maintain an insurance policy for bodily injury liability and to maintain such insurance coverage thereafter as is deemed appropriate. Such insurance coverage would apply to new, producing, plugged and abandoned wells in which Heartland III has an ownership interest.

You Should Seek Out Independent Legal Advice. Neither we nor the attorneys for the Company intend to give you any legal advice or counsel whatsoever. We strongly recommend you consult with your legal advisors regarding the inherit risks of the Company before investing in the Notes used to in the Offering.

Heartland III is Subject to Fluctuating Oil and Gas Market Prices; Recent Reduction of Oil Prices. Although many oil and gas industry analysts opine that an undersupply, rather than an oversupply of oil and gas may be prevalent in future markets, there is the possibility that restrictions on market access may occur in the future, which could result in a reduction in the amount of oil and gas marketed from the wells drilled or acquired by Heartland III or in the price paid to third parties for oil and gas delivered, or both. Oil prices recently have declined significantly worldwide as supply has in some instances exceeded demand in the world economy which is now experiencing a slowdown. Heartland III may or may not enter into any futures contracts for the sale of production from its wells. Oil and gas produced by Heartland III's wells

may be sold on the "spot market" in order to take advantage of higher seasonal prices. However, there can be no assurances that this technique will protect Heartland III from seasonal price drops. Such reductions could adversely affect Heartland III's ability to service the Company's Notes.

Heartland III's Leases May Have Title Defects. Normally, a fund like Heartland will not obtain title insurance on leasehold interests or other oil, gas and mineral interests, including royalty interests which Heartland III acquires from its Operator. While Heartland III exercises normal procedures and takes all prudent precautions in the acquisition and assignment of the leases or interests acquired by Heartland III, there is no assurance that losses will not result from title defects or from defects in the assignment of rights. However, a third-party oil and gas engineer will be searching the title record on our behalf to assure good title for Heartland III.

There Is a Limited Liquid Market for Working Interest Ownership. You must assume the risks of purchasing an illiquid asset. Transferability of the Notes and the working interests produced by Heartland III is limited and there is no guarantee of any market for the Notes or the working interests.

Consistent Revenue Distributions May Not Be Possible Due to Unavoidable Delays. There are a number of factors that could cause a delay in the beginning or continuance of interest payments to you, including, but not limited to, title defects, completion problems, problems with well production equipment, compression problems, pipeline space availability, availability of oil and gas markets, acceptable price considerations, and regulatory or environmental concerns over which Heartland III management will have no or limited control. The amount and frequency of interest payments on your Notes will depend primarily on the cash receipts from the sale of production of Heartland III, and upon the expenses involved in the production thereof. Assuming that production is established from working interests in wells acquired and/or serviced by the Company, it is Heartland III's intention to make interest payments on a monthly basis. However, there are no guarantees or assurances of when cash payments will commence or as to the amount of such payments.

Our Forecasts Are Reliant Upon Hypothetical Projections and Lack Independent Review. We understand Heartland III has prepared projections for its internal use from the basics of its business model. The interest payments on the Notes Heartland issues to the Company are based on assumptions believed by Heartland III to be reasonable. Such projections are strictly hypothetical in nature, and there is no assurance or guarantee expressed or implied that results of the wells acquired, drilled or reworked by the Heartland III's Operator will be similar to Heartland III's internal projections, or that the wells will produce oil and gas in commercial quantities, if at all. There has been no independent economic review made of the merits of an investment in the Notes. You will assume the risk that the actual results of Heartland III's activities may be significantly different than those shown in its Internal private projections, and the risk that you may lose your entire investment in the Notes.

Estimated Costs Are Not Certain. Costs to be borne by the Operator for the oil and gas projects selected for production cannot be ascertained with certainty. Estimates of such costs per well and per mineral acre have not been determined by an independent process, but are believed to be reasonable and consistent with such costs available from other operators for similar services. Due to the competitive nature of the oil and gas industry and to the dependence on the resources of the selected contractors or other independent contractors, there is no assurance that such services might be obtained at costs either higher or lower than those paid by the Operator. If difficulties are experienced, cost overruns will be borne by Heartland III. Excessive costs of completion due to complications may cause a well to become commercially unproductive, necessitating its eventual abandonment, or resale at a loss.

Risks Associated with an Investment in the Notes

Best efforts offering. This Offering is being made on a "best efforts" basis with no minimum number of Units required to be sold before any are sold. As subscriptions are accepted (and any required rescission periods expire), the subscription funds will be available for use by the Company immediately for its intended use of proceeds. Subscriptions are irrevocable (after expiration of any rescission period) and

subscribers will not have the opportunity to have their funds returned notwithstanding any future lack of success in obtaining other investors. Accordingly, initial subscribers will necessarily have a greater degree of risk. The Company has not engaged the services of a placement agent or underwriter with respect to the Offering, and will offer the Units through its manager and executive officers at its discretion. Nevertheless, the Company may seek, at its discretion, to engage the services of a qualified FINRA broker-dealer. The Company will not engage outside "Finders" in connection with the Offering.

There is no minimum dollar amount for this Offering and investors' subscription funds will be used by us as soon as they are received. There is no minimum number of Units required to be sold in this Offering. There is no assurance that all or a significant number of Units may be sold in this Offering. We will use investors' subscription funds as soon as they are received. The Manager has the right to terminate the Offering at any time for any reason regardless of the number of Units sold. There is no assurance that the Company could obtain additional financing or capital from any source, or that such financing or capital would be available to us on terms acceptable. Under such circumstances, the Company's plans would need to be scaled down, and this would have a material adverse effect on the Company's business and its ability to service the Notes.

Notes are not guaranteed and could become worthless. The Notes are not guaranteed or insured by any government agency or by any private party. The amount of interest payments is not guaranteed and can vary with market conditions. The return of all or any portion of the amounts invested in the Notes is not guaranteed, and the Units and Notes could become worthless, depending entirely on the success or lack thereof of Heartland III.

We are relying on certain exemptions from registration. The Units are being offered for sale in reliance upon certain exemptions from the registration requirements of the Securities Act and applicable state securities laws. If the sale of the Units were to fail to qualify for these exemptions, purchasers may seek rescission of their purchases of the Units. If a number of purchasers were to obtain rescission, the Company would face significant financial demands, which could adversely affect the Company as a whole, as well as any non-rescinding purchasers who continue to hold Notes.

If the Company incurs debt, there may be risks associated with such borrowing. If the Company incurs indebtedness, a portion of its cash flow will have to be dedicated to the payment of principal and interest on such indebtedness. Typical loan agreements also might contain restrictive covenants, which may impair the Company's operating flexibility including the requirement that interest payments under the Notes be subordinated to the payment of the debt. Such loan agreements would also provide for default under certain circumstances, such as failure to meet certain financial covenants. A default under a loan agreement could result in the loan becoming immediately due and payable and, if unpaid, a judgment in favor of such lender which would be senior to the rights of Noteholders. A judgment creditor would have the right to foreclose on any of the Company's assets resulting in a material adverse effect on the Company's business, operating results or financial condition. As a result, the Notes repayment could be jeopardized or prevented in whole or in part. The Notes are unsecured and subject to the prior and superior right of other creditors.

The Units and Notes are restricted securities and a market for such securities will likely never develop. Investors should be aware of the potentially long-term nature of their investment. Each purchaser of Units and Notes will be required to represent that it is purchasing such Notes for its own account for investment purposes and not with a view to resale or distribution. Purchasers may be required to bear the economic risks of the investment for an indefinite period of time. The Company has neither registered the Units nor the Notes, under the Securities Act. Consequently, Noteholders may not be able to sell or transfer their securities under applicable federal and state securities laws. Moreover, there is no public market for the Notes, such a market is not likely to develop, and there can be no assurance that the Company will ever have a public offering of its Notes. Ultimately, each investor's risk with respect to this Offering includes the potential for a complete loss of his or her investment.

The Offering price is arbitrary. The price of the Units and the Notes offered has been arbitrarily established by the Company, without considering such matters as the state of the Company's business development and the general condition of the industry in which it operates. The price of the Units and Notes bears little relationship to the assets, net worth, or any other objective criteria of value applicable to the Company.

Additional unforeseen risks. In addition to the risks described in this section, "RISK FACTORS," and elsewhere in this Memorandum, other risks not presently foreseeable could negatively impact the Company's business, could disrupt our operations and could cause the Company to fail with the inability of the Company to service the debt on the Notes. Ultimately, each investor in the Units and Notes bears the risk of a complete and total loss of his/her/its investment in the Notes.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Management of Heartland II

Heartland III's Manager and advisors intend to devote only such time to operations as they, in their sole discretion, deem necessary to help carry out operations effectively. Heartland III's manager and advisors may work on other projects, and conflicts of interest may arise in allocating management time, services or functions among affiliates.

Conflicts of Interest

Potential conflicts of interest may arise in the course of operations involving affiliate companies, as well as their interests in other potential unrelated activities. Accordingly, in addition to such potential conflicts of interest noted herein and under "Management of the Company" above, other conflicts of interest may exist or may arise in the future. Heartland III does not have any formally documented procedures to identify, analyze or monitor conflicts of interest.

Previous Fund

During the late fall of 2018, through December 2018, the Manager of Heartland III offered nine-month promissory notes in an initial fund ('Initial Fund") of $6,600,000. The Initial Fund acquired a 49% working interest in 2 wells owned by Texas Exploration, Inc. for a total purchase price of $4,975,000. The Manager will oversee and monitor the operations of the Initial Fund which is now closed off and will not offer additional promissory notes or acquire further properties or working interests. The Manager of Heartland is also engaging in the business of Offering Units and Notes of Heartland III and managing that second Offering. Nevertheless, the Manager will be required to spend a normal amount of time and effort in actively managing the Initial Fund for the benefit of its Noteholders. However, it is the view of the Manager that the management team and other personnel will have more than enough time to devote to the business and operations of Heartland III and does not consider the duty to the Noteholders in his Offering to be a conflict of interest. Any investor who may feel otherwise, however, and is of the view that the Manager will be conflicted should contact his or her financial advisor or attorney before deciding whether or not to invest in the Units and Notes offered herewith.

Duties of the Manager to the Company

Duty of Care and the 'Business Judgment Rule'

Just as officers and directors of corporations owe a fiduciary duty to their shareholders, the Manager is required to perform its duties with the care, skill, diligence, and prudence of like persons in like positions. The Manager will be required to make decisions employing the diligence, care, and skill an ordinary prudent person would exercise in the management of their own affairs. The 'business judgment rule' should be the standard applied when determining what constitutes care, skill, diligence, and prudence of like persons in like positions.

Duty of Disclosure

The Manager has an affirmative duty to disclose material facts to Investors who may become Noteholders. Information is considered material if there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision. During the Offering, the Manager must not make any untrue statements to the proposed Investors and must not omit disclosing any material facts to Investors.

Duty of Loyalty

The Manager has a duty to avoid undisclosed conflicts of interest. Before raising money from investors, the Manager must disclose any conflicts that may exist between the investment interests of such Manager and the investment interests of the Company or any of the individual investors.

Litigation

Neither Heartland III nor the Manager of the Company is presently a party to any material litigation, nor to the knowledge of the Manager is any litigation threatened against the Company, which may materially affect the business of Heartland III or the Company respectively, or its assets. The Company anticipates litigation involving TIEP.

Transfer Agent and Registrar

The Company will act as its own transfer agent and registrar for the Units issued hereby.

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MARKET PRICE OF THE UNITS AND NOTES

The offering price of the Units and Notes has been arbitrarily established by the Company and does not necessarily bear any specific relation to the assets, book value or potential earnings of the Company or any other recognized criteria of value. Neither the Units, nor the Notes, have been registered under the Securities Exchange Act of 1934. The Units have not been traded or quoted on any exchange or quotation system. There is no public market in which shareholders may sell their Notes, and there is no reasonable likelihood that such a market will ever develop. The securities offered hereby are restricted and the investors' rights to sell or transfer their Units and Notes are severely limited.

Assuming the Company sells all 4,000 Units offered hereby, the Company believes that the net proceeds from the Units offering will be sufficient to fund the Company's operations for at least 12 months and to acquire adequate working interests to service the Notes. If the Company sells less than the full number of Units offered hereby, the Company may need to raise additional capital sooner than expected. In addition, the Company may require additional capital or debt proceeds in the future to fund operations and growth. There can be no assurance that the Company will be able to obtain additional capital or debt proceeds, or on terms agreeable to the Company.

The Company's use of proceeds may differ somewhat from the foregoing as a result of changing conditions and as deemed appropriate in the absolute discretion of management. Therefore, the Company reserves some discretion in the use of proceeds, and the right to alter the use of proceeds of this Offering without notice in the interest of the Company and its Noteholders.

DESCRIPTION OF SECURITIES

The Notes

The Company is offering up to 4000 units (the "Units") of its promissory notes (the "Notes") at an offering price of $25,000 per Unit for an aggregate offering price of $100,000,000 (the "Offering"). Each Unit will consist of either one $25,000 principal amount one-year, 8.5% promissory note or one $25,000 principal amount two-year 9% Note. Each promissory note is an unsecured debt security.

Each Note will mature on the date that is either 12 or 24 months from the date of its issuance (the "Date of Maturity"). The Notes are not subject to redemption, call, or demand for prepayment by the holder prior to the Date of Maturity. The Notes may be repaid prior to Maturity at the Company's option. An event of default under any Note is limited to: (i) the failure of the Company to timely pay any interest or principal due under such Note which is not cured within 30 days after the date such payment is due; (ii) the commencement of a voluntary case seeking relief under the United States Bankruptcy Code (or any successor statute); or (iii) the continuation for more than 90 days after the commencement of an involuntary case under the United States Bankruptcy Code (or any successor statute).

If a Noteholder chooses not to rollover the principal of the Note on the Maturity Interest, the Company will have 60 days to repay accrued interest and Principal.

The Notes will bear interest at the rate of either 8.5% or 9% simple interest per annum until the principal of Notes has been paid in full. We intend to make payments under the Notes as follows:

- Monthly interest payments only.
- Upon Maturity Date, the return of the balance of principal.

Interest on Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months. Payments will be processed monthly on the 25th of the month. As a result, payments of interest will be

made on the following schedule: Each investor's interest payment will be processed the month following the first calendar month of earning interest. Example 1: If, for example, funding occurs on March 1, the first interest payment will be processed on April 25 and your first payment would be one month's interest from March. Example 2: If funding occurs at any time from March 2nd to March 31st, the first month of interest would be for April and the first interest payment would be processed on May 25. The first payment would be for interest earned in that portion of March when the Note investment was made, and for one full month of interest for April.

Because the Notes will not be issued pursuant to a trust indenture, each holder will be responsible for acting independently with respect to any matter affecting such holder's Note, including enforcing the agreements contained therein, responding to any requests for consents, waivers or amendments and giving written notice of default or accelerating the maturity of the Notes upon the occurrence an event of default.

The foregoing description of the Notes should in no way be relied upon as complete, and it is qualified in its entirety by the terms and conditions of the form of promissory note, attached hereto as Appendix B.

OTHER MATTERS

Certain Transactions

Other Contemporaneous and Subsequent Offering Transactions

The Company, in its absolute discretion, may carry out contemporaneous and additional subsequent offerings of its securities on terms and conditions it deems appropriate without notice to investors herein, subject to applicable securities laws. No Investor shall have any preemptive right to acquire any other offerings of securities regardless of an investment in the Units and Notes.

FINANCIAL INFORMATION

This Memorandum contains "forward-looking" statements. These statements are based on the Company's current expectations about the businesses and the markets in which it operates. Such forward-looking statements are not guaranteeing of future performance and involve known and unknown risks, uncertainties or other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Actual operating results may be affected by various factors including, without limitation, changes in national economic conditions, competitive market conditions, uncertainties and costs related to government regulation, and actual versus projected timing of events, all of which may cause such actual results to differ materially from what is expressed or forecast in this Memorandum.

ADDITIONAL INFORMATION

The management team will be available upon request to answer questions concerning the terms of this Offering, to provide any reasonably requested information necessary to verify the accuracy of the information contained in this Memorandum and to provide such other information reasonably requested by prospective investors as they deem necessary for the purposes of considering an investment in the Company. The management team can be contacted by telephone at 817-865-1245.

You should rely only on the information contained in this Memorandum. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell the Units and Notes in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in

this Memorandum is accurate as of the date on the front cover of this Memorandum only. Our business, financial condition, results of operations and prospects may have changed since that date.

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Memorandum Number _____

Confidential Private Placement Memorandum

Units of Partnership Interests in

Heartland Drilling Fund I, LP

Managing Partner

Heartland Production and Recovery LLC

May 10, 2019

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NOTICE

This Confidential Private Placement Memorandum (this "***Memorandum***") is being furnished on a confidential basis solely to selected qualified investors considering the purchase of Class A Units of partnership interests (the "***Class A Units***") in Heartland Drilling Fund I, LP (the "***Partnership***"). This Memorandum is directed solely to each person to whom it is delivered and is not an offer to any other person or to the public generally.

By accepting this Memorandum, each recipient acknowledges and agrees that all of the information contained herein is highly confidential. This Memorandum is not to be reproduced or distributed to others, at any time, without the prior written consent of Heartland Production and Recovery LLC (the "***Managing Partner***"), other than to persons such recipient has retained to advise it in connection with this Offering. All recipients agree they will keep confidential all information contained herein not already in the public domain and will use this Memorandum for the sole purpose of evaluating a possible investment in the Partnership. Acceptance of this Memorandum by prospective investors constitutes an agreement to be bound by the foregoing terms.

This Memorandum does not purport to contain all the information that an interested party may desire. In all cases, interested parties should conduct their own investigation, analysis and evaluation of the Partnership, the Managing Partner and the terms of this Offering, including the merits and risks of an investment in the Class A Units and the data set forth in this Memorandum. This Memorandum contains summaries of certain documents and other information in a manner that is believed to be accurate, but interested parties should refer to the actual documents for a more complete understanding of what is disclosed in this Memorandum. Specifically, this Memorandum does not purport to be, and should not be construed as, a complete description of the Partnership Agreement. Each prospective investor in the Partnership is encouraged to review the Partnership Agreement carefully, in addition to consulting appropriate legal and tax advisors. To the extent of any inconsistency between this Memorandum and the Partnership Agreement, the terms of the Partnership Agreement shall control.

By purchasing Class A Units in this Offering, the purchaser will be deemed to have acknowledged for the benefit of the Partnership and the Managing Partner to have reviewed this Memorandum and to have had an opportunity to request any additional information needed by the purchaser.

Prospective investors should not construe the contents of this Memorandum as legal, tax or financial advice. Each prospective investor should consult its own professional advisors as to the legal, financial, tax, ERISA (as defined herein) or other matters relevant to the suitability of an investment in the Partnership for such investor.

In making an investment decision, investors must rely on their own examination of the Partnership and the terms of the offering contemplated by this Memorandum. The Class A Units have not been recommended by any U.S. federal or state, or any non-U.S., securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Memorandum. Any representation to the contrary is a criminal offense.

No person has been authorized to give any information or to make any representation concerning the Partnership or the offering of the Class A Units other than the information contained in the Memorandum and, if given or made, such information or representation must not be relied upon as having been authorized by the Partnership or the Managing Partner.

The Class A Units are offered subject to the right of the Managing Partner to reject any subscription in whole or in part. The Managing Partner and the Partnership shall have no legal commitment or obligation to any interested party reviewing this Memorandum unless and until a written agreement for the investment by such party in the Class A Units has been fully negotiated, executed, delivered and approved by the Managing Partner, and any conditions to the obligations of the Managing Partner or the Partnership thereunder have been satisfied or waived.

The information contained in this Memorandum is believed to be accurate as of the date set forth on its cover. For any time after the cover date of this Memorandum, the information, including information concerning the business, prospects, condition (financial or otherwise) or results of operations, may have changed. Neither the delivery of this Memorandum at any time nor the offer, sale or delivery of any Class A Units shall, under any circumstances, create any implications that there has been no change in the information set forth in this Memorandum or in the affairs of the Partnership since the date of this Memorandum.

Certain information contained in this Memorandum constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, including those described in "*Risk Factors and Potential Conflicts of Interest*," actual events or results or the actual performance of the Partnership may differ materially from those reflected or contemplated in such forward-looking statements.

All references herein to "$" refer to U.S. dollars.

NOTICE TO RECIPIENTS REGARDING SECURITIES MATTERS

Neither the Securities and Exchange Commission (the "*SEC*") nor any state securities commission nor any other Governmental Authority has approved or disapproved of the transactions contemplated hereby or determined that this Memorandum is accurate or complete. Any representation to the contrary is a criminal offense.

The offer and sale of the Class A Units is not being registered under the Securities Act of 1933, as amended (the "*Securities Act*"), or qualified for sale under the securities laws of any state of the United States or any jurisdiction outside the United States.

Rather, the Class A Units are being offered and sold only to "accredited investors" (as defined in Rule 501(a) of Regulation D under the Securities Act), in accordance with Rule 506(c) of Regulation D under the Securities Act and in reliance on an exemption from registration provided by Section 4(a)(2) of the Securities Act and analogous provisions of certain U.S. state securities laws; investors residing in the European Economic Area ("EEA") and/or United Kingdom must also satisfy the requirements for a "Qualified Investor" and/or "Relevant Person" (see below). If you do not qualify as an "accredited investor," or cannot provide information verifying your status as an "accredited investor," then you cannot purchase Class A Units in this Offering.

The Class A Units may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of any applicable jurisdictions. Laws in certain jurisdictions may restrict the distribution of this Memorandum and the offer and sale of the

Class A Units. Persons into whose possession this Memorandum or any of the Interest are delivered must inform themselves about, and observe, those restrictions. You must comply with all applicable laws and regulations in force in any applicable jurisdiction, and you must obtain any consent, approval or permission required for the purchase by you of the Class A Units under the laws and regulations in force in the jurisdiction to which you are subject or in which you make such purchase, and neither we nor the Partnership will have any responsibility therefor.

The Class A Units offered herein will be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under federal and applicable state securities laws; either pursuant to registration or exemption therefrom. By accepting this Memorandum, each recipient acknowledges and agrees for our benefit and that of the Partnership that it will be required to bear the financial risks of an investment in the Class A Units for an indefinite period of time, and that, prior to making an investment in the Class A Units, such recipient has concluded that it is able to bear those risks for an indefinite period. Further, each recipient represents that it is acquiring the Class A Units for its own investment account and not with a view to the distribution or resale thereof.

This Memorandum does not constitute an offer to sell to, nor a solicitation of an offer to buy from, nor shall any securities be offered or sold by the Partnership to any person in any jurisdiction in which such an offer, solicitation or sale would be unlawful.

NOTICE TO RESIDENTS OF ALL U.S. STATES

IN MAKING AN INVESTMENT DECISION, YOU MUST RELY ON YOUR OWN EXAMINATION OF THE MANAGING PARTNER, THE PARTNERSHIP AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SECURITIES OFFERED BY THIS MEMORANDUM ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE, AND UNTIL THESE SECURITIES HAVE BEEN REGISTERED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, THESE SECURITIES MAY NOT BE TRANSFERRED OR RESOLD EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. YOU SHOULD BE AWARE THAT YOU WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE SECURITIES OFFERED BY THIS MEMORANDUM FOR AN INDEFINITE PERIOD OF TIME.

NOTICE TO NON-U.S. RESIDENTS

THIS MEMORANDUM IS NOT, AND UNDER NO CIRCUMSTANCES IS IT TO BE CONSTRUED AS, AN ADVERTISEMENT OR A PUBLIC OFFERING OF THE SECURITIES REFERRED TO HEREIN.

IT IS THE RESPONSIBILITY OF THE PROSPECTIVE INVESTOR TO SATISFY ITSELF AS TO FULL OBSERVANCE OF THE LAWS OF THE ANY RELEVANT TERRITORY OR JURISDICTION OUTSIDE THE UNITED STATES. IN CONNECTION WITH ANY PURCHASE OF THE CLASS A UNITS, INCLUDING, WITHOUT LIMITATION, OBTAINING

ANY REQUIRED GOVERNMENTAL OR OTHER CONSENTS, ADDRESSING TAX ISSUES, OR OBSERVING ANY OTHER APPLICABLE REQUIREMENTS.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR LEGAL, TAX AND ACCOUNTING ADVISORS TO ENSURE THAT THEY ARE QUALIFIED AND ELIGIBLE TO PARTICIPATE IN THIS OFFERING, AND TO PURCHASE CLASS A UNITS. THE MANAGING PARTNER HAS NOT UNDERTAKEN ANY ACTIONS TO ENSURE THAT YOU ARE SO QUALIFIED OR ELIGIBLE UNDER THE LAWS OF YOUR JURISDICTION.

EXECUTIVE SUMMARY

This summary highlights certain information concerning the Partnership's business and this Offering. Because this section is a summary, it may not contain all of the information that may be important to you and to your investment decision, and is qualified in its entirety by more detailed information included elsewhere in this Memorandum. You should read this Memorandum carefully and should consider, among other things, the matters set forth in the "Risk Factors" section before deciding to purchase the Class A Units being offered.

Heartland Drilling Fund I, LP (the "***Partnership***"), a Delaware limited partnership formed on April 15, 2019, seeks to take advantage of various tax deductions and credits available for oil and gas investments, while investing in assets that have the potential to generate cash flow and appreciate in value. To achieve this result, the Managing Partner (as defined below) intends to invest primarily in opportunities for new oil and gas drilling that present an attractive risk/reward profile.

Heartland Production and Recovery LLC, a Delaware limited liability company (the "***Managing Partner***"), acts as Managing Partner of the Partnership and will manage the investments made by the Partnership. The Managing Partner is controlled by John Muratore and Brad Pearsey (the "***Principals***").

The Partnership is seeking subscriptions from "accredited investors" (as defined in the Partnership's subscription materials), generally in minimum amounts of at least $50,000 (5 Class A Units). A subscriber admitted to the Partnership (an "***Investor Partner***") will receive, in exchange for its initial capital contribution and any subsequent capital contribution, Class A Units of partnership interest representing a proportionate share of the net assets of the Partnership at that time.

Initially, the Partnership will invest up to $6,000,000, as its participation in the drilling of two wells (the "***Initial Wells***") located in Val Verde County, Texas (the "***Val Verde Property***"), for which it will obtain a 49% working interest (36.75% net revenue interest). The operator for these wells will be Barron Petroleum LLC, a Texas limited liability company. The Investor Partners will be allocated 100% of the tax deductions and credits associated with the drilling of these wells. It is anticipated that 60% - 80% of this investment may be deductible by the Investor Partners in the first year, with the remaining amount deductible over the next five years. If only the Minimum Offering is raised, only one well will be drilled.

The Partnership seeks to capitalize on tax advantages available for domestic production of oil and natural gas. These advantages include the following:

- Deductions for intangible drilling costs in year one;
- Deductions for tangible drilling costs;
- Lease cost deductions;
- Depletion allowance for small producers;
- Non-Passive ordinary income tax deductions;
- Treatment of certain items as tax preference items on the alternative minimum tax return;
- Possible tax credits for marginal wells; and
- Possibly enhanced recovery credit.

For its services to the Partnership, the Managing Partner is entitled to Management Fees at an annual rate of 3.0% of each Investor Partner's capital account balance, calculated and payable monthly in arrears. Production revenues, if any, are to be distributed as follows: First, to retire the loan to acquire the Val Verde Property (the "***Debt Payoff***"), which has a balance of $4,000,000 as of the date of the Memorandum; second, to the Investor Partners so as to equal to a 12% annual return on their investment, measured from the date of the Debt Payoff (the "***Preferred Return***"); and thereafter, to the Investor Partners and the Managing Partner in a 40/60 ratio.

THE OFFERING

The summary below describes the principal terms of the Class A Units included in this Offering. If any of the terms summarized herein are inconsistent with the terms of the Partnership Agreement, the Partnership Agreement shall control. The section entitled "Description of the Agreement of Limited Partnership" in this Memorandum contains a more detailed description of the terms of the Class A Units, and the Partnership Agreement is attached to this Memorandum as Exhibit A. Capitalized terms not herein defined are defined in the Partnership Agreement. Each prospective investor prior to investing should carefully evaluate the entire Partnership Agreement and seek its own accounting, legal and other professional advice as such investor deems necessary to make an investment decision.

The Partnership	Heartland Drilling Fund I, LP is a limited partnership formed on April 15, 2019 under the laws of the State of Delaware and will commence operations upon a minimum of $3,300,000 from the sale of 330 Class A Units having been raised, or on such subsequent date as may be determined by the Managing Partner.
Managing Partner	Heartland Production and Recovery LLC, a Delaware limited liability company (the "***Managing Partner***"), acts as Managing Partner of the Partnership and is controlled by Brad Pearsey and John Muratore (the "***Principals***").
Units Offered	680 Class A Units for $6,800,000 ("***Offered Units***").
Price Per Unit	$10,000 per Class A Unit.
Minimum Investment	$50,000 or 5 Class A Units, subject to the Managing Partner's discretion to accept lesser amounts.
Minimum Offering	340 Class A Units for $3,400,000
Funding of Capital Commitments	The investors shall initially fund their entire capital amount upon the subscription of the Class A Units.
Distributions	Operating distributions shall be paid after payment of Management Fees and expenses of the Partnership and setting aside funds for a reasonable cash reserve as follows: (i) First, to retire the loan to acquire the Val Verde Property, which has a balance of $4,000,000 as of the date of the Memorandum; (ii) Second, 100% to the Class A Unit Holders in accordance with their respective Ownership Percentages until satisfying the Preferred Return; and (iii) Third, 40% to the Class A Unit Holders and 60% to the Class B Unit holders. The Class A Units carry a return of 12% on the Unreturned Capital, measured from the date of the Debt Payoff (the "***Preferred Return***"). "***Unreturned Capital***" is defined in the Partnership Agreement as an amount equal to the cumulative capital contributions by an Investor Partner, less the sum of all distributions with respect to unreturned capital (other than Class

A Preferred Returns). The holders of the Class A Units shall be entitled to receive the Preferred Return when and if distributions are declared by the Managing Partner, prior to the payment of any distributions (other than tax distributions) to the holders of Class B Units, who shall receive no distributions (other than tax distributions) until the holders of Class A Units have received any accrued but unpaid Preferred Return.

Participation in Profits and Losses

Other than allocations of intangible drilling cost deductions, certain lease acquisition costs and simulated depletion, gain and loss, which shall be allocated as set forth in the Partnership Agreement, the Investor Partners shall share in the profits and losses in accordance with their respective rights to distributions from the Partnership as compared to their respective Capital Account balances, as each may vary from time to time as specified in the Partnership Agreement.

Intangible Drilling Cost Deductions

The Investor Partners will be specially allocated 100% of the intangible drilling cost deductions related to the activities of the Partnership until they have been allocated deductions equal to the full amount of their funded capital.

Any allocations of intangible drilling costs funded with proceeds of indebtedness incurred by the Partnership will depend on whether such indebtedness is a recourse or nonrecourse financing. If such indebtedness is classified as nonrecourse debt for tax purposes, after the Capital Accounts of the Investor Partners are reduced to zero, such intangible drilling costs will be allocated among the Investor Partners as set forth in the Partnership Agreement. If such indebtedness is classified as recourse debt for tax purposes, after the adjusted Capital Accounts of the Investor Partners are reduced to zero, such intangible drilling costs will be allocated to the Managing Partner and any subsequent taxable income will be allocated first to the Managing Partner to offset the prior allocations of intangible drilling costs funded with the proceeds of recourse debt.

Eligible Investors

Class A Units of partnership interests ("***Class A Units***") may be purchased only by investors who are "accredited investors," as defined in the Partnership's subscription materials. Subscribers will be required to (i) complete the Partnership's subscription documents consisting of the subscription agreement and the subscriber information form to determine their eligibility; and (ii) submit proof of their accredited investor status by providing one or more of the following forms of proof: (a) tax returns for the two most recently completed fiscal years, (b) bank statements, brokerage statements certificates of deposit dated within the past three months, or (c) third-party confirmation from a registered broker-dealer, registered investment advisor, licensed attorney, or certified public accountant.

An investment in the Partnership is suitable only for persons that have adequate means of providing for their current needs and personal contingencies and have no need for liquidity in their investments. An investment in the Partnership should not be made by any person that (a) cannot afford a total loss of its principal, or (b) has not carefully read or does not understand this Memorandum, including the portions concerning the risks and the income tax consequences of an investment in the

Partnership. The Managing Partner, in its sole discretion, may decline to admit any subscriber for any reason.

Closings

The initial closing shall occur as soon as practicable upon receipt by the Partnership of capital contributions ("***Capital Contributions***") for at least $3,300,000 (previously defined as the "***Minimum Offering***") of Class A Units or such other amount as the Managing Partner shall determine in its sole discretion (the "***Initial Closing***"). All portions of a Subscriber's Capital Contribution delivered to the Partnership will be held in escrow until the Initial Closing. Thereafter, all portions of a Subscriber's Capital Contribution delivered to the Partnership will be immediately available to the Partnership for use.

Additional closings shall occur when the Managing Partner accepts additional Capital Contributions from Subscribers pursuant to the terms of this Offering. Additional closings may occur until the Offering is terminated and/or until the Managing Partner accepts commitments for the aggregate amount of all the Offered Units.

Subscriptions

A subscriber admitted to the Partnership (an "***Investor Partner***") receives, in exchange for the initial capital contribution and any subsequent capital contribution, an Interest representing a proportionate share of the net assets of the Partnership at that time.

Fees may be paid to authorized dealers, placement agents or independent third parties for services provided in connection with the solicitation of subscriptions. Any placement agent shall comply with the legal requirements of the jurisdictions within which it offers and sells Class A Units.

All subscribers will be required to comply with such anti-money laundering procedures as are required by applicable anti-money laundering regulations as further described in the Partnership's subscription documents.

The Managing Partner intends to limit the amount of investments by employee benefit plans so that the assets of the Partnership will not be considered "plan assets" for purposes of the Employee Retirement Income Security Act of 1974, as amended ("***ERISA***").

Management Powers

The Managing Partner shall manage and control all affairs of the Partnership; however, the Managing Partner is not allowed to: (i) take actions in opposition of the Partnership Agreement, (ii) do any act that is not specifically allowed by the Partnership Agreement that would make it impossible for the Partnership to carry on its ordinary business, (iii) confess a judgment against the Partnership, (iv) possess Partnership property or assign any rights in specific Partnership property for other than a Partnership purpose, (v) receive benefit from an arrangement for marketing oil and gas production owned by the Partnership, unless benefits are equitably apportioned between the Managing Partner and the Partnership, (vi) require an Investor Partner to make a contribution of capital not provided for in the Partnership Agreement, (vii) continue business with the Partnership in the event of its insolvency, retirement or bankruptcy, (viii) change the legal form

of the Partnership, or (ix) make loans from the Partnership to itself or its affiliates.

Fees and Expenses

For its services to the Partnership, the Managing Partner is entitled to Management Fees at an annual rate of 3.0% of each Investor Partner's Capital Account (as such term is defined in the Partnership Agreement) balance, calculated and payable monthly with a true-up payment on the last day of the quarter based on the Investor Partners' Capital Account balances as of such date. The Managing Partner may reduce or eliminate the Management Fee with respect to any Investor Partner in its sole discretion.

The Partnership bears the expenses of the organization of the Partnership and the offering of Class A Units (including legal and accounting fees, printing costs, travel, "blue sky" filing fees and expenses and out-of-pocket expenses). In general, the Partnership's financial statements will be prepared in accordance with accounting principles generally accepted in the United States ("***GAAP***").

The Partnership bears all out-of-pocket costs of the administration of the Partnership, including accounting, audit and legal expenses, costs of any litigation or investigation involving the Partnership's activities and costs associated with reporting and providing information to the Investor Partners. However, the Managing Partner may, in its sole discretion, choose to absorb any such expenses incurred on behalf of the Partnership. The excess, if any, will be borne by the Managing Partner. For purposes of clarification, organizational and administrative expenses do not include the Management Fee paid to the Managing Partner or interest and commitment fees on debit balances or borrowings or other operating expenses of the Partnership.

Amendment of the Limited Partnership Agreement

The Partnership Agreement may be amended by the Managing Partner with the consent of a majority in interest of the Investor Partners (which may take the form of a negative consent following written notice of a proposed amendment). However, without the consent of each Investor Partner adversely affected thereby, the Partnership may not: (a) increase the obligation of an Investor Partner to make any contribution to the capital of the Partnership; (b) reduce the capital account of any Investor Partner other than as contemplated by the Partnership Agreement; or (c) reduce any Investor Partner's right to share in net profits or assets of the Partnership.

Notwithstanding the foregoing, the Managing Partner may amend the Partnership Agreement at any time without the consent of any Investor Partner: (a) to comply with applicable laws and regulations; (b) to make changes that do not adversely affect the rights or obligations of any Investor Partner; or (c) to cure any ambiguity or correct or supplement any conflicting provisions of the Partnership Agreement.

Variation of Terms

The Managing Partner, in its sole discretion, may agree with an Investor Partner to waive or modify the application of any provision of the Partnership Agreement with respect to such Investor Partner, without obtaining the consent of any other Investor Partner (other than an Investor

	Partner who is materially and adversely affected by such waiver or modification).
Risk Factors	You should carefully consider the information set forth in "*Risk Factors*" beginning on the next page and all other information in this Memorandum before deciding to invest in the Class A Units.

RISK FACTORS

Investment in the Partnership is speculative and involves certain risks. Certain of these risks are summarized below. The Partnership may not be suitable for all investors, and is intended for sophisticated investors who can accept the risks associated with its investments. Investors will not have recourse except with respect to the assets of the Partnership. Prospective investors should consider, among others, the risk factors described in this section. Additional risks and uncertainties not currently known to us or that the Managing Partner currently deems to be immaterial may also materially and adversely affect the Partnership's business. If any of the following risks develop into actual events, the Partnership's business, financial condition or results of operations could be materially adversely affected and you may lose all or part of your investment.

Risk Related to Oil and Gas Investment

A substantial or extended decline in oil and/or natural gas prices may adversely affect the Partnership's business, financial condition or results of operations and the Partnership's ability to meet its capital expenditure obligations, debt repayment obligations and financial commitments, among others.

The price received for the Partnership's oil and/or natural gas will heavily influence the Partnership's revenue, profitability, access to capital and future rate of growth. Oil and natural gas are commodities and, therefore, their prices are subject to wide fluctuations in response to a variety of political, economic and relatively minor changes in supply and demand, among others. Historically, the markets for oil and natural gas have been volatile and these markets will likely continue to be volatile in the future. The realized commodity prices the Partnership will receive for its share of the production, and the levels of production, depend on numerous factors beyond the Operator's and Managing Partner's control. These factors include, but are not limited to, the following:

- worldwide and regional economic conditions impacting the global supply and demand for oil and natural gas;
- the price and quantity of imports of foreign oil and natural gas;
- the actions of the Organization of Petroleum Exporting Countries and state-controlled oil companies relating to oil and natural gas price and production control;
- political conditions in or affecting other oil-producing and natural gas-producing countries, including but not limited to the current conflicts in the Middle East and conditions in South America and Russia;
- the level of global oil and natural gas inventories;
- localized supply and demand fundamentals and transportation availability and pricing;
- weather conditions and natural disasters;
- governmental regulations;
- speculation as to the future price of oil and the speculative trading of oil and natural gas futures contracts;
- price and availability of competitors' supplies of oil and natural gas;
- technological advances affecting energy consumption;
- the price and availability of alternative fuels; and
- the availability and pricing of capital land credit in global markets used to develop the supplies of oil and natural gas.

Declines in oil and natural gas prices may materially and adversely affect the Partnership's financial condition, liquidity, ability to service debt, ability to finance planned capital expenditures and results of operations and may reduce the amount of oil and natural gas that the Operator can produce economically.

Drilling for oil and natural gas is a speculative activity and involves numerous risks and substantial uncertainty regarding many factors, including costs that could adversely affect the Partnership.

The Partnership's future financial condition and results of operations will depend on the success of its selection, exploitation, development and production activities. The Partnership's oil and natural gas exploration and production activities are subject to numerous risks beyond its control, including the risk that drilling will not result in commercially viable oil or natural gas production. The Operator's or Managing Partner's decisions to select, explore, develop or otherwise exploit drilling locations or properties will depend in part on the evaluation of data obtained through geophysical and geological analysis, production data and engineering studies, among others, the results of which are often inconclusive or subject to varying interpretations.

The estimated oil and natural gas reserve quantities and future production rates set forth in this Memorandum are based on many assumptions that may prove to be inaccurate. Any material inaccuracies in these reserve estimates or the underlying assumptions will materially affect the quantities of the Partnership's reserves. The Partnership's cost of drilling, completing and operating wells is often uncertain before drilling commences. Overruns in budgeted expenditures are common risks that can make a particular project uneconomical. Further, many factors may curtail, delay or cancel the Partnership's scheduled drilling projects, including but not limited to the following:

- shortages of or delays in obtaining equipment and qualified personnel;
- facility of equipment malfunctions;
- unexpected operational events;
- pressure or irregularities in geological formations;
- adverse weather conditions, such as flooding;
- terrorism;
- acts of God, including earthquakes, among many others;
- reductions in oil and natural gas prices;
- delays imposed by or resulting from compliance with regulatory requirements;
- proximity to and capacity of transportation facilities;
- title problems and litigation related to title issues;
- delays due to litigation resulting in forced work stoppage; and
- limitations in the market for oil and natural gas.

Even if drilled, the Partnership's completed wells in the Val Verde Property may not produce quantities of reserves of oil or natural as that are economically viable or that meet the Partnership's earlier estimates of economically recoverable reserves. A productive well may become uneconomic if water or other deleterious substances are encountered, which impair or prevent the production of oil and/or natural gas from the well. The Partnership's overall drilling success rate or the Partnership's drilling success rate for activity within a particular project area may decline. Unsuccessful drilling activities could result in a significant decline in the Partnership's production and revenues and materially harm the Partnership's operations and financial condition by reducing the Partnership's available cash and resources.

The estimated future production rates presented by the Managing Partner are based on many assumptions that may prove to be inaccurate.

The process of estimating oil and natural gas reserves is complex, requiring significant decisions and assumptions in the evaluation of available geological, engineering and economic data for each

reservoir, and these reports rely upon various assumptions, including assumptions regarding future oil and natural gas prices, production levels, and operating and development costs. As a result, projections of future production rates and the timing of development expenditures may prove to be inaccurate. Any significant variance from the Operator's assumptions by actual results could greatly affect the Operator's estimate of the economically recoverable quantities of oil and natural gas attributable to any particular group of properties, the classifications of reserves based on risk of recovery, and estimates of the future net cash flows.

The Partnership may be unable to compete effectively with larger companies, which may adversely affect the Partnership's ability to generate adequate revenue.

The oil and natural gas industry is intensely competitive with respect to acquiring prospects and properties, marketing oil and natural gas, and securing financing, equipment and trained personnel. Many of the Partnership's competitors are major and large independent oil and nature gas companies that possess and employ financial, technical and personnel resources substantially greater than those of the Partnership. Those entities may be able to develop and acquire more properties than the Partnership's financial or personnel resources permit. The ability of the Partnership, Managing Partner and Operator to acquire additional properties and to discover reserves in the future will depend on their ability to evaluate and select suitable properties and to consummate transactions in a highly competitive environment. Many of the Partnership's larger competitors not only drill for and produce oil and natural gas, but also carry on refining operations and market petroleum and other products on a regional, national or worldwide basis. These companies may be able to pay more for oil and natural gas properties and evaluate, bid for and purchase a greater number of properties than the Partnership's or Operator's financial, technical or personnel resources permit. In addition, there is substantial competition for investment capital in the oil and natural gas industry. These larger companies may have a greater ability to continue development activities during periods of low oil and natural gas prices and to absorb the burden of present and future federal, state, local and other laws and regulations. Furthermore, the Partnership may not be able to aggregate sufficient quantities of production to compete with larger companies that are able to sell greater volumes of production to intermediaries, thereby reducing the realized prices attributable to the Partnership's production. Any inability to compete effectively with larger companies could have a material adverse impact on the Partnership's business, financial condition and results of operation.

The Partnership may incur losses as a result of title deficiencies relating to the Val Verde Property and all acreage acquired by the Partnership in the future.

The Partnership will acquire third-party working and revenue interests and natural gas leasehold interests upon which the Partnership will perform its exploration activities. The existence of material title deficiencies can substantially impair the value of the leases and may adversely affect the Partnership's results of operations and financial condition. Title insurance covering mineral leaseholds is not generally available and, in all instances, the Partnership forgoes the expense of retaining lawyers to examine the title to the mineral interest to be placed under lease or already placed under lease until the drilling block is assembled and ready to be drilled. Initially, the Partnership has and will rely primarily upon the Operator's in-house landmen and independent landmen to perform the field work in examining records in the appropriate governmental offices and abstract facilities relevant to the Val Verde Property and other acreage acquired by the Partnership. The Operator, on behalf of the Partnership, will seek and obtain a title opinion for leases upon which it does not eliminate all potential title issues with the drilling of each subsequent well, as certain title issues may not be resolvable but the Operator elects to move forward with the drilling of a subsequent well.

Unless the Partnership acquires or discovers oil and natural gas reserves, the Partnership's future reserves and production will decline.

The Partnership's future oil and natural gas production will depend on the Operator's success in finding or acquiring recoverable reserves. If the Partnership is unable to discover reserves through drilling or acquisitions, the Partnership's level of production and cash flows will be adversely affected. In general, production from oil and natural gas properties declines as reserves are depleted, with the rate of decline depending on reservoir characteristics. The Partnership's total proved reserves decline as reserves are produced unless the Partnership conducts other successful exploration and development activities or acquires properties containing proved reserves, or both. The Partnership's ability to make the necessary capital investment to maintain or expand the Partnership's asset base of oil and natural gas reserves would be impaired to the extent cash flow from operations is reduced and external sources of capital become limited or unavailable. The Partnership may not be successful in exploring for, developing or acquiring reserves or additional reserves in the future.

Hedging transactions may limit the Partnership's potential gains and involve other risks.

In order to manage the Partnership's exposure to price risks in the marketing of the Partnership's oil and natural gas production, the Partnership may enter into oil and natural gas price hedging arrangements with respect to a significant portion of the Partnership's anticipated production, including production from the Val Verde Property. While intended to reduce the effects of volatile oil and natural gas prices, such transactions may limit the Partnership's potential gains and increase the Partnership's potential losses if oil and natural gas prices were to rise substantially over the price established by the hedge. In addition, such transactions may expose the Partnership to the risk of loss in certain circumstances, including instances in which:

- the Partnership's production is less than expected;
- the counterparties to the Partnership's futures contracts fail to perform under the contracts; or
- an event materially affects oil or natural gas prices or the relationship between the hedged price index and the oil and natural gas sales price.

We cannot assure you that any hedging transactions the Partnership may enter into will adequately protect the Partnership from declines in the prices of oil and natural gas. On the other hand, where the Operator or Managing Partner, on behalf of the Partnership, choose not to engage in hedging transactions in the future, the Partnership may be more adversely affected by changes in oil and natural gas prices than the Partnership's competitors who engage in hedging transactions.

All of the Val Verde Property is located in one county in Texas, making the Partnership vulnerable to risks associated with having the Partnership's production concentrated in a single area.

All of the Val Verde Property is geographically concentrated in one county in Texas. As a result of this concentration, the Partnership may be disproportionately exposed to the impact of delays or interruptions of production from these wells caused by significant governmental regulation, transportation capacity constraints, curtailment of production, natural or unnatural disasters, terrorism and interruption of transportation of oil and/or natural gas produced from the wells in that area, or other events which impact this region.

The Partnership's undeveloped leasehold acreage is subject to a lease that will expire in December 2021 unless production is established on units containing the acreage or the lease is extended.

The Val Verde Property is not currently held by production. Unless production in paying quantities is established on units containing this lease during its primary term or the Operator or Managing Partner obtains an extension of the lease, this lease will expire. If the Partnership's lease expires, the Partnership will lose the its right to develop the related properties.

The Operator's drilling plans for the Partnership in these areas are subject to change based upon various factors, including factors that are beyond the Operator's control. Such factors include drilling results, oil and natural gas prices, the availability and cost of capital, drilling and production costs, availability of drilling services and equipment, gathering system and pipeline transportation constraints, and regulatory approvals.

The Initial Wells and wells drilled in the future that the Operator or the Managing Partner decides to drill may not yield oil or natural gas in commercially viable quantities.

Prospects that the Operator and the Managing Partner, on behalf of the Partnership, decide to drill that do not yield oil or natural gas in commercially viable quantities will adversely affect the Partnership's financial condition and results of operations. The Partnership's prospects are in various stages of evaluation, and may range from a prospect which is ready to drill to a prospect that will require substantial additional seismic data processing and interpretation and other technical analysis. There is no way to predict in advance of drilling and testing whether any particular prospect will yield oil or natural gas in sufficient quantities to recover drilling or completion costs or to be economically viable. The use of seismic data and other technologies and the study of producing fields in the same area will not enable us to know conclusively prior to drilling whether oil or natural gas will be present or, if present, whether oil or natural gas will be present in commercial quantities. We cannot assure you that the analogies we draw from available data from other wells, more fully explored prospects or producing fields will be applicable to the Partnership's drilling prospects.

Market conditions or transportation impediments may hinder access to oil and natural gas markets or delay production.

Market conditions, the unavailability of satisfactory oil and natural gas transportation or the remote location of and the proximity to purchasers from the Partnership's drilling operations may restrict the Partnership's access to oil and natural gas markets or delay production. The availability of a ready market for oil and natural gas production depends on a number of factors, including the demand for and supply of oil and natural gas, the proximity of reserves to pipelines or trucking and terminal facilities and the availability of trucks and other transportation equipment. The Partnership may be required to shut-in wells or delay initial production for lack of a viable market or because of inadequacy or unavailability of pipeline or gathering system capacity. When that occurs, the Partnership will be unable to realize revenue from those wells until the production can be tied to a gathering system. This can result in considerable delays from the initial discovery of a reservoir to the actual production of the oil and natural gas and realization of revenues.

Delays in obtaining permits by the Operator for the Partnership's operations could impair the Partnership's business.

The Operator is required to obtain permits from one or more governmental agencies in order to perform drilling and completion activities, including hydraulic fracturing. Such permits are typically required by state agencies, but can also be required by federal and local governmental agencies. As will all

governmental permitting processes, there is a degree of uncertainty as to whether a permit will be granted, the time it will take for a permit to be issued, and the conditions which may be imposed in connection with the granting of the permit. Hydraulic fracturing has been particularly scrutinized, with some states issuing moratoriums on the process. The state of Texas is not currently considering such a measure.

The Partnership's operations are subject to hazards inherent in the oil and natural gas industry.

The Operator implements hydraulic fracturing in its operations, a process involving the injection of fluids – usually consisting mostly of water but typically including small amounts of several chemical additives – as well as sand in order to create fractures extending from the wellbore through the rock formation to enable oil or natural gas to move more easily through the rock pores to a production well. Risks inherent to the oil and gas industry include the potential for significant losses associated with damage to the environment. Equipment design or operational failures, or vehicle operator error, can result in explosions and discharges of toxic gases, chemicals and hazardous substances, and, in rare cases, uncontrollable flows of gas or well fluids into environmental media, including surface and ground water, as well as personal injury, loss of life, long-term suspension or cessation of operations and interruption of the Partnership's business and/or the business or livelihood of third parties, damage to geologic formations, environmental media and natural resources, equipment and/or facilities and property. In addition, the Operator uses and generates hazardous substances and wastes in operations and may become subject to claims relating to the release of such substances into the environment. In addition, some of the Partnership's current properties are, or have been, used for industrial purposes, which could contain currently unknown contamination that could expose the Partnership to governmental requirements or claims relating to environmental remediation, personal injury and/or property damage. These conditions could expose the Partnership to liability for personal injury, wrongful death, property damage, loss of oil and natural gas production, pollution and other environmental damages and, in an extreme case, could materially impair the Partnership's profitability, competitive position or viability. Depending on the frequency and severity of such liabilities or losses, it is possible that the Partnership's operating costs, insurability and relationships with employees and regulators could be materially impaired.

The Partnership's business and operations may be adversely affected by regulations affecting the oil and gas industry.

The Partnership's business and operations are subject to and impacted by a wide array of federal, state, and local laws and regulations on the exploration for and development, production, transportation and marketing of oil and natural gas, the operation of oil and natural gas wells, taxation, and environmental and safety matters. Many laws and regulations require drilling permits and govern the spacing of wells, rates of production, use of water, handling, disposal and prevention of waste and wastewater, air emissions and other matters. The technical requirements of these laws and regulations are becoming increasingly stringent, complex and costly to implement. The high cost of compliance with applicable regulations may cause the Partnership to limit or discontinue the Partnership's operations and development activities.

Changes in regulations and laws relating to the oil and natural gas industry could result in the Partnership's operations being disrupted or curtailed by government authorities. For example, oil and natural gas exploration and production may become less cost effective and decline as a result of increasingly stringent environmental requirements (including greenhouse gas regulations, land use policies responsive to environmental concerns and delays or difficulties in obtaining environmental permits). A decline in exploration and production, in turn could have a material adverse effect on the Partnership's business, financial condition, results of operations, ability to access investment capital and cash flow.

The unavailability or high cost of drilling rigs, equipment, supplies, personnel and oilfield serves could adversely affect the Partnership's ability to execute exploration plans on a timely basis and within budget, and consequently could adversely affect the Partnership's anticipated cash flow.

The Partnership will utilize third-party services to maximize the efficiency of the Partnership's operations. The cost of oilfield services typically fluctuates based on demand for those services. There is no assurance that the Operator will be able to contract for such services on a timely basis or that the cost of such services will remain at a satisfactory or affordable level. Shortages or the high cost of drilling rigs, equipment, supplies or personnel could delay or adversely affect the Partnership's exploration operations, which could a material adverse effect on the Partnership's business, financial condition or results of operations.

Operating hazards, natural disasters or other interruptions of the Partnership's operations could result in potential liabilities, which may not be fully covered by the Partnership's insurance.

The oil and natural gas business generally, and the Partnership's operations, are subject to certain operating hazards that may include, but are not limited to, the following:

- accidents resulting in serious bodily injury and the loss of life or property;
- liabilities from accidents or damage by the Operator's equipment;
- well blowouts;
- cratering (catastrophic failure);
- explosions;
- uncontrollable flows of oil, natural gas or well fluids;
- fires;
- reservoir damage;
- oil spills from drilling, storage and transportation;
- pipeline damage;
- seismic activity;
- pollution and other damages to the environment; and
- releases of toxic gas and other air emissions.

In addition, the Partnership's operations are susceptible to damage from natural or unnatural disasters such as terrorism, flooding or tornadoes, which involve increased risks of personal injury, property damage and marketing interruptions. The occurrence of one of these operating hazards may result in injury, loss of life, suspension of operations, environmental damage and remediation and/or governmental investigations and penalties. The payment of any of these liabilities could reduce, or even eliminate, the funds available for exploration and development, or could result in a loss of the Partnership's properties.

The Partnership's insurance might be inadequate to cover the Partnership's liabilities. Insurance costs are expected to continue to increase over the next few years, and the Operator or Managing Partner may decrease coverage and retain more risk to mitigate future cost increases. If the Partnership incurs substantial liability, and the damages are not covered by insurance or are in excess of policy limits, then the Partnership's business, results of operations and financial condition may be materially adversely affected.

The Operator may not be able to keep pace with technological developments in the oil and gas industry.

The oil and natural gas industry is characterized by rapid and significant technological advancements and introductions of new products and services using new technologies. As others use or

develop new technologies, the Operator may be placed at a competitive disadvantage or competitive pressures may force the Operator to implement those new technologies at substantial costs. In addition, other oil and natural gas companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before the Operator can. The Operator may not be able to respond to these competitive pressures and implement new technologies on a timely basis or at an acceptable cost. If one or more of the technologies the Operator uses now or in the future were to become obsolete or if the Operator is unable to use the most advanced commercially available technology, the Partnership's business, financial condition and results of operations could be materially adversely affected.

The Partnership may not be able to obtain third-party financing at the time when it is needed to complete the drilling program as anticipated.

The oil and natural gas industry is financed by a variety of individual and commercial institutions that rely on various suppliers of funds including pensions, insurance companies, retirement funds, institutional investors, among others. To the extent that these groups are affected by economic, regulatory or financial matters, these groups could withdraw credit availability when the Partnership needs it.

The Partnership may incur significant costs and liabilities as a result of environmental, health and safety laws and regulations that govern the Partnership's operations.

The Partnership's operations are subject to U.S. federal, state and local laws and regulations that impose limitations on and liabilities for the discharge of pollutants into the environment and which establish standards for the management, storage and disposal of solid wastes and hazardous materials, including toxic and hazardous wastes and petroleum products. Laws protecting the environment generally have become more stringent over time and are expected to continue to do so, which could lead to material increases in the Partnership's costs for future environmental compliance and remediation. To comply with these laws and regulations, the Partnership or Operator must obtain and maintain numerous permits, approvals, consents and certificates from various governmental authorities, and may need to make capital and operating expenditures to retrofit or acquire, install and operate additional controls or compliant technology. Future changes in relevant laws, regulations or enforcement policies, including with regard to greenhouse gases, could significantly increase the Partnership's compliance costs or liabilities and/or limit the Partnership's future business opportunities in presently unforeseen ways. In such an event, the Partnership's business, financial condition and results of operations could be materially impaired.

More specifically, oil and natural gas exploration and production operations in the United States are subject to extensive and stringent federal, state and local laws and regulations governing health and safety aspects of the Partnership's operations, the release or disposal of materials into the environment or otherwise relating to environmental protection. The Partnership may be required to make significant capital and operating expenditures to upgrade controls or perform corrective actions at the Partnership's wells and properties to comply with the requirements of these laws and regulations or the terms or conditions of permits issued pursuant to such requirements. The adoption of more stringent future environmental laws or regulations or any adverse change in the interpretation or enforcement of such existing law and regulations could increase these compliance costs or impose new liabilities. Regulatory limitations and restrictions could also delay or curtail the Partnership's operations and could have a significant impact on the Partnership's financial condition or results of operations.

These environmental laws and regulations impose numerous obligations that are applicable to the Partnership's operations including:

- requiring the acquisition of a permit before drilling or other regulated activity commences;

- restricting the types, quantities and concentration of materials that can be released into the environment in connection with regulated activities;
- requiring use of control technologies to reduce air emissions;
- requiring disclosure and reporting of water use and chemicals used in the processes, including the risks of such chemicals;
- restrictions on handling and disposal of wastes and wastewater;
- limiting or prohibiting drilling activities on certain lands lying within wilderness, wetlands and other protected areas;
- prohibitions against the taking of endangered species or migratory birds as a result of operations or facilities, including reserve pits;
- imposing substantial liabilities for pollution resulting from operations; and
- decommissioning or plugging abandoned wells.

These costs and liabilities could arise under a wide range of federal, state and local environmental and occupational safety laws and regulations, including, for example:

- the federal Clean Air Act and comparable state laws and regulations that restrict the emission of air pollutants from any sources and impose various pre-construction, control, monitoring and reporting obligations;
- the Federal Water Pollution Control Act, also known as the Clean Water Act, and comparable state laws and regulations that impose obligations related to discharges of pollutants from facilities into regulated bodies of water;
- the federal Oil Pollution Act, defined below, and comparable state laws and regulations that impose obligations and liabilities with respect to discharges of oil into regulated waters or shorelines from facilities and pipelines;
- the federal Safe Drinking Water Act which ensures the quality of the nation's public drinking water through adoption of drinking water standards and controlling the injection of waste fluids and diesel-containing fluids into below ground formations that may adversely affect drinking water sources;
- the federal Endangered Species Act and Bald and Golden Eagle Protection Act, which prohibits the taking of listed species and bald and golden eagles, respectively, without authorization, and the federal Migratory Bird Treaty Act, which prohibits and taking of listed migratory birds, for which no authorization is available;
- the federal Resource Conservation and Recovery Act and comparable state laws that impose requirements for the handling and disposal of solid waste, including hazardous waste, from the Partnership's facilities;
- the federal Comprehensive Environmental Response, Compensation and Liability Act ("***CERCLA***") and comparable state laws that regulate the cleanup of hazardous substances that may have been released at properties currently or previously owned or operated by the Partnership or at locations to which the Partnership or Operator has sent hazardous substances for disposal;
- the Emergency Planning and Community right to Know Act regulations under Title III of CERCLA and similar state statutes that require the Partnership to organize and/or disclose information about hazardous materials used or produced in the Partnership's operations, and prepare emergency planning materials;
- the federal Occupational Safety and Health Act and comparable state laws that establish workplace standards for the protection of the health and safety of employees; and
- federal, state and local laws and regulations related to pipeline safety and operation.

Failure to comply with these laws and regulations or the terms or conditions of required environmental permits may result in the assessment of administrative, civil and/or criminal penalties, third party civil suits, the imposition of investigatory or remedial obligations as well as corrective actions, and the issuance of injunctions limiting or prohibiting some or all of the Partnership's operations.

Changes in environmental, health or safety laws, regulations or enforcement policies occur frequently and any changes that result in more stringent or costly operations, waste handling, storage, transport, disposal or cleanup requirements or other unforeseen liabilities could require the Partnership to make significant expenditures to attain and maintain compliance and may otherwise have a material adverse effect on the oil and gas industry in general and on the Partnership's financial condition, competitive position or results of operations. The costs of complying with applicable environmental laws and regulations are likely to increase over time, and neither the Operator nor the Managing Partner can provide any assurance that the Partnership will be able to remain in compliance with respect to existing or new laws and regulations or that such compliance will not have a material adverse effect on the Partnership's business, financial condition and results of operations.

For example, the April 2010 explosions and fire aboard the Deepwater Horizon drilling platform operated by BP in ultra-deep water in the Gulf of Mexico resulted in a catastrophic oil spill that produced widespread economic, environmental and natural resource damage in the U.S. Gulf Coast region. As a consequence, there have been many proposals by governmental and private constituencies to address the impacts of this disaster and to prevent similar disasters in the future. Although the Partnership's operations not anticipated to go offshore, the entire oil and natural gas exploration and production industry is currently subject to elevated public scrutiny, which could result in changes to laws, regulatory guidance and policy that could significantly adversely affect the Partnership's operations as well as the operations of the Partnership's customers. Moreover, governmental authorities are continuing to scrutinize the oil and gas development sector's handling of methane and other air emissions from operations and fugitive leaks, including by flaring. In May 2016, the EPA issued three final rules designed in concert to curb emissions of methane, volatile organize compounds, and toxic air pollutants such as benzene from new, reconstructed and modified oil and gas sources. These rules require the imposition of new operational practices and/or constraints on operations to reduce fugitive and other sources of these emissions.

There is inherent risk of incurring significant environmental costs and liabilities in the performance of the Partnership's operations due to the Partnership's handling of liquid and gaseous petroleum hydrocarbons and wastes, because of air emissions and wastewater discharges related to the Partnership's operations, and as result of historical operations and waste disposal practices. Under certain environmental laws and regulations that impose strict, joint and several liability, the Partnership may be required to remediate contamination on the Partnership's properties regardless of whether such contamination resulted from the conduct of others or from consequences of the Partnership's own actions that were or were not in compliance with all applicable laws and regulations at the time those actions were taken. In addition, claims for damages to persons, property or natural resources may result from environmental and other impacts of the Partnership's operations. Moreover, future spills or releases of regulated substances or accidents or the discovery of currently unknown contamination could expose the Partnership to material losses, expenditures and environmental or health and safety liabilities, including liabilities resulting from lawsuits brought by private litigants or neighboring property owners or operators for personal injury or property damage related to the Partnership's operations or the land on which the Partnership's operations are conducted. Such claims, damages, penalties or sanctions and related costs could cause the Partnership to incur substantial costs or losses and could have a material adverse effect on the Partnership's business, financial condition and results of operations. The Partnership may not be able to recover some or any of these costs from insurance.

The Partnership's profitability may suffer if the Operator loses key personnel.

The Partnership depends to a large extent on the services of the Operator and its personnel. These individuals have extensive experience and expertise in evaluating and analyzing producing oil and natural gas properties and drilling prospects, maximizing production from oil and natural gas properties, marketing oil and natural gas production, and developing and executing financing and hedging strategies. The loss of any of these individuals could have a material adverse effect on the Partnership's operations. The Operator does not maintain key-man life insurance with respect to any management personnel. The Partnership's success will be dependent on the Operator's ability to continue to retain and utilize skilled technical personnel.

Risks Related to the Offering

There is no active market for the Class A Units, and if an active trading market does not develop for the Class A Units, you may not be able to resell them.

The Class A Units are a new issue of securities for which there is no trading market. The Managing Partner does not intend to list the Class A Units on any national securities exchange. An active market will likely not develop for the Class A Units and there can be no assurance as to the liquidity of any market that might possibly develop for the Class A Units. If an active market does not develop, the market price and liquidity of the Class A Units may be adversely affected. Further, even if a market were to develop, the Class A Units could trade at prices that may be lower than the initial issue price depending on many factors, including prevailing interest rates, the markets for similar securities, general economic conditions and the Partnership's financial condition, performance and prospects.

There are restrictions on your ability to transfer or resell the Class A Units without registration under applicable securities laws.

The Class A Units are being sold under exemptions from registration under applicable U.S. federal and state securities laws. The Class A Units have not been registered under the Securities Act and, therefore, the Class A Units may be offered and sold only pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws or pursuant to an effective registration statement. You may be required to bear the risk of your investment for an indefinite period of time.

Risks Related to the Partnership

Investors will be relying on the Managing Partner to manage the Partnership's business properly.

Under the Partnership Agreement, the Managing Partner is given the exclusive authority to manage and operate the Partnership's business. The Investor Partners will have no authority to act on behalf of the Partnership or to participate in its management except as provided otherwise by applicable law.

Prospective should be aware of potential conflicts of interest.

The Managing Partner manages and expects to continue to manage other funds, some of which have objectives similar to those of the Partnership, including other collective investment vehicles which may be managed by the Managing Partner or any of its affiliates and in which the Managing Partner or any of its affiliates may have an equity interest.

The Partnership Agreement requires that the Managing Partner act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities to the Partnership but does not otherwise impose any specific obligations or requirements concerning the allocation of time, effort or investment opportunities to the Partnership or any restrictions on the nature or timing of investments for the account of the Partnership and for the Managing Partner's own account or for other accounts that the Managing Partner or its affiliates may manage. The Managing Partner is not obligated to devote any specific amount of time to the affairs of the Partnership, and is not required to accord exclusivity or priority to the Partnership in the event of limited investment opportunities arising from the application of speculative position limits or other factors.

The principals of the Managing Partner, as well as the employees and officers thereof and of organizations affiliated with the Managing Partner (the "***Affiliates***"), may invest in oil and gas opportunities for their own accounts or the accounts of others. The Affiliates may engage for their own accounts, or for the accounts of others, in other business ventures of any nature, and the Partnership has no right to participate in or benefit from the other management activities of the Managing Partner described above, and the Affiliates are not obligated to account to the Partnership for any profits or benefits made or derived therefrom, nor shall they have any obligation to disclose or refer to the Partnership any of the investment or service opportunities obtained through such activities.

Doida Law Group LLC ("***Doida Law***") has been appointed as the Partnership's counsel in connection with the formation of the Partnership and certain other matters for which it is specifically engaged. Doida Law also acts as counsel to the Managing Partner and certain of its affiliates. Doida Law disclaims any obligation to verify the Managing Partner's compliance with its obligations, either under applicable law or the governing documents of the Partnership. In acting as counsel to the Partnership, the Managing Partner and certain of their affiliates, Doida Law has not represented and will not represent any Investor Partners. No independent counsel has been retained to represent the Investor Partners. In assisting in the preparation of this Memorandum, Doida Law has relied on information provided by the Partnership, the Managing Partner and certain of the Partnership's other service providers (including, without limitation, the Principal's biographical data, summaries of market conditions and the planned investment strategy of the Partnership) without verification and does not express a view as to whether such information is accurate or complete.

Tax Risks

Certain risks related to these matters are discussed in the Section of this Memorandum entitled "*Certain U.S. Federal Income Tax Considerations*," which prospective investors are requested to read carefully. Prospective investors are urged to consult their own attorneys and tax advisors with respect to their specific individual legal and/or tax situation and the effect of an investment in the Partnership thereon.

Tax on Profits Whether or Not Distributed or Received

If the Partnership has taxable income in a fiscal year, each Investor Partner will be taxed on this income in accordance with its distributive share of the Partnership's profits, whether or not such profits have been distributed. It is therefore possible that the Investor Partners could incur income tax liabilities without receiving sufficient distributions from the Partnership to defray such tax liabilities. In order to satisfy its tax liability in such a case, an Investor Partner would need sufficient funds from sources other than the Partnership. Furthermore, the Partnership may make investments with respect to which the Partnership recognizes income for U.S. federal income tax purposes prior to receiving the cash or realizing the income as an economic matter. In addition, the Partnership may recognize income for U.S. federal income tax purposes that does not reflect income as an economic matter. Such recognition of

income prior to receipt of an economic benefit, if any, may result in increased tax liability for the Investor Partners.

Allocations

The Internal Revenue Service ("***IRS***") may contend that the allocation of taxable income and losses among the Partners set forth in the Partnership Agreement does not have substantial economic effect or is not in accordance with the interests of the Partners of the Partnership or that certain payments to Partners should be treated as distributions which would then require changes in such allocations. Any change in such allocations could have a material adverse effect on a Partner's share of income and losses from an investment in the Class A Units.

Tax Considerations

The Partnership may take positions with respect to certain tax issues which depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by the Internal Revenue Service (the "***Service***"), or other applicable taxing authority, there could be a materially adverse effect on the Partnership, and an Investor Partner might be found to have a different tax liability for that year than that reported on its income tax returns.

Tax Audit

An audit of the Partnership by the Service or another taxing authority could result in adjustments to the tax consequences initially reported by the Partnership and may result in an audit of the returns of some or all of the Investor Partners, which examination could affect items not related to an Investor Partner's investment in the Partnership. If audit adjustments result in an increase in an Investor Partner's income tax liability for any year, such Investor Partner may also be liable for interest and penalties with respect to the amount of underpayment. The legal and accounting costs incurred in connection with any audit of the Partnership's tax returns will be borne by the Partnership. The cost of any audit of an Investor Partner's tax return will be borne solely by that Investor Partner.

Delayed Schedules K-1

The Partnership will provide Schedules K-1 as soon as practical after receipt of all of the necessary information. However, the Partnership may be unable to provide final Schedules K-1 to Investor Partners for any given tax year until significantly after April 15 of the following year. The Managing Partner will endeavor to provide Investor Partners with estimates of the taxable income or loss allocated to their investment in the Partnership on or before such date, but final Schedules K-1 may not be available until completion of the Partnership's annual audit. Investor Partners should be prepared to obtain extensions of the filing date for their income tax returns at the federal, state and local levels.

Tax Changes

Investors will be subject to the risk that changes to the tax law may adversely affect the federal income tax consequences of their investment in the Partnership. Changes in existing tax laws or regulations and their interpretation may be enacted after the date of this Memorandum, possibly with retroactive effect, and could alter the income tax consequences of an investment in the Partnership. Certain provisions of the Code may be further amended or interpreted in a manner adverse to the Partnership, in which event any benefits derived from an investment in the Partnership may be adversely affected. In addition, significant legislative and budgetary proposals affecting tax laws have been made by the legislative and executive branches of the U.S. federal government. The likelihood of enactment of any

such proposals, or any similar proposals, into law is uncertain. The enactment of any such proposals, including subsequent proposals, into law could have material adverse effects on the Partnership and/or the Investor Partners.

Complexity of Taxation

The tax aspects of an investment in the Partnership are complicated and complex, and each investor should have them reviewed by professional advisers familiar with such investor's personal tax situation and with the tax laws and regulations applicable to the investor and private investment vehicles. Prospective investors are strongly urged to review the discussion below under "*Taxation*" and "*ERISA Considerations*" for a more complete discussion of certain of the tax risks inherent in the acquisition of Class A Units and to consult their own tax advisors.

In view of the foregoing considerations, an investment in Class A Units is suitable only for investors who are capable of bearing the relevant investment risks.

ANTI-MONEY LAUNDERING COMPLIANCE

In response to increased regulatory concerns with respect to the identification of sources of funds used to make an investment in the Partnership, the Managing Partner and/or its affiliates have implemented policies and procedures ("*AML Program*") designed to guard against and identify money laundering activities. Pursuant to the Partnership's AML Program, the Administrator and the Managing Partner and/or its affiliates will request prospective investors and, in some instances, existing Investor Partners, to provide additional documentation verifying, among other things, such person's identity and the source of funds used to purchase its Interest in the Partnership. The Managing Partner may decline to accept a subscription based upon this information or if this information is not provided.

Pursuant to the Partnership's AML Program, the Managing Partner and/or its affiliates will undertake enhanced due diligence procedures prior to accepting investors the Managing Partner believes present high risk factors with respect to money laundering activities. Examples, although not comprehensive, of persons posing high risk factors are persons resident in or organized under the laws of a "non-cooperative jurisdiction" or other jurisdictions designated by the Department of the Treasury as warranting special measures due to money laundering concerns, and any person whose capital contributions originate from or are routed through certain banking entities organized or chartered in a non-cooperative jurisdiction.

In addition, the Partnership's AML Program prohibits the acceptance of subscriptions from or on behalf of:

- persons on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S. Office of Foreign Asset Control;
- the Annex to Executive Order 13224;
- such other lists as may be promulgated by law or regulation; and
- foreign banks unregulated in the jurisdiction in which they are domiciled or which have no physical presence.

Governmental regulators are continuing to consider appropriate measures to implement anti-money laundering laws as they apply to private investment funds such as the Partnership. The Managing Partner and/or its affiliates will take such steps as it determines are necessary to comply with applicable law, regulations, orders, directives or special measures that may be required by governmental regulators. The specific policies and procedures that the Partnership may be required to implement remain unclear, although such steps may include additional measures to confirm the identity of each investor, including the principal beneficial owners of the investor, if applicable, and/or reporting suspicious transactions to governmental regulators.

The requirements for the Managing Partner to guard against and identify money laundering activities in deciding whether to accept subscriptions are in addition to the discretion that the Managing Partner has in deciding whether to accept subscriptions.

ESTIMATED USE OF PROCEEDS

If all of the Offered Units in this Offering are sold, the total gross proceeds will be $6,800,000. The chart below shows the estimated use of proceeds on a fully-subscribed basis with the sale of all 680 Offered Units:

	Fully-Subscribed Basis 680 Class A Units Sold	
	Amount	**Percentage of Gross Proceeds**
Drilling costs of Initial Wells	$6,000,000	88.2%
Organizational and Offering Expenses[(1)]	600,000	8.8%
Working Capital	200,000	3.0%
Total Uses of Gross Offering Proceeds	$6,800,000	100.0%

(1) The Partnership will pay organizational and offering expenses, regardless of whether any Offered Units are sold, including but not limited to the costs of organizing the Partnership, fees for legal counsel and accountants, state securities filing fees, costs to prepare sales materials, organizational fees and other expenses incurred in connection with this Offering, as well as fees to be paid for geological, engineering, land work and other services. Some of the offering and organizational fees may be paid by the Managing Partner or an affiliate of the Managing Partner and reimbursed by the Partnership.

All costs of this Offering will be paid by the Partnership, except that prospective investors will be responsible for the costs associated with their own advisors, including without limitation, their own attorneys and tax advisors.

The Managing Partner will have the right to call for additional capital from the Investor Partners under the Partnership Agreement to further drill and complete oil and gas wells on the Partnership's Acreage, rework or recomplete any of the wells on the Partnership's Acreage or acquire additional oil and gas leases in other areas and explore and develop such areas through drilling oil and gas wells.

The Partnership

Heartland Drilling Fund I, LP, a Delaware limited partnership with its offices in Mansfield, Texas, is a non-operating oil and gas company that owns or will own interests in oil and gas leases initially located in Val Verde County, Texas. The Partnership anticipates drilling, testing, completing and equipping two wells located on the Val Verde Property in an effort to produce oil and/or gas in commercial quantities.

Heartland Production and Recovery LLC, a Delaware limited liability company, will be the Managing Partner of the Partnership. The Managing Partner is headquartered at Mansfield, Texas.

Operator

Barron Petroleum, LLC, a Texas limited liability company, will be the operator for the Initial Wells to be drilled and any subsequent wells.

A wholly-owned subsidiary of the Managing Partner is assigning to the Partnership an agreement with Barron Petroleum, pursuant to which it is acquiring a 49% working interest (36.75% net revenue interest) in a lease covering approximately 1,160 acres located in Val Verde County, Texas (the "***Val Verde Property***"), for $5,564,000. Through the date of this Memorandum, $4,000,000 of the purchase price has been paid. The Partnership proposes to reimburse the $4,000,000 that the subsidiary has advanced as of the date of this Memorandum using production revenues, and not proceeds from the sale of Offering Units.

Val Verde Acreage

The Val Verde Property is located in the Val Verde Basin, which is a marginal foreland basin located between West Texas and southeastern New Mexico, just southeast of the Midland Basin, fronting the Ouchita Fold belt. The Val Verde is a sub-basin of the larger Permian Basin and is roughly 24–40 km wide by 240 km long.[1] Despite the Val Verde's tight gas plays and relatively poor reservoir quality, it is still producing today. The Canyon Sandstone has produced more than 3.5 tcf (trillion cubic feet) of gas.[2] The most recent reports from the U.S Geological Survey in 2016 indicates that the basin is capable of producing a total of 5 tcf From the total gas productions roughly 40% of is generated from the Ozona field. The Verde has three gas structures: the Puckett, Grey Ranch and Brown Bassett fields, which were discovered in the 1950s and 1960s. In total, these three gas fields have produced roughly 13 tcf of gas so far, and are projected to produce a total of roughly 20 tcf from deep (approximately 14,000 feet deep) Ordovician carbonates. Working prospective depths are 2,000 feet to 16,000 feet, across three zones. The deeper zones are believed to show potential for high gravity crude oil production with estimated production of 150 to 300 barrels per day per well.

In 2007, Providence Resources, Inc. engaged TRNCO Petroleum Corporation to implement to obtain high quality 3D seismic data, intended to illuminate deep gas targets at depths ranging from 14,000 to 16,000 feet in the Ellenberger carbonate, Strawn carbonate and Pennsylvanian-Wolfcamp sandstone reservoirs which were underlying Providence's leasehold interests over 57 square miles in Val Verde County, Texas. The collected data showed buildups in bcls adjacent to the interface of basin shelfs assisting

[1] Montgomery, Scott L. (1996). "Val Verde Basin: Thrusted Strawn (Pennsylvanian) Carbonate Reservoirs, Pakenham Field Area" (PDF). *AAPG Bulletin*. **80** (7). ISSN 0149-1423.
[2] Hamlin, H. Scott (2009). "Ozona sandstone, Val Verde Basin, Texas: Synorogenic stratigraphy and depositional history in a Permian foredeep basin" (PDF). *AAPG Bulletin*. **93** (5): 573–594. doi:10.1306/01200908121. ISSN 0149-1423.

in targeted prospects. Various ground thickness and porousness were detailed in data that could allow multiple wells surrounding prospective areas. Overall, the data appeared to be completed and indicated a high confidence of possibilities for production success.

The Val Verde Property does not include any existing wells; however, the large amount of historic data from past production in adjacent areas gives rise to a positive outcome of targeted drilling. Most of the area's past drilling concentrated on gas production wells due to gas price at the time. This targeted gas drilling left the oil deposits intact and untouched until past years when oil prices started to rise. The Val Verde Property has a close proximity to connectable gas gathering pipelines that could result in extra revenue streams, depending on gas production and market price at the time.

The Partnership's Business Strategy and Proposed Activities of the Partnership

The Partnership anticipates acquiring onshore oil and gas drilling prospects, production and/or partially developed producing and non-producing properties containing hydrocarbons in the continental United States and developing such prospects through drilling and completing oil and gas wells. As prospects are drilled and proved to be economically viable or partially developed properties are acquired and further developed, then the Managing Partner may attempt to divest the wells that have been drilled along with any undrilled acreage.

The Managing Partner anticipates drilling the Initial Wells with the proceeds of this Offering. Associated infrastructure will be required to produce and sell oil in economic quantities, which will be paid for with proceeds from this Offering.

In addition to the ownership of the Val Verde Property, the Managing Partner intends to find additional oil and gas properties to be acquired and developed by the Partnership.

The Operator will most likely sell the Partnership's monthly production on behalf of the Partnership. The Operator has noted that there are three gas pipelines several purchasers with activities in area.

Competition

The oil and natural gas industry is highly competitive, and the Partnership will compete with a substantial number of other companies that may have greater resources. Many of these companies explore for, produce and market oil and natural gas, carry on refining operations and market the resultant products on a worldwide basis. The primary areas in which the Partnership encounters substantial competition are in drilling and development operations and the marketing and transportation of the oil and natural gas that the Partnership produces. There is also competition between producers of oil and natural gas and other industries producing alternative energy and fuel. Furthermore, competitive conditions may be substantially affected by various forms of energy legislation and/or regulation considered from time to time by the U.S. government; however, it is not possible to predict the nature of any such legislation or regulation that may ultimately be adopted or its effects upon the Partnership's future operations. Such laws and regulations may, however, substantially increase the costs of exploring for, developing or producing oil and natural gas and may prevent or delay the commencement or continuation of a given operation. The effect of these risks cannot be accurately predicted.

Employees

It is not anticipated that the Partnership will have any employees, as all services for the Partnership will be performed by the Managing Partner. The Partnership may engage contractors and professionals to provide engineering analysis, accounting and legal services.

Title to Properties

Prior to commencement of drilling operations on the Val Verde Property, the Operator will conduct a thorough title examination and perform curative work with respect to significant defects. To the extent title opinions or other investigations reflect title defects on the Partnership's properties, Barron Petroleum will be responsible for curing any title defects at its expense. Operators generally will not commence drilling operations on a property until they have cured any material title defects on such property. The Managing Partner will have title to any acreage on which drilling is planned prior to closing acquisitions to obtain such acreage.

The Val Verde Property is subject to a 25% royalty and will be subject to liens for current taxes and other burdens, which the Managing Partner does not believe will materially interfere with the use or affect the Partnership's carrying value of the acreage.

Seasonality

In the past, the demand for and price of natural gas increased during the winter months and decreased during the summer months. However, these seasonal fluctuations were somewhat reduced because during the summer, pipeline companies, utilities, local distribution companies and industrial users purchased and placed into storage facilities a portion of their anticipated winter requirements of natural gas. With the development of prolific natural gas shale plays, seasonality is less of a factor. Oil was also impacted by generally higher prices during winter months but has more recently been affected by geopolitical events and the global recession in prices. Also, periodic seasonal storms, often impede our ability to safely load, unload and transport personnel and equipment, which delays the installation of production facilities, thereby delaying sales of the Partnership's oil and natural gas.

Legal Claims

Occasionally, the Partnership or Operator may be involved in claims and lawsuits and certain governmental proceedings arising in the ordinary course of business. The Managing Partner does not believe that the ultimate resolution of any of such ordinary course matters will have a material effect on the Partnership's financial position or results of operations. This position is supported, in part, by the existence of insurance coverage and indemnification rights.

Environmental Matters and Regulation

The Partnership's planned exploration, development, production and transport operations will be subject to various federal, state, and local laws and regulations governing health and safety, the discharge of materials into the environment or otherwise relating to environmental protection. These laws and regulations may, among other things: (i) require the acquisition of permits to conduct exploration, drilling, production and transport operations; (ii) govern the amounts and types of substances that may be released into the environment in connection with oil and natural gas drilling and production; (iii) restrict the way the Operator handles or dispose of wastes; (iv) cause the Partnership to incur significant capital expenditures to install pollution control or safety related equipment operating at the Partnership's facilities; (v) limit or prohibit construction or drilling activities in sensitive areas such as wetlands, wilderness areas or areas

inhabited by endangered or threatened species; (vi) impose specific health and safety criteria addressing worker protection; and (vii) require investigatory and remedial actions to mitigate pollution conditions caused by the Partnership's operations or attributable to former operations and impose obligations to reclaim and abandon well sites and pits and impose substantial liabilities on the Partnership for pollution resulting from the Partnership's operations. Failure to comply with these laws and regulations could also subject the Partnership to substantial liabilities and may result in the assessment of substantial administrative, civil and criminal penalties; the revocation of, or refusal to grant, necessary permits; the imposition of remedial obligations; and the issuance of orders enjoining some or all of the Partnership's operations in affected areas.

These laws and regulations may also restrict the rate of oil and natural gas production below the rate that would otherwise be possible. The regulatory burden on the oil and natural gas industry increases the Partnership's cost of doing business and consequently affects profitability. Environmental, health and safety laws and regulations are frequently enacted, promulgated and revised and any changes that result in more stringent and costly requirements for the oil and natural gas industry could have a significant impact on the Partnership's operating costs. The trend in environmental regulation is to place more restrictions and limitations on activities that may affect the environment, and thus any changes in environmental laws and regulations or new interpretations of regulatory or enforcement policies that result in more stringent and costly well drilling, construction, completion or water management activities, waste handling, storage, transport, disposal or remediation requirements or that prohibit drilling activities, such as hydraulic fracturing, could have a material adverse effect on the Partnership's financial condition and results of operations. The Partnership may be unable to pass on such increased compliance costs to the Partnership's customers. Furthermore, the Managing Partner cannot provide any assurance that the Partnership will be able to remain in compliance in the future with respect to such laws and regulations or the terms and conditions of required permits or that such future compliance will not have a material adverse effect on the Partnership's business and results of operations.

The following is a summary of some of the more significant existing environmental, health and safety laws and regulations to which the Partnership's business will be subject and for which compliance may have a material adverse impact on the Partnership's capital expenditures, financial condition or results of operations. The Managing Partner believes that the Val Verde Property is in substantial compliance with all existing environmental laws and regulations applicable to the Partnership's planned operations and that continued compliance with existing requirements will not have a material adverse impact on the Partnership's financial condition and results of operations. However, the Managing Partner cannot give any assurance that the passage of more stringent laws and regulations in the future will not have a negative impact on the Partnership's business, financial condition or results of operations, or that sudden and accidental spills, releases or other incidents will not occur that would lead to liability under these laws and regulations.

Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"). CERCLA, also known as "Superfund," and comparable state laws impose joint and several liability on certain classes of persons for costs of investigation and remediation of listed hazardous substances and for natural resource damages resulting therefrom, without regard to fault. These classes of persons include the current and past owners or operators of a site where a release occurred and anyone who transported, disposed, or arranged for the transport or disposal of a hazardous substance from or found at such site. CERCLA also authorizes the Environmental Protection Agency (the "***EPA***") and, in some instances, third parties to take actions in response to threats to public health or the environment and to seek to recover from responsible parties the costs of such action. Although CERCLA generally exempts "petroleum" from the definition of hazardous substances, the Partnership plans to generate, transport, dispose or arrange for the disposal of wastes that may fall within CERCLA's definition of hazardous substances. The Partnership may also be the owner or operator of sites on which hazardous substances have been released. To the

knowledge of the Managing Partner, neither the Partnership nor any of its predecessors have been designated as a potentially responsible party by the EPA under CERCLA. In the event contamination is discovered at a site on which the Partnership is or has been an owner or operator or to which the Partnership sent hazardous substances, the Partnership could be liable for the costs of investigation, remediation, and natural resources damages. At this time, the Managing Partner is not aware of any potential liability associated with any Superfund site, and it has not been notified of any claim, liability or damages under CERCLA.

Solid and Hazardous Waste Handling. The federal Resources and Recovery Act "(***RCRA***") and comparable state laws regulate the generation, transportation, treatment, storage, disposal and cleanup of solid and hazardous waste. Although oil and natural gas waste generally is exempt from regulation as hazardous waste under RCRA, the Partnership anticipates that it will generate waste as a routine part of its planned operations that may be subject to RCRA. In addition, the properties that the Partnership leases have been used for oil and natural gas exploration and production for many years. Although the Managing Partner believes that the Partnership and prior operators have utilized operating and waste disposal practices that were standard in the industry at the time, hazardous substances, wastes or Hydrocarbons may have been released on or under the properties owned or leased by the Partnership, or on or under other locations, including offsite locations, where such substances have been taken for recycling or disposal. In addition, some of these properties have been operated by third parties or by previous owners or operators whose treatment and disposal of hazardous substances, wastes or Hydrocarbons were not under the control of the Partnership. These properties and the substances disposed or released on them may be subject to corrective action or other requirements under RCRA, CERCLA and analogous state laws.

Clean Water Act and the Oil Pollution Act. The Clean Water Act and the regulations issued thereunder and analogous state laws impose restrictions and strict controls with respect to the discharge of pollutants, including spills and leaks of produced water and other oil and natural gas wastes, into state waters and waters of the United States. The discharge of pollutants into jurisdictional waters is prohibited, except in accordance with the terms of a permit. Governmental agencies can impose administrative, civil and criminal penalties, as well as require remedial or mitigation measures, for unauthorized discharges or non-compliance with discharge permits or other requirements of the Clean Water Act and analogous laws and regulations.

The Oil Pollution Act of 1990, as amended ("***OPA***"), which amends the Clean Water Act, establishes strict liability for owners and operators of facilities that are the site of a release of oil into waters of the U.S. The OPA and its associated regulations impose a variety of requirements on responsible parties related to the prevention of oil spills and liability for damages resulting from such spills. A "responsible party" under the OPA includes owners and operators of certain onshore facilities, including pipelines, from which a release may affect waters of the U.S. The OPA assigns joint and several, strict liability, without regard to fault, to each liable party for all containment and oil removal costs and a variety of public and private damages including, but not limited to, the costs of responding to a release of oil, natural resource damages, and economic damages suffered by persons adversely affected by an oil spill.

Hydraulic Fracturing and the Safe Drinking Water Act ("SDWA"). The SDWA and the regulations issued thereunder regulate, among other things, underground injection operations. While the SDWA regulates the injection of diesel-containing materials and industrial wastes, it does not yet regulate non-diesel hydraulic fracturing. However, Congress has considered legislation that, if ultimately adopted, would impose additional regulation under the SDWA upon the use of hydraulic fracturing fluids. If enacted, such legislation could impose significant new requirements on the Partnership's planned hydraulic fracturing operations, including permitting and financial assurance requirements that the Partnership adheres to construction specification, requirements that the Partnership fulfills monitoring, reporting and recordkeeping obligations, and requirements with respect to well plugging and abandonment. In addition,

such legislation could require the disclosure of the chemicals within the hydraulic fluids, which could make it easier for the Partnership's competition to copy the Partnership's operations and for third parties opposing hydraulic fracturing to initiate legal proceedings based on allegations that specific chemicals used in the process could adversely affect groundwater. In 2015, the federal government finalized regulation requiring the disclosure of chemicals used in hydraulic fracturing on public and Indian land which contain many of the above requirements. Texas has adopted regulatory requirements on hydraulic fracturing, including rules requiring disclosure of hydraulic fracturing chemicals and volumes of water used.

Air Emissions. The Partnership's operations are subject to the Clean Air Act ("***CAA***") and regulations issued thereunder and comparable state laws and regulations for the control of emissions from sources of air pollution. Such laws require existing, new and modified sources of air pollutants to obtain permits prior to commencing construction and to control emissions of hazardous or toxic air pollutants (including through the installation of expensive control equipment). They also impose various monitoring and reporting requirements. Major sources of air pollutants are subject to more stringent, federally-imposed requirements including additional permits. Administrative enforcement actions for failure to comply strictly with air pollution regulations or permits are generally resolved by payment of monetary fines and correction of identified deficiencies. Alternatively, regulatory agencies could bring lawsuits for civil or criminal penalties or require the Partnership to forego construction, modification or operation of certain air emission sources. Citizen groups are also authorized to enforce the CAA and some state laws through court cases, except for criminal claims.

In August of 2012, the EPA issued final rules that subject all oil and gas operations (production, processing, transmission, storage and distribution) to regulation under the new source performance standards ("***NSPS***") and national emissions standards for hazardous air pollutants ("***NESHAPS***") programs. The EPA rules include requirements for pre-drilling notification and NSPS standards for completions of hydraulically-fractured gas wells. These standards include the Reduced Emission Completion ("***REC***") techniques developed in EPA's Natural Gas STAR program along with pit flaring of gas not sent to the gathering line. The standards are applicable to newly drilled and fractured wells as well as Initial Wells that are refractured. Further, the regulations under NESHAPS include Maximum Achievable Control Technology ("***MACT***") standards for those glycol dehydrators and storage vessels at major sources of hazardous air pollutants not currently subject to MACT standards.

National Environmental Policy Act. Oil and natural gas exploration and production activities on federal lands or which require major federal permits may be subject to the National Environmental Policy Act ("***NEPA***"), which requires federal agencies, including the Department of Interior, to evaluate major agency actions having the potential to significantly impact the environment. States frequently have analogous laws which can include obligations for private developers as well. In the course of such evaluations, an agency will prepare an environmental assessment that assesses the potential direct, indirect and cumulative impacts of a proposed project and, if necessary, will prepare a more detailed environmental impact statement, both of which are subject o public review and comment. All of the Partnership's planned exploration and development activities on federal lands require federal agency actions that are subject to the requirements of NEPA, and projects on private lands may require NEPA compliance as well if they are dependent on certain federal permits. The NEPA process has the potential to substantially delay or result in the imposition of additional conditions upon the development of oil and natural gas projects.

Occupational Health and Safe Act ("OSHA") and Other Laws and Regulations on Employee Health and Safety. The Operator is subject to the requirements of the OSHA and comparable state statutes. These laws and the implementing regulations strictly govern the protection of the health and safety of employees. These laws require the Operator to take various actions regarding worker safety and health, including that the Partnership maintains and provides to employees, state and local government authorities and citizens information about hazardous materials used or produced in the Partnership's operations.

OSHA concerns have also been raised with regard to silica used in hydraulic fracturing.

Endangered Species Act, Bald and Golden Eagle Protection A t, and Migratory Bird Treaty Act. The federal Endangered Species Act ("***ESA***"), Bald and Golden Eagle Protection Act ("***BGEPA***"), Migratory Bird Treaty Act ("***MBTA***") and similar federal and state laws generally prohibit the "taking" (defined for purposes of the ESA to include killing, harming or harassment) of endangered and threatened species and migratory birds. The ESA and BGEPA provide for the issuance of permits for an incidental take of such species. Obtaining such permits is a very slow and expensive process, and requires mitigation for the impacts of the taking. No permits for an incidental take are available under the MBTA, making the mortality of any migratory bird (such as by collision with a drilling rig or as a result of landing in a reserve pit) a federal crime, although in 2015 the Fifth Circuit Court of Appeals, which includes the State of Texas within its jurisdiction, held that the MBTA does not apply to an incidental take of migratory birds. The U.S. Fish & Wildlife Service (the "***Service***"), which is responsible for enforcing these wildlife statutes, is considering a rulemaking to redefine "take" under the MBTA to specifically include an incidental take, as well as promulgating an incidental take permitting program under the MBTA. In recent years, the Service has become more active and is focusing more intently on the energy industry, increasing the importance of ESA, BGEPA and MBTA compliance and heightening the risk of enforcement. Recent litigation under the ESA has resulted in the requirement that the Service consider several hundred new species for potential listing, many of which are present in areas where oil and gas exploration is prevalent. The listing of new endangered or threatened species, or expansion of operations to areas where such species may occur, could cause the Partnership to incur additional costs or impose operating restrictions or bans in affected areas to obtain authorization for or avoid impacts to protected species.

Other Regulation of the Oil and Natural Gas Industry

The oil and natural gas industry is extensively regulated by numerous federal, state, and local authorities. In particular, oil and natural gas production and related operations are, or have been subject to price controls, taxes and numerous other laws and regulations. All of the jurisdictions in which the Partnership plans to own or operate properties for oil and natural gas production have statutory provisions regulating the exploration for and production of oil and natural gas, including provisions related to permits for the drilling of wells, bonding requirements to drill or operate wells, the location of wells, the method of drilling and casing wells, the surface use and restoration of properties upon which wells are drilled, sourcing and disposal of water used in the drilling and completion process, regulation addressing the impact of hydraulic fracturing and the abandonment of wells. The Partnership's operations will also be subject to various conservation laws and regulations. These include regulation of the size of drilling and spacing units or proration units, the number of wells that may be drilled in an area, and the unitization or pooling of oil and natural gas wells, as well as regulations that generally prohibit the venting or flaring of natural gas and impose certain requirements regarding the ratability or fair apportionment of production from fields and individual wells.

Failure to comply with applicable laws and regulations can result in substantial penalties. The regulatory burden on the industry increases the cost of doing business and affects profitability. Where appropriate, the Partnership is developing a plan to achieve and maintain substantial compliance with such laws and regulations. Further, the Managing Partner believes that continued substantial compliance with existing requirements will not have a material adverse effect on its financial condition, results of operations or cash flows. Nevertheless, such laws and regulations are frequently amended or reinterpreted. Therefore, the Managing Partner is unable to predict the future costs or impact of compliance. Additional proposals and proceedings that affect the oil and natural gas industry are regularly considered by the U.S. Congress, the states, the Federal Energy Regulatory Commission ("***FERC***") and the courts. The Managing Partner cannot predict when or whether any such proposals may become effective.

MANAGEMENT

The Managing Partner of the Partnership is Heartland Production and Recovery LLC, a Delaware limited liability company. Brad Pearsey and John Muratore are the principals of the Managing Partner. Through the Partnership's agreement with the Operator, Barron Petroleum, LLC, the Operator will be responsible for the drilling and operations of the Initial Wells and any subsequent wells on the Val Verde Property, as well as conducting or supervising record-keeping, accounting, land, geological and engineering services.

Below is some biographical information on Messrs. Pearsey and Muratore, as wells as the key personnel of the Operator.

Brad Pearsey

Brad Pearsey has been in the financial services industry for well over a decade. During that time, he has worked with clients and investment advisors all over the country. From November 2010 to April 2015, he had his own state-registered investment advisory firm, Reliant Financial Group, based in Greenwood, Indiana. In addition to owning his own alternative investment company, he has assisted companies raising capital with compliance and due diligence support, as well as best business practices and protocols. His goal is to create opportunities for investors and oil businesses to partner together in creating American job opportunities, as well as increase America's production of oil. He attended Wesleyan University with an emphasis on accounting and finance.

John Muratore

John Muratore has been in the financial services industry for more than 40 years. He has owned successful mortgage banking firms in Orange County, California, selling his last company (California Nova Financial) in 2006. During 2009/2010, he transitioned his focus to helping clients preserve and grow their wealth. Through his own search for protection and growth of his family's personal wealth, he decided to seek out investment opportunities that would not only enhance, but protect the assets that he worked so very hard to earn. He developed Muratore Financial Services, Inc., dba Champion Investments, to access insurance and alternative asset platforms to meet the needs of investors across the country. Mr. Muratore hold a California life insurance license and a California real estate license.

Roger Sahota

Mr. Sahota, Vice President of Barron Petroleum, LLC, has extensive in-depth knowledge about techniques related to oil and gas production, work over, and drilling through his extensive work experience and will handle all onsite work. He has over twenty years of experience in acquiring oil and gas leases, drilling, managing workover projects and field operations. His operating experience has been in the following states: Colorado, Louisiana, Texas, Utah, and Wyoming, as well as the provinces of Alberta and Manitoba in Canada.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Most of the relationships which are described below are common to many oil and gas drilling programs. The terms contained herein are intended to ameliorate the potential for conflicts of interest inherent in such a situation to the extent practicable, taking into consideration the uncertainties involved in attempting to determine in advance the location of the wells, progress of the proposed operations and other exploration in the area of the Val Verde Property, and the outcome of such operations.

General

The Managing Partner, the Operator and its affiliates may engage independently of the Partnership in all aspects of the oil and gas business for their own accounts and for the accounts of others, subject to certain express limitations contained in the Partnership Agreement and described below prohibiting them from obtaining services or facilities for the Partnership in a manner where such operations, services or facilities might have an adverse effect on the Partnership or its operations. The Managing Partner may conduct operations in a manner designed to benefit it or its affiliates at the expense of the Partnership.

The management of oil and gas, joint ventures, issuers and limited issuers by entities actively engaged in such business inevitably involves areas of activity in which conflicts of interest may arise. The Managing Partner is required to make decisions which may affect not only its interest but also the interests of the Investor Partners. Such decisions could operate to the detriment of the Partnership.

Any transactions between the Partnership and the Managing Partner and/or its affiliates will involve conflicts of interest and may be deemed to have been entered into without the benefit of arm's-length bargaining. However, the Managing Partner, as fiduciary, is required to exercise good faith, integrity and fairness in its dealings with respect to the Partnership's business. Any Investor Partner has the right to seek to recover damages from the Managing Partner for violation of its fiduciary obligations. Any Investor Partner who believes that a breach of fiduciary duty by the Managing Partner has occurred should consult with his counsel to determine his rights and remedies.

The Partnership will not have independent management. It will be managed by the Managing Partner which will devote only so much of its time to the Partnership's business as is reasonably required. The Managing Partner will have conflicts of interest in allocating management time, services and functions between the Partnership and other companies or business ventures in which it is or might become involved, as a principal or otherwise. The Managing Partner, however, believes that it is fully capable of discharging its responsibilities to all such entities. The Managing Partner may engage for its own account or for the account of others, in other business ventures of any nature and neither the Partnership nor any Investor Partner shall be entitled to any interests therein.

In addition, as a result of certain provisions of the Partnership Agreement, the Partnership may have a more restricted right of action against the Managing Partner than would otherwise be the case without such provisions. The Partnership Agreement provides that the Managing Partner shall be liable to the Partners of the Partnership for acts or omissions by it if it is guilty of gross negligence or willful misconduct. Investor Partners have the right to seek to recover damages from the Managing Partner for violation of its fiduciary obligations. However, the Managing Partner will not be liable for such acts or omissions if it acts in good faith, on behalf of the Partnership or the Partners, and in a manner it reasonably believes to be both within the scope of the authority granted to it by the Partnership Agreement and in the best interest of the Partnership and the Partners.

Fiduciary Responsibility of the Managing Partner

The Managing Partner is accountable to the Partnership as a fiduciary and consequently has a duty to exercise good faith and to deal fairly with the Investor Partners of the Partnership in handling the affairs of the Partnership. While the Managing Partner will endeavor to avoid conflicts of interest to the extent possible, such conflicts nevertheless may occur and, in such event, the actions of the Managing Partner may not be most advantageous to the Partnership and could fall short of the full exercise of such fiduciary duty.

The Partnership Agreement contains certain provisions which are intended to limit the liability of the Managing Partner and its affiliates for any act or omissions within the scope of the authority conferred upon them by the Partnership Agreement if such Managing Partner or affiliate determined in good faith that such course of conduct was in the best interest of the Partnership and such course of conduct did not constitute gross negligence or willful misconduct. Therefore, an Investor Partner of the Partnership may have a more limited or restricted right of action against the Managing Partner or its affiliates in respect of its fiduciary duty than would be the case if there were no such limitations. In addition, under the Partnership Agreement, the Managing Partner and its affiliates will be indemnified by the Partnership against losses, judgments, liabilities, expenses and amounts paid in settlement sustained by them in connection with the Partnership so long as such losses, judgments, liabilities, expenses or amounts were not the result of gross negligence or willful misconduct on the part of the Managing Partner or any affiliate thereof.

Acquisition of Val Verde Property

A wholly-subsidiary of the Managing Partner is assigning to the Partnership an agreement with Barron Petroleum, pursuant to which it is acquiring a 49% working interest (36.75% net revenue interest) in a lease covering approximately 1,160 acres located in Val Verde County, Texas for $5,564,000. Through the date of this Memorandum, $4,000,000 of the purchase price has been paid. While the Partnership proposes to reimburse the $4,000,000 that the subsidiary has advanced as of the date of this Memorandum using production revenues, and not proceeds from the sale of Offering Units, this reimbursement will occur prior to any distributions (other than distributions for estimated taxes) to the Investor Partners.

Conflicting Drilling Activities

The Managing Partner is and will be actively engaged in other oil and gas acquisitions and operations. Such activities could create conflicts with the activities of the Partnership. Affiliates of the Managing Partner anticipate sponsoring, managing and participating in other private drilling programs. Such activities may create conflicts between the activities of the Partnership and such other programs. In all instances of operation and management of drilling programs for the accounts of others, the Managing Partner and its management, where potential conflicts arise, will attempt to deal fairly with the activities of the Partnership. In addition, the Managing Partner may manage and operate oil and natural gas properties for investors in such other drilling programs.

Conflicts with Other Partnerships

The Managing Partner plans to serve as the Managing Partner of other partnerships to be formed to engage in the acquisition of productive mineral rights and producing oil and natural gas properties. The ongoing business of these other partnerships may be considered competitive with the business of the Partnership in areas such as markets for production and access to the time and financial resources of management. Therefore, the Managing Partner will be acting on behalf of the Partnership and on behalf of other partnerships which it may form in the future. As a result of these activities, circumstances may arise where the interests of the Managing Partner in such other ventures will conflict with those of the Investor Partners with respect to the acquisition of oil and gas leases and similar matters.

Negotiations by the Managing Partner

The Managing Partner has determined substantially all of the terms of this Offering, as well as those relating to the operation of the initial program prior to the formation of the Partnership. Such terms were not negotiated with the Investor Partners and such transactions may be deemed to have been entered into without the benefit of arm's-length negotiations.

Acquisition of Other Oil and Gas Properties

The Managing Partner, or its affiliates, may own or acquire oil and gas leasehold properties for the drilling of wells thereon in the same general area, adjoining or offsetting the Val Verde Property or any other oil and gas prospect. These properties might not be offered to the Investor Partners.

DESCRIPTION OF THE AGREEMENT OF LIMITED PARTNERSHIP

The following is a summary of certain provisions of the Partnership Agreement. The summary is not definitive and capitalized terms not defined herein are defined in the Partnership Agreement. Therefore, a prospective investor should carefully read the full text of the Partnership Agreement, a copy of which is attached to this Memorandum as Exhibit A.

Formation

The Partnership was formed on April 15, 2019 as a Delaware limited partnership by Heartland Production and Recovery LLC as the Managing Partner. The Partnership was effective as a limited partnership on the date of the filing of the certificate.

Term

The Partnership will terminate on the earlier to occur of (a) the Managing Partner determines that the Partnership should be dissolved; (b) the retirement, insolvency, or bankruptcy of the Managing Partner; (c) the insolvency or bankruptcy of the Partnership; (d) the sale or other disposition of all or substantially all of the assets of the Partnership; or (e) any other event that, under the Delaware Revised Uniform Limited Partnership Act (the "***Delaware Act***"), would cause its dissolution.

Capital

The Partnership will be capitalized by each Investor Partner.

The Managing Partner will be issued 100 Class B Units in consideration for its services in organizing the Partnership. In connection therewith, the Managing Partner shall not be obligated to make any cash Capital Contributions.

No interest will be paid on Capital Contributions. No Investor Partner will have the option to withdraw any portion of his/her/its Capital Contribution.

The Investor Partners will initially fund the total amount funded by all Unit Holders prior to the closing of this Offering.

In the event the Managing Partner determines it is necessary, the Managing Partner may sell additional equity of any kind in the Partnership to new, additional Partners at any time in order to have sufficient capital to fund an operating deficit, which may have a dilutive effect to the non-contributing Partner.

Capital Accounts

Each Partner will have an account (a "***Capital Account***") which will be credited with its Capital Contribution and the amount of income and gain allocated to it and will be charged with the amount of deductions and losses allocated to each Partner and the amount of distributions or deemed distributions.

Fees and Expenses

For its services to the Partnership, the Managing Partner is entitled to Management Fees at an annual rate of 3.0% of each Investor Partner's Capital Account (as such term is defined in the Partnership Agreement) balance, calculated and payable monthly with a true-up payment on the last day of the quarter

based on the Investor Partners' Capital Account balances as of such date. The Managing Partner may reduce or eliminate the Management Fee with respect to any Investor Partner in its sole discretion.

The Partnership bears the expenses of the organization of the Partnership and the offering of Class A Units (including legal and accounting fees, printing costs, travel, "blue sky" filing fees and expenses and out-of-pocket expenses). In general, the Partnership's financial statements will be prepared in accordance with accounting principles generally accepted in the United States ("***GAAP***").

Distributions and Participation in Profits and Losses

Operating distributions shall be paid after payment of Management Fees and expenses of the Partnership and setting aside funds for a reasonable cash reserve as follows:

(i) First, to retire the loan to acquire the Val Verde Property (the "***Debt Payoff***"), which has a balance of $4,000,000 as of the date of the Memorandum;

(ii) Second, 100% to the Class A Unit holders in accordance with their respective Ownership Percentages until satisfying the Preferred Return; and

(iii) Third, 40% to the Class A Unit holders and 60% to the Class B Unit holders.

The Class A Units carry a return of 12% on the Unreturned Capital, measured from the date of the Debt Payoff (the "***Preferred Return***"). "***Unreturned Capital***" is defined in the Partnership Agreement as an amount equal to the cumulative capital contributions by an Investor Partner, less the sum of all distributions with respect to unreturned capital (other than Class A Preferred Returns). The holders of the Class A Units shall be entitled to receive the Preferred Return when and if distributions are declared by the Managing Partner, prior to the payment of any distributions (other than tax distributions) to the holders of Class B Units, who shall receive no distributions (other than tax distributions) until the holders of Class A Units have received any accrued but unpaid Preferred Return.

Notwithstanding the operating distributions, liquidating distributions will be made in accordance with the Partners' positive Capital Account balances. In the event of a liquidation of the Partnership, profit and loss allocations may not be sufficient to result in positive Capital Account balances which are in proportion to the amount of distributions to each Partner in accordance with the operating distributions. In such event, the liquidating distribution to the Partners will be made in accordance with the positive Capital Account balances of each Partner.

Participation in Profits and Losses

Other than allocations of intangible drilling cost deductions, certain lease acquisition costs and simulated depletion, gain and loss which shall be allocated as set forth in the Partnership Agreement, the Partners shall share in the profits resulting from operations in the same proportions such Partners are entitled to share operating distributions and shall share in other profits and losses in accordance with their respective rights to distributions from the Partnership, as compared to their respective Capital Account balances, as each may vary from time to time, in each case as set forth in the Partnership Agreement.

Intangible Drilling Cost Deductions and Allocations

The Investor Partners will be specially allocated 100% of the intangible drilling cost deductions related to the activities of the Partnership until they have been allocated deductions equal to the full amount of their funded capital.

Any allocations of intangible drilling costs funded with proceeds of indebtedness incurred by the Partnership will depend on whether such indebtedness is a recourse or nonrecourse financing. If such indebtedness is classified as nonrecourse debt for tax purposes, after the Capital Accounts of the Investor Partners are reduced to zero, such intangible drilling costs will be allocated among the Investor Partners as set forth in the Partnership Agreement. If such indebtedness is classified as recourse debt for tax purposes, after the adjusted Capital Accounts of the Investor Partners are reduced to zero, such intangible drilling costs will be allocated to the Managing Partner and any subsequent taxable income will be allocated first to the Managing Partner to offset the prior allocations of intangible drilling costs funded with the proceeds of recourse debt.

Conversion of General Partner Interests

No later than January 1 of each year immediately following the calendar year of the Partnership in which the Partnership has expended all Capital Contributions contributed by Investor Partners for the exploration and development activities with respect to the wells in which it participates as a Working Interest owner, the General Partners who are also Investor Partners will be converted to Limited Partners, unless the Managing Partner determines that such conversion at that time would not be in the best interests of the General Partners subject to conversion or the Partnership. If conversion is so delayed, the managing Partner will continue to have the power and authority to cause such conversion as to any General Partner with the consent of such General Partner at any time within a Fiscal Year. On January 1 of any subsequent year during the terms of the Partnership the General Partners who are also Investor Partners will be converted to Limited Partners, unless the Managing Partner determines that such conversion at that time would not be in the best interests of the General Partners subject to conversion or the Partnership. The Managing Partner shall have the right to convert some but not all General Partners, depending on the status of intangible drilling costs allocated to each General Partner. The Managing Partner shall have the right to convert any Class A Partner from a General Partner to a Limited Partner at any time in the discretion of the Managing Partner. Immediately following any conversion, the Managing Partner will (a) file an amended certificate of limited partnership removing the General Partners as general partners of the Partnership, and (b) take such other actions as are necessary or appropriate to accomplish conversion of the interests. Upon filing the amended certificate of limited partnership reflecting conversion of the former General Partners to Limited Partners, the conversion shall be effective, and thereafter each such General Partner shall have the rights and obligations of a Limited Partner and will be entitled to limited liability to the extent provided by the Delaware Act; provided, however, that General Partners will remain liable to the Partnership for their proportionate share of Partnership obligations and liabilities arising prior to the conversion of their interests in the Partnership to Limited Partner interests.

Management

The Managing Partner will have complete and exclusive power (except as limited by the Partnership Agreement and applicable law) to manage and control the business, properties, and affairs of the Partnership. The Managing Partner will control the day-to-day operations of the Partnership. The Managing Partner will have the authority to enter into operating agreements on behalf of the Partnership.

The General Partners will enter into covenants prohibiting them from exercising the following rights granted to them under the Delaware Act:

- The right to act as agent of the Partnership or to execute documents on behalf of the Partnership; and
- The right to act (other than as specifically provided in the Partnership Agreement) to cause the Managing Partner on behalf of the Partnership to convey Partnership property or to take any other action binding on the Partnership.

A General Partner who violates any of these covenants is obligated to indemnify the Partnership and the other General Partners and the Managing Partner for any loss or liability caused by such violation.

At any time after the Managing Partner becomes subject to an Event of Withdrawal, it may be removed by a Super-Majority Consent of each class having Units outstanding, voting as a class. The Managing Partner may be removed at any other time only by a Super-Majority Consent of each class having Units outstanding, including Class B, voting as a class. A successor Managing Partner may be elected only a Majority Consent of each class having Units outstanding, voting as a class.

Fiscal Year and Partnership Books

The fiscal year of the Partnership will be the calendar year. The books of account of the Partnership will be maintained at its principal office and will be open during reasonable business hours for inspection by the Investor Partners and their representatives, who will have the right to make copies thereof at their expense.

Side Letters

The Managing Partner on behalf of the Partnership may enter into other written agreements ("***Side Letters***") with one or more Investor Partners. These Side Letters may entitle an Investor Partner to make an investment in the Partnership on terms other than those described herein or in the Partnership Agreement. Any such terms may be more favorable than those offered to any other Investor Partners, and may affect the other Investor Partners of the Partnership.

Continuation of the Partnership

The Managing Partner (or any reconstituted successor to the Managing Partner) will agree to serve as managing partner of the Partnership until the Partnership is terminated without reconstitution. Upon the bankruptcy or insolvency of the Managing Partner, the Partnership will continue if, within ninety (90) days after such event, all of the Investor Partners elect to continue the Partnership and designate one or more substitute managing partners. In such event, the interest in the Partnership of the Managing Partner will be converted to a limited partner interest.

Transferability of the Investor Partners' Interests

A Partnership Interest, and any interest in a Partnership Interest, may not be transferred, voluntarily or involuntarily (including by operation of law or otherwise), except in accordance with the provisions of the Partnership Agreement. A Unit Holder shall obtain the prior written consent of the Managing Partner for any transfer other than a transfer by operation of law and no consent will be granted if the transfer would result in the "termination" of the Partnership pursuant to Section 708 of the Internal Revenue Code (the "***Code***") or if the transferee is not a citizen or resident of the United States. The transferee shall provide to the Managing Partner its taxpayer identification number, passport and related information of any natural person transferee or control person of any transferee, and any other information reasonably necessary to permit the Partnership to file required tax returns or comply with anti-money laundering laws. A Unit Holder that is an entity may change its name, or merge or consolidate with an affiliate, without the prior consent of the Managing Partner, and such action shall not be considered a transfer. A Unit Holder may transfer all or part of its Partnership Interest to a trust or other entity established for the benefit of the Unit Holder (or its direct or indirect beneficial owners) and/or members of such owner's immediate family without the prior consent of any Managing Partner or any Partner.

Partnership Interests have not been registered under the Securities Act or under the securities laws of any state or other jurisdiction, and may not be offered or transferred unless and until registered under such Act and laws or, in the opinion of counsel in form and substance satisfactory to the Partnership, such offer or transfer is in compliance therewith.

Any Class A Unit Holder or Class A Unit Holder's legal representative desiring to transfer all or part of its Partnership Interest to a person or entity other than one of the Partners, for any reason other than a transfer by operation of law, shall first notify the Managing Partner in writing of its intention to transfer, stating the name and address of the proposed transferee, the amount of Partnership Interests proposed to be transferred, the consideration proposed to be received therefor, and the proposed terms of the transfer. The Managing Partner in its discretion shall have the exclusive right and privilege to cause the Partnership to purchase the Partnership Interest proposed to be transferred for the proposed consideration within thirty (30) days after the receipt of such written notice. If the Managing Partner does not cause the Partnership to purchase the Partnership Interest so offered, during the next succeeding ninety (90)-day period the Unit Holder or Unit Holder's legal representative desiring to transfer the Partnership Interest may then transfer such Partnership Interest to the person and at the price and terms stated in the offer. If the Partnership Interest is not so transferred, it shall not be subsequently transferred without first again offering it to the Managing Partner as described above.

A transferee of any Partnership Interest may become a Partner only upon (a) execution and delivery by the transferee of a written acceptance and adoption of this Agreement, as the same may be amended, together with such other documents, if any, as the Managing Partner may require; (b) the payment to the Partnership by the Unit Holder transferring its Partnership Interest of all reasonable expenses incurred by the Partnership in connection with such transfer; and (c) upon the consent of the Managing Partner, which may, in each case, be given or denied in the discretion of the Managing Partner. Upon such execution, payment and consent, the transferee shall, with respect to the Partnership Interest assigned, be admitted to the Partnership and become a substituted Partner therein. A transferee who is not admitted as a Partner shall be entitled to allocations and distributions in respect to the Partnership Interest transferred but shall not have any rights reserved to Partners under the Partnership Agreement.

Event of Withdrawal for Non-Managing Partners

A Partner other than the Managing Partner may withdraw as a Partner at any time, and thereafter shall have the rights of a Unit Holder who has not been admitted as a Partner. A Partner other than the Managing Partner who is subject to an Event of Withdrawal shall cease to be Partner as of the date of the Event of Withdrawal and shall thereafter have the rights of a Unit Holder who is not admitted as a Partner. Any Partner who is subject to an Event of Withdrawal may at any time thereafter request that the Partnership redeem the Capital Account of such Partner, or the Managing Partner may at its discretion determine to redeem such Capital Account, at the greater of (a) its tangible book value, without adjustment for goodwill, intellectual property or other intangibles not reflected in the financial records of the Partnership, as determined by the Managing Partner or (b) five (5) times the amount of cash distributed to such Partner during the preceding twelve (12) months. If the Managing Partner grants such request or determines to redeem such Capital Account, the Partnership shall redeem the Capital Account, as of the end of the next calendar quarter, and may pay the redemption amount in quarterly installments over a period not to exceed twenty-four (24) calendar months, with interest at the *Wall Street Journal* prime rate in effect as of the date of the first installment.

Under the Partnership Agreement, an Event of Withdrawal occurs as follows when a Partner:

- Provides written notice to the Partnership of the Partner's express will to withdraw as a partner;
- Makes an assignment for the benefit of creditors;

- Files a voluntary petition in bankruptcy;
- Is adjudged a bankrupt or insolvent or has entered against such Partner an order for relief in any bankruptcy or insolvency proceeding which order is not dissolved within sixty (60) days;
- Files a petition or answer or certificate seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief;
- Files an answer or other pleading failing to contest the material allegations in any bankruptcy or insolvency proceeding;
- Becomes subject to the appointment of a receiver or trustee or liquidator of all or any part of the Partner's property which includes its Partnership Interest;
- Fails to have vacated or stayed the appointment of a trustee, receiver or liquidator of the Partner or of all or any part of the Partner's property which includes its Partnership Interest within sixty (60) days after appointment;
- Has been expelled from the Partnership by a final judicial decree;
- Is subject to any order or judgment not stayed within thirty (30) days of issuance attaching or foreclosing upon any part of its Partnership Interest;
- Is (or a controlling person of the Partner) on the list of Specially Designated Nationals and blocked Persons maintained by the Office of Foreign Assets Control or any similar list or is otherwise a person the Partnership is prohibited from doing business with;
- Commences any proceeding adverse to the Partnership; or
- Transfers any Partnership Interest in violation of the Partnership Agreement.

As to a Partner who is a natural person, an Event of Withdrawal also occurs upon the Partner's death, the appointment of a guardian or general conservator for the Partner or an adjudication of incompetency of the Partner. As to a Partner who is an entity, an Event of Withdrawal also occurs upon the termination, dissolution or cessation of business of the Partner.

Power of Attorney

In signing the Partnership Agreement, each Investor Partner will appoint the Managing Partner as its attorney-in-fact for purposes of signing and filing on its behalf such documents as are necessary to qualify the Partnership as a limited partnership under applicable laws, documents of transfer of any Investor Partner's interest and amendments to the Partnership Agreement regarding changes of names and/or addresses or the admission and/or withdrawal of Investor Partners and certain other matters, all subject to compliance with the applicable provisions of the Partnership Agreement.

Amendment

The Managing Partner with a Majority Consent of the Investor Partners will be empowered to amend the Partnership Agreement. The Managing Partner alone may execute any amendments dealing with change of name, office or registered agent, admission or withdrawal of an Investor Partner, the issuance of debt or equity, or to cause the allocation provisions to comply with the regulations promulgated under the Code. The Managing Partner may make any revisions to the Partnership Agreement that are necessary to reflect the terms of any Side Letters.

Dissolution of the Partnership

In the event of dissolution, the assets of the Partnership shall be paid and distributed in the following order:

(a) All of the Partnership's debts and liabilities to persons other than Unit Holders, but excluding secured creditors whose obligations will be assumed or otherwise transferred upon the liquidation of Partnership assets, shall be paid and discharged and any reserve deemed necessary by the Managing Partner or liquidator for the payment of such debts shall be set aside;

(b) All of the Partnership's debts and liabilities to Unit Holders, excluding any accrued and unpaid portion of any Management Fee, shall then be paid and discharged; and

(c) The balance of the assets of the Partnership shall then be distributed to the Unit Holders in the following order:

(1) First, to the Managing Partner in an amount equal to any accrued and unpaid portion of any Management Fee;

(2) Second, to the Unit Holders, pro rata, in proportion, and to the extent of their remaining positive Capital Account balances; provided, however, that the Unit Holders' Capital Accounts first shall be adjusted to reflect the manner in which any unrealized income, gain, loss and deduction inherent in the Partnership's property (including oil and gas properties), which has not previously been reflected in the Unit Holders' Capital Accounts, would be allocated among the Unit Holders if there had been a taxable disposition of the Partnership's assets at fair market value on the date of distribution; and

(3) Third, to the Unit Holders in accordance with the provisions of Section 7.1(c) of the Partnership Agreement.

Upon dissolution, each Unit Holder shall look solely to the assets of the Partnership for the return of its Capital Contributions, and shall be entitled only to a cash distribution or a distribution in kind of the Partnership's assets made in accordance with Section 10.5 of the Partnership Agreement.

Indemnification

The Partnership shall have the power, right and obligation to indemnify any person who was or is a party to or witness in or is threatened to be made a party to or witness in any threatened, pending or completed proceeding (whether or not by or in the right of the Partnership) by reason of the fact that the person is or was a Managing Partner of the Partnership, against expenses (including attorneys' fees, accountants fees, and expenses of investigation), judgments, fines, and amounts paid in settlement incurred by such person, except expenses, judgments, fines and amounts paid in settlement resulting from its intentional misconduct or knowing violation of law or a transaction for which the Managing Partner received a personal benefit in violation or breach of the provisions of the Partnership Agreement. The Partnership shall advance expenses to any current or former Managing Partner at such times and in such amounts as shall be requested by such person. The Partnership shall have the power to indemnify any person who was or is a party to or witness in or is threatened to be made a party to or witness in any threatened, pending or completed proceeding (whether or not by or in the right of the Partnership) by reason of the fact that the person is or was an employee, consultant, independent contractor, general partner, or agent of the Partnership, or is or was serving at the request of the Partnership as a manager, officer, trustee, partner, member, joint venture, employee, agent or in a similar capacity for another person, against expenses (including attorneys' fees, accountants fees, and expenses of investigation), judgments, fines and amounts paid in settlement incurred by the person in connection with such proceeding, upon the determination by the Managing Partner that indemnification is appropriate and subject to such terms and conditions or undertakings as the Managing Partner in its discretion shall impose. The Partnership may advance expenses to any such person at such times and in such amounts as shall be required by such person and approved by the Managing Partner in its sole discretion. The termination of any proceeding by judgment, order,

settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself create a presumption that indemnification or the advancement of expenses by the Partnership was not appropriate or breached any law or constituted a breach of any duty by any person.

If a person has been successful on the merits or otherwise as a party to any proceeding, or with respect to any claim, issue or matter therein arising out of such person's service to or on behalf of the Partnership (to the extent that a portion of the expenses can be reasonably allocated thereto), the person shall be indemnified against expenses (including attorneys' fees, accountants fees and expenses of investigation) actually and reasonably incurred by the person in connection with the proceeding.

The Partnership shall, if at all feasible, purchase and maintain directors' and officers' liability insurance or errors and omissions insurance or similar insurance on behalf of any person participating in the Partnership, including the Managing Partner, whether or not the Partnership would have the power to indemnify such person under the provisions of the Partnership Agreement.

Liability of Investor Partners

General Partners. The Partnership shall be treated as an entity. Creditors generally must deplete partnership assets before asserting claims against general partners. Each General Partner of the Partnership is jointly and severally liable for the liabilities (including tort liabilities) and recourse obligations of the Partnership. Generally, a joint liability is one in which co-obligors must be joined as co-defendants in an action, usually sharing any liability in proportion to their respective Interests, whereas a joint and several liability is one in which a claimant, at its option, may sue any and all of the co-obligors. Accordingly, because General Partners can be held jointly and severally liable, one or more General Partners may be held liable for more than its or their pro rata share of the liabilities and obligations of the Partnership.

Under certain circumstances, joint working interest owners may be jointly and severally liable for obligations arising in connection with the development and operation of a prospect in which they own an interest. Because the Partnership will likely own a working interest in the same oil and gas property in which others own a working interest, the Partnership, and therefore the General Partners, could be liable for the obligations of all such joint working interest owners. Pursuant to the terms of the Partnership Agreement, the General Partners will agree that as among themselves each General Partner will be responsible only to pay its pro rata share of Partnership liabilities and obligations. Notwithstanding such agreement, each General Partner will continue to have unlimited liability, even though such liability may exceed the amount of such General Partner's Capital Contributions and its share of the Partnership's assets and undistributed income. To the extent liability in excess of such amount is incurred, such General Partner may be obligated to make payments in excess of its contractual obligations pursuant to the terms of the Agreement. Due to the uncertain nature of any such liability, it is not possible to determine its magnitude. Further, each General Partner will be obligated to restore to the Partnership any negative balance that exists in its Capital Account after the liquidation of its Interest.

Limited Partners. Upon the due organization of the Partnership as a limited partnership and the admission of the Limited Partners, the Limited Partners will not generally be personally liable for the debts or other obligations of the Partnership unless they take part in the control of the Partnership's business, and then only to a person who transacts business with the Partnership reasonably believing that the Limited Partners are general partners. The Partnership Agreement permits the Limited Partners to take certain actions affecting the basic structure of the Partnership by vote of the Limited Partners. The exercise of certain of these rights might constitute "taking part in the control of the business" of the Partnership, thereby rendering the Limited Partners liable for all debts and obligations of the Partnership.

The Limited Partners should have no liability in excess of the Capital Contributions to the Partnership and their shares of the Partnership's assets and undistributed Partnership income, except generally to the extent of (a) any part of a Capital Contribution "rightfully" returned without violation of the Partnership Agreement or Delaware law, together with interest thereon, but only to the extent necessary to discharge the Partnership's liabilities to creditors who extended credit to the Partnership or whose claims arose before such return of the Capital Contributions, (b) any Capital Contribution "wrongfully" returned to a Limited Partner in violation of the Partnership Agreement or Delaware law or any distribution to the Limited Partners to the extent that, after giving effect to such distribution, all liabilities of the Partnership, other than liabilities to the Limited Partners on account of their contributions and to the Managing Partner, exceed Partnership assets, and (c) the Partnership of any such tax payment deficiency due to an audit of a Partnership taxable year during which such Partner held Units in the Partnership. Limited Partners will not be obligate to restore any negative balances that exist in their Capital Accounts after liquidation of their Interests in the Partnership.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

Circular 230 Notice

The tax discussion contained in this Memorandum is not in the form of a covered opinion, within the meaning of Circular 230 issued by the United States Secretary of the Treasury. Thus, we are required to inform you that you cannot rely upon any discussion contained in this Memorandum for the purpose of avoiding United States federal tax penalties. The tax summary contained in this Memorandum was written to support the promotion or marketing of the transactions or matters described in this Memorandum. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

The discussion below summarizes the certain U.S. federal income tax consequences of an investment in the Partnership that should be considered by prospective Investor Partners. It is not intended to be an exhaustive discussion of all possible tax consequences that may arise from an investment in the Partnership, and it should be understood that special rules which are not discussed herein may apply in certain situations. This discussion is based primarily upon current provisions of the U.S. Internal Revenue Code of 1986, as amended (the "***Code***"), U.S. Treasury Department Regulations (the "***Regulations***"), judicial decisions and administrative rulings and pronouncements of the Internal Revenue Service ("***IRS***"), all of which are subject to changes (including, without limitation, through future legislation, administrative rulings or court decisions) that may or may not be retroactive. The U.S. federal income tax law is extremely complex, involving, among other things, significant issues as to character, timing of realization and sourcing of gains and losses and the availability and timing of credits and deductions.

This discussion does not address all U.S. federal income tax matters that may affect the Partnership or the Investor Partners. This discussion has only limited application to corporations, estates, trusts, or other Investor Partners subject to specialized tax treatment, such as tax-exempt institutions, foreign persons, individual retirement accounts, employee benefit plans, real estate investment trusts or mutual funds.

For purposes of this discussion, a "U.S. Person" is (i) a citizen or resident of the United States, (ii) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States or any political subdivision thereof, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust which (a) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. Person. A "Non-U.S. Person" is an individual, corporation or other entity treated as a corporation for U.S. federal income tax purposes, estate or trust that is not a U.S. Person.

No rule has been or will be requested from the IRS regarding any matter that affects the Partnership or the Investor Partners. Accordingly, the view and statements in this discussion may not be accepted by the IRS, or sustained by a court if contested by the IRS.

PROSPECTIVE INVESTOR PARTNERS ARE URGED TO CONSULT, AND MUST DEPEND UPON, THEIR OWN TAX ADVISORS WITH SPECIFIC REFERENCE TO THEIR OWN TAX SITUATIONS AND THE POSSIBLE IMPACT THEREON OF AN INVESTMENT IN THE PARTNERSHIP, INCLUDING WITHOUT LIMITATION, THE EFFECT OF U.S. FEDERAL TAXES (INCLUDING TAXES OTHER THAN INCOME TAXES) AND STATE, LOCAL AND FOREIGN TAX CONSIDERATIONS, AS WELL AS THE POTENTITAL CONSEQUENCES OF ANY CHANGES THERETO MADE BY FUTURE LEGISLATIVE, ADMINISTRATIVE OR JUDICIAL DEVELOPMENTS.

Issuer Tax Status

In general, the federal income tax consequences of an investment in the Partnership will depend on whether, for such purposes, the Partnership is treated as a partnership rather than as an association taxable as a corporation. Generally, an entity formed as a limited partnership will be treated as a partnership for U.S. federal income tax purposes in the absence of an express election to be treated as a corporation. A limited partnership may nevertheless be treated as a corporation for U.S. federal income tax purposes if it is considered a "publicly traded partnership."

A publicly traded partnership for these purposes includes limited partnerships whose interests are traded on an established securities market or are readily tradable on a secondary market or its economic equivalent. The applicable Regulations contain a private placement safe harbor under which a limited partnership will not be treated as a publicly traded partnership. The Partnership will satisfy the requirements of the private placement safe harbor if (i) all interests in the Partnership were issued in a transaction that was not required to be registered under the Securities Act, and (ii) the Partnership does not have more than 100 Partners at any time during the taxable year of the Partnership. For purposes of determining the number of Partners, the IRS will only count the partners of certain flow-through entities as Partners in the Partnership if (i) substantially all the value of the Partner's interest in the flow-through entity is attributable to the flow-through entity's interest in the Partnership and (ii) a principal purpose of the tiered arrangement is to permit the Partnership to satisfy the 100-partner maximum. A "flow-through entity" would include S corporations, partnerships, limited liability companies and grantor trusts. The Partnership intends to satisfy the criteria of the private placement safe harbor and to be treated as a partnership (and not as a publicly traded partnership) for U.S. federal income tax purposes. If the partnership does not satisfy the private placement safe harbor, an additional exception to the publicly traded partnership rules, referred to in this discussion as the "Qualifying Income Exception," exists to the extent that 90% or more of the Partnership's gross income each taxable year consists of "qualifying income." Qualifying income includes income and gains derived from the exploration, development, mining or production, processing, transportation and marketing of natural resources, including oil, gas, and products thereof. Other types of qualifying income include interest (other than from a financial business), dividends, gains from the sale of real property and gains from the sale or other disposition of capital assets held of the production of income that otherwise constitutes qualifying income. The portion of the Partnership's income that is qualifying income will change from year to year and cannot be predicted with any certainty at this time.

An organization that is classified as a partnership for U.S. federal income tax purposes is not subject to federal income tax itself, although it must file a U.S. federal partnership information return reporting its operations for each calendar year.

The principal U.S. federal income tax consequences resulting from qualification of the Partnership as a partnership for federal income tax purposes is that the Partnership will generally not be subject to federal income tax. Instead, the Partners of the Partnership will report and pay tax on the Partnership's taxable income, as discussed more fully below. If the Partnership does not qualify as a partnership for these purposes, the Partnership will be regarded as an association taxable as a corporation. In that case, certain adverse tax consequences could ensue, including: (i) Partners would not be permitted to report their distributive share of the Partnership's tax items on their income tax returns; (ii) the Partnership would be subject to the corporate income tax; (iii) distributions from the Partnership to the Partners generally would be treated as dividends, taxable as such to the Partners; and (iv) distributions would not be deductible by the Partnership. Thus, the Partnership would be subject to tax on its taxable income and amounts distributed to Partners generally also would be subject to tax.

The discussion that follow summarizes the tax treatment of the Partnership assuming qualification for partnership treatment for U.S. federal income tax purposes.

Taxation of Partners. As a partnership for U.S. federal income tax purposes, the Partnership itself will generally not be subject to federal income tax. Instead, each Partner of the Partnership will report on such Partner's U.S. federal income tax return the Partner's distributive share of the Partnership's income, gains, losses, deductions, credits and tax preference items. While the Partnership may make distributions to its Partners, there can be no assurance that distributions will, in fact, be made. Nonetheless, each Partner will be liable (at the graduated tax rate applicable to such Partner) for any taxes owed with respect to such Partner's distributive share of the taxable income recognized by the Partnership, regardless of whether such Partner actually has received or will receive any cash or other distribution from the Partnership. Accordingly, it is possible that the taxes imposed on a Partner's distributive share of taxable income from the Partnership could exceed distributions, if any, such Partner received or is entitled to receive from the Partnership. Each Partner will be furnished with a taxable information report annually stating such Partner's distributive share of the Partnership's tax items.

Net Investment Income Tax. In addition to the tax at graduated rates on a Partner's distributive share of net income from the Partnership, there is a 3.8% Medicare tax or Net Investment Income Tax ("***NIIT***") on net investment income earned by certain individuals, estates and trusts. For these purposes, net investment income generally includes a Partner's allocable share of the Partnership's income and gain realized by a Partner from a sale of its Interest in the Partnership. In the case of an individual, the tax will be imposed on the lesser of (1) the Partner's net investment income or (2) the amount by which the partner's modified adjusted gross income exceeds $250,000 (if the Partner is married and filing jointly or a surviving spouse), $125,000 (if the Partner is married and filing separately) or $200,000 (in any other case). In the case of an estate or trust, the tax will be imposed on the lesser of (1) undistributed net investment income, or (2) the excess adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins. The Department of the Treasury and the IRS have issued Regulations that provide guidance regarding the NIIT. Prospective Investor Partners are urged to consult with their tax advisors as to the impact of the NIIT on an investment in the Partnership.

Intangible Costs. These include generally everything used in drilling wells other than the actual drilling equipment and include items such as labor, chemicals, mud, grease and other miscellaneous items necessary for drilling.

Assuming a proper election by the Partnership, each Partner will be entitled to deduct its share of any intangible drilling and development costs ("***Intangible Costs***") that have been properly allocated to the Partner under the Partnership Agreement assuming such costs are properly classified as Intangible Costs and are not capital costs or some other costs that are not currently deductible. Alternatively, Partners may elect to capitalize all of part of the Intangible Costs allocated to them and amortizing them on a straight-line basis over a 60-month period, beginning with the taxable month in which the expenditure is made. If a Partner makes the election to amortize the Intangible Costs over a 60-month period, no preference amount in respect of those Intangible Costs will result for alternative minimum tax purposes.

If an oil or gas property of the Partnership or an interest in the Partnership is sold at a gain, amounts deducted for Intangible Costs must be recaptured on such disposition. Therefore, gain would be ordinary income to the extent Intangible Costs have been deducted if, but for the deduction, they would have been reflected in the adjusted basis of the property.

Depletion. Section 611 of the Code allows as a deduction against income received from the oil or gas produced each year a reasonable allowance for depletion. The depletion deduction is the greater of percentage depletion at the applicable rate, if available, or cost depletion. Cost depletion allows the recovery

of capitalized costs (such as bonus, other lease acquisition costs, exploratory charges, legal fees and certain other capitalized, non-depreciable costs) of a producing property over its life by an annual deduction computed on the basis of the actual oil and gas sold each year in relation to estimated recoverable oil and gas. Percentage depletion, if applicable, is an annual statutory allowance equal to a percentage of the gross income from the depletable property (but in no event exceeding 100% of the taxable income from the property before allowance for depletion) computed without regard to the costs associated with the property. Deductions resulting from percentage depletion can therefore exceed total costs associated with acquisition of the property. However, on the sale of the property, the portion of the gain that represents Intangible Costs and depletion that reduced the basis of the property will be recaptured as ordinary income. The availability of percentage depletion is largely dependent on the tax situation of each Partner.

Percentage depletion is calculated as an amount generally equal to 15% (and, in the case of marginal production, potentially a higher percentage) of the Partner's gross income from the depletable property for the taxable year. The percentage depletion deduction with respect to any property is limited to 100% of the taxable income of the Partner from the property for each taxable year computed without the depletion allowance. A Partner that qualifies as an independent producer may deduct percentage depletion only to the extent its average daily production of domestic crude oil, or the gas equivalent, does not exceed 1,000 barrels. This depletable amount may be allocated between gas and oil production, with 6,000 cubic feet of domestic gas production regarded as approximately equivalent to 1,000 barrels of crude oil. The 1,000 barrel limitation must be allocated among the independent producer and controlled or related persons and family members in proportion to the respective production by such persons during the period in question. An independent producer is a person not directly or indirectly involved in the retail sale of oil, gas, or derivative products or the operations of a major refinery. The Partnership will not compute the depletion allowance. Instead, the Partner must separately compute their own depletion allowances with respect to their allocable share of the Partnership property and reduce the adjusted basis of their Partnership Interest (but not below zero) by the amount of such depletion deduction to the extent such deduction does not exceed the Partnership's adjusted basis in the underlying property for depletion allocated to the Partner.

Depreciation. The cost of casing, tubing, tanks, flowing units and other types of tangible property and equipment generally cannot be deducted currently, but must be capitalized and depreciated or amortized pursuant to applicable provisions of the Code. To the extent allowable, the Partnership may elect to use the depreciation and cost recovery methods that will result in the largest deductions being taken in the early years after assets subject to these allowances are placed in service.

If the Partnership disposes of depreciable property by sale, foreclosure, or otherwise, all or a portion of any gain, determined by reference to the amount of depreciation previously deducted and the nature of the property, may be subject to the recapture rules and taxed as ordinary income rather than capital gain. Similarly, a Partner who has taken cost recovery or depreciation deductions with respect to property owned by the Partnership will likely be required to recapture some or all of those deductions as ordinary income upon a sale of its Interest in the Partnership.

Leasehold Cost and Abandonment. The cost of acquiring oil and gas lease interests and other similar oil and gas property interests is a capital expenditure that must be recovered through depletion deductions if the lease if productive. If a lease is proved worthless and abandoned, the cost of acquisition less any depletion claimed may be deducted as an ordinary loss in the year the lease becomes worthless.

Distributions and Adjusted Basis. The receipt of a cash distribution from the Partnership by a Partner, not in liquidation of its Interest, generally will not result in the recognition of a gain or loss for U.S. federal income tax purposes. Cash distributions in excess of a Partner's adjusted basis (discussed below) for the Partner's Interest will result in the recognition by such Partner of gain in the amount of such excess. A Partner generally will recognize no gain or loss on a distribution of property of the Partnership other than

cash (and, in certain situations, marketable securities) other than in liquidation of the Partner's Interest in the Issuer. For purposes of determining a Partner's gain or loss on a later sale of such property, the Partner's basis in the distributed property will generally be equal to the Partnership's adjusted tax basis in the property, or, if less, the Partner's basis in its Interest in the Partnership before the distribution.

In general, no gain will be recognized by a Partner with respect to distributions made in liquidation of an Interest in the Issuer unless the amount of cash (and, in certain situations, marketable securities) distributed exceeds the Partner's adjusted basis for the Interest in the Partnership immediately before the distribution (including adjustments reflecting operations in the year of liquidation). No loss may be recognized by a Partner with respect to a liquidating distribution unless the property distributed consists solely of cash, "unrealized receivables," and "inventory items," and then only to the extent that the sum of the cash, plus the Partner's basis for the unrealized receivables and inventory items, is less than the Partner's adjusted basis for the Interest. The basis of any property received by a Partner in liquidation of an Interest will be equal to the adjusted basis of the Interest, less the amount of any cash received in the liquidation. If there is a disproportionate distribution in kind to a Partner of unrealized receivables or of substantially appreciated inventory items ("***Section 751 Property***"), or a distribution of other property that has the effect of reducing a Partner's share of the Partnership's Section 751 Property, the Partner may be required to recognize ordinary income or loss on the distribution.

The conversion of a Partner's interest in the Partnership as a General Partner to an interest in the Partnership as a Limited Partner may result in a deemed distribution to such Partner if there is a decrease in the portion of the Partnership's liabilities that are attributed to that Partner. Any decrease in a Partner's share of Partnership liabilities will be treated as a cash distribution to such Partner for tax purposes. In general, no gain will be recognized by a Partner with respect to a deemed distribution, unless the amount of the deemed distribution exceeds the Partner's adjusted basis for the Interest in the Partnership immediately before the distribution.

Limitations on Losses and Deductions. A Partner's ability to deduct its distributive share of the Partnership's losses and expenses in determining the Partner's taxable income may be limited under one of more provisions of the Code.

A Partner cannot deduct losses from the Partnership for a given year in an amount greater than such Partner's adjusted tax basis in its Interest as of the end of the Partnership's tax year. Any excess losses may be deductible by a Partner in subsequent tax years to the extent that the Partner's adjusted tax basis for such Interest exceeds zero. In addition, the Code further limits the deductibility of losses by certain taxpayers from a given activity to the amount by which the taxpayer is "at risk" in the activity. Losses which cannot be deducted by an investor because of the "at risk" rules may be carried over to subsequent years until such time as they are allowable. A Partner generally will be considered to be at risk to the extent of his tax basis in its Interest, excluding any portion of that tax basis attributable to its share of the Partnership's nonrecourse liabilities, reduced by any amount of money it borrows to acquire or hold its Interest, if the lender of those borrowed funds owns an interest in the Partnership, is related to the Partner or can look only to the Interests for repayment. A Partner's at-risk amount will increase or decrease as the tax basis of its Interests increases or decreases, other than tax basis increases or decreases attributable to increases or decreases in its share of the Partnership's nonrecourse liabilities. A Partner's at-risk amount will decrease by the amount of its depletion deductions and will increase to the extent of the amount by which its percentage depletion deductions with respect to the Partnership's property exceed the Partner's share of tax basis of that property.

A Partner's tax basis for its Interest will generally include the amount of money that Partner paid for its Interest and will be increased by the Partner's distributive share of the Partnership's taxable income and proportionate share of the Partnership's nonrecourse liabilities. A Partner's basis will generally be

decreased by actual or constructive distributions from the Partnership to the Partner, by the Partner's distributive share of the Partnership's taxable loss, by depletion deductions taken by the Partner to the extent such deductions do not exceed the Partner's proportionate share of the adjusted tax basis of the underlying producing properties and by the Partner's distributive share of any non-deductible, non-capital expenses.

In addition to the basis and at-risk limitations on the deductibility of losses, the passive loss limitation generally provides that individuals, estates, trusts and certain closely held corporations and personal service corporations are permitted to deduct losses from passive activities, which are generally defined as trade or business activities in which the taxpayer does not materially participate, only to the extent of the taxpayer's income from passive activities. Consequently, any passive losses the Partnership generates will be available to offset only the Partnership's passive income generated in the future, and will not be available to offset income from other passive activities or investments or a Partner's compensation, investment income or active business income. If the Partnership disposes of all or a part of an interest in an oil or gas property, Partners will be able to offset suspended passive activity losses from such activities against the gain, if any, on the disposition. Any previously suspended losses in excess of the amount of gain recognized will remain suspended. The passive activity loss rules are applied after other applicable limitations on deductions, including the at-risk rules and the tax basis limitation discussed above.

Material participation, however, is not in all cases determinative as to whether an activity is a "passive activity." Under the "working interest exception," working interests in oil and gas properties are not treated as passive activities (regardless of whether the taxpayer materially participates) if the taxpayer holds the interest directly or through an entity that does not limit his liability with respect to the activity. Three elements must be met before a taxpayer qualifies for the working interest exception to the passive activity loss rules, so that losses will not be treated as losses from a passive activity. First, the property generating the losses must constitute a "working interest" as defined by the passive loss rules. Second, the interest must not be held through an entity that limits the liability of the taxpayer with regard to the activity.

With respect to the first part of the test, the passive loss rules indicate that a "working interest" does not include non-operating mineral interests such as royalty interest, production payments, or net profits interests. The question of whether the Partners own a "working interest" as defined by the passive loss rules is in part one of fact. The Managing Partner intends to take the position that the Partnership owns working interests.

The second part of the test requires that the "working interest" not be held directly or indirectly through an entity that limits the taxpayer's liability with respect to the activity. Although the Partnership or the Operator intends to obtain insurance to protect against various liabilities, to the extent the insurance coverage obtained by the Partnership fails to cover a particular risk or is insufficient to pay the entire amount of a particular claim, the General Partners will bear the ultimate liability for losses with respect to the Partnership. In addition, the passive loss regulations provide that the presence of insurance is not taken into account in determining whether the taxpayer holds a working interest through an entity that limits the taxpayer's liability. Each prospective General Partner should be aware, however, that even if the Partnership itself is not an entity that limits the liability of the General Partner with respect to the activity, no person will be deemed to materially participate in the Partnership's activities (and losses allocated to that individual will be deemed losses from a passive activity) if such person owns his individual Interest as a General Partner through an entity, such as a limited partnership or an S Corporation, that limits the liability of that individual with respect to the Partnership.

If a General Partner applies the working interest exception and treats losses as nonpassive and subsequently (a) such General Partner contributes its Interest to an entity that provides protection from liabilities or (b) the Managing Partner, following the vote of a Majority-in-Interest of the Investor Partners, converts the interests in the Partnership held by the General Partners to Limited Partner interests, (i) any

net income the Partnership allocates to such former General Partner in future taxable years generally will be treated as nonpassive and cannot be offset by other passive losses that such former General Partner may have from the Partnership or from other passive activities and (ii) certain "disqualified deductions" claimed by the Partnership prior to such conversion can be treated as passive losses if "economic performance" with respect to the costs did not occur during the period such Partner was a General Partner and holding its Interest in an entity that does not provide protection from liabilities.

To the extent the IRS was successful in contending either that the General Partners do not own oil or gas working interests as defined in the passive loss rules or that the form in which the General Partners own the Partnership property has an effect on the Investor Partner's liability similar to that of a limited partnership, a General Partner's share of any losses, generated by the Partnership would constitute passive losses, which the General Partner could deduct only to the extent of such General Partner's passive income.

The Code imposes limitations on the deductibility of investment interest by non-corporate taxpayers. "Investment interest" generally is defined as interest paid or accrued on indebtedness allocable to property held for investment. Investment interest is deductible only to the extent of net investment income. Investment interest which cannot be deducted for any year because of the foregoing limitation may be carried forward and allowed as a deduction in a subsequent year to the extent the taxpayer has net investment income in such year. The Partnership will report to the Partners for each year their share of the Partnership's investment interest expense, the Partner's deduction of which will be subject to the investment interest limitation. Any investment interest expense disallowed under the investment interest rules generally can be deducted in a later year if the Partner has sufficient net investment income.

Miscellaneous itemized deductions (including investment expenses) of non-corporate taxpayers are allowable only to the extent that they exceed 2% of the taxpayer's adjusted gross income. The deduction by a non-corporate Partner of such Partner's distributive share of the Partnership's investment expenses may be subject to this 2% limitation. In addition, a Partner's deductible portion of miscellaneous itemized deductions may be further limited by other Code provisions. In general, neither the Partnership nor any Partner may deduct organization or syndication expenses. An election may be made by a partnership to amortize organizational expenses over a 180-month period, and the Partnership intends to make such election. Syndication fees (which would include any sales or placement fees or commissions), however, must be capitalized and cannot be amortized or otherwise deducted. Partners may claim ordinary deductions for investment management and advisory fees paid, but the IRS may take the view that such amounts must be capitalized and treated as part of the cost of an investment made by the Partnership.

Self-Employment Tax. A General Partner's share of any income or loss attributable to Class A Units will constitute "net earnings from self-employment" for self-employment tax purposes.

Sale of Disposition of Interests. A Partner that sells or otherwise disposes of an Interest in the Partnership in a taxable transaction generally will recognize gain or loss equal to the difference, if any, between the adjusted basis of the Interest and the amount realized from the sale or disposition. The amount realized will include the Partner's share of the Partnership's liabilities outstanding at the time of the sale or disposition. If the Partner holds the Interest as a capital asset, such gain or loss will generally be treated as capital gain or loss to the extent a sale of assets by the Partnership would qualify for such treatment and will generally be long-term capital gain or loss if the Partner had held the Interest for more than one year on the date of such sale or disposition, provided, that a capital contribution by the Partner within the one-year period ending on such date will cause part of such gain or loss to be short-term, provided further, that a portion of any such gain or loss will be separately computed and taxed as ordinary income to the extent attributable to Section 751 Property owned by the Partnership. In addition, if the capital contribution of a new Partner is distributed to Partners (other than such new Partner), for federal income tax purposes, such distributions will likely be treated as a taxable sale of a portion of their Interests by Partners receiving such

distributions. Gain could also be taxed as recapture income to the extent attributable to prior depreciation. Both ordinary income and capital gain recognized on a sale or exchange of Units may be subject to the 3.8% Medicare tax in certain circumstances.

In the event of a sale or other transfer of an Interest at any time other than the end of the Partnership's taxable year, the share of income and losses of the Partnership for the year of transfer attributable to the Interest transferred will be allocated for federal income tax purposes between the transferor and the transferee on either an interim closing-of-the-books basis or pro rata basis reflecting the respective periods during such year that each of the transferor and the transferee owned the Interest.

Alternative Minimum Tax. Both individual and corporate taxpayers could be subject to an alternative minimum tax ("***AMT***") if the AMT exceeds the income tax otherwise payable by the taxpayer for the year. Oil and gas activities may generate items of income or deduction that can have AMT consequences for certain taxpayers.

Tax Returns and Tax Information

The Partnership will use cash basis accounting for purposes of applying its method of accounting and will use the calendar year as its tax year for income tax purposes (unless a different tax year is required by the Code). Partners may be required to obtain extensions of time to file their tax returns. An audit of the Partnership may affect the tax consequences to a Partner and may result in audits of the returns of Partners.

Pursuant to the governing documents of the Partnership, items of the Partnership's taxable income, gain, loss and deduction are allocated so as to take into account the varying interests of the Partners over the term of the Partnership. Such allocations will be respected for tax purposes if they have a "substantial economic effect" or are in accordance with the Partner's Interests in the Partnership. The Managing Partner believe that, for U.S. federal income tax purposes, the allocations set forth in the Partnership Agreement of should be given effect, and the Managing Partner intends to prepare returns based on such allocations. It is possible that the IRS will challenge the Partnership's allocations. Any resulting reallocation of tax items may have adverse tax and financial consequences to a Partner.

Investment by Qualified Retirement Plans and Other Tax-Exempt Investor Partners

Qualified pension and profit-sharing plans (including Keogh or HR-10 plans), IRAs, educational institutions and other investors exempt from taxation under Code Section 501 are generally exempt from federal income tax except to the extent that their unrelated business taxable income ("***UBTI***") exceeds $1,000 during any taxable year. UBTI is income from an unrelated trade or business regularly carried on, excluding various types of investment such as dividends, interest, certain rental income and capital gains, so long as not derived from debt-financed property. In addition, income derived from debt-financed property, that is, property as to which there is "acquisition indebtedness," and certain insurance income received from or attributable to controlled foreign corporations is UBTI. The activities of the Partnership may give rise to UBTI, which will be reported to the Partners.

Tax Matters

The Managing Partner will act as the "partnership representative" of the Partnership and will make certain elections on the Partnership's behalf and on behalf of the Partners. The Partnership Representative will have the sole authority to act on behalf of the Partnership for purposes of, among other things, federal income tax audits and judicial review of administrative adjustments by the IRS. Any actions taken by the Partnership or by the Partnership Representative on behalf of the Partnership with respect to, among other

things, federal income tax audits and judicial review of administrative adjustments by the IRS, will be binding on the Partnership and all Partners.

Pursuant to the Bipartisan Budget Act of 2015, if the IRS makes audit adjustments to the Partnership's income tax returns, it may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from the Partnership. Generally, the Partnership will elect to have the Partners take such audit adjustment into account in accordance with their Interests in the Partnership during the tax year under audit, but there can be no assurance that such election will be effective in all circumstances. If the Partnership is unable to have the Partners take such audit adjustment into account in accordance with their Interests in the Partnership during the tax year under audit, the current Partners may bear some or all of the tax liability resulting from such audit adjustment, even if such Partners did not own Interests in the Partnership during the tax year under audit; provided that, under the Partnership Agreement, each current and former Partner is required to pay its proportionate share of any tax payment deficiency or penalty resulting from an audit adjustment within 30 days of demand by the Partnership and further agrees to indemnify and hold harmless each other Partner from payment of such indemnifying Partner's proportionate share of any such tax payment deficiency. If, as a result of any such audit adjustment, the Partnership is required to make payments of taxes, penalties and interest, the cash available for distribution to the Partners might be substantially reduced.

Certain Disclosure and Record Keeping Requirements

If the Partnership were to engage in a "reportable transaction," the Partnership (and possibly Partners and others) would be required to make a detailed disclosure of the transaction to the IRS. A transaction may be a reportable transaction based upon any of several factors, including the fact that it is a type of tax avoidance transaction publicly identified by the IRS as a "listed transaction" or that it produces certain kinds and amounts of losses for partnerships, individuals, S corporation, and trusts. The Partnership's participation in a reportable transaction could increase the likelihood that the Partnership's federal income tax information return (and possibly Partners' tax returns) is audited by the IRS. If the Partnership were to participate in a listed transaction or a reportable transaction (other than a listed transaction) with a significant purpose to avoid or evade tax, Partners could be subject to additional penalties and restrictions. The Partnership does not expect to engage in any reportable transactions.

Taxes in Other Jurisdictions

In addition to the U.S. federal income tax consequences, prospective investors should consider potential U.S. state and local tax consequences of an investment in the Partnership in the state or locality in which they are resident for tax purposes. A Partner may be subject to tax return filing obligations and income, franchise or other taxes, including withholding taxes, in jurisdictions in which the Partnership operates.

CERTAIN ERISA CONSIDERATIONS

Circular 230 Notice

The tax advice contained in this document is not given in the form of a covered opinion, within the meaning of Circular 230 issued by the United States Secretary of the Treasury. Thus, we are required to inform you that you cannot rely upon any advice contained in this document for the purpose of avoiding United States federal tax penalties. The tax advice contained in this document was written to support the promotion or marketing of the transactions or matters described in this document. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (and "***ERISA Plan***") and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the management or administration of an ERISA Plan or the management or disposition of the assets of an ERISA Plan or who renders investment advice for a fee or other compensation to and ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment of a portion of the assets of any Plan in the Offered Units, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any similar law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable similar laws. A fiduciary of a Plan should consider the Plan's particular circumstances and all of the fact and circumstances of the investment including, but not limited to, the matters discussed above under "*Risk Factors*," in determining whether an investment in the Offered Units satisfies these requirements.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving "plan assets," as defined in regulations of the U.S. Department of Labor (the "***DOL***") as modified by Section 3(42) of ERISA, with persons or entities who are "parties in interest," within the meaning of Section 3(14) of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of the Class A Units by an ERISA Plan with respect to which the Partnership is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption.

ERISA and the Code contain certain exemptions from the prohibited transactions described above and the DOL has issued several exemptions, although certain exemptions do not provide relief from the prohibitions on self-dealing. The DOL has issued prohibited transaction exemptions that may apply to the acquisition and holding of the Offered Units, each of which contain conditions and limitations on their

application. Accordingly, the fiduciary of a Plan that is considering acquiring and/or holding the Offered Units in reliance on any of these exemptions should carefully review the exemption with its counsel to confirm that it is applicable. There can be no assurance that any of these exemptions will be available with respect to the acquisition of the Offered Units.

Because of the foregoing, the Offered Units should not be purchased or held by any person investing "plan assets" of any Plan, unless such purchase and holding will not constitute a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or a similar violation under any applicable similar laws.

Representation

By acceptance of an Offering Unit, each purchaser and subsequent transferee of a Unit will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire and hold the Class A Units, or an interest therein, constitutes "plan assets" of any Plan, or (ii) the purchase and holding of the Class A Units (or any interest therein) by such purchaser or transferee, throughout the period that it holds such Units (or any interest therein) and the disposition of such Unit or an interest therein, will not constitute (a) a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, (b) a breach of fiduciary duty under ERISA, or (c) a similar violation under any applicable similar laws.

Neither this offer nor the sale of Offered Units to a Plan is a representation by the Partnership or any of its representatives that an acquisition of the Offered Units meets all legal requirements applicable to investments by Plans, entities whose underlying assets include assets of a Plan, or that such an investment is appropriate for any particular Plan, or entities whose underlying assets include assets of a Plan.

The foregoing discussion is general in nature and is not intended to be all-inclusive, nor should it be construed as legal advice. Due to the complexity of these rules and the excise taxes, penalties and liabilities that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing or holding the Offered Units on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any similar laws to such transactions and whether an exemption would be applicable to the purchase and holding of the Offered Units.

PLAN OF DISTRIBUTION; INVESTOR QUALIFICATIONS; HOW TO INVEST

General Solicitations; Advertisements; and Sales Materials

The Class A Units are being offered and sold in reliance upon Rule 506(c) of Regulation D, promulgated under the Securities Act. As a result, the Partnership is permitted to use general solicitations and advertisements, provided that all subscribers to this Offering are "accredited investors" and meet the requirements set forth herein and in the Subscription Documents attached hereto as Exhibit B.

The Managing Partner reserves the right to engage brokers, dealers, or placement agents (collectively "***Broker-Dealers***") to solicit prospective investors and such Broker-Dealers would receive customary commissions or fees. As of the date hereof, the Managing Partner has not engaged any Broker-Dealers, finders, or placement agents to assist it with the placement of the Offered Units, and has no present intention of doing so.

The Managing Partner, and its principals may respond to specific questions from prospective investors and/or their advisors and provide additional materials and other information relating to this Offering and the Partnership. The information in such materials is not complete and should not be considered a part of this Memorandum, incorporated in this Memorandum by reference, or as forming the basis of the Offering. This Offering is made only by means of this Memorandum. No other person has been authorized to give any information or to make any representations other than those contained in this Memorandum and, if given or made, such information or representations must not be relied upon.

Who May Invest

This Offering is being made in reliance on exemptions from the registration requirements of federal and state securities laws. Each prospective Subscriber is required to represent and warrant in the Subscription Agreement that:

1. the Subscriber is an "accredited investor" (as defined in Rule 501(a) of Regulation D, promulgated under the Securities Act). Please see the Subscriber Information Form included in the Subscription documents attached as Exhibit B to this Memorandum to determine whether you meet the requirements to be an "accredited investor";

2. the Subscriber meets the requirements to qualify as an "accredited investor" under Rule 506(c) of Regulation D by providing the Managing Partner one or more of the forms of proof described in "*How to Invest*" below;

3. the Subscriber is investing for his/her own account only and not intending to resell or distribute the Securities;

4. the Subscriber has adequate means of providing for Subscriber's current needs and personal contingencies and has no need for liquidity for this investment;

5. the Subscriber can bear the economic risk of losing his/her entire investment; and

6. the Subscriber and his/her own advisors have substantial experience when making investment decisions of this type.

The Managing Partner will reject subscriptions from prospective Subscribers that do not meet these suitability standards. The Managing Partner reserves the right to reject any subscription in whole or in part.

EACH PROSPECTIVE INVESTOR SHOULD DETERMINE WHETHER THIS INVESTMENT IS APPROPRIATE FOR SUCH INVESTOR. THE MANAGING PARTNER RECOMMENDS THAT EACH POTENTIAL INVESTOR CONSULT INDEPENDENT LEGAL AND FINANCIAL ADVISORS BEFORE INVESTING.

How to Invest

To purchase Offered Units, a prospective Subscriber must:

1. execute and deliver the Subscription Documents attached as Exhibit B hereto, including the Subscriber Information Form included therein, and return it to the Managing Partner; and

2. deliver to the Managing Partner one or more (the appropriate methods and forms to be determined by the Managing Partner, in its sole discretion) of the following forms of proof of the fact that he/she/it is an "accredited investor":

   a. Proof based on Income. An Internal Revenue Service form that reports the prospective Subscriber's income for the fiscal years of 2012 and 2013 (including, but not limited to, Form W-2, Form 1099, Schedule K-1 to Form 1065, and Form 1040), along with a written representation from the Subscriber that he or she has a reasonable expectation of reaching the income level necessary to qualify as an accredited investor during the current year; or

   b. Proof based on net worth. Bank statements, brokerage statements and other statements of securities holdings, certificates of deposit, tax assessments, and appraisal reports issued by independent third parties. In addition, the Subscriber must provide a consumer report from at least one of the nationwide consumer reporting agencies and a written representation from the Subscriber that all liabilities necessary to make a determination of net worth have been disclosed. All documents provided by the Subscriber should be dated within the prior three months of delivery; or

   c. Third-party confirmation. Written confirmation from a registered broker-dealer, an investment advisor registered with the SEC, a licensed attorney who is in good standing under the laws of the jurisdictions in which he or she is admitted to practice law, or a certified public accountant who is duly registered and in good standing under the laws of the place of his or her residence or principal office confirming that such person or entity has taken reasonable steps to verify that the Subscriber is an accredited investor within the prior three months and has determined that such Subscriber is an accredited investor.

Money received by the Partnership prior to the Initial Closing will be deposited in a separate escrow account. In the event that the Managing Partner does not receive and accept Subscription Agreements for Capital Contributions in the amount of the Minimum Offering Amount, then the Subscribers would receive the return of their funds.

INQUIRIES

Inquiries concerning the Partnership and Units (including information concerning subscription procedures) should be directed to:

Heartland Drilling Fund I, LP
c/o Heartland Production and Recovery LLC
99 Regency Parkway, Suite 209
Mansfield, Texas 76063
Telephone: (817) 865-1245 x425
Facsimile: (833) 340-7356
Attention: Administration
Email: info@heartlandpar.com

This Memorandum does not purport to be and should not be construed as a complete description of the Partnership Agreement. Any potential investor in the Partnership is encouraged to review the Partnership Agreement carefully, in addition to consulting appropriate legal and tax counselors.

Memorandum Number _____

Confidential Private Placement Memorandum

Units of Partnership Interests in

Heartland Drilling Fund I, LP

Managing Partner

Heartland Production and Recovery LLC

January 2020

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NOTICE

This Confidential Private Placement Memorandum (this "***Memorandum***") is being furnished on a confidential basis solely to selected qualified investors considering the purchase of Class A Units of partnership interests (the "***Class A Units***") in Heartland Drilling Fund I, LP (the "***Partnership***"). This Memorandum is directed solely to each person to whom it is delivered and is not an offer to any other person or to the public generally.

By accepting this Memorandum, each recipient acknowledges and agrees that all of the information contained herein is highly confidential. This Memorandum is not to be reproduced or distributed to others, at any time, without the prior written consent of Heartland Production and Recovery LLC (the "***Managing Partner***"), other than to persons such recipient has retained to advise it in connection with this Offering. All recipients agree they will keep confidential all information contained herein not already in the public domain and will use this Memorandum for the sole purpose of evaluating a possible investment in the Partnership. Acceptance of this Memorandum by prospective investors constitutes an agreement to be bound by the foregoing terms.

This Memorandum does not purport to contain all the information that an interested party may desire. In all cases, interested parties should conduct their own investigation, analysis and evaluation of the Partnership, the Managing Partner and the terms of this Offering, including the merits and risks of an investment in the Class A Units and the data set forth in this Memorandum. This Memorandum contains summaries of certain documents and other information in a manner that is believed to be accurate, but interested parties should refer to the actual documents for a more complete understanding of what is disclosed in this Memorandum. Specifically, this Memorandum does not purport to be, and should not be construed as, a complete description of the Partnership Agreement. Each prospective investor in the Partnership is encouraged to review the Partnership Agreement carefully, in addition to consulting appropriate legal and tax advisors. To the extent of any inconsistency between this Memorandum and the Partnership Agreement, the terms of the Partnership Agreement shall control.

By purchasing Class A Units in this Offering, the purchaser will be deemed to have acknowledged for the benefit of the Partnership and the Managing Partner to have reviewed this Memorandum and to have had an opportunity to request any additional information needed by the purchaser.

Prospective investors should not construe the contents of this Memorandum as legal, tax or financial advice. Each prospective investor should consult its own professional advisors as to the legal, financial, tax, ERISA (as defined herein) or other matters relevant to the suitability of an investment in the Partnership for such investor.

In making an investment decision, investors must rely on their own examination of the Partnership and the terms of the offering contemplated by this Memorandum. The Class A Units have not been recommended by any U.S. federal or state, or any non-U.S., securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Memorandum. Any representation to the contrary is a criminal offense.

No person has been authorized to give any information or to make any representation concerning the Partnership or the offering of the Class A Units other than the information contained in the Memorandum and, if given or made, such information or representation must not be relied upon as having been authorized by the Partnership or the Managing Partner.

The Class A Units are offered subject to the right of the Managing Partner to reject any subscription in whole or in part. The Managing Partner and the Partnership shall have no legal commitment or obligation to any interested party reviewing this Memorandum unless and until a written agreement for the investment by such party in the Class A Units has been fully negotiated, executed, delivered and approved by the Managing Partner, and any conditions to the obligations of the Managing Partner or the Partnership thereunder have been satisfied or waived.

The information contained in this Memorandum is believed to be accurate as of the date set forth on its cover. For any time after the cover date of this Memorandum, the information, including information concerning the business, prospects, condition (financial or otherwise) or results of operations, may have changed. Neither the delivery of this Memorandum at any time nor the offer, sale or delivery of any Class A Units shall, under any circumstances, create any implications that there has been no change in the information set forth in this Memorandum or in the affairs of the Partnership since the date of this Memorandum.

Certain information contained in this Memorandum constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, including those described in "*Risk Factors and Potential Conflicts of Interest*," actual events or results or the actual performance of the Partnership may differ materially from those reflected or contemplated in such forward-looking statements.

All references herein to "$" refer to U.S. dollars.

NOTICE TO RECIPIENTS REGARDING SECURITIES MATTERS

Neither the Securities and Exchange Commission (the "*SEC*") nor any state securities commission nor any other Governmental Authority has approved or disapproved of the transactions contemplated hereby or determined that this Memorandum is accurate or complete. Any representation to the contrary is a criminal offense.

The offer and sale of the Class A Units is not being registered under the Securities Act of 1933, as amended (the "*Securities Act*"), or qualified for sale under the securities laws of any state of the United States or any jurisdiction outside the United States.

Rather, the Class A Units are being offered and sold only to "accredited investors" (as defined in Rule 501(a) of Regulation D under the Securities Act), in accordance with Rule 506(c) of Regulation D under the Securities Act and in reliance on an exemption from registration provided by Section 4(a)(2) of the Securities Act and analogous provisions of certain U.S. state securities laws; investors residing in the European Economic Area ("EEA") and/or United Kingdom must also satisfy the requirements for a "Qualified Investor" and/or "Relevant Person" (see below). If you do not qualify as an "accredited investor," or cannot provide information verifying your status as an "accredited investor," then you cannot purchase Class A Units in this Offering.

The Class A Units may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of any applicable jurisdictions. Laws in certain jurisdictions may restrict the distribution of this Memorandum and the offer and sale of the

Class A Units. Persons into whose possession this Memorandum or any of the Interest are delivered must inform themselves about, and observe, those restrictions. You must comply with all applicable laws and regulations in force in any applicable jurisdiction, and you must obtain any consent, approval or permission required for the purchase by you of the Class A Units under the laws and regulations in force in the jurisdiction to which you are subject or in which you make such purchase, and neither we nor the Partnership will have any responsibility therefor.

The Class A Units offered herein will be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under federal and applicable state securities laws; either pursuant to registration or exemption therefrom. By accepting this Memorandum, each recipient acknowledges and agrees for our benefit and that of the Partnership that it will be required to bear the financial risks of an investment in the Class A Units for an indefinite period of time, and that, prior to making an investment in the Class A Units, such recipient has concluded that it is able to bear those risks for an indefinite period. Further, each recipient represents that it is acquiring the Class A Units for its own investment account and not with a view to the distribution or resale thereof.

This Memorandum does not constitute an offer to sell to, nor a solicitation of an offer to buy from, nor shall any securities be offered or sold by the Partnership to any person in any jurisdiction in which such an offer, solicitation or sale would be unlawful.

NOTICE TO RESIDENTS OF ALL U.S. STATES

IN MAKING AN INVESTMENT DECISION, YOU MUST RELY ON YOUR OWN EXAMINATION OF THE MANAGING PARTNER, THE PARTNERSHIP AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SECURITIES OFFERED BY THIS MEMORANDUM ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE, AND UNTIL THESE SECURITIES HAVE BEEN REGISTERED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, THESE SECURITIES MAY NOT BE TRANSFERRED OR RESOLD EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. YOU SHOULD BE AWARE THAT YOU WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE SECURITIES OFFERED BY THIS MEMORANDUM FOR AN INDEFINITE PERIOD OF TIME.

NOTICE TO NON-U.S. RESIDENTS

THIS MEMORANDUM IS NOT, AND UNDER NO CIRCUMSTANCES IS IT TO BE CONSTRUED AS, AN ADVERTISEMENT OR A PUBLIC OFFERING OF THE SECURITIES REFERRED TO HEREIN.

IT IS THE RESPONSIBILITY OF THE PROSPECTIVE INVESTOR TO SATISFY ITSELF AS TO FULL OBSERVANCE OF THE LAWS OF THE ANY RELEVANT TERRITORY OR JURISDICTION OUTSIDE THE UNITED STATES. IN CONNECTION WITH ANY PURCHASE OF THE CLASS A UNITS, INCLUDING, WITHOUT LIMITATION, OBTAINING

ANY REQUIRED GOVERNMENTAL OR OTHER CONSENTS, ADDRESSING TAX ISSUES, OR OBSERVING ANY OTHER APPLICABLE REQUIREMENTS.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR LEGAL, TAX AND ACCOUNTING ADVISORS TO ENSURE THAT THEY ARE QUALIFIED AND ELIGIBLE TO PARTICIPATE IN THIS OFFERING, AND TO PURCHASE CLASS A UNITS. THE MANAGING PARTNER HAS NOT UNDERTAKEN ANY ACTIONS TO ENSURE THAT YOU ARE SO QUALIFIED OR ELIGIBLE UNDER THE LAWS OF YOUR JURISDICTION.

EXECUTIVE SUMMARY

This summary highlights certain information concerning the Partnership's business and this Offering. Because this section is a summary, it may not contain all of the information that may be important to you and to your investment decision, and is qualified in its entirety by more detailed information included elsewhere in this Memorandum. You should read this Memorandum carefully and should consider, among other things, the matters set forth in the "Risk Factors" section before deciding to purchase the Class A Units being offered.

Heartland Drilling Fund I, LP (the "***Partnership***"), a Delaware limited partnership formed on April 15, 2019, seeks to take advantage of various tax deductions and credits available for oil and gas investments, while investing in assets that have the potential to generate cash flow and appreciate in value. To achieve this result, the Managing Partner (as defined below) intends to invest primarily in opportunities for new oil and gas drilling that present an attractive risk/reward profile.

Heartland Production and Recovery LLC, a Delaware limited liability company (the "***Managing Partner***"), acts as Managing Partner of the Partnership and will manage the investments made by the Partnership. The Managing Partner is controlled by John Muratore and Brad Pearsey (the "***Principals***").

The Partnership is seeking subscriptions from "accredited investors" (as defined in the Partnership's subscription materials), generally in minimum amounts of at least $50,000 (5 Class A Units). A subscriber admitted to the Partnership (an "***Investor Partner***") will receive, in exchange for its initial capital contribution and any subsequent capital contribution, Class A Units of partnership interest representing a proportionate share of the net assets of the Partnership at that time.

Initially, the Partnership will invest up to $6,000,000, as its participation in the drilling of two wells (the "***Initial Wells***") located in Val Verde County, Texas (the "***Val Verde Property***"), for which it will obtain a 49% working interest (36.75% net revenue interest). The operator for these wells will be Barron Petroleum LLC, a Texas limited liability company. The Investor Partners will be allocated 100% of the tax deductions and credits associated with the drilling of these wells. It is anticipated that 60% - 80% of this investment may be deductible by the Investor Partners in the first year, with the remaining amount deductible over the next five years. If only the Minimum Offering is raised, only one well will be drilled.

The Partnership seeks to capitalize on tax advantages available for domestic production of oil and natural gas. These advantages include the following:

- Deductions for intangible drilling costs in year one;
- Deductions for tangible drilling costs;
- Lease cost deductions;
- Depletion allowance for small producers;
- Non-Passive ordinary income tax deductions;
- Treatment of certain items as tax preference items on the alternative minimum tax return;
- Possible tax credits for marginal wells; and
- Possibly enhanced recovery credit.

For its services to the Partnership, the Managing Partner is entitled to Management Fees at an annual rate of 3.0% of each Investor Partner's capital account balance, calculated and payable monthly in arrears. Production revenues, if any, are to be distributed as follows: First, to retire the loan to acquire the Val Verde Property (the "***Debt Payoff***"), which has a balance of $4,000,000 as of the date of the Memorandum; second, to the Investor Partners so as to equal to a 12% annual return on their investment, measured from the date of the Debt Payoff (the "***Preferred Return***"); and thereafter, to the Investor Partners and the Managing Partner in a 40/60 ratio.

THE OFFERING

The summary below describes the principal terms of the Class A Units included in this Offering. If any of the terms summarized herein are inconsistent with the terms of the Partnership Agreement, the Partnership Agreement shall control. The section entitled "Description of the Agreement of Limited Partnership" in this Memorandum contains a more detailed description of the terms of the Class A Units, and the Partnership Agreement is attached to this Memorandum as Exhibit A. Capitalized terms not herein defined are defined in the Partnership Agreement. Each prospective investor prior to investing should carefully evaluate the entire Partnership Agreement and seek its own accounting, legal and other professional advice as such investor deems necessary to make an investment decision.

The Partnership	Heartland Drilling Fund I, LP is a limited partnership formed on April 15, 2019 under the laws of the State of Delaware and will commence operations upon a minimum of $3,300,000 from the sale of 330 Class A Units having been raised, or on such subsequent date as may be determined by the Managing Partner.
Managing Partner	Heartland Production and Recovery LLC, a Delaware limited liability company (the "***Managing Partner***"), acts as Managing Partner of the Partnership and is controlled by Brad Pearsey and John Muratore (the "***Principals***").
Units Offered	680 Class A Units for $6,800,000 ("***Offered Units***").
Price Per Unit	$10,000 per Class A Unit.
Minimum Investment	$50,000 or 5 Class A Units, subject to the Managing Partner's discretion to accept lesser amounts.
Minimum Offering	340 Class A Units for $3,400,000
Funding of Capital Commitments	The investors shall initially fund their entire capital amount upon the subscription of the Class A Units.
Distributions	Operating distributions shall be paid after payment of Management Fees and expenses of the Partnership and setting aside funds for a reasonable cash reserve as follows: (i) First, to retire the loan to acquire the Val Verde Property, which has a balance of $4,000,000 as of the date of the Memorandum; (ii) Second, 100% to the Class A Unit Holders in accordance with their respective Ownership Percentages until satisfying the Preferred Return; and (iii) Third, 40% to the Class A Unit Holders and 60% to the Class B Unit holders. The Class A Units carry a return of 12% on the Unreturned Capital, measured from the date of the Debt Payoff (the "***Preferred Return***"). "***Unreturned Capital***" is defined in the Partnership Agreement as an amount equal to the cumulative capital contributions by an Investor Partner, less the sum of all distributions with respect to unreturned capital (other than Class

A Preferred Returns). The holders of the Class A Units shall be entitled to receive the Preferred Return when and if distributions are declared by the Managing Partner, prior to the payment of any distributions (other than tax distributions) to the holders of Class B Units, who shall receive no distributions (other than tax distributions) until the holders of Class A Units have received any accrued but unpaid Preferred Return.

Participation in Profits and Losses

Other than allocations of intangible drilling cost deductions, certain lease acquisition costs and simulated depletion, gain and loss, which shall be allocated as set forth in the Partnership Agreement, the Investor Partners shall share in the profits and losses in accordance with their respective rights to distributions from the Partnership as compared to their respective Capital Account balances, as each may vary from time to time as specified in the Partnership Agreement.

Intangible Drilling Cost Deductions

The Investor Partners will be specially allocated 100% of the intangible drilling cost deductions related to the activities of the Partnership until they have been allocated deductions equal to the full amount of their funded capital.

Any allocations of intangible drilling costs funded with proceeds of indebtedness incurred by the Partnership will depend on whether such indebtedness is a recourse or nonrecourse financing. If such indebtedness is classified as nonrecourse debt for tax purposes, after the Capital Accounts of the Investor Partners are reduced to zero, such intangible drilling costs will be allocated among the Investor Partners as set forth in the Partnership Agreement. If such indebtedness is classified as recourse debt for tax purposes, after the adjusted Capital Accounts of the Investor Partners are reduced to zero, such intangible drilling costs will be allocated to the Managing Partner and any subsequent taxable income will be allocated first to the Managing Partner to offset the prior allocations of intangible drilling costs funded with the proceeds of recourse debt.

Eligible Investors

Class A Units of partnership interests ("***Class A Units***") may be purchased only by investors who are "accredited investors," as defined in the Partnership's subscription materials. Subscribers will be required to (i) complete the Partnership's subscription documents consisting of the subscription agreement and the subscriber information form to determine their eligibility; and (ii) submit proof of their accredited investor status by providing one or more of the following forms of proof: (a) tax returns for the two most recently completed fiscal years, (b) bank statements, brokerage statements certificates of deposit dated within the past three months, or (c) third-party confirmation from a registered broker-dealer, registered investment advisor, licensed attorney, or certified public accountant.

An investment in the Partnership is suitable only for persons that have adequate means of providing for their current needs and personal contingencies and have no need for liquidity in their investments. An investment in the Partnership should not be made by any person that (a) cannot afford a total loss of its principal, or (b) has not carefully read or does not understand this Memorandum, including the portions concerning the risks and the income tax consequences of an investment in the

Partnership. The Managing Partner, in its sole discretion, may decline to admit any subscriber for any reason.

Closings

The initial closing shall occur as soon as practicable upon receipt by the Partnership of capital contributions ("***Capital Contributions***") for at least $3,300,000 (previously defined as the "***Minimum Offering***") of Class A Units or such other amount as the Managing Partner shall determine in its sole discretion (the "***Initial Closing***"). All portions of a Subscriber's Capital Contribution delivered to the Partnership will be held in escrow until the Initial Closing. Thereafter, all portions of a Subscriber's Capital Contribution delivered to the Partnership will be immediately available to the Partnership for use.

Additional closings shall occur when the Managing Partner accepts additional Capital Contributions from Subscribers pursuant to the terms of this Offering. Additional closings may occur until the Offering is terminated and/or until the Managing Partner accepts commitments for the aggregate amount of all the Offered Units.

Subscriptions

A subscriber admitted to the Partnership (an "***Investor Partner***") receives, in exchange for the initial capital contribution and any subsequent capital contribution, an Interest representing a proportionate share of the net assets of the Partnership at that time.

Fees may be paid to authorized dealers, placement agents or independent third parties for services provided in connection with the solicitation of subscriptions. Any placement agent shall comply with the legal requirements of the jurisdictions within which it offers and sells Class A Units.

All subscribers will be required to comply with such anti-money laundering procedures as are required by applicable anti-money laundering regulations as further described in the Partnership's subscription documents.

The Managing Partner intends to limit the amount of investments by employee benefit plans so that the assets of the Partnership will not be considered "plan assets" for purposes of the Employee Retirement Income Security Act of 1974, as amended ("***ERISA***").

Management Powers

The Managing Partner shall manage and control all affairs of the Partnership; however, the Managing Partner is not allowed to: (i) take actions in opposition of the Partnership Agreement, (ii) do any act that is not specifically allowed by the Partnership Agreement that would make it impossible for the Partnership to carry on its ordinary business, (iii) confess a judgment against the Partnership, (iv) possess Partnership property or assign any rights in specific Partnership property for other than a Partnership purpose, (v) receive benefit from an arrangement for marketing oil and gas production owned by the Partnership, unless benefits are equitably apportioned between the Managing Partner and the Partnership, (vi) require an Investor Partner to make a contribution of capital not provided for in the Partnership Agreement, (vii) continue business with the Partnership in the event of its insolvency, retirement or bankruptcy, (viii) change the legal form

	of the Partnership, or (ix) make loans from the Partnership to itself or its affiliates.
Fees and Expenses	For its services to the Partnership, the Managing Partner is entitled to Management Fees at an annual rate of 3.0% of each Investor Partner's Capital Account (as such term is defined in the Partnership Agreement) balance, calculated and payable monthly with a true-up payment on the last day of the quarter based on the Investor Partners' Capital Account balances as of such date. The Managing Partner may reduce or eliminate the Management Fee with respect to any Investor Partner in its sole discretion. The Partnership bears the expenses of the organization of the Partnership and the offering of Class A Units (including legal and accounting fees, printing costs, travel, "blue sky" filing fees and expenses and out-of-pocket expenses). In general, the Partnership's financial statements will be prepared in accordance with accounting principles generally accepted in the United States ("***GAAP***"). The Partnership bears all out-of-pocket costs of the administration of the Partnership, including accounting, audit and legal expenses, costs of any litigation or investigation involving the Partnership's activities and costs associated with reporting and providing information to the Investor Partners. However, the Managing Partner may, in its sole discretion, choose to absorb any such expenses incurred on behalf of the Partnership. The excess, if any, will be borne by the Managing Partner. For purposes of clarification, organizational and administrative expenses do not include the Management Fee paid to the Managing Partner or interest and commitment fees on debit balances or borrowings or other operating expenses of the Partnership.
Amendment of the Limited Partnership Agreement	The Partnership Agreement may be amended by the Managing Partner with the consent of a majority in interest of the Investor Partners (which may take the form of a negative consent following written notice of a proposed amendment). However, without the consent of each Investor Partner adversely affected thereby, the Partnership may not: (a) increase the obligation of an Investor Partner to make any contribution to the capital of the Partnership; (b) reduce the capital account of any Investor Partner other than as contemplated by the Partnership Agreement; or (c) reduce any Investor Partner's right to share in net profits or assets of the Partnership. Notwithstanding the foregoing, the Managing Partner may amend the Partnership Agreement at any time without the consent of any Investor Partner: (a) to comply with applicable laws and regulations; (b) to make changes that do not adversely affect the rights or obligations of any Investor Partner; or (c) to cure any ambiguity or correct or supplement any conflicting provisions of the Partnership Agreement.
Variation of Terms	The Managing Partner, in its sole discretion, may agree with an Investor Partner to waive or modify the application of any provision of the Partnership Agreement with respect to such Investor Partner, without obtaining the consent of any other Investor Partner (other than an Investor

	Partner who is materially and adversely affected by such waiver or modification).
Risk Factors	You should carefully consider the information set forth in "*Risk Factors*" beginning on the next page and all other information in this Memorandum before deciding to invest in the Class A Units.

RISK FACTORS

Investment in the Partnership is speculative and involves certain risks. Certain of these risks are summarized below. The Partnership may not be suitable for all investors, and is intended for sophisticated investors who can accept the risks associated with its investments. Investors will not have recourse except with respect to the assets of the Partnership. Prospective investors should consider, among others, the risk factors described in this section. Additional risks and uncertainties not currently known to us or that the Managing Partner currently deems to be immaterial may also materially and adversely affect the Partnership's business. If any of the following risks develop into actual events, the Partnership's business, financial condition or results of operations could be materially adversely affected and you may lose all or part of your investment.

Risk Related to Oil and Gas Investment

A substantial or extended decline in oil and/or natural gas prices may adversely affect the Partnership's business, financial condition or results of operations and the Partnership's ability to meet its capital expenditure obligations, debt repayment obligations and financial commitments, among others.

The price received for the Partnership's oil and/or natural gas will heavily influence the Partnership's revenue, profitability, access to capital and future rate of growth. Oil and natural gas are commodities and, therefore, their prices are subject to wide fluctuations in response to a variety of political, economic and relatively minor changes in supply and demand, among others. Historically, the markets for oil and natural gas have been volatile and these markets will likely continue to be volatile in the future. The realized commodity prices the Partnership will receive for its share of the production, and the levels of production, depend on numerous factors beyond the Operator's and Managing Partner's control. These factors include, but are not limited to, the following:

- worldwide and regional economic conditions impacting the global supply and demand for oil and natural gas;
- the price and quantity of imports of foreign oil and natural gas;
- the actions of the Organization of Petroleum Exporting Countries and state-controlled oil companies relating to oil and natural gas price and production control;
- political conditions in or affecting other oil-producing and natural gas-producing countries, including but not limited to the current conflicts in the Middle East and conditions in South America and Russia;
- the level of global oil and natural gas inventories;
- localized supply and demand fundamentals and transportation availability and pricing;
- weather conditions and natural disasters;
- governmental regulations;
- speculation as to the future price of oil and the speculative trading of oil and natural gas futures contracts;
- price and availability of competitors' supplies of oil and natural gas;
- technological advances affecting energy consumption;
- the price and availability of alternative fuels; and
- the availability and pricing of capital land credit in global markets used to develop the supplies of oil and natural gas.

Declines in oil and natural gas prices may materially and adversely affect the Partnership's financial condition, liquidity, ability to service debt, ability to finance planned capital expenditures and results of operations and may reduce the amount of oil and natural gas that the Operator can produce economically.

Drilling for oil and natural gas is a speculative activity and involves numerous risks and substantial uncertainty regarding many factors, including costs that could adversely affect the Partnership.

The Partnership's future financial condition and results of operations will depend on the success of its selection, exploitation, development and production activities. The Partnership's oil and natural gas exploration and production activities are subject to numerous risks beyond its control, including the risk that drilling will not result in commercially viable oil or natural gas production. The Operator's or Managing Partner's decisions to select, explore, develop or otherwise exploit drilling locations or properties will depend in part on the evaluation of data obtained through geophysical and geological analysis, production data and engineering studies, among others, the results of which are often inconclusive or subject to varying interprctations.

The estimated oil and natural gas reserve quantities and future production rates set forth in this Memorandum are based on many assumptions that may prove to be inaccurate. Any material inaccuracies in these reserve estimates or the underlying assumptions will materially affect the quantities of the Partnership's reserves. The Partnership's cost of drilling, completing and operating wells is often uncertain before drilling commences. Overruns in budgeted expenditures are common risks that can make a particular project uneconomical. Further, many factors may curtail, delay or cancel the Partnership's scheduled drilling projects, including but not limited to the following:

- shortages of or delays in obtaining equipment and qualified personnel;
- facility of equipment malfunctions;
- unexpected operational events;
- pressure or irregularities in geological formations;
- adverse weather conditions, such as flooding;
- terrorism;
- acts of God, including earthquakes, among many others;
- reductions in oil and natural gas prices;
- delays imposed by or resulting from compliance with regulatory requirements;
- proximity to and capacity of transportation facilities;
- title problems and litigation related to title issues;
- delays due to litigation resulting in forced work stoppage; and
- limitations in the market for oil and natural gas.

Even if drilled, the Partnership's completed wells in the Val Verde Property may not produce quantities of reserves of oil or natural as that are economically viable or that meet the Partnership's earlier estimates of economically recoverable reserves. A productive well may become uneconomic if water or other deleterious substances are encountered, which impair or prevent the production of oil and/or natural gas from the well. The Partnership's overall drilling success rate or the Partnership's drilling success rate for activity within a particular project area may decline. Unsuccessful drilling activities could result in a significant decline in the Partnership's production and revenues and materially harm the Partnership's operations and financial condition by reducing the Partnership's available cash and resources.

The estimated future production rates presented by the Managing Partner are based on many assumptions that may prove to be inaccurate.

The process of estimating oil and natural gas reserves is complex, requiring significant decisions and assumptions in the evaluation of available geological, engineering and economic data for each

reservoir, and these reports rely upon various assumptions, including assumptions regarding future oil and natural gas prices, production levels, and operating and development costs. As a result, projections of future production rates and the timing of development expenditures may prove to be inaccurate. Any significant variance from the Operator's assumptions by actual results could greatly affect the Operator's estimate of the economically recoverable quantities of oil and natural gas attributable to any particular group of properties, the classifications of reserves based on risk of recovery, and estimates of the future net cash flows.

The Partnership may be unable to compete effectively with larger companies, which may adversely affect the Partnership's ability to generate adequate revenue.

The oil and natural gas industry is intensely competitive with respect to acquiring prospects and properties, marketing oil and natural gas, and securing financing, equipment and trained personnel. Many of the Partnership's competitors are major and large independent oil and nature gas companies that possess and employ financial, technical and personnel resources substantially greater than those of the Partnership. Those entities may be able to develop and acquire more properties than the Partnership's financial or personnel resources permit. The ability of the Partnership, Managing Partner and Operator to acquire additional properties and to discover reserves in the future will depend on their ability to evaluate and select suitable properties and to consummate transactions in a highly competitive environment. Many of the Partnership's larger competitors not only drill for and produce oil and natural gas, but also carry on refining operations and market petroleum and other products on a regional, national or worldwide basis. These companies may be able to pay more for oil and natural gas properties and evaluate, bid for and purchase a greater number of properties than the Partnership's or Operator's financial, technical or personnel resources permit. In addition, there is substantial competition for investment capital in the oil and natural gas industry. These larger companies may have a greater ability to continue development activities during periods of low oil and natural gas prices and to absorb the burden of present and future federal, state, local and other laws and regulations. Furthermore, the Partnership may not be able to aggregate sufficient quantities of production to compete with larger companies that are able to sell greater volumes of production to intermediaries, thereby reducing the realized prices attributable to the Partnership's production. Any inability to compete effectively with larger companies could have a material adverse impact on the Partnership's business, financial condition and results of operation.

The Partnership may incur losses as a result of title deficiencies relating to the Val Verde Property and all acreage acquired by the Partnership in the future.

The Partnership will acquire third-party working and revenue interests and natural gas leasehold interests upon which the Partnership will perform its exploration activities. The existence of material title deficiencies can substantially impair the value of the leases and may adversely affect the Partnership's results of operations and financial condition. Title insurance covering mineral leaseholds is not generally available and, in all instances, the Partnership forgoes the expense of retaining lawyers to examine the title to the mineral interest to be placed under lease or already placed under lease until the drilling block is assembled and ready to be drilled. Initially, the Partnership has and will rely primarily upon the Operator's in-house landmen and independent landmen to perform the field work in examining records in the appropriate governmental offices and abstract facilities relevant to the Val Verde Property and other acreage acquired by the Partnership. The Operator, on behalf of the Partnership, will seek and obtain a title opinion for leases upon which it does not eliminate all potential title issues with the drilling of each subsequent well, as certain title issues may not be resolvable but the Operator elects to move forward with the drilling of a subsequent well.

Unless the Partnership acquires or discovers oil and natural gas reserves, the Partnership's future reserves and production will decline.

The Partnership's future oil and natural gas production will depend on the Operator's success in finding or acquiring recoverable reserves. If the Partnership is unable to discover reserves through drilling or acquisitions, the Partnership's level of production and cash flows will be adversely affected. In general, production from oil and natural gas properties declines as reserves are depleted, with the rate of decline depending on reservoir characteristics. The Partnership's total proved reserves decline as reserves are produced unless the Partnership conducts other successful exploration and development activities or acquires properties containing proved reserves, or both. The Partnership's ability to make the necessary capital investment to maintain or expand the Partnership's asset base of oil and natural gas reserves would be impaired to the extent cash flow from operations is reduced and external sources of capital become limited or unavailable. The Partnership may not be successful in exploring for, developing or acquiring reserves or additional reserves in the future.

Hedging transactions may limit the Partnership's potential gains and involve other risks.

In order to manage the Partnership's exposure to price risks in the marketing of the Partnership's oil and natural gas production, the Partnership may enter into oil and natural gas price hedging arrangements with respect to a significant portion of the Partnership's anticipated production, including production from the Val Verde Property. While intended to reduce the effects of volatile oil and natural gas prices, such transactions may limit the Partnership's potential gains and increase the Partnership's potential losses if oil and natural gas prices were to rise substantially over the price established by the hedge. In addition, such transactions may expose the Partnership to the risk of loss in certain circumstances, including instances in which:

- the Partnership's production is less than expected;
- the counterparties to the Partnership's futures contracts fail to perform under the contracts; or
- an event materially affects oil or natural gas prices or the relationship between the hedged price index and the oil and natural gas sales price.

We cannot assure you that any hedging transactions the Partnership may enter into will adequately protect the Partnership from declines in the prices of oil and natural gas. On the other hand, where the Operator or Managing Partner, on behalf of the Partnership, choose not to engage in hedging transactions in the future, the Partnership may be more adversely affected by changes in oil and natural gas prices than the Partnership's competitors who engage in hedging transactions.

All of the Val Verde Property is located in one county in Texas, making the Partnership vulnerable to risks associated with having the Partnership's production concentrated in a single area.

All of the Val Verde Property is geographically concentrated in one county in Texas. As a result of this concentration, the Partnership may be disproportionately exposed to the impact of delays or interruptions of production from these wells caused by significant governmental regulation, transportation capacity constraints, curtailment of production, natural or unnatural disasters, terrorism and interruption of transportation of oil and/or natural gas produced from the wells in that area, or other events which impact this region.

The Partnership's undeveloped leasehold acreage is subject to a lease that will expire in December 2021 unless production is established on units containing the acreage or the lease is extended.

The Val Verde Property is not currently held by production. Unless production in paying quantities is established on units containing this lease during its primary term or the Operator or Managing Partner obtains an extension of the lease, this lease will expire. If the Partnership's lease expires, the Partnership will lose the its right to develop the related properties.

The Operator's drilling plans for the Partnership in these areas are subject to change based upon various factors, including factors that are beyond the Operator's control. Such factors include drilling results, oil and natural gas prices, the availability and cost of capital, drilling and production costs, availability of drilling services and equipment, gathering system and pipeline transportation constraints, and regulatory approvals.

The Initial Wells and wells drilled in the future that the Operator or the Managing Partner decides to drill may not yield oil or natural gas in commercially viable quantities.

Prospects that the Operator and the Managing Partner, on behalf of the Partnership, decide to drill that do not yield oil or natural gas in commercially viable quantities will adversely affect the Partnership's financial condition and results of operations. The Partnership's prospects are in various stages of evaluation, and may range from a prospect which is ready to drill to a prospect that will require substantial additional seismic data processing and interpretation and other technical analysis. There is no way to predict in advance of drilling and testing whether any particular prospect will yield oil or natural gas in sufficient quantities to recover drilling or completion costs or to be economically viable. The use of seismic data and other technologies and the study of producing fields in the same area will not enable us to know conclusively prior to drilling whether oil or natural gas will be present or, if present, whether oil or natural gas will be present in commercial quantities. We cannot assure you that the analogies we draw from available data from other wells, more fully explored prospects or producing fields will be applicable to the Partnership's drilling prospects.

Market conditions or transportation impediments may hinder access to oil and natural gas markets or delay production.

Market conditions, the unavailability of satisfactory oil and natural gas transportation or the remote location of and the proximity to purchasers from the Partnership's drilling operations may restrict the Partnership's access to oil and natural gas markets or delay production. The availability of a ready market for oil and natural gas production depends on a number of factors, including the demand for and supply of oil and natural gas, the proximity of reserves to pipelines or trucking and terminal facilities and the availability of trucks and other transportation equipment. The Partnership may be required to shut-in wells or delay initial production for lack of a viable market or because of inadequacy or unavailability of pipeline or gathering system capacity. When that occurs, the Partnership will be unable to realize revenue from those wells until the production can be tied to a gathering system. This can result in considerable delays from the initial discovery of a reservoir to the actual production of the oil and natural gas and realization of revenues.

Delays in obtaining permits by the Operator for the Partnership's operations could impair the Partnership's business.

The Operator is required to obtain permits from one or more governmental agencies in order to perform drilling and completion activities, including hydraulic fracturing. Such permits are typically required by state agencies, but can also be required by federal and local governmental agencies. As will all

governmental permitting processes, there is a degree of uncertainty as to whether a permit will be granted, the time it will take for a permit to be issued, and the conditions which may be imposed in connection with the granting of the permit. Hydraulic fracturing has been particularly scrutinized, with some states issuing moratoriums on the process. The state of Texas is not currently considering such a measure.

The Partnership's operations are subject to hazards inherent in the oil and natural gas industry.

The Operator implements hydraulic fracturing in its operations, a process involving the injection of fluids – usually consisting mostly of water but typically including small amounts of several chemical additives – as well as sand in order to create fractures extending from the wellbore through the rock formation to enable oil or natural gas to move more easily through the rock pores to a production well. Risks inherent to the oil and gas industry include the potential for significant losses associated with damage to the environment. Equipment design or operational failures, or vehicle operator error, can result in explosions and discharges of toxic gases, chemicals and hazardous substances, and, in rare cases, uncontrollable flows of gas or well fluids into environmental media, including surface and ground water, as well as personal injury, loss of life, long-term suspension or cessation of operations and interruption of the Partnership's business and/or the business or livelihood of third parties, damage to geologic formations, environmental media and natural resources, equipment and/or facilities and property. In addition, the Operator uses and generates hazardous substances and wastes in operations and may become subject to claims relating to the release of such substances into the environment. In addition, some of the Partnership's current properties are, or have been, used for industrial purposes, which could contain currently unknown contamination that could expose the Partnership to governmental requirements or claims relating to environmental remediation, personal injury and/or property damage. These conditions could expose the Partnership to liability for personal injury, wrongful death, property damage, loss of oil and natural gas production, pollution and other environmental damages and, in an extreme case, could materially impair the Partnership's profitability, competitive position or viability. Depending on the frequency and severity of such liabilities or losses, it is possible that the Partnership's operating costs, insurability and relationships with employees and regulators could be materially impaired.

The Partnership's business and operations may be adversely affected by regulations affecting the oil and gas industry.

The Partnership's business and operations are subject to and impacted by a wide array of federal, state, and local laws and regulations on the exploration for and development, production, transportation and marketing of oil and natural gas, the operation of oil and natural gas wells, taxation, and environmental and safety matters. Many laws and regulations require drilling permits and govern the spacing of wells, rates of production, use of water, handling, disposal and prevention of waste and wastewater, air emissions and other matters. The technical requirements of these laws and regulations are becoming increasingly stringent, complex and costly to implement. The high cost of compliance with applicable regulations may cause the Partnership to limit or discontinue the Partnership's operations and development activities.

Changes in regulations and laws relating to the oil and natural gas industry could result in the Partnership's operations being disrupted or curtailed by government authorities. For example, oil and natural gas exploration and production may become less cost effective and decline as a result of increasingly stringent environmental requirements (including greenhouse gas regulations, land use policies responsive to environmental concerns and delays or difficulties in obtaining environmental permits). A decline in exploration and production, in turn could have a material adverse effect on the Partnership's business, financial condition, results of operations, ability to access investment capital and cash flow.

The unavailability or high cost of drilling rigs, equipment, supplies, personnel and oilfield serves could adversely affect the Partnership's ability to execute exploration plans on a timely basis and within budget, and consequently could adversely affect the Partnership's anticipated cash flow.

The Partnership will utilize third-party services to maximize the efficiency of the Partnership's operations. The cost of oilfield services typically fluctuates based on demand for those services. There is no assurance that the Operator will be able to contract for such services on a timely basis or that the cost of such services will remain at a satisfactory or affordable level. Shortages or the high cost of drilling rigs, equipment, supplies or personnel could delay or adversely affect the Partnership's exploration operations, which could a material adverse effect on the Partnership's business, financial condition or results of operations.

Operating hazards, natural disasters or other interruptions of the Partnership's operations could result in potential liabilities, which may not be fully covered by the Partnership's insurance.

The oil and natural gas business generally, and the Partnership's operations, are subject to certain operating hazards that may include, but are not limited to, the following:

- accidents resulting in serious bodily injury and the loss of life or property;
- liabilities from accidents or damage by the Operator's equipment;
- well blowouts;
- cratering (catastrophic failure);
- explosions;
- uncontrollable flows of oil, natural gas or well fluids;
- fires;
- reservoir damage;
- oil spills from drilling, storage and transportation;
- pipeline damage;
- seismic activity;
- pollution and other damage to the environment; and
- releases of toxic gas and other air emissions.

In addition, the Partnership's operations are susceptible to damage from natural or unnatural disasters such as terrorism, flooding or tornadoes, which involve increased risks of personal injury, property damage and marketing interruptions. The occurrence of one of these operating hazards may result in injury, loss of life, suspension of operations, environmental damage and remediation and/or governmental investigations and penalties. The payment of any of these liabilities could reduce, or even eliminate, the funds available for exploration and development, or could result in a loss of the Partnership's properties.

The Partnership's insurance might be inadequate to cover the Partnership's liabilities. Insurance costs are expected to continue to increase over the next few years, and the Operator or Managing Partner may decrease coverage and retain more risk to mitigate future cost increases. If the Partnership incurs substantial liability, and the damages are not covered by insurance or are in excess of policy limits, then the Partnership's business, results of operations and financial condition may be materially adversely affected.

The Operator may not be able to keep pace with technological developments in the oil and gas industry.

The oil and natural gas industry is characterized by rapid and significant technological advancements and introductions of new products and services using new technologies. As others use or

develop new technologies, the Operator may be placed at a competitive disadvantage or competitive pressures may force the Operator to implement those new technologies at substantial costs. In addition, other oil and natural gas companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before the Operator can. The Operator may not be able to respond to these competitive pressures and implement new technologies on a timely basis or at an acceptable cost. If one or more of the technologies the Operator uses now or in the future were to become obsolete or if the Operator is unable to use the most advanced commercially available technology, the Partnership's business, financial condition and results of operations could be materially adversely affected.

The Partnership may not be able to obtain third-party financing at the time when it is needed to complete the drilling program as anticipated.

The oil and natural gas industry is financed by a variety of individual and commercial institutions that rely on various suppliers of funds including pensions, insurance companies, retirement funds, institutional investors, among others. To the extent that these groups are affected by economic, regulatory or financial matters, these groups could withdraw credit availability when the Partnership needs it.

The Partnership may incur significant costs and liabilities as a result of environmental, health and safety laws and regulations that govern the Partnership's operations.

The Partnership's operations are subject to U.S. federal, state and local laws and regulations that impose limitations on and liabilities for the discharge of pollutants into the environment and which establish standards for the management, storage and disposal of solid wastes and hazardous materials, including toxic and hazardous wastes and petroleum products. Laws protecting the environment generally have become more stringent over time and are expected to continue to do so, which could lead to material increases in the Partnership's costs for future environmental compliance and remediation. To comply with these laws and regulations, the Partnership or Operator must obtain and maintain numerous permits, approvals, consents and certificates from various governmental authorities, and may need to make capital and operating expenditures to retrofit or acquire, install and operate additional controls or compliant technology. Future changes in relevant laws, regulations or enforcement policies, including with regard to greenhouse gases, could significantly increase the Partnership's compliance costs or liabilities and/or limit the Partnership's future business opportunities in presently unforeseen ways. In such an event, the Partnership's business, financial condition and results of operations could be materially impaired.

More specifically, oil and natural gas exploration and production operations in the United States are subject to extensive and stringent federal, state and local laws and regulations governing health and safety aspects of the Partnership's operations, the release or disposal of materials into the environment or otherwise relating to environmental protection. The Partnership may be required to make significant capital and operating expenditures to upgrade controls or perform corrective actions at the Partnership's wells and properties to comply with the requirements of these laws and regulations or the terms or conditions of permits issued pursuant to such requirements. The adoption of more stringent future environmental laws or regulations or any adverse change in the interpretation or enforcement of such existing law and regulations could increase these compliance costs or impose new liabilities. Regulatory limitations and restrictions could also delay or curtail the Partnership's operations and could have a significant impact on the Partnership's financial condition or results of operations.

These environmental laws and regulations impose numerous obligations that are applicable to the Partnership's operations including:

- requiring the acquisition of a permit before drilling or other regulated activity commences;

- restricting the types, quantities and concentration of materials that can be released into the environment in connection with regulated activities;
- requiring use of control technologies to reduce air emissions;
- requiring disclosure and reporting of water use and chemicals used in the processes, including the risks of such chemicals;
- restrictions on handling and disposal of wastes and wastewater;
- limiting or prohibiting drilling activities on certain lands lying within wilderness, wetlands and other protected areas;
- prohibitions against the taking of endangered species or migratory birds as a result of operations or facilities, including reserve pits;
- imposing substantial liabilities for pollution resulting from operations; and
- decommissioning or plugging abandoned wells.

These costs and liabilities could arise under a wide range of federal, state and local environmental and occupational safety laws and regulations, including, for example:

- the federal Clean Air Act and comparable state laws and regulations that restrict the emission of air pollutants from any sources and impose various pre-construction, control, monitoring and reporting obligations;
- the Federal Water Pollution Control Act, also known as the Clean Water Act, and comparable state laws and regulations that impose obligations related to discharges of pollutants from facilities into regulated bodies of water;
- the federal Oil Pollution Act, defined below, and comparable state laws and regulations that impose obligations and liabilities with respect to discharges of oil into regulated waters or shorelines from facilities and pipelines;
- the federal Safe Drinking Water Act which ensures the quality of the nation's public drinking water through adoption of drinking water standards and controlling the injection of waste fluids and diesel-containing fluids into below ground formations that may adversely affect drinking water sources;
- the federal Endangered Species Act and Bald and Golden Eagle Protection Act, which prohibits the taking of listed species and bald and golden eagles, respectively, without authorization, and the federal Migratory Bird Treaty Act, which prohibits and taking of listed migratory birds, for which no authorization is available;
- the federal Resource Conservation and Recovery Act and comparable state laws that impose requirements for the handling and disposal of solid waste, including hazardous waste, from the Partnership's facilities;
- the federal Comprehensive Environmental Response, Compensation and Liability Act ("***CERCLA***") and comparable state laws that regulate the cleanup of hazardous substances that may have been released at properties currently or previously owned or operated by the Partnership or at locations to which the Partnership or Operator has sent hazardous substances for disposal;
- the Emergency Planning and Community right to Know Act regulations under Title III of CERCLA and similar state statutes that require the Partnership to organize and/or disclose information about hazardous materials used or produced in the Partnership's operations, and prepare emergency planning materials;
- the federal Occupational Safety and Health Act and comparable state laws that establish workplace standards for the protection of the health and safety of employees; and
- federal, state and local laws and regulations related to pipeline safety and operation.

Failure to comply with these laws and regulations or the terms or conditions of required environmental permits may result in the assessment of administrative, civil and/or criminal penalties, third party civil suits, the imposition of investigatory or remedial obligations as well as corrective actions, and the issuance of injunctions limiting or prohibiting some or all of the Partnership's operations.

Changes in environmental, health or safety laws, regulations or enforcement policies occur frequently and any changes that result in more stringent or costly operations, waste handling, storage, transport, disposal or cleanup requirements or other unforeseen liabilities could require the Partnership to make significant expenditures to attain and maintain compliance and may otherwise have a material adverse effect on the oil and gas industry in general and on the Partnership's financial condition, competitive position or results of operations. The costs of complying with applicable environmental laws and regulations are likely to increase over time, and neither the Operator nor the Managing Partner can provide any assurance that the Partnership will be able to remain in compliance with respect to existing or new laws and regulations or that such compliance will not have a material adverse effect on the Partnership's business, financial condition and results of operations.

For example, the April 2010 explosions and fire aboard the Deepwater Horizon drilling platform operated by BP in ultra-deep water in the Gulf of Mexico resulted in a catastrophic oil spill that produced widespread economic, environmental and natural resource damage in the U.S. Gulf Coast region. As a consequence, there have been many proposals by governmental and private constituencies to address the impacts of this disaster and to prevent similar disasters in the future. Although the Partnership's operations not anticipated to go offshore, the entire oil and natural gas exploration and production industry is currently subject to elevated public scrutiny, which could result in changes to laws, regulatory guidance and policy that could significantly adversely affect the Partnership's operations as well as the operations of the Partnership's customers. Moreover, governmental authorities are continuing to scrutinize the oil and gas development sector's handling of methane and other air emissions from operations and fugitive leaks, including by flaring. In May 2016, the EPA issued three final rules designed in concert to curb emissions of methane, volatile organize compounds, and toxic air pollutants such as benzene from new, reconstructed and modified oil and gas sources. These rules require the imposition of new operational practices and/or constraints on operations to reduce fugitive and other sources of these emissions.

There is inherent risk of incurring significant environmental costs and liabilities in the performance of the Partnership's operations due to the Partnership's handling of liquid and gaseous petroleum hydrocarbons and wastes, because of air emissions and wastewater discharges related to the Partnership's operations, and as result of historical operations and waste disposal practices. Under certain environmental laws and regulations that impose strict, joint and several liability, the Partnership may be required to remediate contamination on the Partnership's properties regardless of whether such contamination resulted from the conduct of others or from consequences of the Partnership's own actions that were or were not in compliance with all applicable laws and regulations at the time those actions were taken. In addition, claims for damages to persons, property or natural resources may result from environmental and other impacts of the Partnership's operations. Moreover, future spills or releases of regulated substances or accidents or the discovery of currently unknown contamination could expose the Partnership to material losses, expenditures and environmental or health and safety liabilities, including liabilities resulting from lawsuits brought by private litigants or neighboring property owners or operators for personal injury or property damage related to the Partnership's operations or the land on which the Partnership's operations are conducted. Such claims, damages, penalties or sanctions and related costs could cause the Partnership to incur substantial costs or losses and could have a material adverse effect on the Partnership's business, financial condition and results of operations. The Partnership may not be able to recover some or any of these costs from insurance.

The Partnership's profitability may suffer if the Operator loses key personnel.

The Partnership depends to a large extent on the services of the Operator and its personnel. These individuals have extensive experience and expertise in evaluating and analyzing producing oil and natural gas properties and drilling prospects, maximizing production from oil and natural gas properties, marketing oil and natural gas production, and developing and executing financing and hedging strategies. The loss of any of these individuals could have a material adverse effect on the Partnership's operations. The Operator does not maintain key-man life insurance with respect to any management personnel. The Partnership's success will be dependent on the Operator's ability to continue to retain and utilize skilled technical personnel.

Risks Related to the Offering

There is no active market for the Class A Units, and if an active trading market does not develop for the Class A Units, you may not be able to resell them.

The Class A Units are a new issue of securities for which there is no trading market. The Managing Partner does not intend to list the Class A Units on any national securities exchange. An active market will likely not develop for the Class A Units and there can be no assurance as to the liquidity of any market that might possibly develop for the Class A Units. If an active market does not develop, the market price and liquidity of the Class A Units may be adversely affected. Further, even if a market were to develop, the Class A Units could trade at prices that may be lower than the initial issue price depending on many factors, including prevailing interest rates, the markets for similar securities, general economic conditions and the Partnership's financial condition, performance and prospects.

There are restrictions on your ability to transfer or resell the Class A Units without registration under applicable securities laws.

The Class A Units are being sold under exemptions from registration under applicable U.S. federal and state securities laws. The Class A Units have not been registered under the Securities Act and, therefore, the Class A Units may be offered and sold only pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws or pursuant to an effective registration statement. You may be required to bear the risk of your investment for an indefinite period of time.

Risks Related to the Partnership

Investors will be relying on the Managing Partner to manage the Partnership's business properly.

Under the Partnership Agreement, the Managing Partner is given the exclusive authority to manage and operate the Partnership's business. The Investor Partners will have no authority to act on behalf of the Partnership or to participate in its management except as provided otherwise by applicable law.

Prospective should be aware of potential conflicts of interest.

The Managing Partner manages and expects to continue to manage other funds, some of which have objectives similar to those of the Partnership, including other collective investment vehicles which may be managed by the Managing Partner or any of its affiliates and in which the Managing Partner or any of its affiliates may have an equity interest.

The Partnership Agreement requires that the Managing Partner act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities to the Partnership but does not otherwise impose any specific obligations or requirements concerning the allocation of time, effort or investment opportunities to the Partnership or any restrictions on the nature or timing of investments for the account of the Partnership and for the Managing Partner's own account or for other accounts that the Managing Partner or its affiliates may manage. The Managing Partner is not obligated to devote any specific amount of time to the affairs of the Partnership, and is not required to accord exclusivity or priority to the Partnership in the event of limited investment opportunities arising from the application of speculative position limits or other factors.

The principals of the Managing Partner, as well as the employees and officers thereof and of organizations affiliated with the Managing Partner (the "***Affiliates***"), may invest in oil and gas opportunities for their own accounts or the accounts of others. The Affiliates may engage for their own accounts, or for the accounts of others, in other business ventures of any nature, and the Partnership has no right to participate in or benefit from the other management activities of the Managing Partner described above, and the Affiliates are not obligated to account to the Partnership for any profits or benefits made or derived therefrom, nor shall they have any obligation to disclose or refer to the Partnership any of the investment or service opportunities obtained through such activities.

Doida Law Group LLC ("***Doida Law***") has been appointed as the Partnership's counsel in connection with the formation of the Partnership and certain other matters for which it is specifically engaged. Doida Law also acts as counsel to the Managing Partner and certain of its affiliates. Doida Law disclaims any obligation to verify the Managing Partner's compliance with its obligations, either under applicable law or the governing documents of the Partnership. In acting as counsel to the Partnership, the Managing Partner and certain of their affiliates, Doida Law has not represented and will not represent any Investor Partners. No independent counsel has been retained to represent the Investor Partners. In assisting in the preparation of this Memorandum, Doida Law has relied on information provided by the Partnership, the Managing Partner and certain of the Partnership's other service providers (including, without limitation, the Principal's biographical data, summaries of market conditions and the planned investment strategy of the Partnership) without verification and does not express a view as to whether such information is accurate or complete.

Tax Risks

Certain risks related to these matters are discussed in the Section of this Memorandum entitled "*Certain U.S. Federal Income Tax Considerations*," which prospective investors are requested to read carefully. Prospective investors are urged to consult their own attorneys and tax advisors with respect to their specific individual legal and/or tax situation and the effect of an investment in the Partnership thereon.

Tax on Profits Whether or Not Distributed or Received

If the Partnership has taxable income in a fiscal year, each Investor Partner will be taxed on this income in accordance with its distributive share of the Partnership's profits, whether or not such profits have been distributed. It is therefore possible that the Investor Partners could incur income tax liabilities without receiving sufficient distributions from the Partnership to defray such tax liabilities. In order to satisfy its tax liability in such a case, an Investor Partner would need sufficient funds from sources other than the Partnership. Furthermore, the Partnership may make investments with respect to which the Partnership recognizes income for U.S. federal income tax purposes prior to receiving the cash or realizing the income as an economic matter. In addition, the Partnership may recognize income for U.S. federal income tax purposes that does not reflect income as an economic matter. Such recognition of

income prior to receipt of an economic benefit, if any, may result in increased tax liability for the Investor Partners.

Allocations

The Internal Revenue Service ("***IRS***") may contend that the allocation of taxable income and losses among the Partners set forth in the Partnership Agreement does not have substantial economic effect or is not in accordance with the interests of the Partners of the Partnership or that certain payments to Partners should be treated as distributions which would then require changes in such allocations. Any change in such allocations could have a material adverse effect on a Partner's share of income and losses from an investment in the Class A Units.

Tax Considerations

The Partnership may take positions with respect to certain tax issues which depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by the Internal Revenue Service (the "***Service***"), or other applicable taxing authority, there could be a materially adverse effect on the Partnership, and an Investor Partner might be found to have a different tax liability for that year than that reported on its income tax returns.

Tax Audit

An audit of the Partnership by the Service or another taxing authority could result in adjustments to the tax consequences initially reported by the Partnership and may result in an audit of the returns of some or all of the Investor Partners, which examination could affect items not related to an Investor Partner's investment in the Partnership. If audit adjustments result in an increase in an Investor Partner's income tax liability for any year, such Investor Partner may also be liable for interest and penalties with respect to the amount of underpayment. The legal and accounting costs incurred in connection with any audit of the Partnership's tax returns will be borne by the Partnership. The cost of any audit of an Investor Partner's tax return will be borne solely by that Investor Partner.

Delayed Schedules K-1

The Partnership will provide Schedules K-1 as soon as practical after receipt of all of the necessary information. However, the Partnership may be unable to provide final Schedules K-1 to Investor Partners for any given tax year until significantly after April 15 of the following year. The Managing Partner will endeavor to provide Investor Partners with estimates of the taxable income or loss allocated to their investment in the Partnership on or before such date, but final Schedules K-1 may not be available until completion of the Partnership's annual audit. Investor Partners should be prepared to obtain extensions of the filing date for their income tax returns at the federal, state and local levels.

Tax Changes

Investors will be subject to the risk that changes to the tax law may adversely affect the federal income tax consequences of their investment in the Partnership. Changes in existing tax laws or regulations and their interpretation may be enacted after the date of this Memorandum, possibly with retroactive effect, and could alter the income tax consequences of an investment in the Partnership. Certain provisions of the Code may be further amended or interpreted in a manner adverse to the Partnership, in which event any benefits derived from an investment in the Partnership may be adversely affected. In addition, significant legislative and budgetary proposals affecting tax laws have been made by the legislative and executive branches of the U.S. federal government. The likelihood of enactment of any

such proposals, or any similar proposals, into law is uncertain. The enactment of any such proposals, including subsequent proposals, into law could have material adverse effects on the Partnership and/or the Investor Partners.

Complexity of Taxation

The tax aspects of an investment in the Partnership are complicated and complex, and each investor should have them reviewed by professional advisers familiar with such investor's personal tax situation and with the tax laws and regulations applicable to the investor and private investment vehicles. Prospective investors are strongly urged to review the discussion below under "*Taxation*" and "*ERISA Considerations*" for a more complete discussion of certain of the tax risks inherent in the acquisition of Class A Units and to consult their own tax advisors.

In view of the foregoing considerations, an investment in Class A Units is suitable only for investors who are capable of bearing the relevant investment risks.

ANTI-MONEY LAUNDERING COMPLIANCE

In response to increased regulatory concerns with respect to the identification of sources of funds used to make an investment in the Partnership, the Managing Partner and/or its affiliates have implemented policies and procedures ("***AML Program***") designed to guard against and identify money laundering activities. Pursuant to the Partnership's AML Program, the Administrator and the Managing Partner and/or its affiliates will request prospective investors and, in some instances, existing Investor Partners, to provide additional documentation verifying, among other things, such person's identity and the source of funds used to purchase its Interest in the Partnership. The Managing Partner may decline to accept a subscription based upon this information or if this information is not provided.

Pursuant to the Partnership's AML Program, the Managing Partner and/or its affiliates will undertake enhanced due diligence procedures prior to accepting investors the Managing Partner believes present high risk factors with respect to money laundering activities. Examples, although not comprehensive, of persons posing high risk factors are persons resident in or organized under the laws of a "non-cooperative jurisdiction" or other jurisdictions designated by the Department of the Treasury as warranting special measures due to money laundering concerns, and any person whose capital contributions originate from or are routed through certain banking entities organized or chartered in a non-cooperative jurisdiction.

In addition, the Partnership's AML Program prohibits the acceptance of subscriptions from or on behalf of:

- persons on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S. Office of Foreign Asset Control;
- the Annex to Executive Order 13224;
- such other lists as may be promulgated by law or regulation; and
- foreign banks unregulated in the jurisdiction in which they are domiciled or which have no physical presence.

Governmental regulators are continuing to consider appropriate measures to implement anti-money laundering laws as they apply to private investment funds such as the Partnership. The Managing Partner and/or its affiliates will take such steps as it determines are necessary to comply with applicable law, regulations, orders, directives or special measures that may be required by governmental regulators. The specific policies and procedures that the Partnership may be required to implement remain unclear, although such steps may include additional measures to confirm the identity of each investor, including the principal beneficial owners of the investor, if applicable, and/or reporting suspicious transactions to governmental regulators.

The requirements for the Managing Partner to guard against and identify money laundering activities in deciding whether to accept subscriptions are in addition to the discretion that the Managing Partner has in deciding whether to accept subscriptions.

ESTIMATED USE OF PROCEEDS

If all of the Offered Units in this Offering are sold, the total gross proceeds will be $6,800,000. The chart below shows the estimated use of proceeds on a fully-subscribed basis with the sale of all 680 Offered Units:

	Fully-Subscribed Basis 680 Class A Units Sold	
	Amount	**Percentage of Gross Proceeds**
Drilling costs of Initial Wells	$6,000,000	88.2%
Organizational and Offering Expenses[(1)]	600,000	8.8%
Working Capital	200,000	3.0%
Total Uses of Gross Offering Proceeds	$6,800,000	100.0%

(1) The Partnership will pay organizational and offering expenses, regardless of whether any Offered Units are sold, including but not limited to the costs of organizing the Partnership, fees for legal counsel and accountants, state securities filing fees, costs to prepare sales materials, organizational fees and other expenses incurred in connection with this Offering, as well as fees to be paid for geological, engineering, land work and other services. Some of the offering and organizational fees may be paid by the Managing Partner or an affiliate of the Managing Partner and reimbursed by the Partnership.

All costs of this Offering will be paid by the Partnership, except that prospective investors will be responsible for the costs associated with their own advisors, including without limitation, their own attorneys and tax advisors.

The Managing Partner will have the right to call for additional capital from the Investor Partners under the Partnership Agreement to further drill and complete oil and gas wells on the Partnership's Acreage, rework or recomplete any of the wells on the Partnership's Acreage or acquire additional oil and gas leases in other areas and explore and develop such areas through drilling oil and gas wells.

The Partnership

Heartland Drilling Fund I, LP, a Delaware limited partnership with its offices in Mansfield, Texas, is a non-operating oil and gas company that owns or will own interests in oil and gas leases initially located in Val Verde County, Texas. The Partnership anticipates drilling, testing, completing and equipping two wells located on the Val Verde Property in an effort to produce oil and/or gas in commercial quantities.

Heartland Production and Recovery LLC, a Delaware limited liability company, will be the Managing Partner of the Partnership. The Managing Partner is headquartered at Mansfield, Texas.

Operator

Barron Petroleum, LLC, a Texas limited liability company, will be the operator for the Initial Wells to be drilled and any subsequent wells.

A wholly-owned subsidiary of the Managing Partner is assigning to the Partnership an agreement with Barron Petroleum, pursuant to which it is acquiring a 49% working interest (36.75% net revenue interest) in a lease covering approximately 1,160 acres located in Val Verde County, Texas (the "***Val Verde Property***"), for $5,564,000. Through the date of this Memorandum, $4,000,000 of the purchase price has been paid. The Partnership proposes to reimburse the $4,000,000 that the subsidiary has advanced as of the date of this Memorandum using production revenues, and not proceeds from the sale of Offering Units.

Val Verde Acreage

The Val Verde Property is located in the Val Verde Basin, which is a marginal foreland basin located between West Texas and southeastern New Mexico, just southeast of the Midland Basin, fronting the Ouchita Fold belt. The Val Verde is a sub-basin of the larger Permian Basin and is roughly 24–40 km wide by 240 km long.[1] Despite the Val Verde's tight gas plays and relatively poor reservoir quality, it is still producing today. The Canyon Sandstone has produced more than 3.5 tcf (trillion cubic feet) of gas.[2] The most recent reports from the U.S Geological Survey in 2016 indicates that the basin is capable of producing a total of 5 tcf From the total gas productions roughly 40% of is generated from the Ozona field. The Verde has three gas structures: the Puckett, Grey Ranch and Brown Bassett fields, which were discovered in the 1950s and 1960s. In total, these three gas fields have produced roughly 13 tcf of gas so far, and are projected to produce a total of roughly 20 tcf from deep (approximately 14,000 feet deep) Ordovician carbonates. Working prospective depths are 2,000 feet to 16,000 feet, across three zones. The deeper zones are believed to show potential for high gravity crude oil production with estimated production of 150 to 300 barrels per day per well.

In 2007, Providence Resources, Inc. engaged TRNCO Petroleum Corporation to implement to obtain high quality 3D seismic data, intended to illuminate deep gas targets at depths ranging from 14,000 to 16,000 feet in the Ellenberger carbonate, Strawn carbonate and Pennsylvanian-Wolfcamp sandstone reservoirs which were underlying Providence's leasehold interests over 57 square miles in Val Verde County, Texas. The collected data showed buildups in bels adjacent to the interface of basin shelfs assisting

[1] Montgomery, Scott L. (1996). "Val Verde Basin: Thrusted Strawn (Pennsylvanian) Carbonate Reservoirs, Pakenham Field Area" (PDF). *AAPG Bulletin*. **80** (7). ISSN 0149-1423.
[2] Hamlin, H. Scott (2009). "Ozona sandstone, Val Verde Basin, Texas: Synorogenic stratigraphy and depositional history in a Permian foredeep basin" (PDF). *AAPG Bulletin*. **93** (5): 573–594. doi:10.1306/01200908121. ISSN 0149-1423.

in targeted prospects. Various ground thickness and porousness were detailed in data that could allow multiple wells surrounding prospective areas. Overall, the data appeared to be completed and indicated a high confidence of possibilities for production success.

The Val Verde Property does not include any existing wells; however, the large amount of historic data from past production in adjacent areas gives rise to a positive outcome of targeted drilling. Most of the area's past drilling concentrated on gas production wells due to gas price at the time. This targeted gas drilling left the oil deposits intact and untouched until past years when oil prices started to rise. The Val Verde Property has a close proximity to connectable gas gathering pipelines that could result in extra revenue streams, depending on gas production and market price at the time.

The Partnership's Business Strategy and Proposed Activities of the Partnership

The Partnership anticipates acquiring onshore oil and gas drilling prospects, production and/or partially developed producing and non-producing properties containing hydrocarbons in the continental United States and developing such prospects through drilling and completing oil and gas wells. As prospects are drilled and proved to be economically viable or partially developed properties are acquired and further developed, then the Managing Partner may attempt to divest the wells that have been drilled along with any undrilled acreage.

The Managing Partner anticipates drilling the Initial Wells with the proceeds of this Offering. Associated infrastructure will be required to produce and sell oil in economic quantities, which will be paid for with proceeds from this Offering.

In addition to the ownership of the Val Verde Property, the Managing Partner intends to find additional oil and gas properties to be acquired and developed by the Partnership.

The Operator will most likely sell the Partnership's monthly production on behalf of the Partnership. The Operator has noted that there are three gas pipelines several purchasers with activities in area.

Competition

The oil and natural gas industry is highly competitive, and the Partnership will compete with a substantial number of other companies that may have greater resources. Many of these companies explore for, produce and market oil and natural gas, carry on refining operations and market the resultant products on a worldwide basis. The primary areas in which the Partnership encounters substantial competition are in drilling and development operations and the marketing and transportation of the oil and natural gas that the Partnership produces. There is also competition between producers of oil and natural gas and other industries producing alternative energy and fuel. Furthermore, competitive conditions may be substantially affected by various forms of energy legislation and/or regulation considered from time to time by the U.S. government; however, it is not possible to predict the nature of any such legislation or regulation that may ultimately be adopted or its effects upon the Partnership's future operations. Such laws and regulations may, however, substantially increase the costs of exploring for, developing or producing oil and natural gas and may prevent or delay the commencement or continuation of a given operation. The effect of these risks cannot be accurately predicted.

Employees

It is not anticipated that the Partnership will have any employees, as all services for the Partnership will be performed by the Managing Partner. The Partnership may engage contractors and professionals to provide engineering analysis, accounting and legal services.

Title to Properties

Prior to commencement of drilling operations on the Val Verde Property, the Operator will conduct a thorough title examination and perform curative work with respect to significant defects. To the extent title opinions or other investigations reflect title defects on the Partnership's properties, Barron Petroleum will be responsible for curing any title defects at its expense. Operators generally will not commence drilling operations on a property until they have cured any material title defects on such property. The Managing Partner will have title to any acreage on which drilling is planned prior to closing acquisitions to obtain such acreage.

The Val Verde Property is subject to a 25% royalty and will be subject to liens for current taxes and other burdens, which the Managing Partner does not believe will materially interfere with the use or affect the Partnership's carrying value of the acreage.

Seasonality

In the past, the demand for and price of natural gas increased during the winter months and decreased during the summer months. However, these seasonal fluctuations were somewhat reduced because during the summer, pipeline companies, utilities, local distribution companies and industrial users purchased and placed into storage facilities a portion of their anticipated winter requirements of natural gas. With the development of prolific natural gas shale plays, seasonality is less of a factor. Oil was also impacted by generally higher prices during winter months but has more recently been affected by geopolitical events and the global recession in prices. Also, periodic seasonal storms, often impede our ability to safely load, unload and transport personnel and equipment, which delays the installation of production facilities, thereby delaying sales of the Partnership's oil and natural gas.

Legal Claims

Occasionally, the Partnership or Operator may be involved in claims and lawsuits and certain governmental proceedings arising in the ordinary course of business. The Managing Partner does not believe that the ultimate resolution of any of such ordinary course matters will have a material effect on the Partnership's financial position or results of operations. This position is supported, in part, by the existence of insurance coverage and indemnification rights.

Environmental Matters and Regulation

The Partnership's planned exploration, development, production and transport operations will be subject to various federal, state, and local laws and regulations governing health and safety, the discharge of materials into the environment or otherwise relating to environmental protection. These laws and regulations may, among other things: (i) require the acquisition of permits to conduct exploration, drilling, production and transport operations; (ii) govern the amounts and types of substances that may be released into the environment in connection with oil and natural gas drilling and production; (iii) restrict the way the Operator handles or dispose of wastes; (iv) cause the Partnership to incur significant capital expenditures to install pollution control or safety related equipment operating at the Partnership's facilities; (v) limit or prohibit construction or drilling activities in sensitive areas such as wetlands, wilderness areas or areas

inhabited by endangered or threatened species; (vi) impose specific health and safety criteria addressing worker protection; and (vii) require investigatory and remedial actions to mitigate pollution conditions caused by the Partnership's operations or attributable to former operations and impose obligations to reclaim and abandon well sites and pits and impose substantial liabilities on the Partnership for pollution resulting from the Partnership's operations. Failure to comply with these laws and regulations could also subject the Partnership to substantial liabilities and may result in the assessment of substantial administrative, civil and criminal penalties; the revocation of, or refusal to grant, necessary permits; the imposition of remedial obligations; and the issuance of orders enjoining some or all of the Partnership's operations in affected areas.

These laws and regulations may also restrict the rate of oil and natural gas production below the rate that would otherwise be possible. The regulatory burden on the oil and natural gas industry increases the Partnership's cost of doing business and consequently affects profitability. Environmental, health and safety laws and regulations are frequently enacted, promulgated and revised and any changes that result in more stringent and costly requirements for the oil and natural gas industry could have a significant impact on the Partnership's operating costs. The trend in environmental regulation is to place more restrictions and limitations on activities that may affect the environment, and thus any changes in environmental laws and regulations or new interpretations of regulatory or enforcement policies that result in more stringent and costly well drilling, construction, completion or water management activities, waste handling, storage, transport, disposal or remediation requirements or that prohibit drilling activities, such as hydraulic fracturing, could have a material adverse effect on the Partnership's financial condition and results of operations. The Partnership may be unable to pass on such increased compliance costs to the Partnership's customers. Furthermore, the Managing Partner cannot provide any assurance that the Partnership will be able to remain in compliance in the future with respect to such laws and regulations or the terms and conditions of required permits or that such future compliance will not have a material adverse effect on the Partnership's business and results of operations.

The following is a summary of some of the more significant existing environmental, health and safety laws and regulations to which the Partnership's business will be subject and for which compliance may have a material adverse impact on the Partnership's capital expenditures, financial condition or results of operations. The Managing Partner believes that the Val Verde Property is in substantial compliance with all existing environmental laws and regulations applicable to the Partnership's planned operations and that continued compliance with existing requirements will not have a material adverse impact on the Partnership's financial condition and results of operations. However, the Managing Partner cannot give any assurance that the passage of more stringent laws and regulations in the future will not have a negative impact on the Partnership's business, financial condition or results of operations, or that sudden and accidental spills, releases or other incidents will not occur that would lead to liability under these laws and regulations.

Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"). CERCLA, also known as "Superfund," and comparable state laws impose joint and several liability on certain classes of persons for costs of investigation and remediation of listed hazardous substances and for natural resource damages resulting therefrom, without regard to fault. These classes of persons include the current and past owners or operators of a site where a release occurred and anyone who transported, disposed, or arranged for the transport or disposal of a hazardous substance from or found at such site. CERCLA also authorizes the Environmental Protection Agency (the "*EPA*") and, in some instances, third parties to take actions in response to threats to public health or the environment and to seek to recover from responsible parties the costs of such action. Although CERCLA generally exempts "petroleum" from the definition of hazardous substances, the Partnership plans to generate, transport, dispose or arrange for the disposal of wastes that may fall within CERCLA's definition of hazardous substances. The Partnership may also be the owner or operator of sites on which hazardous substances have been released. To the

knowledge of the Managing Partner, neither the Partnership nor any of its predecessors have been designated as a potentially responsible party by the EPA under CERCLA. In the event contamination is discovered at a site on which the Partnership is or has been an owner or operator or to which the Partnership sent hazardous substances, the Partnership could be liable for the costs of investigation, remediation, and natural resources damages. At this time, the Managing Partner is not aware of any potential liability associated with any Superfund site, and it has not been notified of any claim, liability or damages under CERCLA.

Solid and Hazardous Waste Handling. The federal Resources and Recovery Act "(***RCRA***") and comparable state laws regulate the generation, transportation, treatment, storage, disposal and cleanup of solid and hazardous waste. Although oil and natural gas waste generally is exempt from regulation as hazardous waste under RCRA, the Partnership anticipates that it will generate waste as a routine part of its planned operations that may be subject to RCRA. In addition, the properties that the Partnership leases have been used for oil and natural gas exploration and production for many years. Although the Managing Partner believes that the Partnership and prior operators have utilized operating and waste disposal practices that were standard in the industry at the time, hazardous substances, wastes or Hydrocarbons may have been released on or under the properties owned or leased by the Partnership, or on or under other locations, including offsite locations, where such substances have been taken for recycling or disposal. In addition, some of these properties have been operated by third parties or by previous owners or operators whose treatment and disposal of hazardous substances, wastes or Hydrocarbons were not under the control of the Partnership. These properties and the substances disposed or released on them may be subject to corrective action or other requirements under RCRA, CERCLA and analogous state laws.

Clean Water Act and the Oil Pollution Act. The Clean Water Act and the regulations issued thereunder and analogous state laws impose restrictions and strict controls with respect to the discharge of pollutants, including spills and leaks of produced water and other oil and natural gas wastes, into state waters and waters of the United States. The discharge of pollutants into jurisdictional waters is prohibited, except in accordance with the terms of a permit. Governmental agencies can impose administrative, civil and criminal penalties, as well as require remedial or mitigation measures, for unauthorized discharges or non-compliance with discharge permits or other requirements of the Clean Water Act and analogous laws and regulations.

The Oil Pollution Act of 1990, as amended ("***OPA***"), which amends the Clean Water Act, establishes strict liability for owners and operators of facilities that are the site of a release of oil into waters of the U.S. The OPA and its associated regulations impose a variety of requirements on responsible parties related to the prevention of oil spills and liability for damages resulting from such spills. A "responsible party" under the OPA includes owners and operators of certain onshore facilities, including pipelines, from which a release may affect waters of the U.S. The OPA assigns joint and several, strict liability, without regard to fault, to each liable party for all containment and oil removal costs and a variety of public and private damages including, but not limited to, the costs of responding to a release of oil, natural resource damages, and economic damages suffered by persons adversely affected by an oil spill.

Hydraulic Fracturing and the Safe Drinking Water Act ("SDWA"). The SDWA and the regulations issued thereunder regulate, among other things, underground injection operations. While the SDWA regulates the injection of diesel-containing materials and industrial wastes, it does not yet regulate non-diesel hydraulic fracturing. However, Congress has considered legislation that, if ultimately adopted, would impose additional regulation under the SDWA upon the use of hydraulic fracturing fluids. If enacted, such legislation could impose significant new requirements on the Partnership's planned hydraulic fracturing operations, including permitting and financial assurance requirements that the Partnership adheres to construction specification, requirements that the Partnership fulfills monitoring, reporting and recordkeeping obligations, and requirements with respect to well plugging and abandonment. In addition,

such legislation could require the disclosure of the chemicals within the hydraulic fluids, which could make it easier for the Partnership's competition to copy the Partnership's operations and for third parties opposing hydraulic fracturing to initiate legal proceedings based on allegations that specific chemicals used in the process could adversely affect groundwater. In 2015, the federal government finalized regulation requiring the disclosure of chemicals used in hydraulic fracturing on public and Indian land which contain many of the above requirements. Texas has adopted regulatory requirements on hydraulic fracturing, including rules requiring disclosure of hydraulic fracturing chemicals and volumes of water used.

Air Emissions. The Partnership's operations are subject to the Clean Air Act ("***CAA***") and regulations issued thereunder and comparable state laws and regulations for the control of emissions from sources of air pollution. Such laws require existing, new and modified sources of air pollutants to obtain permits prior to commencing construction and to control emissions of hazardous or toxic air pollutants (including through the installation of expensive control equipment). They also impose various monitoring and reporting requirements. Major sources of air pollutants are subject to more stringent, federally-imposed requirements including additional permits. Administrative enforcement actions for failure to comply strictly with air pollution regulations or permits are generally resolved by payment of monetary fines and correction of identified deficiencies. Alternatively, regulatory agencies could bring lawsuits for civil or criminal penalties or require the Partnership to forego construction, modification or operation of certain air emission sources. Citizen groups are also authorized to enforce the CAA and some state laws through court cases, except for criminal claims.

In August of 2012, the EPA issued final rules that subject all oil and gas operations (production, processing, transmission, storage and distribution) to regulation under the new source performance standards ("***NSPS***") and national emissions standards for hazardous air pollutants ("***NESHAPS***") programs. The EPA rules include requirements for pre-drilling notification and NSPS standards for completions of hydraulically-fractured gas wells. These standards include the Reduced Emission Completion ("***REC***") techniques developed in EPA's Natural Gas STAR program along with pit flaring of gas not sent to the gathering line. The standards are applicable to newly drilled and fractured wells as well as Initial Wells that are refractured. Further, the regulations under NESHAPS include Maximum Achievable Control Technology ("***MACT***") standards for those glycol dehydrators and storage vessels at major sources of hazardous air pollutants not currently subject to MACT standards.

National Environmental Policy Act. Oil and natural gas exploration and production activities on federal lands or which require major federal permits may be subject to the National Environmental Policy Act ("***NEPA***"), which requires federal agencies, including the Department of Interior, to evaluate major agency actions having the potential to significantly impact the environment. States frequently have analogous laws which can include obligations for private developers as well. In the course of such evaluations, an agency will prepare an environmental assessment that assesses the potential direct, indirect and cumulative impacts of a proposed project and, if necessary, will prepare a more detailed environmental impact statement, both of which are subject o public review and comment. All of the Partnership's planned exploration and development activities on federal lands require federal agency actions that are subject to the requirements of NEPA, and projects on private lands may require NEPA compliance as well if they are dependent on certain federal permits. The NEPA process has the potential to substantially delay or result in the imposition of additional conditions upon the development of oil and natural gas projects.

Occupational Health and Safe Act ("OSHA") and Other Laws and Regulations on Employee Health and Safety. The Operator is subject to the requirements of the OSHA and comparable state statutes. These laws and the implementing regulations strictly govern the protection of the health and safety of employees. These laws require the Operator to take various actions regarding worker safety and health, including that the Partnership maintains and provides to employees, state and local government authorities and citizens information about hazardous materials used or produced in the Partnership's operations.

OSHA concerns have also been raised with regard to silica used in hydraulic fracturing.

Endangered Species Act, Bald and Golden Eagle Protection A t, and Migratory Bird Treaty Act. The federal Endangered Species Act ("***ESA***"), Bald and Golden Eagle Protection Act ("***BGEPA***"), Migratory Bird Treaty Act ("***MBTA***") and similar federal and state laws generally prohibit the "taking" (defined for purposes of the ESA to include killing, harming or harassment) of endangered and threatened species and migratory birds. The ESA and BGEPA provide for the issuance of permits for an incidental take of such species. Obtaining such permits is a very slow and expensive process, and requires mitigation for the impacts of the taking. No permits for an incidental take are available under the MBTA, making the mortality of any migratory bird (such as by collision with a drilling rig or as a result of landing in a reserve pit) a federal crime, although in 2015 the Fifth Circuit Court of Appeals, which includes the State of Texas within its jurisdiction, held that the MBTA does not apply to an incidental take of migratory birds. The U.S. Fish & Wildlife Service (the "***Service***"), which is responsible for enforcing these wildlife statutes, is considering a rulemaking to redefine "take" under the MBTA to specifically include an incidental take, as well as promulgating an incidental take permitting program under the MBTA. In recent years, the Service has become more active and is focusing more intently on the energy industry, increasing the importance of ESA, BGEPA and MBTA compliance and heightening the risk of enforcement. Recent litigation under the ESA has resulted in the requirement that the Service consider several hundred new species for potential listing, many of which are present in areas where oil and gas exploration is prevalent. The listing of new endangered or threatened species, or expansion of operations to areas where such species may occur, could cause the Partnership to incur additional costs or impose operating restrictions or bans in affected areas to obtain authorization for or avoid impacts to protected species.

Other Regulation of the Oil and Natural Gas Industry

The oil and natural gas industry is extensively regulated by numerous federal, state, and local authorities. In particular, oil and natural gas production and related operations are, or have been subject to price controls, taxes and numerous other laws and regulations. All of the jurisdictions in which the Partnership plans to own or operate properties for oil and natural gas production have statutory provisions regulating the exploration for and production of oil and natural gas, including provisions related to permits for the drilling of wells, bonding requirements to drill or operate wells, the location of wells, the method of drilling and casing wells, the surface use and restoration of properties upon which wells are drilled, sourcing and disposal of water used in the drilling and completion process, regulation addressing the impact of hydraulic fracturing and the abandonment of wells. The Partnership's operations will also be subject to various conservation laws and regulations. These include regulation of the size of drilling and spacing units or proration units, the number of wells that may be drilled in an area, and the unitization or pooling of oil and natural gas wells, as well as regulations that generally prohibit the venting or flaring of natural gas and impose certain requirements regarding the ratability or fair apportionment of production from fields and individual wells.

Failure to comply with applicable laws and regulations can result in substantial penalties. The regulatory burden on the industry increases the cost of doing business and affects profitability. Where appropriate, the Partnership is developing a plan to achieve and maintain substantial compliance with such laws and regulations. Further, the Managing Partner believes that continued substantial compliance with existing requirements will not have a material adverse effect on its financial condition, results of operations or cash flows. Nevertheless, such laws and regulations are frequently amended or reinterpreted. Therefore, the Managing Partner is unable to predict the future costs or impact of compliance. Additional proposals and proceedings that affect the oil and natural gas industry are regularly considered by the U.S. Congress, the states, the Federal Energy Regulatory Commission ("***FERC***") and the courts. The Managing Partner cannot predict when or whether any such proposals may become effective.

The Managing Partner of the Partnership is Heartland Production and Recovery LLC, a Delaware limited liability company. Brad Pearsey and John Muratore are the principals of the Managing Partner. Through the Partnership's agreement with the Operator, Barron Petroleum, LLC, the Operator will be responsible for the drilling and operations of the Initial Wells and any subsequent wells on the Val Verde Property, as well as conducting or supervising record-keeping, accounting, land, geological and engineering services.

Below is some biographical information on Messrs. Pearsey and Muratore, as wells as the key personnel of the Operator.

Brad Pearsey

Brad Pearsey has been in the financial services industry for well over a decade. During that time, he has worked with clients and investment advisors all over the country. From November 2010 to April 2015, he had his own state-registered investment advisory firm, Reliant Financial Group, based in Greenwood, Indiana. In addition to owning his own alternative investment company, he has assisted companies raising capital with compliance and due diligence support, as well as best business practices and protocols. His goal is to create opportunities for investors and oil businesses to partner together in creating American job opportunities, as well as increase America's production of oil. He attended Wesleyan University with an emphasis on accounting and finance.

John Muratore

John Muratore has been in the financial services industry for more than 40 years. He has owned successful mortgage banking firms in Orange County, California, selling his last company (California Nova Financial) in 2006. During 2009/2010, he transitioned his focus to helping clients preserve and grow their wealth. Through his own search for protection and growth of his family's personal wealth, he decided to seek out investment opportunities that would not only enhance, but protect the assets that he worked so very hard to earn. He developed Muratore Financial Services, Inc., dba Champion Investments, to access insurance and alternative asset platforms to meet the needs of investors across the country. Mr. Muratore hold a California life insurance license and a California real estate license.

Roger Sahota

Mr. Sahota, Vice President of Barron Petroleum, LLC, has extensive in-depth knowledge about techniques related to oil and gas production, work over, and drilling through his extensive work experience and will handle all onsite work. He has over twenty years of experience in acquiring oil and gas leases, drilling, managing workover projects and field operations. His operating experience has been in the following states: Colorado, Louisiana, Texas, Utah, and Wyoming, as well as the provinces of Alberta and Manitoba in Canada.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Most of the relationships which are described below are common to many oil and gas drilling programs. The terms contained herein are intended to ameliorate the potential for conflicts of interest inherent in such a situation to the extent practicable, taking into consideration the uncertainties involved in attempting to determine in advance the location of the wells, progress of the proposed operations and other exploration in the area of the Val Verde Property, and the outcome of such operations.

General

The Managing Partner, the Operator and its affiliates may engage independently of the Partnership in all aspects of the oil and gas business for their own accounts and for the accounts of others, subject to certain express limitations contained in the Partnership Agreement and described below prohibiting them from obtaining services or facilities for the Partnership in a manner where such operations, services or facilities might have an adverse effect on the Partnership or its operations. The Managing Partner may conduct operations in a manner designed to benefit it or its affiliates at the expense of the Partnership.

The management of oil and gas, joint ventures, issuers and limited issuers by entities actively engaged in such business inevitably involves areas of activity in which conflicts of interest may arise. The Managing Partner is required to make decisions which may affect not only its interest but also the interests of the Investor Partners. Such decisions could operate to the detriment of the Partnership.

Any transactions between the Partnership and the Managing Partner and/or its affiliates will involve conflicts of interest and may be deemed to have been entered into without the benefit of arm's-length bargaining. However, the Managing Partner, as fiduciary, is required to exercise good faith, integrity and fairness in its dealings with respect to the Partnership's business. Any Investor Partner has the right to seek to recover damages from the Managing Partner for violation of its fiduciary obligations. Any Investor Partner who believes that a breach of fiduciary duty by the Managing Partner has occurred should consult with his counsel to determine his rights and remedies.

The Partnership will not have independent management. It will be managed by the Managing Partner which will devote only so much of its time to the Partnership's business as is reasonably required. The Managing Partner will have conflicts of interest in allocating management time, services and functions between the Partnership and other companies or business ventures in which it is or might become involved, as a principal or otherwise. The Managing Partner, however, believes that it is fully capable of discharging its responsibilities to all such entities. The Managing Partner may engage for its own account or for the account of others, in other business ventures of any nature and neither the Partnership nor any Investor Partner shall be entitled to any interests therein.

In addition, as a result of certain provisions of the Partnership Agreement, the Partnership may have a more restricted right of action against the Managing Partner than would otherwise be the case without such provisions. The Partnership Agreement provides that the Managing Partner shall be liable to the Partners of the Partnership for acts or omissions by it if it is guilty of gross negligence or willful misconduct. Investor Partners have the right to seek to recover damages from the Managing Partner for violation of its fiduciary obligations. However, the Managing Partner will not be liable for such acts or omissions if it acts in good faith, on behalf of the Partnership or the Partners, and in a manner it reasonably believes to be both within the scope of the authority granted to it by the Partnership Agreement and in the best interest of the Partnership and the Partners.

Fiduciary Responsibility of the Managing Partner

The Managing Partner is accountable to the Partnership as a fiduciary and consequently has a duty to exercise good faith and to deal fairly with the Investor Partners of the Partnership in handling the affairs of the Partnership. While the Managing Partner will endeavor to avoid conflicts of interest to the extent possible, such conflicts nevertheless may occur and, in such event, the actions of the Managing Partner may not be most advantageous to the Partnership and could fall short of the full exercise of such fiduciary duty.

The Partnership Agreement contains certain provisions which are intended to limit the liability of the Managing Partner and its affiliates for any act or omissions within the scope of the authority conferred upon them by the Partnership Agreement if such Managing Partner or affiliate determined in good faith that such course of conduct was in the best interest of the Partnership and such course of conduct did not constitute gross negligence or willful misconduct. Therefore, an Investor Partner of the Partnership may have a more limited or restricted right of action against the Managing Partner or its affiliates in respect of its fiduciary duty than would be the case if there were no such limitations. In addition, under the Partnership Agreement, the Managing Partner and its affiliates will be indemnified by the Partnership against losses, judgments, liabilities, expenses and amounts paid in settlement sustained by them in connection with the Partnership so long as such losses, judgments, liabilities, expenses or amounts were not the result of gross negligence or willful misconduct on the part of the Managing Partner or any affiliate thereof.

Acquisition of Val Verde Property

A wholly-subsidiary of the Managing Partner is assigning to the Partnership an agreement with Barron Petroleum, pursuant to which it is acquiring a 49% working interest (36.75% net revenue interest) in a lease covering approximately 1,160 acres located in Val Verde County, Texas for $5,564,000. Through the date of this Memorandum, $4,000,000 of the purchase price has been paid. While the Partnership proposes to reimburse the $4,000,000 that the subsidiary has advanced as of the date of this Memorandum using production revenues, and not proceeds from the sale of Offering Units, this reimbursement will occur prior to any distributions (other than distributions for estimated taxes) to the Investor Partners.

Conflicting Drilling Activities

The Managing Partner is and will be actively engaged in other oil and gas acquisitions and operations. Such activities could create conflicts with the activities of the Partnership. Affiliates of the Managing Partner anticipate sponsoring, managing and participating in other private drilling programs. Such activities may create conflicts between the activities of the Partnership and such other programs. In all instances of operation and management of drilling programs for the accounts of others, the Managing Partner and its management, where potential conflicts arise, will attempt to deal fairly with the activities of the Partnership. In addition, the Managing Partner may manage and operate oil and natural gas properties for investors in such other drilling programs.

Conflicts with Other Partnerships

The Managing Partner plans to serve as the Managing Partner of other partnerships to be formed to engage in the acquisition of productive mineral rights and producing oil and natural gas properties. The ongoing business of these other partnerships may be considered competitive with the business of the Partnership in areas such as markets for production and access to the time and financial resources of management. Therefore, the Managing Partner will be acting on behalf of the Partnership and on behalf of other partnerships which it may form in the future. As a result of these activities, circumstances may arise where the interests of the Managing Partner in such other ventures will conflict with those of the Investor Partners with respect to the acquisition of oil and gas leases and similar matters.

Negotiations by the Managing Partner

The Managing Partner has determined substantially all of the terms of this Offering, as well as those relating to the operation of the initial program prior to the formation of the Partnership. Such terms were not negotiated with the Investor Partners and such transactions may be deemed to have been entered into without the benefit of arm's-length negotiations.

Acquisition of Other Oil and Gas Properties

The Managing Partner, or its affiliates, may own or acquire oil and gas leasehold properties for the drilling of wells thereon in the same general area, adjoining or offsetting the Val Verde Property or any other oil and gas prospect. These properties might not be offered to the Investor Partners.

DESCRIPTION OF THE AGREEMENT OF LIMITED PARTNERSHIP

The following is a summary of certain provisions of the Partnership Agreement. The summary is not definitive and capitalized terms not defined herein are defined in the Partnership Agreement. Therefore, a prospective investor should carefully read the full text of the Partnership Agreement, a copy of which is attached to this Memorandum as Exhibit A.

Formation

The Partnership was formed on April 15, 2019 as a Delaware limited partnership by Heartland Production and Recovery LLC as the Managing Partner. The Partnership was effective as a limited partnership on the date of the filing of the certificate.

Term

The Partnership will terminate on the earlier to occur of (a) the Managing Partner determines that the Partnership should be dissolved; (b) the retirement, insolvency, or bankruptcy of the Managing Partner; (c) the insolvency or bankruptcy of the Partnership; (d) the sale or other disposition of all or substantially all of the assets of the Partnership; or (e) any other event that, under the Delaware Revised Uniform Limited Partnership Act (the "***Delaware Act***"), would cause its dissolution.

Capital

The Partnership will be capitalized by each Investor Partner.

The Managing Partner will be issued 100 Class B Units in consideration for its services in organizing the Partnership. In connection therewith, the Managing Partner shall not be obligated to make any cash Capital Contributions.

No interest will be paid on Capital Contributions. No Investor Partner will have the option to withdraw any portion of his/her/its Capital Contribution.

The Investor Partners will initially fund the total amount funded by all Unit Holders prior to the closing of this Offering.

In the event the Managing Partner determines it is necessary, the Managing Partner may sell additional equity of any kind in the Partnership to new, additional Partners at any time in order to have sufficient capital to fund an operating deficit, which may have a dilutive effect to the non-contributing Partner.

Capital Accounts

Each Partner will have an account (a "***Capital Account***") which will be credited with its Capital Contribution and the amount of income and gain allocated to it and will be charged with the amount of deductions and losses allocated to each Partner and the amount of distributions or deemed distributions.

Fees and Expenses

For its services to the Partnership, the Managing Partner is entitled to Management Fees at an annual rate of 3.0% of each Investor Partner's Capital Account (as such term is defined in the Partnership Agreement) balance, calculated and payable monthly with a true-up payment on the last day of the quarter

based on the Investor Partners' Capital Account balances as of such date. The Managing Partner may reduce or eliminate the Management Fee with respect to any Investor Partner in its sole discretion.

The Partnership bears the expenses of the organization of the Partnership and the offering of Class A Units (including legal and accounting fees, printing costs, travel, "blue sky" filing fees and expenses and out-of-pocket expenses). In general, the Partnership's financial statements will be prepared in accordance with accounting principles generally accepted in the United States ("***GAAP***").

Distributions and Participation in Profits and Losses

Operating distributions shall be paid after payment of Management Fees and expenses of the Partnership and setting aside funds for a reasonable cash reserve as follows:

(i) First, to retire the loan to acquire the Val Verde Property (the "***Debt Payoff***"), which has a balance of $4,000,000 as of the date of the Memorandum;

(ii) Second, 100% to the Class A Unit holders in accordance with their respective Ownership Percentages until satisfying the Preferred Return; and

(iii) Third, 40% to the Class A Unit holders and 60% to the Class B Unit holders.

The Class A Units carry a return of 12% on the Unreturned Capital, measured from the date of the Debt Payoff (the "***Preferred Return***"). "***Unreturned Capital***" is defined in the Partnership Agreement as an amount equal to the cumulative capital contributions by an Investor Partner, less the sum of all distributions with respect to unreturned capital (other than Class A Preferred Returns). The holders of the Class A Units shall be entitled to receive the Preferred Return when and if distributions are declared by the Managing Partner, prior to the payment of any distributions (other than tax distributions) to the holders of Class B Units, who shall receive no distributions (other than tax distributions) until the holders of Class A Units have received any accrued but unpaid Preferred Return.

Notwithstanding the operating distributions, liquidating distributions will be made in accordance with the Partners' positive Capital Account balances. In the event of a liquidation of the Partnership, profit and loss allocations may not be sufficient to result in positive Capital Account balances which are in proportion to the amount of distributions to each Partner in accordance with the operating distributions. In such event, the liquidating distribution to the Partners will be made in accordance with the positive Capital Account balances of each Partner.

Participation in Profits and Losses

Other than allocations of intangible drilling cost deductions, certain lease acquisition costs and simulated depletion, gain and loss which shall be allocated as set forth in the Partnership Agreement, the Partners shall share in the profits resulting from operations in the same proportions such Partners are entitled to share operating distributions and shall share in other profits and losses in accordance with their respective rights to distributions from the Partnership, as compared to their respective Capital Account balances, as each may vary from time to time, in each case as set forth in the Partnership Agreement.

Intangible Drilling Cost Deductions and Allocations

The Investor Partners will be specially allocated 100% of the intangible drilling cost deductions related to the activities of the Partnership until they have been allocated deductions equal to the full amount of their funded capital.

Any allocations of intangible drilling costs funded with proceeds of indebtedness incurred by the Partnership will depend on whether such indebtedness is a recourse or nonrecourse financing. If such indebtedness is classified as nonrecourse debt for tax purposes, after the Capital Accounts of the Investor Partners are reduced to zero, such intangible drilling costs will be allocated among the Investor Partners as set forth in the Partnership Agreement. If such indebtedness is classified as recourse debt for tax purposes, after the adjusted Capital Accounts of the Investor Partners are reduced to zero, such intangible drilling costs will be allocated to the Managing Partner and any subsequent taxable income will be allocated first to the Managing Partner to offset the prior allocations of intangible drilling costs funded with the proceeds of recourse debt.

Conversion of General Partner Interests

No later than January 1 of each year immediately following the calendar year of the Partnership in which the Partnership has expended all Capital Contributions contributed by Investor Partners for the exploration and development activities with respect to the wells in which it participates as a Working Interest owner, the General Partners who are also Investor Partners will be converted to Limited Partners, unless the Managing Partner determines that such conversion at that time would not be in the best interests of the General Partners subject to conversion or the Partnership. If conversion is so delayed, the managing Partner will continue to have the power and authority to cause such conversion as to any General Partner with the consent of such General Partner at any time within a Fiscal Year. On January 1 of any subsequent year during the terms of the Partnership the General Partners who are also Investor Partners will be converted to Limited Partners, unless the Managing Partner determines that such conversion at that time would not be in the best interests of the General Partners subject to conversion or the Partnership. The Managing Partner shall have the right to convert some but not all General Partners, depending on the status of intangible drilling costs allocated to each General Partner. The Managing Partner shall have the right to convert any Class A Partner from a General Partner to a Limited Partner at any time in the discretion of the Managing Partner. Immediately following any conversion, the Managing Partner will (a) file an amended certificate of limited partnership removing the General Partners as general partners of the Partnership, and (b) take such other actions as are necessary or appropriate to accomplish conversion of the interests. Upon filing the amended certificate of limited partnership reflecting conversion of the former General Partners to Limited Partners, the conversion shall be effective, and thereafter each such General Partner shall have the rights and obligations of a Limited Partner and will be entitled to limited liability to the extent provided by the Delaware Act; provided, however, that General Partners will remain liable to the Partnership for their proportionate share of Partnership obligations and liabilities arising prior to the conversion of their interests in the Partnership to Limited Partner interests.

Management

The Managing Partner will have complete and exclusive power (except as limited by the Partnership Agreement and applicable law) to manage and control the business, properties, and affairs of the Partnership. The Managing Partner will control the day-to-day operations of the Partnership. The Managing Partner will have the authority to enter into operating agreements on behalf of the Partnership.

The General Partners will enter into covenants prohibiting them from exercising the following rights granted to them under the Delaware Act:

- The right to act as agent of the Partnership or to execute documents on behalf of the Partnership; and
- The right to act (other than as specifically provided in the Partnership Agreement) to cause the Managing Partner on behalf of the Partnership to convey Partnership property or to take any other action binding on the Partnership.

A General Partner who violates any of these covenants is obligated to indemnify the Partnership and the other General Partners and the Managing Partner for any loss or liability caused by such violation.

At any time after the Managing Partner becomes subject to an Event of Withdrawal, it may be removed by a Super-Majority Consent of each class having Units outstanding, voting as a class. The Managing Partner may be removed at any other time only by a Super-Majority Consent of each class having Units outstanding, including Class B, voting as a class. A successor Managing Partner may be elected only a Majority Consent of each class having Units outstanding, voting as a class.

Fiscal Year and Partnership Books

The fiscal year of the Partnership will be the calendar year. The books of account of the Partnership will be maintained at its principal office and will be open during reasonable business hours for inspection by the Investor Partners and their representatives, who will have the right to make copies thereof at their expense.

Side Letters

The Managing Partner on behalf of the Partnership may enter into other written agreements ("***Side Letters***") with one or more Investor Partners. These Side Letters may entitle an Investor Partner to make an investment in the Partnership on terms other than those described herein or in the Partnership Agreement. Any such terms may be more favorable than those offered to any other Investor Partners, and may affect the other Investor Partners of the Partnership.

Continuation of the Partnership

The Managing Partner (or any reconstituted successor to the Managing Partner) will agree to serve as managing partner of the Partnership until the Partnership is terminated without reconstitution. Upon the bankruptcy or insolvency of the Managing Partner, the Partnership will continue if, within ninety (90) days after such event, all of the Investor Partners elect to continue the Partnership and designate one or more substitute managing partners. In such event, the interest in the Partnership of the Managing Partner will be converted to a limited partner interest.

Transferability of the Investor Partners' Interests

A Partnership Interest, and any interest in a Partnership Interest, may not be transferred, voluntarily or involuntarily (including by operation of law or otherwise), except in accordance with the provisions of the Partnership Agreement. A Unit Holder shall obtain the prior written consent of the Managing Partner for any transfer other than a transfer by operation of law and no consent will be granted if the transfer would result in the "termination" of the Partnership pursuant to Section 708 of the Internal Revenue Code (the "***Code***") or if the transferee is not a citizen or resident of the United States. The transferee shall provide to the Managing Partner its taxpayer identification number, passport and related information of any natural person transferee or control person of any transferee, and any other information reasonably necessary to permit the Partnership to file required tax returns or comply with anti-money laundering laws. A Unit Holder that is an entity may change its name, or merge or consolidate with an affiliate, without the prior consent of the Managing Partner, and such action shall not be considered a transfer. A Unit Holder may transfer all or part of its Partnership Interest to a trust or other entity established for the benefit of the Unit Holder (or its direct or indirect beneficial owners) and/or members of such owner's immediate family without the prior consent of any Managing Partner or any Partner.

Partnership Interests have not been registered under the Securities Act or under the securities laws of any state or other jurisdiction, and may not be offered or transferred unless and until registered under such Act and laws or, in the opinion of counsel in form and substance satisfactory to the Partnership, such offer or transfer is in compliance therewith.

Any Class A Unit Holder or Class A Unit Holder's legal representative desiring to transfer all or part of its Partnership Interest to a person or entity other than one of the Partners, for any reason other than a transfer by operation of law, shall first notify the Managing Partner in writing of its intention to transfer, stating the name and address of the proposed transferee, the amount of Partnership Interests proposed to be transferred, the consideration proposed to be received therefor, and the proposed terms of the transfer. The Managing Partner in its discretion shall have the exclusive right and privilege to cause the Partnership to purchase the Partnership Interest proposed to be transferred for the proposed consideration within thirty (30) days after the receipt of such written notice. If the Managing Partner does not cause the Partnership to purchase the Partnership Interest so offered, during the next succeeding ninety (90)-day period the Unit Holder or Unit Holder's legal representative desiring to transfer the Partnership Interest may then transfer such Partnership Interest to the person and at the price and terms stated in the offer. If the Partnership Interest is not so transferred, it shall not be subsequently transferred without first again offering it to the Managing Partner as described above.

A transferee of any Partnership Interest may become a Partner only upon (a) execution and delivery by the transferee of a written acceptance and adoption of this Agreement, as the same may be amended, together with such other documents, if any, as the Managing Partner may require; (b) the payment to the Partnership by the Unit Holder transferring its Partnership Interest of all reasonable expenses incurred by the Partnership in connection with such transfer; and (c) upon the consent of the Managing Partner, which may, in each case, be given or denied in the discretion of the Managing Partner. Upon such execution, payment and consent, the transferee shall, with respect to the Partnership Interest assigned, be admitted to the Partnership and become a substituted Partner therein. A transferee who is not admitted as a Partner shall be entitled to allocations and distributions in respect to the Partnership Interest transferred but shall not have any rights reserved to Partners under the Partnership Agreement.

Event of Withdrawal for Non-Managing Partners

A Partner other than the Managing Partner may withdraw as a Partner at any time, and thereafter shall have the rights of a Unit Holder who has not been admitted as a Partner. A Partner other than the Managing Partner who is subject to an Event of Withdrawal shall cease to be Partner as of the date of the Event of Withdrawal and shall thereafter have the rights of a Unit Holder who is not admitted as a Partner. Any Partner who is subject to an Event of Withdrawal may at any time thereafter request that the Partnership redeem the Capital Account of such Partner, or the Managing Partner may at its discretion determine to redeem such Capital Account, at the greater of (a) its tangible book value, without adjustment for goodwill, intellectual property or other intangibles not reflected in the financial records of the Partnership, as determined by the Managing Partner or (b) five (5) times the amount of cash distributed to such Partner during the preceding twelve (12) months. If the Managing Partner grants such request or determines to redeem such Capital Account, the Partnership shall redeem the Capital Account, as of the end of the next calendar quarter, and may pay the redemption amount in quarterly installments over a period not to exceed twenty-four (24) calendar months, with interest at the *Wall Street Journal* prime rate in effect as of the date of the first installment.

Under the Partnership Agreement, an Event of Withdrawal occurs as follows when a Partner:

- Provides written notice to the Partnership of the Partner's express will to withdraw as a partner;
- Makes an assignment for the benefit of creditors;

- Files a voluntary petition in bankruptcy;
- Is adjudged a bankrupt or insolvent or has entered against such Partner an order for relief in any bankruptcy or insolvency proceeding which order is not dissolved within sixty (60) days;
- Files a petition or answer or certificate seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief;
- Files an answer or other pleading failing to contest the material allegations in any bankruptcy or insolvency proceeding;
- Becomes subject to the appointment of a receiver or trustee or liquidator of all or any part of the Partner's property which includes its Partnership Interest;
- Fails to have vacated or stayed the appointment of a trustee, receiver or liquidator of the Partner or of all or any part of the Partner's property which includes its Partnership Interest within sixty (60) days after appointment;
- Has been expelled from the Partnership by a final judicial decree;
- Is subject to any order or judgment not stayed within thirty (30) days of issuance attaching or foreclosing upon any part of its Partnership Interest;
- Is (or a controlling person of the Partner) on the list of Specially Designated Nationals and blocked Persons maintained by the Office of Foreign Assets Control or any similar list or is otherwise a person the Partnership is prohibited from doing business with;
- Commences any proceeding adverse to the Partnership; or
- Transfers any Partnership Interest in violation of the Partnership Agreement.

As to a Partner who is a natural person, an Event of Withdrawal also occurs upon the Partner's death, the appointment of a guardian or general conservator for the Partner or an adjudication of incompetency of the Partner. As to a Partner who is an entity, an Event of Withdrawal also occurs upon the termination, dissolution or cessation of business of the Partner.

Power of Attorney

In signing the Partnership Agreement, each Investor Partner will appoint the Managing Partner as its attorney-in-fact for purposes of signing and filing on its behalf such documents as are necessary to qualify the Partnership as a limited partnership under applicable laws, documents of transfer of any Investor Partner's interest and amendments to the Partnership Agreement regarding changes of names and/or addresses or the admission and/or withdrawal of Investor Partners and certain other matters, all subject to compliance with the applicable provisions of the Partnership Agreement.

Amendment

The Managing Partner with a Majority Consent of the Investor Partners will be empowered to amend the Partnership Agreement. The Managing Partner alone may execute any amendments dealing with change of name, office or registered agent, admission or withdrawal of an Investor Partner, the issuance of debt or equity, or to cause the allocation provisions to comply with the regulations promulgated under the Code. The Managing Partner may make any revisions to the Partnership Agreement that are necessary to reflect the terms of any Side Letters.

Dissolution of the Partnership

In the event of dissolution, the assets of the Partnership shall be paid and distributed in the following order:

(a) All of the Partnership's debts and liabilities to persons other than Unit Holders, but excluding secured creditors whose obligations will be assumed or otherwise transferred upon the liquidation of Partnership assets, shall be paid and discharged and any reserve deemed necessary by the Managing Partner or liquidator for the payment of such debts shall be set aside;

(b) All of the Partnership's debts and liabilities to Unit Holders, excluding any accrued and unpaid portion of any Management Fee, shall then be paid and discharged; and

(c) The balance of the assets of the Partnership shall then be distributed to the Unit Holders in the following order:

(1) First, to the Managing Partner in an amount equal to any accrued and unpaid portion of any Management Fee;

(2) Second, to the Unit Holders, pro rata, in proportion, and to the extent of their remaining positive Capital Account balances; provided, however, that the Unit Holders' Capital Accounts first shall be adjusted to reflect the manner in which any unrealized income, gain, loss and deduction inherent in the Partnership's property (including oil and gas properties), which has not previously been reflected in the Unit Holders' Capital Accounts, would be allocated among the Unit Holders if there had been a taxable disposition of the Partnership's assets at fair market value on the date of distribution; and

(3) Third, to the Unit Holders in accordance with the provisions of Section 7.1(c) of the Partnership Agreement.

Upon dissolution, each Unit Holder shall look solely to the assets of the Partnership for the return of its Capital Contributions, and shall be entitled only to a cash distribution or a distribution in kind of the Partnership's assets made in accordance with Section 10.5 of the Partnership Agreement.

Indemnification

The Partnership shall have the power, right and obligation to indemnify any person who was or is a party to or witness in or is threatened to be made a party to or witness in any threatened, pending or completed proceeding (whether or not by or in the right of the Partnership) by reason of the fact that the person is or was a Managing Partner of the Partnership, against expenses (including attorneys' fees, accountants fees, and expenses of investigation), judgments, fines, and amounts paid in settlement incurred by such person, except expenses, judgments, fines and amounts paid in settlement resulting from its intentional misconduct or knowing violation of law or a transaction for which the Managing Partner received a personal benefit in violation or breach of the provisions of the Partnership Agreement. The Partnership shall advance expenses to any current or former Managing Partner at such times and in such amounts as shall be requested by such person. The Partnership shall have the power to indemnify any person who was or is a party to or witness in or is threatened to be made a party to or witness in any threatened, pending or completed proceeding (whether or not by or in the right of the Partnership) by reason of the fact that the person is or was an employee, consultant, independent contractor, general partner, or agent of the Partnership, or is or was serving at the request of the Partnership as a manager, officer, trustee, partner, member, joint venture, employee, agent or in a similar capacity for another person, against expenses (including attorneys' fees, accountants fees, and expenses of investigation), judgments, fines and amounts paid in settlement incurred by the person in connection with such proceeding, upon the determination by the Managing Partner that indemnification is appropriate and subject to such terms and conditions or undertakings as the Managing Partner in its discretion shall impose. The Partnership may advance expenses to any such person at such times and in such amounts as shall be required by such person and approved by the Managing Partner in its sole discretion. The termination of any proceeding by judgment, order,

settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself create a presumption that indemnification or the advancement of expenses by the Partnership was not appropriate or breached any law or constituted a breach of any duty by any person.

If a person has been successful on the merits or otherwise as a party to any proceeding, or with respect to any claim, issue or matter therein arising out of such person's service to or on behalf of the Partnership (to the extent that a portion of the expenses can be reasonably allocated thereto), the person shall be indemnified against expenses (including attorneys' fees, accountants fees and expenses of investigation) actually and reasonably incurred by the person in connection with the proceeding.

The Partnership shall, if at all feasible, purchase and maintain directors' and officers' liability insurance or errors and omissions insurance or similar insurance on behalf of any person participating in the Partnership, including the Managing Partner, whether or not the Partnership would have the power to indemnify such person under the provisions of the Partnership Agreement.

Liability of Investor Partners

General Partners. The Partnership shall be treated as an entity. Creditors generally must deplete partnership assets before asserting claims against general partners. Each General Partner of the Partnership is jointly and severally liable for the liabilities (including tort liabilities) and recourse obligations of the Partnership. Generally, a joint liability is one in which co-obligors must be joined as co-defendants in an action, usually sharing any liability in proportion to their respective Interests, whereas a joint and several liability is one in which a claimant, at its option, may sue any and all of the co-obligors. Accordingly, because General Partners can be held jointly and severally liable, one or more General Partners may be held liable for more than its or their pro rata share of the liabilities and obligations of the Partnership.

Under certain circumstances, joint working interest owners may be jointly and severally liable for obligations arising in connection with the development and operation of a prospect in which they own an interest. Because the Partnership will likely own a working interest in the same oil and gas property in which others own a working interest, the Partnership, and therefore the General Partners, could be liable for the obligations of all such joint working interest owners. Pursuant to the terms of the Partnership Agreement, the General Partners will agree that as among themselves each General Partner will be responsible only to pay its pro rata share of Partnership liabilities and obligations. Notwithstanding such agreement, each General Partner will continue to have unlimited liability, even though such liability may exceed the amount of such General Partner's Capital Contributions and its share of the Partnership's assets and undistributed income. To the extent liability in excess of such amount is incurred, such General Partner may be obligated to make payments in excess of its contractual obligations pursuant to the terms of the Agreement. Due to the uncertain nature of any such liability, it is not possible to determine its magnitude. Further, each General Partner will be obligated to restore to the Partnership any negative balance that exists in its Capital Account after the liquidation of its Interest.

Limited Partners. Upon the due organization of the Partnership as a limited partnership and the admission of the Limited Partners, the Limited Partners will not generally be personally liable for the debts or other obligations of the Partnership unless they take part in the control of the Partnership's business, and then only to a person who transacts business with the Partnership reasonably believing that the Limited Partners are general partners. The Partnership Agreement permits the Limited Partners to take certain actions affecting the basic structure of the Partnership by vote of the Limited Partners. The exercise of certain of these rights might constitute "taking part in the control of the business" of the Partnership, thereby rendering the Limited Partners liable for all debts and obligations of the Partnership.

The Limited Partners should have no liability in excess of the Capital Contributions to the Partnership and their shares of the Partnership's assets and undistributed Partnership income, except generally to the extent of (a) any part of a Capital Contribution "rightfully" returned without violation of the Partnership Agreement or Delaware law, together with interest thereon, but only to the extent necessary to discharge the Partnership's liabilities to creditors who extended credit to the Partnership or whose claims arose before such return of the Capital Contributions, (b) any Capital Contribution "wrongfully" returned to a Limited Partner in violation of the Partnership Agreement or Delaware law or any distribution to the Limited Partners to the extent that, after giving effect to such distribution, all liabilities of the Partnership, other than liabilities to the Limited Partners on account of their contributions and to the Managing Partner, exceed Partnership assets, and (c) the Partnership of any such tax payment deficiency due to an audit of a Partnership taxable year during which such Partner held Units in the Partnership. Limited Partners will not be obligate to restore any negative balances that exist in their Capital Accounts after liquidation of their Interests in the Partnership.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

Circular 230 Notice

The tax discussion contained in this Memorandum is not in the form of a covered opinion, within the meaning of Circular 230 issued by the United States Secretary of the Treasury. Thus, we are required to inform you that you cannot rely upon any discussion contained in this Memorandum for the purpose of avoiding United States federal tax penalties. The tax summary contained in this Memorandum was written to support the promotion or marketing of the transactions or matters described in this Memorandum. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

The discussion below summarizes the certain U.S. federal income tax consequences of an investment in the Partnership that should be considered by prospective Investor Partners. It is not intended to be an exhaustive discussion of all possible tax consequences that may arise from an investment in the Partnership, and it should be understood that special rules which are not discussed herein may apply in certain situations. This discussion is based primarily upon current provisions of the U.S. Internal Revenue Code of 1986, as amended (the "***Code***"), U.S. Treasury Department Regulations (the "***Regulations***"), judicial decisions and administrative rulings and pronouncements of the Internal Revenue Service ("***IRS***"), all of which are subject to changes (including, without limitation, through future legislation, administrative rulings or court decisions) that may or may not be retroactive. The U.S. federal income tax law is extremely complex, involving, among other things, significant issues as to character, timing of realization and sourcing of gains and losses and the availability and timing of credits and deductions.

This discussion does not address all U.S. federal income tax matters that may affect the Partnership or the Investor Partners. This discussion has only limited application to corporations, estates, trusts, or other Investor Partners subject to specialized tax treatment, such as tax-exempt institutions, foreign persons, individual retirement accounts, employee benefit plans, real estate investment trusts or mutual funds.

For purposes of this discussion, a "U.S. Person" is (i) a citizen or resident of the United States, (ii) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States or any political subdivision thereof, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust which (a) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. Person. A "Non-U.S. Person" is an individual, corporation or other entity treated as a corporation for U.S. federal income tax purposes, estate or trust that is not a U.S. Person.

No rule has been or will be requested from the IRS regarding any matter that affects the Partnership or the Investor Partners. Accordingly, the view and statements in this discussion may not be accepted by the IRS, or sustained by a court if contested by the IRS.

PROSPECTIVE INVESTOR PARTNERS ARE URGED TO CONSULT, AND MUST DEPEND UPON, THEIR OWN TAX ADVISORS WITH SPECIFIC REFERENCE TO THEIR OWN TAX SITUATIONS AND THE POSSIBLE IMPACT THEREON OF AN INVESTMENT IN THE PARTNERSHIP, INCLUDING WITHOUT LIMITATION, THE EFFECT OF U.S. FEDERAL TAXES (INCLUDING TAXES OTHER THAN INCOME TAXES) AND STATE, LOCAL AND FOREIGN TAX CONSIDERATIONS, AS WELL AS THE POTENTITAL CONSEQUENCES OF ANY CHANGES THERETO MADE BY FUTURE LEGISLATIVE, ADMINISTRATIVE OR JUDICIAL DEVELOPMENTS.

Issuer Tax Status

In general, the federal income tax consequences of an investment in the Partnership will depend on whether, for such purposes, the Partnership is treated as a partnership rather than as an association taxable as a corporation. Generally, an entity formed as a limited partnership will be treated as a partnership for U.S. federal income tax purposes in the absence of an express election to be treated as a corporation. A limited partnership may nevertheless be treated as a corporation for U.S. federal income tax purposes if it is considered a "publicly traded partnership."

A publicly traded partnership for these purposes includes limited partnerships whose interests are traded on an established securities market or are readily tradable on a secondary market or its economic equivalent. The applicable Regulations contain a private placement safe harbor under which a limited partnership will not be treated as a publicly traded partnership. The Partnership will satisfy the requirements of the private placement safe harbor if (i) all interests in the Partnership were issued in a transaction that was not required to be registered under the Securities Act, and (ii) the Partnership does not have more than 100 Partners at any time during the taxable year of the Partnership. For purposes of determining the number of Partners, the IRS will only count the partners of certain flow-through entities as Partners in the Partnership if (i) substantially all the value of the Partner's interest in the flow-through entity is attributable to the flow-through entity's interest in the Partnership and (ii) a principal purpose of the tiered arrangement is to permit the Partnership to satisfy the 100-partner maximum. A "flow-through entity" would include S corporations, partnerships, limited liability companies and grantor trusts. The Partnership intends to satisfy the criteria of the private placement safe harbor and to be treated as a partnership (and not as a publicly traded partnership) for U.S. federal income tax purposes. If the partnership does not satisfy the private placement safe harbor, an additional exception to the publicly traded partnership rules, referred to in this discussion as the "Qualifying Income Exception," exists to the extent that 90% or more of the Partnership's gross income each taxable year consists of "qualifying income." Qualifying income includes income and gains derived from the exploration, development, mining or production, processing, transportation and marketing of natural resources, including oil, gas, and products thereof. Other types of qualifying income include interest (other than from a financial business), dividends, gains from the sale of real property and gains from the sale or other disposition of capital assets held of the production of income that otherwise constitutes qualifying income. The portion of the Partnership's income that is qualifying income will change from year to year and cannot be predicted with any certainty at this time.

An organization that is classified as a partnership for U.S. federal income tax purposes is not subject to federal income tax itself, although it must file a U.S. federal partnership information return reporting its operations for each calendar year.

The principal U.S. federal income tax consequences resulting from qualification of the Partnership as a partnership for federal income tax purposes is that the Partnership will generally not be subject to federal income tax. Instead, the Partners of the Partnership will report and pay tax on the Partnership's taxable income, as discussed more fully below. If the Partnership does not qualify as a partnership for these purposes, the Partnership will be regarded as an association taxable as a corporation. In that case, certain adverse tax consequences could ensue, including: (i) Partners would not be permitted to report their distributive share of the Partnership's tax items on their income tax returns; (ii) the Partnership would be subject to the corporate income tax; (iii) distributions from the Partnership to the Partners generally would be treated as dividends, taxable as such to the Partners; and (iv) distributions would not be deductible by the Partnership. Thus, the Partnership would be subject to tax on its taxable income and amounts distributed to Partners generally also would be subject to tax.

The discussion that follow summarizes the tax treatment of the Partnership assuming qualification for partnership treatment for U.S. federal income tax purposes.

Taxation of Partners. As a partnership for U.S. federal income tax purposes, the Partnership itself will generally not be subject to federal income tax. Instead, each Partner of the Partnership will report on such Partner's U.S. federal income tax return the Partner's distributive share of the Partnership's income, gains, losses, deductions, credits and tax preference items. While the Partnership may make distributions to its Partners, there can be no assurance that distributions will, in fact, be made. Nonetheless, each Partner will be liable (at the graduated tax rate applicable to such Partner) for any taxes owed with respect to such Partner's distributive share of the taxable income recognized by the Partnership, regardless of whether such Partner actually has received or will receive any cash or other distribution from the Partnership. Accordingly, it is possible that the taxes imposed on a Partner's distributive share of taxable income from the Partnership could exceed distributions, if any, such Partner received or is entitled to receive from the Partnership. Each Partner will be furnished with a taxable information report annually stating such Partner's distributive share of the Partnership's tax items.

Net Investment Income Tax. In addition to the tax at graduated rates on a Partner's distributive share of net income from the Partnership, there is a 3.8% Medicare tax or Net Investment Income Tax ("***NIIT***") on net investment income earned by certain individuals, estates and trusts. For these purposes, net investment income generally includes a Partner's allocable share of the Partnership's income and gain realized by a Partner from a sale of its Interest in the Partnership. In the case of an individual, the tax will be imposed on the lesser of (1) the Partner's net investment income or (2) the amount by which the partner's modified adjusted gross income exceeds $250,000 (if the Partner is married and filing jointly or a surviving spouse), $125,000 (if the Partner is married and filing separately) or $200,000 (in any other case). In the case of an estate or trust, the tax will be imposed on the lesser of (1) undistributed net investment income, or (2) the excess adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins. The Department of the Treasury and the IRS have issued Regulations that provide guidance regarding the NIIT. Prospective Investor Partners are urged to consult with their tax advisors as to the impact of the NIIT on an investment in the Partnership.

Intangible Costs. These include generally everything used in drilling wells other than the actual drilling equipment and include items such as labor, chemicals, mud, grease and other miscellaneous items necessary for drilling.

Assuming a proper election by the Partnership, each Partner will be entitled to deduct its share of any intangible drilling and development costs ("***Intangible Costs***") that have been properly allocated to the Partner under the Partnership Agreement assuming such costs are properly classified as Intangible Costs and are not capital costs or some other costs that are not currently deductible. Alternatively, Partners may elect to capitalize all of part of the Intangible Costs allocated to them and amortizing them on a straight-line basis over a 60-month period, beginning with the taxable month in which the expenditure is made. If a Partner makes the election to amortize the Intangible Costs over a 60-month period, no preference amount in respect of those Intangible Costs will result for alternative minimum tax purposes.

If an oil or gas property of the Partnership or an interest in the Partnership is sold at a gain, amounts deducted for Intangible Costs must be recaptured on such disposition. Therefore, gain would be ordinary income to the extent Intangible Costs have been deducted if, but for the deduction, they would have been reflected in the adjusted basis of the property.

Depletion. Section 611 of the Code allows as a deduction against income received from the oil or gas produced each year a reasonable allowance for depletion. The depletion deduction is the greater of percentage depletion at the applicable rate, if available, or cost depletion. Cost depletion allows the recovery

of capitalized costs (such as bonus, other lease acquisition costs, exploratory charges, legal fees and certain other capitalized, non-depreciable costs) of a producing property over its life by an annual deduction computed on the basis of the actual oil and gas sold each year in relation to estimated recoverable oil and gas. Percentage depletion, if applicable, is an annual statutory allowance equal to a percentage of the gross income from the depletable property (but in no event exceeding 100% of the taxable income from the property before allowance for depletion) computed without regard to the costs associated with the property. Deductions resulting from percentage depletion can therefore exceed total costs associated with acquisition of the property. However, on the sale of the property, the portion of the gain that represents Intangible Costs and depletion that reduced the basis of the property will be recaptured as ordinary income. The availability of percentage depletion is largely dependent on the tax situation of each Partner.

Percentage depletion is calculated as an amount generally equal to 15% (and, in the case of marginal production, potentially a higher percentage) of the Partner's gross income from the depletable property for the taxable year. The percentage depletion deduction with respect to any property is limited to 100% of the taxable income of the Partner from the property for each taxable year computed without the depletion allowance. A Partner that qualifies as an independent producer may deduct percentage depletion only to the extent its average daily production of domestic crude oil, or the gas equivalent, does not exceed 1,000 barrels. This depletable amount may be allocated between gas and oil production, with 6,000 cubic feet of domestic gas production regarded as approximately equivalent to 1,000 barrels of crude oil. The 1,000 barrel limitation must be allocated among the independent producer and controlled or related persons and family members in proportion to the respective production by such persons during the period in question. An independent producer is a person not directly or indirectly involved in the retail sale of oil, gas, or derivative products or the operations of a major refinery. The Partnership will not compute the depletion allowance. Instead, the Partner must separately compute their own depletion allowances with respect to their allocable share of the Partnership property and reduce the adjusted basis of their Partnership Interest (but not below zero) by the amount of such depletion deduction to the extent such deduction does not exceed the Partnership's adjusted basis in the underlying property for depletion allocated to the Partner.

Depreciation. The cost of casing, tubing, tanks, flowing units and other types of tangible property and equipment generally cannot be deducted currently, but must be capitalized and depreciated or amortized pursuant to applicable provisions of the Code. To the extent allowable, the Partnership may elect to use the depreciation and cost recovery methods that will result in the largest deductions being taken in the early years after assets subject to these allowances are placed in service.

If the Partnership disposes of depreciable property by sale, foreclosure, or otherwise, all or a portion of any gain, determined by reference to the amount of depreciation previously deducted and the nature of the property, may be subject to the recapture rules and taxed as ordinary income rather than capital gain. Similarly, a Partner who has taken cost recovery or depreciation deductions with respect to property owned by the Partnership will likely be required to recapture some or all of those deductions as ordinary income upon a sale of its Interest in the Partnership.

Leasehold Cost and Abandonment. The cost of acquiring oil and gas lease interests and other similar oil and gas property interests is a capital expenditure that must be recovered through depletion deductions if the lease if productive. If a lease is proved worthless and abandoned, the cost of acquisition less any depletion claimed may be deducted as an ordinary loss in the year the lease becomes worthless.

Distributions and Adjusted Basis. The receipt of a cash distribution from the Partnership by a Partner, not in liquidation of its Interest, generally will not result in the recognition of a gain or loss for U.S. federal income tax purposes. Cash distributions in excess of a Partner's adjusted basis (discussed below) for the Partner's Interest will result in the recognition by such Partner of gain in the amount of such excess. A Partner generally will recognize no gain or loss on a distribution of property of the Partnership other than

cash (and, in certain situations, marketable securities) other than in liquidation of the Partner's Interest in the Issuer. For purposes of determining a Partner's gain or loss on a later sale of such property, the Partner's basis in the distributed property will generally be equal to the Partnership's adjusted tax basis in the property, or, if less, the Partner's basis in its Interest in the Partnership before the distribution.

In general, no gain will be recognized by a Partner with respect to distributions made in liquidation of an Interest in the Issuer unless the amount of cash (and, in certain situations, marketable securities) distributed exceeds the Partner's adjusted basis for the Interest in the Partnership immediately before the distribution (including adjustments reflecting operations in the year of liquidation). No loss may be recognized by a Partner with respect to a liquidating distribution unless the property distributed consists solely of cash, "unrealized receivables," and "inventory items," and then only to the extent that the sum of the cash, plus the Partner's basis for the unrealized receivables and inventory items, is less than the Partner's adjusted basis for the Interest. The basis of any property received by a Partner in liquidation of an Interest will be equal to the adjusted basis of the Interest, less the amount of any cash received in the liquidation. If there is a disproportionate distribution in kind to a Partner of unrealized receivables or of substantially appreciated inventory items ("***Section 751 Property***"), or a distribution of other property that has the effect of reducing a Partner's share of the Partnership's Section 751 Property, the Partner may be required to recognize ordinary income or loss on the distribution.

The conversion of a Partner's interest in the Partnership as a General Partner to an interest in the Partnership as a Limited Partner may result in a deemed distribution to such Partner if there is a decrease in the portion of the Partnership's liabilities that are attributed to that Partner. Any decrease in a Partner's share of Partnership liabilities will be treated as a cash distribution to such Partner for tax purposes. In general, no gain will be recognized by a Partner with respect to a deemed distribution, unless the amount of the deemed distribution exceeds the Partner's adjusted basis for the Interest in the Partnership immediately before the distribution.

Limitations on Losses and Deductions. A Partner's ability to deduct its distributive share of the Partnership's losses and expenses in determining the Partner's taxable income may be limited under one of more provisions of the Code.

A Partner cannot deduct losses from the Partnership for a given year in an amount greater than such Partner's adjusted tax basis in its Interest as of the end of the Partnership's tax year. Any excess losses may be deductible by a Partner in subsequent tax years to the extent that the Partner's adjusted tax basis for such Interest exceeds zero. In addition, the Code further limits the deductibility of losses by certain taxpayers from a given activity to the amount by which the taxpayer is "at risk" in the activity. Losses which cannot be deducted by an investor because of the "at risk" rules may be carried over to subsequent years until such time as they are allowable. A Partner generally will be considered to be at risk to the extent of his tax basis in its Interest, excluding any portion of that tax basis attributable to its share of the Partnership's nonrecourse liabilities, reduced by any amount of money it borrows to acquire or hold its Interest, if the lender of those borrowed funds owns an interest in the Partnership, is related to the Partner or can look only to the Interests for repayment. A Partner's at-risk amount will increase or decrease as the tax basis of its Interests increases or decreases, other than tax basis increases or decreases attributable to increases or decreases in its share of the Partnership's nonrecourse liabilities. A Partner's at-risk amount will decrease by the amount of its depletion deductions and will increase to the extent of the amount by which its percentage depletion deductions with respect to the Partnership's property exceed the Partner's share of tax basis of that property.

A Partner's tax basis for its Interest will generally include the amount of money that Partner paid for its Interest and will be increased by the Partner's distributive share of the Partnership's taxable income and proportionate share of the Partnership's nonrecourse liabilities. A Partner's basis will generally be

decreased by actual or constructive distributions from the Partnership to the Partner, by the Partner's distributive share of the Partnership's taxable loss, by depletion deductions taken by the Partner to the extent such deductions do not exceed the Partner's proportionate share of the adjusted tax basis of the underlying producing properties and by the Partner's distributive share of any non-deductible, non-capital expenses.

In addition to the basis and at-risk limitations on the deductibility of losses, the passive loss limitation generally provides that individuals, estates, trusts and certain closely held corporations and personal service corporations are permitted to deduct losses from passive activities, which are generally defined as trade or business activities in which the taxpayer does not materially participate, only to the extent of the taxpayer's income from passive activities. Consequently, any passive losses the Partnership generates will be available to offset only the Partnership's passive income generated in the future, and will not be available to offset income from other passive activities or investments or a Partner's compensation, investment income or active business income. If the Partnership disposes of all or a part of an interest in an oil or gas property, Partners will be able to offset suspended passive activity losses from such activities against the gain, if any, on the disposition. Any previously suspended losses in excess of the amount of gain recognized will remain suspended. The passive activity loss rules are applied after other applicable limitations on deductions, including the at-risk rules and the tax basis limitation discussed above.

Material participation, however, is not in all cases determinative as to whether an activity is a "passive activity." Under the "working interest exception," working interests in oil and gas properties are not treated as passive activities (regardless of whether the taxpayer materially participates) if the taxpayer owns the interest directly or through an entity that does not limit his liability with respect to the activity. Two elements must be met before a taxpayer qualifies for the working interest exception to the passive activity loss rules, so that losses will not be treated as losses from a passive activity. First, the property generating the losses must constitute a "working interest" as defined by the passive loss rules. Second, the interest must not be held through an entity that limits the liability of the taxpayer with regard to the activity.

With respect to the first part of the test, the passive loss rules indicate that a "working interest" does not include non-operating mineral interests such as royalty interest, production payments, or net profits interests. The question of whether the Partners own a "working interest" as defined by the passive loss rules is in part one of fact. The Managing Partner intends to take the position that the Partnership owns working interests.

The second part of the test requires that the "working interest" not be held directly or indirectly through an entity that limits the taxpayer's liability with respect to the activity. Although the Partnership or the Operator intends to obtain insurance to protect against various liabilities, to the extent the insurance coverage obtained by the Partnership fails to cover a particular risk or is insufficient to pay the entire amount of a particular claim, the General Partners will bear the ultimate liability for losses with respect to the Partnership. In addition, the passive loss regulations provide that the presence of insurance is not taken into account in determining whether the taxpayer holds a working interest through an entity that limits the taxpayer's liability. Each prospective General Partner should be aware, however, that even if the Partnership itself is not an entity that limits the liability of the General Partner with respect to the activity, no person will be deemed to materially participate in the Partnership's activities (and losses allocated to that individual will be deemed losses from a passive activity) if such person owns his individual Interest as a General Partner through an entity, such as a limited partnership or an S Corporation, that limits the liability of that individual with respect to the Partnership.

If a General Partner applies the working interest exception and treats losses as nonpassive and subsequently (a) such General Partner contributes its Interest to an entity that provides protection from liabilities or (b) the Managing Partner, following the vote of a Majority-in-Interest of the Investor Partners, converts the interests in the Partnership held by the General Partners to Limited Partner interests, (i) any

net income the Partnership allocates to such former General Partner in future taxable years generally will be treated as nonpassive and cannot be offset by other passive losses that such former General Partner may have from the Partnership or from other passive activities and (ii) certain "disqualified deductions" claimed by the Partnership prior to such conversion can be treated as passive losses if "economic performance" with respect to the costs did not occur during the period such Partner was a General Partner and holding its Interest in an entity that does not provide protection from liabilities.

To the extent the IRS was successful in contending either that the General Partners do not own oil or gas working interests as defined in the passive loss rules or that the form in which the General Partners own the Partnership property has an effect on the Investor Partner's liability similar to that of a limited partnership, a General Partner's share of any losses, generated by the Partnership would constitute passive losses, which the General Partner could deduct only to the extent of such General Partner's passive income.

The Code imposes limitations on the deductibility of investment interest by non-corporate taxpayers. "Investment interest" generally is defined as interest paid or accrued on indebtedness allocable to property held for investment. Investment interest is deductible only to the extent of net investment income. Investment interest which cannot be deducted for any year because of the foregoing limitation may be carried forward and allowed as a deduction in a subsequent year to the extent the taxpayer has net investment income in such year. The Partnership will report to the Partners for each year their share of the Partnership's investment interest expense, the Partner's deduction of which will be subject to the investment interest limitation. Any investment interest expense disallowed under the investment interest rules generally can be deducted in a later year if the Partner has sufficient net investment income.

Miscellaneous itemized deductions (including investment expenses) of non-corporate taxpayers are allowable only to the extent that they exceed 2% of the taxpayer's adjusted gross income. The deduction by a non-corporate Partner of such Partner's distributive share of the Partnership's investment expenses may be subject to this 2% limitation. In addition, a Partner's deductible portion of miscellaneous itemized deductions may be further limited by other Code provisions. In general, neither the Partnership nor any Partner may deduct organization or syndication expenses. An election may be made by a partnership to amortize organizational expenses over a 180-month period, and the Partnership intends to make such election. Syndication fees (which would include any sales or placement fees or commissions), however, must be capitalized and cannot be amortized or otherwise deducted. Partners may claim ordinary deductions for investment management and advisory fees paid, but the IRS may take the view that such amounts must be capitalized and treated as part of the cost of an investment made by the Partnership.

Self-Employment Tax. A General Partner's share of any income or loss attributable to Class A Units will constitute "net earnings from self-employment" for self-employment tax purposes.

Sale of Disposition of Interests. A Partner that sells or otherwise disposes of an Interest in the Partnership in a taxable transaction generally will recognize gain or loss equal to the difference, if any, between the adjusted basis of the Interest and the amount realized from the sale or disposition. The amount realized will include the Partner's share of the Partnership's liabilities outstanding at the time of the sale or disposition. If the Partner holds the Interest as a capital asset, such gain or loss will generally be treated as capital gain or loss to the extent a sale of assets by the Partnership would qualify for such treatment and will generally be long-term capital gain or loss if the Partner had held the Interest for more than one year on the date of such sale or disposition, provided, that a capital contribution by the Partner within the one-year period ending on such date will cause part of such gain or loss to be short-term, provided further, that a portion of any such gain or loss will be separately computed and taxed as ordinary income to the extent attributable to Section 751 Property owned by the Partnership. In addition, if the capital contribution of a new Partner is distributed to Partners (other than such new Partner), for federal income tax purposes, such distributions will likely be treated as a taxable sale of a portion of their Interests by Partners receiving such

distributions. Gain could also be taxed as recapture income to the extent attributable to prior depreciation. Both ordinary income and capital gain recognized on a sale or exchange of Units may be subject to the 3.8% Medicare tax in certain circumstances.

In the event of a sale or other transfer of an Interest at any time other than the end of the Partnership's taxable year, the share of income and losses of the Partnership for the year of transfer attributable to the Interest transferred will be allocated for federal income tax purposes between the transferor and the transferee on either an interim closing-of-the-books basis or pro rata basis reflecting the respective periods during such year that each of the transferor and the transferee owned the Interest.

Alternative Minimum Tax. Both individual and corporate taxpayers could be subject to an alternative minimum tax ("***AMT***") if the AMT exceeds the income tax otherwise payable by the taxpayer for the year. Oil and gas activities may generate items of income or deduction that can have AMT consequences for certain taxpayers.

Tax Returns and Tax Information

The Partnership will use cash basis accounting for purposes of applying its method of accounting and will use the calendar year as its tax year for income tax purposes (unless a different tax year is required by the Code). Partners may be required to obtain extensions of time to file their tax returns. An audit of the Partnership may affect the tax consequences to a Partner and may result in audits of the returns of Partners.

Pursuant to the governing documents of the Partnership, items of the Partnership's taxable income, gain, loss and deduction are allocated so as to take into account the varying interests of the Partners over the term of the Partnership. Such allocations will be respected for tax purposes if they have a "substantial economic effect" or are in accordance with the Partner's Interests in the Partnership. The Managing Partner believe that, for U.S. federal income tax purposes, the allocations set forth in the Partnership Agreement of should be given effect, and the Managing Partner intends to prepare returns based on such allocations. It is possible that the IRS will challenge the Partnership's allocations. Any resulting reallocation of tax items may have adverse tax and financial consequences to a Partner.

Investment by Qualified Retirement Plans and Other Tax-Exempt Investor Partners

Qualified pension and profit-sharing plans (including Keogh or HR-10 plans), IRAs, educational institutions and other investors exempt from taxation under Code Section 501 are generally exempt from federal income tax except to the extent that their unrelated business taxable income ("***UBTI***") exceeds $1,000 during any taxable year. UBTI is income from an unrelated trade or business regularly carried on, excluding various types of investment such as dividends, interest, certain rental income and capital gains, so long as not derived from debt-financed property. In addition, income derived from debt-financed property, that is, property as to which there is "acquisition indebtedness," and certain insurance income received from or attributable to controlled foreign corporations is UBTI. The activities of the Partnership may give rise to UBTI, which will be reported to the Partners.

Tax Matters

The Managing Partner will act as the "partnership representative" of the Partnership and will make certain elections on the Partnership's behalf and on behalf of the Partners. The Partnership Representative will have the sole authority to act on behalf of the Partnership for purposes of, among other things, federal income tax audits and judicial review of administrative adjustments by the IRS. Any actions taken by the Partnership or by the Partnership Representative on behalf of the Partnership with respect to, among other

things, federal income tax audits and judicial review of administrative adjustments by the IRS, will be binding on the Partnership and all Partners.

Pursuant to the Bipartisan Budget Act of 2015, if the IRS makes audit adjustments to the Partnership's income tax returns, it may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from the Partnership. Generally, the Partnership will elect to have the Partners take such audit adjustment into account in accordance with their Interests in the Partnership during the tax year under audit, but there can be no assurance that such election will be effective in all circumstances. If the Partnership is unable to have the Partners take such audit adjustment into account in accordance with their Interests in the Partnership during the tax year under audit, the current Partners may bear some or all of the tax liability resulting from such audit adjustment, even if such Partners did not own Interests in the Partnership during the tax year under audit; provided that, under the Partnership Agreement, each current and former Partner is required to pay its proportionate share of any tax payment deficiency or penalty resulting from an audit adjustment within 30 days of demand by the Partnership and further agrees to indemnify and hold harmless each other Partner from payment of such indemnifying Partner's proportionate share of any such tax payment deficiency. If, as a result of any such audit adjustment, the Partnership is required to make payments of taxes, penalties and interest, the cash available for distribution to the Partners might be substantially reduced.

Certain Disclosure and Record Keeping Requirements

If the Partnership were to engage in a "reportable transaction," the Partnership (and possibly Partners and others) would be required to make a detailed disclosure of the transaction to the IRS. A transaction may be a reportable transaction based upon any of several factors, including the fact that it is a type of tax avoidance transaction publicly identified by the IRS as a "listed transaction" or that it produces certain kinds and amounts of losses for partnerships, individuals, S corporation, and trusts. The Partnership's participation in a reportable transaction could increase the likelihood that the Partnership's federal income tax information return (and possibly Partners' tax returns) is audited by the IRS. If the Partnership were to participate in a listed transaction or a reportable transaction (other than a listed transaction) with a significant purpose to avoid or evade tax, Partners could be subject to additional penalties and restrictions. The Partnership does not expect to engage in any reportable transactions.

Taxes in Other Jurisdictions

In addition to the U.S. federal income tax consequences, prospective investors should consider potential U.S. state and local tax consequences of an investment in the Partnership in the state or locality in which they are resident for tax purposes. A Partner may be subject to tax return filing obligations and income, franchise or other taxes, including withholding taxes, in jurisdictions in which the Partnership operates.

CERTAIN ERISA CONSIDERATIONS

Circular 230 Notice

The tax advice contained in this document is not given in the form of a covered opinion, within the meaning of Circular 230 issued by the United States Secretary of the Treasury. Thus, we are required to inform you that you cannot rely upon any advice contained in this document for the purpose of avoiding United States federal tax penalties. The tax advice contained in this document was written to support the promotion or marketing of the transactions or matters described in this document. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (and "***ERISA Plan***") and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the management or administration of an ERISA Plan or the management or disposition of the assets of an ERISA Plan or who renders investment advice for a fee or other compensation to and ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment of a portion of the assets of any Plan in the Offered Units, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any similar law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable similar laws. A fiduciary of a Plan should consider the Plan's particular circumstances and all of the fact and circumstances of the investment including, but not limited to, the matters discussed above under "*Risk Factors*," in determining whether an investment in the Offered Units satisfies these requirements.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving "plan assets," as defined in regulations of the U.S. Department of Labor (the "***DOL***") as modified by Section 3(42) of ERISA, with persons or entities who are "parties in interest," within the meaning of Section 3(14) of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of the Class A Units by an ERISA Plan with respect to which the Partnership is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption.

ERISA and the Code contain certain exemptions from the prohibited transactions described above and the DOL has issued several exemptions, although certain exemptions do not provide relief from the prohibitions on self-dealing. The DOL has issued prohibited transaction exemptions that may apply to the acquisition and holding of the Offered Units, each of which contain conditions and limitations on their

application. Accordingly, the fiduciary of a Plan that is considering acquiring and/or holding the Offered Units in reliance on any of these exemptions should carefully review the exemption with its counsel to confirm that it is applicable. There can be no assurance that any of these exemptions will be available with respect to the acquisition of the Offered Units.

Because of the foregoing, the Offered Units should not be purchased or held by any person investing "plan assets" of any Plan, unless such purchase and holding will not constitute a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or a similar violation under any applicable similar laws.

Representation

By acceptance of an Offering Unit, each purchaser and subsequent transferee of a Unit will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire and hold the Class A Units, or an interest therein, constitutes "plan assets" of any Plan, or (ii) the purchase and holding of the Class A Units (or any interest therein) by such purchaser or transferee, throughout the period that it holds such Units (or any interest therein) and the disposition of such Unit or an interest therein, will not constitute (a) a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, (b) a breach of fiduciary duty under ERISA, or (c) a similar violation under any applicable similar laws.

Neither this offer nor the sale of Offered Units to a Plan is a representation by the Partnership or any of its representatives that an acquisition of the Offered Units meets all legal requirements applicable to investments by Plans, entities whose underlying assets include assets of a Plan, or that such an investment is appropriate for any particular Plan, or entities whose underlying assets include assets of a Plan.

The foregoing discussion is general in nature and is not intended to be all-inclusive, nor should it be construed as legal advice. Due to the complexity of these rules and the excise taxes, penalties and liabilities that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing or holding the Offered Units on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any similar laws to such transactions and whether an exemption would be applicable to the purchase and holding of the Offered Units.

PLAN OF DISTRIBUTION; INVESTOR QUALIFICATIONS; HOW TO INVEST

General Solicitations; Advertisements; and Sales Materials

The Class A Units are being offered and sold in reliance upon Rule 506(c) of Regulation D, promulgated under the Securities Act. As a result, the Partnership is permitted to use general solicitations and advertisements, provided that all subscribers to this Offering are "accredited investors" and meet the requirements set forth herein and in the Subscription Documents attached hereto as Exhibit B.

The Managing Partner reserves the right to engage brokers, dealers, or placement agents (collectively "***Broker-Dealers***") to solicit prospective investors and such Broker-Dealers would receive customary commissions or fees. As of the date hereof, the Managing Partner has not engaged any Broker-Dealers, finders, or placement agents to assist it with the placement of the Offered Units, and has no present intention of doing so.

The Managing Partner, and its principals may respond to specific questions from prospective investors and/or their advisors and provide additional materials and other information relating to this Offering and the Partnership. The information in such materials is not complete and should not be considered a part of this Memorandum, incorporated in this Memorandum by reference, or as forming the basis of the Offering. This Offering is made only by means of this Memorandum. No other person has been authorized to give any information or to make any representations other than those contained in this Memorandum and, if given or made, such information or representations must not be relied upon.

Who May Invest

This Offering is being made in reliance on exemptions from the registration requirements of federal and state securities laws. Each prospective Subscriber is required to represent and warrant in the Subscription Agreement that:

1. the Subscriber is an "accredited investor" (as defined in Rule 501(a) of Regulation D, promulgated under the Securities Act). Please see the Subscriber Information Form included in the Subscription documents attached as Exhibit B to this Memorandum to determine whether you meet the requirements to be an "accredited investor";

2. the Subscriber meets the requirements to qualify as an "accredited investor" under Rule 506(c) of Regulation D by providing the Managing Partner one or more of the forms of proof described in "*How to Invest*" below;

3. the Subscriber is investing for his/her own account only and not intending to resell or distribute the Securities;

4. the Subscriber has adequate means of providing for Subscriber's current needs and personal contingencies and has no need for liquidity for this investment;

5. the Subscriber can bear the economic risk of losing his/her entire investment; and

6. the Subscriber and his/her own advisors have substantial experience when making investment decisions of this type.

The Managing Partner will reject subscriptions from prospective Subscribers that do not meet these suitability standards. The Managing Partner reserves the right to reject any subscription in whole or in part.

EACH PROSPECTIVE INVESTOR SHOULD DETERMINE WHETHER THIS INVESTMENT IS APPROPRIATE FOR SUCH INVESTOR. THE MANAGING PARTNER RECOMMENDS THAT EACH POTENTIAL INVESTOR CONSULT INDEPENDENT LEGAL AND FINANCIAL ADVISORS BEFORE INVESTING.

How to Invest

To purchase Offered Units, a prospective Subscriber must:

1. execute and deliver the Subscription Documents attached as Exhibit B hereto, including the Subscriber Information Form included therein, and return it to the Managing Partner; and

2. deliver to the Managing Partner one or more (the appropriate methods and forms to be determined by the Managing Partner, in its sole discretion) of the following forms of proof of the fact that he/she/it is an "accredited investor":

   a. Proof based on Income. An Internal Revenue Service form that reports the prospective Subscriber's income for the fiscal years of 2012 and 2013 (including, but not limited to, Form W-2, Form 1099, Schedule K-1 to Form 1065, and Form 1040), along with a written representation from the Subscriber that he or she has a reasonable expectation of reaching the income level necessary to qualify as an accredited investor during the current year; or

   b. Proof based on net worth. Bank statements, brokerage statements and other statements of securities holdings, certificates of deposit, tax assessments, and appraisal reports issued by independent third parties. In addition, the Subscriber must provide a consumer report from at least one of the nationwide consumer reporting agencies and a written representation from the Subscriber that all liabilities necessary to make a determination of net worth have been disclosed. All documents provided by the Subscriber should be dated within the prior three months of delivery; or

   c. Third-party confirmation. Written confirmation from a registered broker-dealer, an investment advisor registered with the SEC, a licensed attorney who is in good standing under the laws of the jurisdictions in which he or she is admitted to practice law, or a certified public accountant who is duly registered and in good standing under the laws of the place of his or her residence or principal office confirming that such person or entity has taken reasonable steps to verify that the Subscriber is an accredited investor within the prior three months and has determined that such Subscriber is an accredited investor.

Money received by the Partnership prior to the Initial Closing will be deposited in a separate escrow account. In the event that the Managing Partner does not receive and accept Subscription Agreements for Capital Contributions in the amount of the Minimum Offering Amount, then the Subscribers would receive the return of their funds.

INQUIRIES

Inquiries concerning the Partnership and Units (including information concerning subscription procedures) should be directed to:

Heartland Drilling Fund I, LP
c/o Heartland Production and Recovery LLC
99 Regency Parkway, Suite 209
Mansfield, Texas 76063
Telephone: (817) 865-1245 x425
Facsimile: (833) 340-7356
Attention: Administration
Email: info@heartlandpar.com

This Memorandum does not purport to be and should not be construed as a complete description of the Partnership Agreement. Any potential investor in the Partnership is encouraged to review the Partnership Agreement carefully, in addition to consulting appropriate legal and tax counselors.

Memorandum Number _____

Confidential Private Placement Memorandum

Units of Partnership Interests in

Carson Oil Field Development Fund II, LP

Managing Partner

The Heartland Group Ventures, LLC

August 1, 2020

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NOTICE

This Confidential Private Placement Memorandum (this "***Memorandum***") is being furnished on a confidential basis solely to selected qualified investors considering the purchase of Class A Units of partnership interests (the "***Class A Units***") in Carson Oil Field Development Fund II, LP (the "***Partnership***"). This Memorandum is directed solely to each person to whom it is delivered and is not an offer to any other person or to the public generally.

By accepting this Memorandum, each recipient acknowledges and agrees that all of the information contained herein is highly confidential. This Memorandum is not to be reproduced or distributed to others, at any time, without the prior written consent of The Heartland Group Ventures, LLC (the "***Managing Partner***"), other than to persons such recipient has retained to advise it in connection with this Offering. All recipients agree they will keep confidential all information contained herein not already in the public domain and will use this Memorandum for the sole purpose of evaluating a possible investment in the Partnership. Acceptance of this Memorandum by prospective investors constitutes an agreement to be bound by the foregoing terms.

This Memorandum does not purport to contain all the information that an interested party may desire. In all cases, interested parties should conduct their own investigation, analysis and evaluation of the Partnership, the Managing Partner and the terms of this Offering, including the merits and risks of an investment in the Class A Units and the data set forth in this Memorandum. This Memorandum contains summaries of certain documents and other information in a manner that is believed to be accurate, but interested parties should refer to the actual documents for a more complete understanding of what is disclosed in this Memorandum. Specifically, this Memorandum does not purport to be, and should not be construed as, a complete description of the Partnership Agreement. Each prospective investor in the Partnership is encouraged to review the Partnership Agreement carefully, in addition to consulting appropriate legal and tax advisors. To the extent of any inconsistency between this Memorandum and the Partnership Agreement, the terms of the Partnership Agreement shall control.

By purchasing Class A Units in this Offering, the purchaser will be deemed to have acknowledged for the benefit of the Partnership and the Managing Partner to have reviewed this Memorandum and to have had an opportunity to request any additional information needed by the purchaser.

Prospective investors should not construe the contents of this Memorandum as legal, tax or financial advice. Each prospective investor should consult its own professional advisors as to the legal, financial, tax, ERISA (as defined herein) or other matters relevant to the suitability of an investment in the Partnership for such investor.

In making an investment decision, investors must rely on their own examination of the Partnership and the terms of the offering contemplated by this Memorandum. The Class A Units have not been recommended by any U.S. federal or state, or any non-U.S., securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Memorandum. Any representation to the contrary is a criminal offense.

No person has been authorized to give any information or to make any representation concerning the Partnership or the offering of the Class A Units other than the information contained in the Memorandum and, if given or made, such information or representation must not be relied upon as having been authorized by the Partnership or the Managing Partner.

The Class A Units are offered subject to the right of the Managing Partner to reject any subscription in whole or in part. The Managing Partner and the Partnership shall have no legal commitment or obligation to any interested party reviewing this Memorandum unless and until a written agreement for the investment by such party in the Class A Units has been fully negotiated, executed, delivered and approved by the Managing Partner, and any conditions to the obligations of the Managing Partner or the Partnership thereunder have been satisfied or waived.

The information contained in this Memorandum is believed to be accurate as of the date set forth on its cover. For any time after the cover date of this Memorandum, the information, including information concerning the business, prospects, condition (financial or otherwise) or results of operations, may have changed. Neither the delivery of this Memorandum at any time nor the offer, sale or delivery of any Class A Units shall, under any circumstances, create any implications that there has been no change in the information set forth in this Memorandum or in the affairs of the Partnership since the date of this Memorandum.

Certain information contained in this Memorandum constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, including those described in "*Risk Factors and Potential Conflicts of Interest*," actual events or results or the actual performance of the Partnership may differ materially from those reflected or contemplated in such forward-looking statements.

All references herein to "$" refer to U.S. dollars.

NOTICE TO RECIPIENTS REGARDING SECURITIES MATTERS

Neither the Securities and Exchange Commission (the "*SEC*") nor any state securities commission nor any other Governmental Authority has approved or disapproved of the transactions contemplated hereby or determined that this Memorandum is accurate or complete. Any representation to the contrary is a criminal offense.

The offer and sale of the Class A Units is not being registered under the Securities Act of 1933, as amended (the "*Securities Act*"), or qualified for sale under the securities laws of any state of the United States or any jurisdiction outside the United States.

Rather, the Class A Units are being offered and sold only to "accredited investors" (as defined in Rule 501(a) of Regulation D under the Securities Act), in accordance with Rule 506(c) of Regulation D under the Securities Act and in reliance on an exemption from registration provided by Section 4(a)(2) of the Securities Act and analogous provisions of certain U.S. state securities laws; investors residing in the European Economic Area ("EEA") and/or United Kingdom must also satisfy the requirements for a "Qualified Investor" and/or "Relevant Person" (see below). If you do not qualify as an "accredited investor," or cannot provide information verifying your status as an "accredited investor," then you cannot purchase Class A Units in this Offering.

The Class A Units may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of any applicable jurisdictions. Laws in certain jurisdictions may restrict the distribution of this Memorandum and the offer and sale of the

Class A Units. Persons into whose possession this Memorandum or any of the Interest are delivered must inform themselves about, and observe, those restrictions. You must comply with all applicable laws and regulations in force in any applicable jurisdiction, and you must obtain any consent, approval or permission required for the purchase by you of the Class A Units under the laws and regulations in force in the jurisdiction to which you are subject or in which you make such purchase, and neither we nor the Partnership will have any responsibility therefor.

The Class A Units offered herein will be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under federal and applicable state securities laws; either pursuant to registration or exemption therefrom. By accepting this Memorandum, each recipient acknowledges and agrees for our benefit and that of the Partnership that it will be required to bear the financial risks of an investment in the Class A Units for an indefinite period of time, and that, prior to making an investment in the Class A Units, such recipient has concluded that it is able to bear those risks for an indefinite period. Further, each recipient represents that it is acquiring the Class A Units for its own investment account and not with a view to the distribution or resale thereof.

This Memorandum does not constitute an offer to sell to, nor a solicitation of an offer to buy from, nor shall any securities be offered or sold by the Partnership to any person in any jurisdiction in which such an offer, solicitation or sale would be unlawful.

NOTICE TO RESIDENTS OF ALL U.S. STATES

IN MAKING AN INVESTMENT DECISION, YOU MUST RELY ON YOUR OWN EXAMINATION OF THE MANAGING PARTNER, THE PARTNERSHIP AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE SECURITIES OFFERED BY THIS MEMORANDUM ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE, AND UNTIL THESE SECURITIES HAVE BEEN REGISTERED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, THESE SECURITIES MAY NOT BE TRANSFERRED OR RESOLD EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. YOU SHOULD BE AWARE THAT YOU WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE SECURITIES OFFERED BY THIS MEMORANDUM FOR AN INDEFINITE PERIOD OF TIME.

NOTICE TO NON-U.S. RESIDENTS

THIS MEMORANDUM IS NOT, AND UNDER NO CIRCUMSTANCES IS IT TO BE CONSTRUED AS, AN ADVERTISEMENT OR A PUBLIC OFFERING OF THE SECURITIES REFERRED TO HEREIN.

IT IS THE RESPONSIBILITY OF THE PROSPECTIVE INVESTOR TO SATISFY ITSELF AS TO FULL OBSERVANCE OF THE LAWS OF THE ANY RELEVANT TERRITORY OR JURISDICTION OUTSIDE THE UNITED STATES. IN CONNECTION WITH ANY PURCHASE OF THE CLASS A UNITS, INCLUDING, WITHOUT LIMITATION, OBTAINING ANY REQUIRED GOVERNMENTAL OR OTHER CONSENTS, ADDRESSING TAX ISSUES, OR OBSERVING ANY OTHER APPLICABLE REQUIREMENTS.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR LEGAL, TAX AND ACCOUNTING ADVISORS TO ENSURE THAT THEY ARE QUALIFIED AND ELIGIBLE TO PARTICIPATE IN THIS OFFERING, AND TO PURCHASE CLASS A UNITS. THE MANAGING PARTNER HAS NOT UNDERTAKEN ANY ACTIONS TO ENSURE THAT YOU ARE SO QUALIFIED OR ELIGIBLE UNDER THE LAWS OF YOUR JURISDICTION.

EXECUTIVE SUMMARY

This summary highlights certain information concerning the Partnership's business and this Offering. Because this section is a summary, it may not contain all of the information that may be important to you and to your investment decision, and is qualified in its entirety by more detailed information included elsewhere in this Memorandum. You should read this Memorandum carefully and should consider, among other things, the matters set forth in the "Risk Factors" section before deciding to purchase the Class A Units being offered.

Carson Oil Field Development Fund II, LP (the "***Partnership***"), a Texas limited partnership formed in August of 2020, seeks to take advantage of various tax deductions and credits available for oil and gas investments, while investing in assets that have the potential to generate cash flow and appreciate in value. To achieve this result, the Managing Partner (as defined below) intends to invest primarily in opportunities for new oil and gas drilling that present an attractive risk/reward profile.

The Heartland Group Ventures, LLC, a Texas limited liability company (the "***Managing Partner***"), acts as Managing Partner of the Partnership and will manage the investments made by the Partnership. The Managing Partner is controlled by Rustin Brunson as Fund Manager, along with the advise and counsel of Brad Pearsey and John Muratore, collectively "Principals."

The Partnership is seeking subscriptions from "accredited investors" (as defined in the Partnership's subscription materials), generally in minimum amounts of at least $50,000 (5 Class A Units). A subscriber admitted to the Partnership (an "***Investor Partner***") will receive, in exchange for its initial capital contribution and any subsequent capital contribution, Class A Units of partnership interest representing a proportionate share of the net assets of the Partnership at that time.

Initially, the Partnership will invest up to $8,000,000, as its participation in the drilling of one well (the "***Initial Well***") located in Val Verde County, Texas (the "***Val Verde Property***"), for which it will obtain a 49% working interest (36.75% net revenue interest). The operator for these wells will be Barron Petroleum LLC, a Texas limited liability company. The Investor Partners will be allocated 100% of the tax deductions and credits associated with the drilling of these wells. It is anticipated that 60% - 80% of this investment may be deductible by the Investor Partners in the first year, with the remaining amount deductible over the next five years. If only the Minimum Offering is raised, only one well will be drilled. The total raise will be up to $24,000,000.

The Partnership seeks to capitalize on tax advantages available for domestic production of oil and natural gas. These advantages include the following:

- Deductions for intangible drilling costs in year one;
- Deductions for tangible drilling costs;
- Lease cost deductions;
- Depletion allowance for small producers;
- Non-Passive ordinary income tax deductions;
- Treatment of certain items as tax preference items on the alternative minimum tax return;
- Possible tax credits for marginal wells; and
- Possibly enhanced recovery credit.

For its services to the Partnership and to cover certain expenses, the Managing Partner is entitled to Management Fees at an annual rate of 20.0% of each Investor Partner's capital account balance, calculated and payable monthly in arrears. Production revenues, if any, are to be distributed as follows: First, to retire the loan to acquire the Val Verde Property (the "***Debt Payoff***"), which has a balance of $2,500,000 as of the date of the Memorandum; second, to the Investor Partners so as to equal to a 12% annual return on their investment, measured from the date of the Debt Payoff (the "***Preferred Return***"); and thereafter, to

the Investor Partners and the Managing Partner in a 40/60 ratio. Management of the Partnership is accordingly vested to 60% to the Class B unit holders and 40% to the Class A Unit holders.

THE OFFERING

The summary below describes the principal terms of the Class A Units included in this Offering. If any of the terms summarized herein are inconsistent with the terms of the Partnership Agreement, the Partnership Agreement shall control. The section entitled "Description of the Agreement of Limited Partnership" in this Memorandum contains a more detailed description of the terms of the Class A Units, and the Partnership Agreement is attached to this Memorandum as Exhibit A. Capitalized terms not herein defined are defined in the Partnership Agreement. Each prospective investor prior to investing should carefully evaluate the entire Partnership Agreement and seek its own accounting, legal and other professional advice as such investor deems necessary to make an investment decision.

The Partnership	Carson Oil Field Development Fund II, LP is a limited partnership formed in August of 2020 under the laws of the State of Texas and will commence operations upon a minimum of $8,000,000 from the sale of 800 Class A Units having been raised, or on such subsequent date as may be determined by the Managing Partner.
Managing Partner	The Heartland Group Ventures, LLC, a Texas limited liability company (the "***Managing Partner***"), acts as Managing Partner of the Partnership and is controlled by Rustin Brunson
Units Offered	2,400 Class A Units for $24,000,000 ("***Offered Units***").
Price Per Unit	$10,000 per Class A Unit.
Minimum Investment	$50,000 or 5 Class A Units, subject to the Managing Partner's discretion to accept lesser amounts.
Minimum Offering	800 Class A Units for $8,000,000
Funding of Capital Commitments	The investors shall initially fund their entire capital amount upon the subscription of the Class A Units.

Distributions	Operating distributions shall be paid after payment of Management Fees and expenses of the Partnership and setting aside funds for a reasonable cash reserve as follows: (i) First, to retire the loan to acquire the Val Verde Property, which has a balance of $2,500,000 as of the date of the Memorandum; (ii) Second, 100% to the Class A Unit Holders in accordance with their respective Ownership Percentages until satisfying the Preferred Return; and (iii) Third, 40% to the Class A Unit Holders and 60% to the Class B Unit holders. The Class A Units carry a return of 12% on the Unreturned Capital, measured from the date of the Debt Payoff (the "***Preferred Return***"). "***Unreturned Capital***" is defined in the Partnership Agreement as an amount equal to the cumulative capital contributions by an Investor Partner, less the sum of all distributions with respect to unreturned capital (other than Class A Preferred Returns). The holders of the Class A Units shall be entitled to receive the Preferred Return when and if distributions are declared by the Managing Partner, prior to the payment of any distributions (other than tax distributions) to the holders of Class B Units, who shall receive no distributions (other than tax distributions) until the holders of Class A Units have received any accrued but unpaid Preferred Return. The Class A Unit holder of the Partnership shall not be entitled to any other compensation other than that derived from the assets in this Partnership.
Participation in Profits and Losses	Other than allocations of intangible drilling cost deductions, certain lease acquisition costs and simulated depletion, gain and loss, which shall be allocated as set forth in the Partnership Agreement, the Investor Partners shall share in the profits and losses in accordance with their respective rights to distributions from the Partnership as compared to their respective Capital Account balances, as each may vary from time to time as specified in the Partnership Agreement.
Intangible Drilling Cost Deductions	The Investor Partners will be specially allocated 100% of the intangible drilling cost deductions related to the activities of the Partnership until they have been allocated deductions equal to the full amount of their funded capital. Any allocations of intangible drilling costs funded with proceeds of indebtedness incurred by the Partnership will depend on whether such indebtedness is a recourse or nonrecourse financing. If such indebtedness is classified as nonrecourse debt for tax purposes, after the Capital Accounts of the Investor Partners are reduced to zero, such intangible drilling costs will be allocated among the Investor Partners as set forth in the Partnership Agreement. If such indebtedness is classified as recourse debt for tax purposes, after the adjusted Capital Accounts of the Investor Partners are reduced to zero, such intangible drilling costs will be allocated to the Managing Partner and any subsequent taxable income will be allocated first to the Managing Partner to offset the prior allocations of intangible drilling costs funded with the proceeds of recourse debt.

Eligible Investors

Class A Units of partnership interests ("***Class A Units***") may be purchased only by investors who are "accredited investors," as defined in the Partnership's subscription materials. Subscribers will be required to (i) complete the Partnership's subscription documents consisting of the subscription agreement and the subscriber information form to determine their eligibility; and (ii) submit proof of their accredited investor status by providing one or more of the following forms of proof: (a) tax returns for the two most recently completed fiscal years, (b) bank statements, brokerage statements certificates of deposit dated within the past three months, or (c) third-party confirmation from a registered broker-dealer, registered investment advisor, licensed attorney, or certified public accountant.

An investment in the Partnership is suitable only for persons that have adequate means of providing for their current needs and personal contingencies and have no need for liquidity in their investments. An investment in the Partnership should not be made by any person that (a) cannot afford a total loss of its principal, or (b) has not carefully read or does not understand this Memorandum, including the portions concerning the risks and the income tax consequences of an investment in the Partnership. The Managing Partner, in its sole discretion, may decline to admit any subscriber for any reason.

Closings

The initial closing shall occur as soon as practicable upon receipt by the Partnership of capital contributions ("***Capital Contributions***") for at least $8,000,000 (previously defined as the "***Minimum Offering***") of Class A Units or such other amount as the Managing Partner shall determine in its sole discretion (the "***Initial Closing***"). All portions of a Subscriber's Capital Contribution delivered to the Partnership will be held in escrow until the Initial Closing. Thereafter, all portions of a Subscriber's Capital Contribution delivered to the Partnership will be immediately available to the Partnership for use.

Additional closings shall occur when the Managing Partner accepts additional Capital Contributions from Subscribers pursuant to the terms of this Offering. Additional closings may occur until the Offering is terminated and/or until the Managing Partner accepts commitments for the aggregate amount of all the Offered Units. Each closing shall occur after the acquisition of 800 Class A units, unless the Managing Partner determines otherwise. After each closing, the Partnership shall receive 333.33 acres out of the 1,000 acre Val Verde Property.

Subscriptions

A subscriber admitted to the Partnership (an "***Investor Partner***") receives, in exchange for the initial capital contribution and any subsequent capital contribution, an Interest representing a proportionate share of the net assets of the Partnership at that time.

Fees may be paid to authorized dealers, placement agents or independent third parties for services provided in connection with the solicitation of subscriptions. Any placement agent shall comply with the legal requirements of the jurisdictions within which it offers and sells Class A Units.

All subscribers will be required to comply with such anti-money laundering procedures as are required by applicable anti-money laundering regulations as further described in the Partnership's subscription documents.

The Managing Partner intends to limit the amount of investments by employee benefit plans so that the assets of the Partnership will not be considered "plan assets" for purposes of the Employee Retirement Income Security Act of 1974, as amended ("***ERISA***").

Management Powers

The Managing Partner shall manage and control all affairs of the Partnership; however, the Managing Partner is not allowed to: (i) take actions in opposition of the Partnership Agreement, (ii) do any act that is not specifically allowed by the Partnership Agreement that would make it impossible for the Partnership to carry on its ordinary business, (iii) confess a judgment against the Partnership, (iv) possess Partnership property or assign any rights in specific Partnership property for other than a Partnership purpose, (v) receive benefit from an arrangement for marketing oil and gas production owned by the Partnership, unless benefits are equitably apportioned between the Managing Partner and the Partnership, (vi) require an Investor Partner to make a contribution of capital not provided for in the Partnership Agreement, (vii) continue business with the Partnership in the event of its insolvency, retirement or bankruptcy, (viii) change the legal form of the Partnership, or (ix) make loans from the Partnership to itself or its affiliates.

Fees and Expenses	For its services to the Partnership, the Managing Partner is entitled to Management Fees at an annual rate of 3.0% of each Investor Partner's Capital Account (as such term is defined in the Partnership Agreement) balance, calculated and payable monthly with a true-up payment on the last day of the quarter based on the Investor Partners' Capital Account balances as of such date. The Managing Partner may reduce or eliminate the Management Fee with respect to any Investor Partner in its sole discretion. The Partnership bears the expenses of the organization of the Partnership and the offering of Class A Units (including legal and accounting fees, printing costs, travel, "blue sky" filing fees and expenses and out-of-pocket expenses). In general, the Partnership's financial statements will be prepared in accordance with accounting principles generally accepted in the United States ("***GAAP***"). The Partnership bears all out-of-pocket costs of the administration of the Partnership, including accounting, audit and legal expenses, costs of any litigation or investigation involving the Partnership's activities and costs associated with reporting and providing information to the Investor Partners. However, the Managing Partner may, in its sole discretion, choose to absorb any such expenses incurred on behalf of the Partnership. The excess, if any, will be borne by the Managing Partner. For purposes of clarification, organizational and administrative expenses do not include the Management Fee paid to the Managing Partner or interest and commitment fees on debit balances or borrowings or other operating expenses of the Partnership.
Amendment of the Limited Partnership Agreement	The Partnership Agreement may be amended by the Managing Partner with the consent of a majority in interest of the Investor Partners (which may take the form of a negative consent following written notice of a proposed amendment). However, without the consent of each Investor Partner adversely affected thereby, the Partnership may not: (a) increase the obligation of an Investor Partner to make any contribution to the capital of the Partnership; (b) reduce the capital account of any Investor Partner other than as contemplated by the Partnership Agreement; or (c) reduce any Investor Partner's right to share in net profits or assets of the Partnership. Notwithstanding the foregoing, the Managing Partner may amend the Partnership Agreement at any time without the consent of any Investor Partner: (a) to comply with applicable laws and regulations; (b) to make changes that do not adversely affect the rights or obligations of any Investor Partner; or (c) to cure any ambiguity or correct or supplement any conflicting provisions of the Partnership Agreement.
Variation of Terms	The Managing Partner, in its sole discretion, may agree with an Investor Partner to waive or modify the application of any provision of the Partnership Agreement with respect to such Investor Partner, without obtaining the consent of any other Investor Partner (other than an Investor

	Partner who is materially and adversely affected by such waiver or modification).
Risk Factors	You should carefully consider the information set forth in "*Risk Factors*" beginning on the next page and all other information in this Memorandum before deciding to invest in the Class A Units.

RISK FACTORS

Investment in the Partnership is speculative and involves certain risks. Certain of these risks are summarized below. The Partnership may not be suitable for all investors, and is intended for sophisticated investors who can accept the risks associated with its investments. Investors will not have recourse except with respect to the assets of the Partnership. Prospective investors should consider, among others, the risk factors described in this section. Additional risks and uncertainties not currently known to us or that the Managing Partner currently deems to be immaterial may also materially and adversely affect the Partnership's business. If any of the following risks develop into actual events, the Partnership's business, financial condition or results of operations could be materially adversely affected and you may lose all or part of your investment.

Risk Related to Oil and Gas Investment

A substantial or extended decline in oil and/or natural gas prices may adversely affect the Partnership's business, financial condition or results of operations and the Partnership's ability to meet its capital expenditure obligations, debt repayment obligations and financial commitments, among others.

The price received for the Partnership's oil and/or natural gas will heavily influence the Partnership's revenue, profitability, access to capital and future rate of growth. Oil and natural gas are commodities and, therefore, their prices are subject to wide fluctuations in response to a variety of political, economic and relatively minor changes in supply and demand, among others. Historically, the markets for oil and natural gas have been volatile and these markets will likely continue to be volatile in the future. The realized commodity prices the Partnership will receive for its share of the production, and the levels of production, depend on numerous factors beyond the Operator's and Managing Partner's control. These factors include, but are not limited to, the following:

- worldwide and regional economic conditions impacting the global supply and demand for oil and natural gas;
- the price and quantity of imports of foreign oil and natural gas;
- the actions of the Organization of Petroleum Exporting Countries and state-controlled oil companies relating to oil and natural gas price and production control;
- political conditions in or affecting other oil-producing and natural gas-producing countries, including but not limited to the current conflicts in the Middle East and conditions in South America and Russia;
- the level of global oil and natural gas inventories;
- localized supply and demand fundamentals and transportation availability and pricing;
- weather conditions and natural disasters;
- governmental regulations;
- speculation as to the future price of oil and the speculative trading of oil and natural gas futures contracts;
- price and availability of competitors' supplies of oil and natural gas;
- technological advances affecting energy consumption;
- the price and availability of alternative fuels; and
- the availability and pricing of capital land credit in global markets used to develop the supplies of oil and natural gas.

Declines in oil and natural gas prices may materially and adversely affect the Partnership's financial condition, liquidity, ability to service debt, ability to finance planned capital expenditures and results of operations and may reduce the amount of oil and natural gas that the Operator can produce economically.Drilling for oil and natural gas is a speculative activity and involves numerous risks and substantial uncertainty regarding many factors, including costs that could adversely affect the Partnership.

The Partnership's future financial condition and results of operations will depend on the success of its selection, exploitation, development and production activities. The Partnership's oil and natural gas exploration and production activities are subject to numerous risks beyond its control, including the risk that drilling will not result in commercially viable oil or natural gas production. The Operator's or Managing Partner's decisions to select, explore, develop or otherwise exploit drilling locations or properties will depend in part on the evaluation of data obtained through geophysical and geological analysis, production data and engineering studies, among others, the results of which are often inconclusive or subject to varying interpretations.

The estimated oil and natural gas reserve quantities and future production rates set forth in this Memorandum are based on many assumptions that may prove to be inaccurate. Any material inaccuracies in these reserve estimates or the underlying assumptions will materially affect the quantities of the Partnership's reserves. The Partnership's cost of drilling, completing and operating wells is often uncertain before drilling commences. Overruns in budgeted expenditures are common risks that can make a particular project uneconomical. Further, many factors may curtail, delay or cancel the Partnership's scheduled drilling projects, including but not limited to the following:

- shortages of or delays in obtaining equipment and qualified personnel;
- facility of equipment malfunctions;
- unexpected operational events;
- pressure or irregularities in geological formations;
- adverse weather conditions, such as flooding;
- terrorism;
- acts of God, including earthquakes, among many others;
- reductions in oil and natural gas prices;
- delays imposed by or resulting from compliance with regulatory requirements;
- proximity to and capacity of transportation facilities;
- title problems and litigation related to title issues;
- delays due to litigation resulting in forced work stoppage; and
- limitations in the market for oil and natural gas.

Even if drilled, the Partnership's completed wells in the Val Verde Property may not produce quantities of reserves of oil or natural as that are economically viable or that meet the Partnership's earlier estimates of economically recoverable reserves. A productive well may become uneconomic if water or other deleterious substances are encountered, which impair or prevent the production of oil and/or natural gas from the well. The Partnership's overall drilling success rate or the Partnership's drilling success rate for activity within a particular project area may decline. Unsuccessful drilling activities could result in a significant decline in the Partnership's production and revenues and materially harm the Partnership's operations and financial condition by reducing the Partnership's available cash and resources.

The estimated future production rates presented by the Managing Partner are based on many assumptions that may prove to be inaccurate.

The process of estimating oil and natural gas reserves is complex, requiring significant decisions and assumptions in the evaluation of available geological, engineering and economic data for each

reservoir, and these reports rely upon various assumptions, including assumptions regarding future oil and natural gas prices, production levels, and operating and development costs. As a result, projections of future production rates and the timing of development expenditures may prove to be inaccurate. Any significant variance from the Operator's assumptions by actual results could greatly affect the Operator's estimate of the economically recoverable quantities of oil and natural gas attributable to any particular group of properties, the classifications of reserves based on risk of recovery, and estimates of the future net cash flows.

The Partnership may be unable to compete effectively with larger companies, which may adversely affect the Partnership's ability to generate adequate revenue.

The oil and natural gas industry is intensely competitive with respect to acquiring prospects and properties, marketing oil and natural gas, and securing financing, equipment and trained personnel. Many of the Partnership's competitors are major and large independent oil and nature gas companies that possess and employ financial, technical and personnel resources substantially greater than those of the Partnership. Those entities may be able to develop and acquire more properties than the Partnership's financial or personnel resources permit. The ability of the Partnership, Managing Partner and Operator to acquire additional properties and to discover reserves in the future will depend on their ability to evaluate and select suitable properties and to consummate transactions in a highly competitive environment. Many of the Partnership's larger competitors not only drill for and produce oil and natural gas, but also carry on refining operations and market petroleum and other products on a regional, national or worldwide basis. These companies may be able to pay more for oil and natural gas properties and evaluate, bid for and purchase a greater number of properties than the Partnership's or Operator's financial, technical or personnel resources permit. In addition, there is substantial competition for investment capital in the oil and natural gas industry. These larger companies may have a greater ability to continue development activities during periods of low oil and natural gas prices and to absorb the burden of present and future federal, state, local and other laws and regulations. Furthermore, the Partnership may not be able to aggregate sufficient quantities of production to compete with larger companies that are able to sell greater volumes of production to intermediaries, thereby reducing the realized prices attributable to the Partnership's production. Any inability to compete effectively with larger companies could have a material adverse impact on the Partnership's business, financial condition and results of operation.

The Partnership may incur losses as a result of title deficiencies relating to the Val Verde Property and all acreage acquired by the Partnership in the future.

The Partnership will acquire third-party working and revenue interests and natural gas leasehold interests upon which the Partnership will perform its exploration activities. The existence of material title deficiencies can substantially impair the value of the leases and may adversely affect the Partnership's results of operations and financial condition. Title insurance covering mineral leaseholds is not generally available and, in all instances, the Partnership forgoes the expense of retaining lawyers to examine the title to the mineral interest to be placed under lease or already placed under lease until the drilling block is assembled and ready to be drilled. Initially, the Partnership has and will rely primarily upon the Operator's in-house landmen and independent landmen to perform the field work in examining records in the appropriate governmental offices and abstract facilities relevant to the Val Verde Property and other acreage acquired by the Partnership. The Operator, on behalf of the Partnership, will seek and obtain a title opinion for leases upon which it does not eliminate all potential title issues with the drilling of each subsequent well, as certain title issues may not be resolvable but the Operator elects to move forward with the drilling of a subsequent well.

Unless the Partnership acquires or discovers oil and natural gas reserves, the Partnership's future reserves and production will decline.

The Partnership's future oil and natural gas production will depend on the Operator's success in finding or acquiring recoverable reserves. If the Partnership is unable to discover reserves through drilling or acquisitions, the Partnership's level of production and cash flows will be adversely affected. In general, production from oil and natural gas properties declines as reserves are depleted, with the rate of decline depending on reservoir characteristics. The Partnership's total proved reserves decline as reserves are produced unless the Partnership conducts other successful exploration and development activities or acquires properties containing proved reserves, or both. The Partnership's ability to make the necessary capital investment to maintain or expand the Partnership's asset base of oil and natural gas reserves would be impaired to the extent cash flow from operations is reduced and external sources of capital become limited or unavailable. The Partnership may not be successful in exploring for, developing or acquiring reserves or additional reserves in the future.

Hedging transactions may limit the Partnership's potential gains and involve other risks.

In order to manage the Partnership's exposure to price risks in the marketing of the Partnership's oil and natural gas production, the Partnership may enter into oil and natural gas price hedging arrangements with respect to a significant portion of the Partnership's anticipated production, including production from the Val Verde Property. While intended to reduce the effects of volatile oil and natural gas prices, such transactions may limit the Partnership's potential gains and increase the Partnership's potential losses if oil and natural gas prices were to rise substantially over the price established by the hedge. In addition, such transactions may expose the Partnership to the risk of loss in certain circumstances, including instances in which:

- the Partnership's production is less than expected;
- the counterparties to the Partnership's futures contracts fail to perform under the contracts; or
- an event materially affects oil or natural gas prices or the relationship between the hedged price index and the oil and natural gas sales price.

We cannot assure you that any hedging transactions the Partnership may enter into will adequately protect the Partnership from declines in the prices of oil and natural gas. On the other hand, where the Operator or Managing Partner, on behalf of the Partnership, choose not to engage in hedging transactions in the future, the Partnership may be more adversely affected by changes in oil and natural gas prices than the Partnership's competitors who engage in hedging transactions.

All of the Val Verde Property is located in one county in Texas, making the Partnership vulnerable to risks associated with having the Partnership's production concentrated in a single area.

All of the Val Verde Property is geographically concentrated in one county in Texas. As a result of this concentration, the Partnership may be disproportionately exposed to the impact of delays or interruptions of production from these wells caused by significant governmental regulation, transportation capacity constraints, curtailment of production, natural or unnatural disasters, terrorism and interruption of transportation of oil and/or natural gas produced from the wells in that area, or other events which impact this region.

The Partnership's undeveloped leasehold acreage is subject to a lease that will expire in December 2021 unless production is established on units containing the acreage or the lease is extended.

The Val Verde Property is not currently held by production. Unless production in paying quantities is established on units containing this lease during its primary term or the Operator or Managing Partner obtains an extension of the lease, this lease will expire. If the Partnership's lease expires, the Partnership will lose the its right to develop the related properties.

The Operator's drilling plans for the Partnership in these areas are subject to change based upon various factors, including factors that are beyond the Operator's control. Such factors include drilling results, oil and natural gas prices, the availability and cost of capital, drilling and production costs, availability of drilling services and equipment, gathering system and pipeline transportation constraints, and regulatory approvals.

The Initial Wells and wells drilled in the future that the Operator or the Managing Partner decides to drill may not yield oil or natural gas in commercially viable quantities.

Prospects that the Operator and the Managing Partner, on behalf of the Partnership, decide to drill that do not yield oil or natural gas in commercially viable quantities will adversely affect the Partnership's financial condition and results of operations. The Partnership's prospects are in various stages of evaluation, and may range from a prospect which is ready to drill to a prospect that will require substantial additional seismic data processing and interpretation and other technical analysis. There is no way to predict in advance of drilling and testing whether any particular prospect will yield oil or natural gas in sufficient quantities to recover drilling or completion costs or to be economically viable. The use of seismic data and other technologies and the study of producing fields in the same area will not enable us to know conclusively prior to drilling whether oil or natural gas will be present or, if present, whether oil or natural gas will be present in commercial quantities. We cannot assure you that the analogies we draw from available data from other wells, more fully explored prospects or producing fields will be applicable to the Partnership's drilling prospects.

Market conditions or transportation impediments may hinder access to oil and natural gas markets or delay production.

Market conditions, the unavailability of satisfactory oil and natural gas transportation or the remote location of and the proximity to purchasers from the Partnership's drilling operations may restrict the Partnership's access to oil and natural gas markets or delay production. The availability of a ready market for oil and natural gas production depends on a number of factors, including the demand for and supply of oil and natural gas, the proximity of reserves to pipelines or trucking and terminal facilities and the availability of trucks and other transportation equipment. The Partnership may be required to shut-in wells or delay initial production for lack of a viable market or because of inadequacy or unavailability of pipeline or gathering system capacity. When that occurs, the Partnership will be unable to realize revenue from those wells until the production can be tied to a gathering system. This can result in considerable delays from the initial discovery of a reservoir to the actual production of the oil and natural gas and realization of revenues.

Delays in obtaining permits by the Operator for the Partnership's operations could impair the Partnership's business.

The Operator is required to obtain permits from one or more governmental agencies in order to perform drilling and completion activities, including hydraulic fracturing. Such permits are typically required by state agencies, but can also be required by federal and local governmental agencies. As will all

governmental permitting processes, there is a degree of uncertainty as to whether a permit will be granted, the time it will take for a permit to be issued, and the conditions which may be imposed in connection with the granting of the permit. Hydraulic fracturing has been particularly scrutinized, with some states issuing moratoriums on the process. The state of Texas is not currently considering such a measure.

The Partnership's operations are subject to hazards inherent in the oil and natural gas industry.

The Operator implements hydraulic fracturing in its operations, a process involving the injection of fluids – usually consisting mostly of water but typically including small amounts of several chemical additives – as well as sand in order to create fractures extending from the wellbore through the rock formation to enable oil or natural gas to move more easily through the rock pores to a production well. Risks inherent to the oil and gas industry include the potential for significant losses associated with damage to the environment. Equipment design or operational failures, or vehicle operator error, can result in explosions and discharges of toxic gases, chemicals and hazardous substances, and, in rare cases, uncontrollable flows of gas or well fluids into environmental media, including surface and ground water, as well as personal injury, loss of life, long-term suspension or cessation of operations and interruption of the Partnership's business and/or the business or livelihood of third parties, damage to geologic formations, environmental media and natural resources, equipment and/or facilities and property. In addition, the Operator uses and generates hazardous substances and wastes in operations and may become subject to claims relating to the release of such substances into the environment. In addition, some of the Partnership's current properties are, or have been, used for industrial purposes, which could contain currently unknown contamination that could expose the Partnership to governmental requirements or claims relating to environmental remediation, personal injury and/or property damage. These conditions could expose the Partnership to liability for personal injury, wrongful death, property damage, loss of oil and natural gas production, pollution and other environmental damages and, in an extreme case, could materially impair the Partnership's profitability, competitive position or viability. Depending on the frequency and severity of such liabilities or losses, it is possible that the Partnership's operating costs, insurability and relationships with employees and regulators could be materially impaired.

The Partnership's business and operations may be adversely affected by regulations affecting the oil and gas industry.

The Partnership's business and operations are subject to and impacted by a wide array of federal, state, and local laws and regulations on the exploration for and development, production, transportation and marketing of oil and natural gas, the operation of oil and natural gas wells, taxation, and environmental and safety matters. Many laws and regulations require drilling permits and govern the spacing of wells, rates of production, use of water, handling, disposal and prevention of waste and wastewater, air emissions and other matters. The technical requirements of these laws and regulations are becoming increasingly stringent, complex and costly to implement. The high cost of compliance with applicable regulations may cause the Partnership to limit or discontinue the Partnership's operations and development activities.

Changes in regulations and laws relating to the oil and natural gas industry could result in the Partnership's operations being disrupted or curtailed by government authorities. For example, oil and natural gas exploration and production may become less cost effective and decline as a result of increasingly stringent environmental requirements (including greenhouse gas regulations, land use policies responsive to environmental concerns and delays or difficulties in obtaining environmental permits). A decline in exploration and production, in turn could have a material adverse effect on the Partnership's business, financial condition, results of operations, ability to access investment capital and cash flow.

The unavailability or high cost of drilling rigs, equipment, supplies, personnel and oilfield serves could adversely affect the Partnership's ability to execute exploration plans on a timely basis and within budget, and consequently could adversely affect the Partnership's anticipated cash flow.

The Partnership will utilize third-party services to maximize the efficiency of the Partnership's operations. The cost of oilfield services typically fluctuates based on demand for those services. There is no assurance that the Operator will be able to contract for such services on a timely basis or that the cost of such services will remain at a satisfactory or affordable level. Shortages or the high cost of drilling rigs, equipment, supplies or personnel could delay or adversely affect the Partnership's exploration operations, which could a material adverse effect on the Partnership's business, financial condition or results of operations.

Operating hazards, natural disasters or other interruptions of the Partnership's operations could result in potential liabilities, which may not be fully covered by the Partnership's insurance.

The oil and natural gas business generally, and the Partnership's operations, are subject to certain operating hazards that may include, but are not limited to, the following:

- accidents resulting in serious bodily injury and the loss of life or property;
- liabilities from accidents or damage by the Operator's equipment;
- well blowouts;
- cratering (catastrophic failure);
- explosions;
- uncontrollable flows of oil, natural gas or well fluids;
- fires;
- reservoir damage;
- oil spills from drilling, storage and transportation;
- pipeline damage;
- seismic activity;
- pollution and other damage to the environment; and
- releases of toxic gas and other air emissions.

In addition, the Partnership's operations are susceptible to damage from natural or unnatural disasters such as terrorism, flooding or tornadoes, which involve increased risks of personal injury, property damage and marketing interruptions. The occurrence of one of these operating hazards may result in injury, loss of life, suspension of operations, environmental damage and remediation and/or governmental investigations and penalties. The payment of any of these liabilities could reduce, or even eliminate, the funds available for exploration and development, or could result in a loss of the Partnership's properties.

The Partnership's insurance might be inadequate to cover the Partnership's liabilities. Insurance costs are expected to continue to increase over the next few years, and the Operator or Managing Partner may decrease coverage and retain more risk to mitigate future cost increases. If the Partnership incurs substantial liability, and the damages are not covered by insurance or are in excess of policy limits, then the Partnership's business, results of operations and financial condition may be materially adversely affected.

The Operator may not be able to keep pace with technological developments in the oil and gas industry.

The oil and natural gas industry is characterized by rapid and significant technological advancements and introductions of new products and services using new technologies. As others use or

develop new technologies, the Operator may be placed at a competitive disadvantage or competitive pressures may force the Operator to implement those new technologies at substantial costs. In addition, other oil and natural gas companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before the Operator can. The Operator may not be able to respond to these competitive pressures and implement new technologies on a timely basis or at an acceptable cost. If one or more of the technologies the Operator uses now or in the future were to become obsolete or if the Operator is unable to use the most advanced commercially available technology, the Partnership's business, financial condition and results of operations could be materially adversely affected.

The Partnership may not be able to obtain third-party financing at the time when it is needed to complete the drilling program as anticipated.

The oil and natural gas industry is financed by a variety of individual and commercial institutions that rely on various suppliers of funds including pensions, insurance companies, retirement funds, institutional investors, among others. To the extent that these groups are affected by economic, regulatory or financial matters, these groups could withdraw credit availability when the Partnership needs it.

The Partnership may incur significant costs and liabilities as a result of environmental, health and safety laws and regulations that govern the Partnership's operations.

The Partnership's operations are subject to U.S. federal, state and local laws and regulations that impose limitations on and liabilities for the discharge of pollutants into the environment and which establish standards for the management, storage and disposal of solid wastes and hazardous materials, including toxic and hazardous wastes and petroleum products. Laws protecting the environment generally have become more stringent over time and are expected to continue to do so, which could lead to material increases in the Partnership's costs for future environmental compliance and remediation. To comply with these laws and regulations, the Partnership or Operator must obtain and maintain numerous permits, approvals, consents and certificates from various governmental authorities, and may need to make capital and operating expenditures to retrofit or acquire, install and operate additional controls or compliant technology. Future changes in relevant laws, regulations or enforcement policies, including with regard to greenhouse gases, could significantly increase the Partnership's compliance costs or liabilities and/or limit the Partnership's future business opportunities in presently unforeseen ways. In such an event, the Partnership's business, financial condition and results of operations could be materially impaired.

More specifically, oil and natural gas exploration and production operations in the United States are subject to extensive and stringent federal, state and local laws and regulations governing health and safety aspects of the Partnership's operations, the release or disposal of materials into the environment or otherwise relating to environmental protection. The Partnership may be required to make significant capital and operating expenditures to upgrade controls or perform corrective actions at the Partnership's wells and properties to comply with the requirements of these laws and regulations or the terms or conditions of permits issued pursuant to such requirements. The adoption of more stringent future environmental laws or regulations or any adverse change in the interpretation or enforcement of such existing law and regulations could increase these compliance costs or impose new liabilities. Regulatory limitations and restrictions could also delay or curtail the Partnership's operations and could have a significant impact on the Partnership's financial condition or results of operations.

These environmental laws and regulations impose numerous obligations that are applicable to the Partnership's operations including:

- requiring the acquisition of a permit before drilling or other regulated activity commences;

- restricting the types, quantities and concentration of materials that can be released into the environment in connection with regulated activities;
- requiring use of control technologies to reduce air emissions;
- requiring disclosure and reporting of water use and chemicals used in the processes, including the risks of such chemicals;
- restrictions on handling and disposal of wastes and wastewater;
- limiting or prohibiting drilling activities on certain lands lying within wilderness, wetlands and other protected areas;
- prohibitions against the taking of endangered species or migratory birds as a result of operations or facilities, including reserve pits;
- imposing substantial liabilities for pollution resulting from operations; and
- decommissioning or plugging abandoned wells.

These costs and liabilities could arise under a wide range of federal, state and local environmental and occupational safety laws and regulations, including, for example:

- the federal Clean Air Act and comparable state laws and regulations that restrict the emission of air pollutants from any sources and impose various pre-construction, control, monitoring and reporting obligations;
- the Federal Water Pollution Control Act, also known as the Clean Water Act, and comparable state laws and regulations that impose obligations related to discharges of pollutants from facilities into regulated bodies of water;
- the federal Oil Pollution Act, defined below, and comparable state laws and regulations that impose obligations and liabilities with respect to discharges of oil into regulated waters or shorelines from facilities and pipelines;
- the federal Safe Drinking Water Act which ensures the quality of the nation's public drinking water through adoption of drinking water standards and controlling the injection of waste fluids and diesel-containing fluids into below ground formations that may adversely affect drinking water sources;
- the federal Endangered Species Act and Bald and Golden Eagle Protection Act, which prohibits the taking of listed species and bald and golden eagles, respectively, without authorization, and the federal Migratory Bird Treaty Act, which prohibits and taking of listed migratory birds, for which no authorization is available;
- the federal Resource Conservation and Recovery Act and comparable state laws that impose requirements for the handling and disposal of solid waste, including hazardous waste, from the Partnership's facilities;
- the federal Comprehensive Environmental Response, Compensation and Liability Act ("***CERCLA***") and comparable state laws that regulate the cleanup of hazardous substances that may have been released at properties currently or previously owned or operated by the Partnership or at locations to which the Partnership or Operator has sent hazardous substances for disposal;
- the Emergency Planning and Community right to Know Act regulations under Title III of CERCLA and similar state statutes that require the Partnership to organize and/or disclose information about hazardous materials used or produced in the Partnership's operations, and prepare emergency planning materials;
- the federal Occupational Safety and Health Act and comparable state laws that establish workplace standards for the protection of the health and safety of employees; and
- federal, state and local laws and regulations related to pipeline safety and operation.

Failure to comply with these laws and regulations or the terms or conditions of required environmental permits may result in the assessment of administrative, civil and/or criminal penalties, third party civil suits, the imposition of investigatory or remedial obligations as well as corrective actions, and the issuance of injunctions limiting or prohibiting some or all of the Partnership's operations.

Changes in environmental, health or safety laws, regulations or enforcement policies occur frequently and any changes that result in more stringent or costly operations, waste handling, storage, transport, disposal or cleanup requirements or other unforeseen liabilities could require the Partnership to make significant expenditures to attain and maintain compliance and may otherwise have a material adverse effect on the oil and gas industry in general and on the Partnership's financial condition, competitive position or results of operations. The costs of complying with applicable environmental laws and regulations are likely to increase over time, and neither the Operator nor the Managing Partner can provide any assurance that the Partnership will be able to remain in compliance with respect to existing or new laws and regulations or that such compliance will not have a material adverse effect on the Partnership's business, financial condition and results of operations.

For example, the April 2010 explosions and fire aboard the Deepwater Horizon drilling platform operated by BP in ultra-deep water in the Gulf of Mexico resulted in a catastrophic oil spill that produced widespread economic, environmental and natural resource damage in the U.S. Gulf Coast region. As a consequence, there have been many proposals by governmental and private constituencies to address the impacts of this disaster and to prevent similar disasters in the future. Although the Partnership's operations not anticipated to go offshore, the entire oil and natural gas exploration and production industry is currently subject to elevated public scrutiny, which could result in changes to laws, regulatory guidance and policy that could significantly adversely affect the Partnership's operations as well as the operations of the Partnership's customers. Moreover, governmental authorities are continuing to scrutinize the oil and gas development sector's handling of methane and other air emissions from operations and fugitive leaks, including by flaring. In May 2016, the EPA issued three final rules designed in concert to curb emissions of methane, volatile organize compounds, and toxic air pollutants such as benzene from new, reconstructed and modified oil and gas sources. These rules require the imposition of new operational practices and/or constraints on operations to reduce fugitive and other sources of these emissions.

There is inherent risk of incurring significant environmental costs and liabilities in the performance of the Partnership's operations due to the Partnership's handling of liquid and gaseous petroleum hydrocarbons and wastes, because of air emissions and wastewater discharges related to the Partnership's operations, and as result of historical operations and waste disposal practices. Under certain environmental laws and regulations that impose strict, joint and several liability, the Partnership may be required to remediate contamination on the Partnership's properties regardless of whether such contamination resulted from the conduct of others or from consequences of the Partnership's own actions that were or were not in compliance with all applicable laws and regulations at the time those actions were taken. In addition, claims for damages to persons, property or natural resources may result from environmental and other impacts of the Partnership's operations. Moreover, future spills or releases of regulated substances or accidents or the discovery of currently unknown contamination could expose the Partnership to material losses, expenditures and environmental or health and safety liabilities, including liabilities resulting from lawsuits brought by private litigants or neighboring property owners or operators for personal injury or property damage related to the Partnership's operations or the land on which the Partnership's operations are conducted. Such claims, damages, penalties or sanctions and related costs could cause the Partnership to incur substantial costs or losses and could have a material adverse effect on the Partnership's business, financial condition and results of operations. The Partnership may not be able to recover some or any of these costs from insurance.

The Partnership's profitability may suffer if the Operator loses key personnel.

The Partnership depends to a large extent on the services of the Operator and its personnel. These individuals have extensive experience and expertise in evaluating and analyzing producing oil and natural gas properties and drilling prospects, maximizing production from oil and natural gas properties, marketing oil and natural gas production, and developing and executing financing and hedging strategies. The loss of any of these individuals could have a material adverse effect on the Partnership's operations. The Operator does not maintain key-man life insurance with respect to any management personnel. The Partnership's success will be dependent on the Operator's ability to continue to retain and utilize skilled technical personnel.

Risks Related to the Offering

There is no active market for the Class A Units, and if an active trading market does not develop for the Class A Units, you may not be able to resell them.

The Class A Units are a new issue of securities for which there is no trading market. The Managing Partner does not intend to list the Class A Units on any national securities exchange. An active market will likely not develop for the Class A Units and there can be no assurance as to the liquidity of any market that might possibly develop for the Class A Units. If an active market does not develop, the market price and liquidity of the Class A Units may be adversely affected. Further, even if a market were to develop, the Class A Units could trade at prices that may be lower than the initial issue price depending on many factors, including prevailing interest rates, the markets for similar securities, general economic conditions and the Partnership's financial condition, performance and prospects.

There are restrictions on your ability to transfer or resell the Class A Units without registration under applicable securities laws.

The Class A Units are being sold under exemptions from registration under applicable U.S. federal and state securities laws. The Class A Units have not been registered under the Securities Act and, therefore, the Class A Units may be offered and sold only pursuant to an exemption from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws or pursuant to an effective registration statement. You may be required to bear the risk of your investment for an indefinite period of time.

Risks Related to the Partnership

Investors will be relying on the Managing Partner to manage the Partnership's business properly.

Under the Partnership Agreement, the Managing Partner is given the exclusive authority to manage and operate the Partnership's business. The Investor Partners will have no authority to act on behalf of the Partnership or to participate in its management except as provided otherwise by applicable law.

Prospective should be aware of potential conflicts of interest.

The Managing Partner manages and expects to continue to manage other funds, some of which have objectives similar to those of the Partnership, including other collective investment vehicles which maybe managed by the Managing Partner or any of its affiliates and in which the Managing Partner or any of its affiliates may have an equity interest.

The Partnership Agreement requires that the Managing Partner act in a manner that it considers fair, reasonable and equitable in allocating investment opportunities to the Partnership but does not otherwise impose any specific obligations or requirements concerning the allocation of time, effort or investment opportunities to the Partnership or any restrictions on the nature or timing of investments for the account of the Partnership and for the Managing Partner's own account or for other accounts that the Managing Partner or its affiliates may manage. The Managing Partner is not obligated to devote any specific amount of time to the affairs of the Partnership, and is not required to accord exclusivity or priority to the Partnership in the event of limited investment opportunities arising from the application of speculative position limits or other factors.

The principals of the Managing Partner, as well as the employees and officers thereof and of organizations affiliated with the Managing Partner (the "***Affiliates***"), may invest in oil and gas opportunities for their own accounts or the accounts of others. The Affiliates may engage for their own accounts, or for the accounts of others, in other business ventures of any nature, and the Partnership has no right to participate in or benefit from the other management activities of the Managing Partner described above, and the Affiliates are not obligated to account to the Partnership for any profits or benefits made or derived therefrom, nor shall they have any obligation to disclose or refer to the Partnership any of the investment or service opportunities obtained through such activities.

Doida Law Group LLC ("***Doida Law***") has been appointed as the Partnership's counsel in connection with the formation of the Partnership and certain other matters for which it is specifically engaged. Doida Law also acts as counsel to the Managing Partner and certain of its affiliates. Doida Law disclaims any obligation to verify the Managing Partner's compliance with its obligations, either under applicable law or the governing documents of the Partnership. In acting as counsel to the Partnership, the Managing Partner and certain of their affiliates, Doida Law has not represented and will not represent any Investor Partners. No independent counsel has been retained to represent the Investor Partners. In assisting in the preparation of this Memorandum, Doida Law has relied on information provided by the Partnership, the Managing Partner and certain of the Partnership's other service providers (including, without limitation, the Principal's biographical data, summaries of market conditions and the planned investment strategy of the Partnership) without verification and does not express a view as to whether such information is accurate or complete.

Tax Risks

Certain risks related to these matters are discussed in the Section of this Memorandum entitled "*Certain U.S. Federal Income Tax Considerations*," which prospective investors are requested to read carefully. Prospective investors are urged to consult their own attorneys and tax advisors with respect to their specific individual legal and/or tax situation and the effect of an investment in the Partnership thereon.

Tax on Profits Whether or Not Distributed or Received

If the Partnership has taxable income in a fiscal year, each Investor Partner will be taxed on this income in accordance with its distributive share of the Partnership's profits, whether or not such profits have been distributed. It is therefore possible that the Investor Partners could incur income tax liabilities without receiving sufficient distributions from the Partnership to defray such tax liabilities. In order to satisfy its tax liability in such a case, an Investor Partner would need sufficient funds from sources other than the Partnership. Furthermore, the Partnership may make investments with respect to which the Partnership recognizes income for U.S. federal income tax purposes prior to receiving the cash or realizing the income as an economic matter. In addition, the Partnership may recognize income for U.S. federal income tax purposes that does not reflect income as an economic matter. Such recognition of

income prior to receipt of an economic benefit, if any, may result in increased tax liability for the Investor Partners.

Allocations

The Internal Revenue Service ("***IRS***") may contend that the allocation of taxable income and losses among the Partners set forth in the Partnership Agreement does not have substantial economic effect or is not in accordance with the interests of the Partners of the Partnership or that certain payments to Partners should be treated as distributions which would then require changes in such allocations. Any change in such allocations could have a material adverse effect on a Partner's share of income and losses from an investment in the Class A Units.

Tax Considerations

The Partnership may take positions with respect to certain tax issues which depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by the Internal Revenue Service (the "***Service***"), or other applicable taxing authority, there could be a materially adverse effect on the Partnership, and an Investor Partner might be found to have a different tax liability for that year than that reported on its income tax returns.

Tax Audit

An audit of the Partnership by the Service or another taxing authority could result in adjustments to the tax consequences initially reported by the Partnership and may result in an audit of the returns of some or all of the Investor Partners, which examination could affect items not related to an Investor Partner's investment in the Partnership. If audit adjustments result in an increase in an Investor Partner's income tax liability for any year, such Investor Partner may also be liable for interest and penalties with respect to the amount of underpayment. The legal and accounting costs incurred in connection with any audit of the Partnership's tax returns will be borne by the Partnership. The cost of any audit of an Investor Partner's tax return will be borne solely by that Investor Partner.

Delayed Schedules K-1

The Partnership will provide Schedules K-1 as soon as practical after receipt of all of the necessary information. However, the Partnership may be unable to provide final Schedules K-1 to Investor Partners for any given tax year until significantly after April 15 of the following year. The Managing Partner will endeavor to provide Investor Partners with estimates of the taxable income or loss allocated to their investment in the Partnership on or before such date, but final Schedules K-1 may not be available until completion of the Partnership's annual audit. Investor Partners should be prepared to obtain extensions of the filing date for their income tax returns at the federal, state and local levels.

Tax Changes

Investors will be subject to the risk that changes to the tax law may adversely affect the federal income tax consequences of their investment in the Partnership. Changes in existing tax laws or regulations and their interpretation may be enacted after the date of this Memorandum, possibly with retroactive effect, and could alter the income tax consequences of an investment in the Partnership. Certain provisions of the Code may be further amended or interpreted in a manner adverse to the Partnership, in which event any benefits derived from an investment in the Partnership may be adversely affected. In addition, significant legislative and budgetary proposals affecting tax laws have been made by the legislative and executive branches of the U.S. federal government. The likelihood of enactment of any

such proposals, or any similar proposals, into law is uncertain. The enactment of any such proposals, including subsequent proposals, into law could have material adverse effects on the Partnership and/or the Investor Partners.

Complexity of Taxation

The tax aspects of an investment in the Partnership are complicated and complex, and each investor should have them reviewed by professional advisers familiar with such investor's personal tax situation and with the tax laws and regulations applicable to the investor and private investment vehicles. Prospective investors are strongly urged to review the discussion below under "*Taxation*" and "*ERISA Considerations*" for a more complete discussion of certain of the tax risks inherent in the acquisition of Class A Units and to consult their own tax advisors.

In view of the foregoing considerations, an investment in Class A Units is suitable only for investors who are capable of bearing the relevant investment risks.

ANTI-MONEY LAUNDERING COMPLIANCE

In response to increased regulatory concerns with respect to the identification of sources of funds used to make an investment in the Partnership, the Managing Partner and/or its affiliates have implemented policies and procedures ("***AML Program***") designed to guard against and identify money laundering activities. Pursuant to the Partnership's AML Program, the Administrator and the Managing Partner and/or its affiliates will request prospective investors and, in some instances, existing Investor Partners, to provide additional documentation verifying, among other things, such person's identity and the source of funds used to purchase its Interest in the Partnership. The Managing Partner may decline to accept a subscription based upon this information or if this information is not provided.

Pursuant to the Partnership's AML Program, the Managing Partner and/or its affiliates will undertake enhanced due diligence procedures prior to accepting investors the Managing Partner believes present high risk factors with respect to money laundering activities. Examples, although not comprehensive, of persons posing high risk factors are persons resident in or organized under the laws of a "non-cooperative jurisdiction" or other jurisdictions designated by the Department of the Treasury as warranting special measures due to money laundering concerns, and any person whose capital contributions originate from or are routed through certain banking entities organized or chartered in a non- cooperative jurisdiction.

In addition, the Partnership's AML Program prohibits the acceptance of subscriptions from or on behalf of:

- persons on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S. Office of Foreign Asset Control;
- the Annex to Executive Order 13224;
- such other lists as may be promulgated by law or regulation; and
- foreign banks unregulated in the jurisdiction in which they are domiciled or which have no physical presence.

Governmental regulators are continuing to consider appropriate measures to implement anti-money laundering laws as they apply to private investment funds such as the Partnership. The Managing Partner and/or its affiliates will take such steps as it determines are necessary to comply with applicable law, regulations, orders, directives or special measures that may be required by governmental regulators. The specific policies and procedures that the Partnership may be required to implement remain unclear, although such steps may include additional measures to confirm the identity of each investor, including the principal beneficial owners of the investor, if applicable, and/or reporting suspicious transactions to governmental regulators.

The requirements for the Managing Partner to guard against and identify money laundering activities in deciding whether to accept subscriptions are in addition to the discretion that the Managing Partner has in deciding whether to accept subscriptions.

ESTIMATED USE OF PROCEEDS

If all of the Offered Units in this Offering are sold, the total gross proceeds will be $6,800,000. The chart below shows the estimated use of proceeds on a fully-subscribed basis with the sale of all 680 Offered Units:

	Fully-Subscribed Basis 2,400 Class A Units Sold	
	Amount	**Percentage of Gross Proceeds**
Drilling costs of Initial Wells	$19,200,000	80%
Management Fees, Organizational, and Offering Expenses(1)	$4,800,000	20%
Total Uses of Gross Offering Proceeds	$24,000,000	100.0%

(1) The Partnership will pay organizational and offering expenses, regardless of whether any Offered Units are sold, including but not limited to the costs of organizing the Partnership, fees for legal counsel and accountants, state securities filing fees, costs to prepare sales materials, organizational fees and other expenses incurred in connection with this Offering, as well as fees to be paid for geological, engineering, land work and other services. Some of the offering and organizational fees may be paid by the Managing Partner or an affiliate of the Managing Partner and reimbursed by the Partnership.

All costs of this Offering will be paid by the Partnership, except that prospective investors will be responsible for the costs associated with their own advisors, including without limitation, their own attorneys and tax advisors.

The Managing Partner will have the right to call for additional capital from the Investor Partners underthe Partnership Agreement to further drill and complete oil and gas wells on the Partnership's Acreage, rework or recomplete any of the wells on the Partnership's Acreage or acquire additional oil and gas leases in other areas and explore and develop such areas through drilling oil and gas wells.

The Partnership

Carson Oil Field Development Fund II, LP, a Texas limited partnership with its offices in Fort Worth, Texas, is a non-operating oil and gas company that owns or will own interests in oil and gas leases located in Val Verde County, Texas. Heartland Drilling Fund, I, LP, previously acquired 1,000 acres in Val Verde County and drilled two wells to the targeted formation. The Partnership will acquire an additional 1,000 acres adjacent to the previous 1,000 acres and anticipates drilling, testing, completing and equipping up to three wells thereon in an effort to produce oil and/or gas in commercial quantities. Acreage will be assigned to the Partnership as Units are sold, as discussed above.

The Heartland Group Ventures, LLC, a Texas limited liability company, will be the Managing Partner of the Partnership. The Managing Partner is headquartered in Fort Worth, Texas.

Operator

Barron Petroleum, LLC, a Texas limited liability company, will be the operator for the Initial Wells to be drilled and any subsequent wells.

A wholly-owned subsidiary of the Managing Partner is assigning to the Partnership an agreement with Barron Petroleum, pursuant to which it is acquiring a 49% working interest (36.75% net revenue interest) in a lease covering approximately 1,000 acres located in Val Verde County, Texas (the "***Val Verde Property***"), for up to $2,500,000. Through the date of this Memorandum, $2,500,000 of the purchase price has been paid. The Partnership proposes to reimburse the $2,500,000 that the subsidiary has advanced as of the date of this Memorandum using production revenues, and not proceeds from the sale of Offering Units, thought that may occur.

Val Verde Acreage

The Val Verde Property is located in the Val Verde Basin, which is a marginal foreland basin located between West Texas and southeastern New Mexico, just southeast of the Midland Basin, fronting the Ouchita Fold belt. The Val Verde is a sub-basin of the larger Permian Basin and is roughly 24– 40 km wide by 240 km long.[1] Despite the Val Verde's tight gas plays and relatively poor reservoir quality, it is still producing today. The Canyon Sandstone has produced more than 3.5 tcf (trillion cubic feet) of gas.[2] The most recent reports from the U.S Geological Survey in 2016 indicates that the basin is capable of producing a total of 5 tcf From the total gas productions roughly 40% of is generated from the Ozona field. The Verde has three gas structures: the Puckett, Grey Ranch and Brown Bassett fields, which were discovered in the 1950s and 1960s. In total, these three gas fields have produced roughly 13 tcf of gas so far, and are projected to produce a total of roughly 20 tcf from deep (approximately 14,000 feet deep) Ordovician carbonates. Working prospective depths are 2,000 feet to 16,000 feet, across three zones. The deeper zones are believed to show potential for high gravity crude oil production with estimated production of 150 to 300 barrels per day per well.

In 2007, Providence Resources, Inc. engaged TRNCO Petroleum Corporation to implement to obtain high quality 3D seismic data, intended to illuminate deep gas targets at depths ranging from 14,000 to 16,000 feet in the Ellenberger carbonate, Strawn carbonate and Pennsylvanian-Wolfcamp sandstone reservoirs which were underlying Providence's leasehold interests over 57 square miles in Val Verde County, Texas. The collected data showed buildups in bels adjacent to the interface of basin shelfs assisting

[1] Montgomery, Scott L. (1996). "Val Verde Basin: Thrusted Strawn (Pennsylvanian) Carbonate Reservoirs, Pakenham Field Area" (PDF). *AAPG Bulletin*. **80** (7). ISSN 0149-1423.
[2] Hamlin, H. Scott (2009). "Ozona sandstone, Val Verde Basin, Texas: Synorogenic stratigraphy and depositional history in a Permian foredeep basin" (PDF). *AAPG Bulletin*. **93** (5): 573–594. doi:10.1306/01200908121. ISSN 0149- 1423.

in targeted prospects. Various ground thickness and porousness were detailed in data that could allow multiple wells surrounding prospective areas. Overall, the data appeared to be completed and indicated a high confidence of possibilities for production success.

The Val Verde Property does not include any existing wells; however, the large amount of historic data from past production in adjacent areas gives rise to a positive outcome of targeted drilling. Most of the area's past drilling concentrated on gas production wells due to gas price at the time. This targeted gas drilling left the oil deposits intact and untouched until past years when oil prices started to rise. The Val Verde Property has a close proximity to connectable gas gathering pipelines that could result in extra revenue streams, depending on gas production and market price at the time.

The Partnership's Business Strategy and Proposed Activities of the Partnership

The Partnership anticipates acquiring onshore oil and gas drilling prospects, production and/or partially developed producing and non-producing properties containing hydrocarbons in the continental United States and developing such prospects through drilling and completing oil and gas wells. As prospects are drilled and proved to be economically viable or partially developed properties are acquired and further developed, then the Managing Partner may attempt to divest the wells that have been drilled along with any undrilled acreage.

The Managing Partner anticipates drilling the Initial Wells with the proceeds of this Offering. Associated infrastructure will be required to produce and sell oil in economic quantities, which will be paid for with proceeds from this Offering.

In addition to the ownership of the Val Verde Property, the Managing Partner intends to find additional oil and gas properties to be acquired and developed by the Partnership.

The Operator will most likely sell the Partnership's monthly production on behalf of the Partnership. The Operator has noted that there are three gas pipelines several purchasers with activities in area.

Competition

The oil and natural gas industry is highly competitive, and the Partnership will compete with a substantial number of other companies that may have greater resources. Many of these companies explore for, produce and market oil and natural gas, carry on refining operations and market the resultant products on a worldwide basis. The primary areas in which the Partnership encounters substantial competition are in drilling and development operations and the marketing and transportation of the oil and natural gas that the Partnership produces. There is also competition between producers of oil and natural gas and other industries producing alternative energy and fuel. Furthermore, competitive conditions may be substantially affected by various forms of energy legislation and/or regulation considered from time to time by the U.S. government; however, it is not possible to predict the nature of any such legislation or regulation that may ultimately be adopted or its effects upon the Partnership's future operations. Such laws and regulations may, however, substantially increase the costs of exploring for, developing or producing oil and natural gas and may prevent or delay the commencement or continuation of a given operation. The effect of these risks

cannot be accurately predicted.

Employees

It is not anticipated that the Partnership will have any employees, as all services for the Partnership will be performed by the Managing Partner. The Partnership may engage contractors and professionals to provide engineering analysis, accounting and legal services.

Title to Properties

Prior to commencement of drilling operations on the Val Verde Property, the Operator will conduct a thorough title examination and perform curative work with respect to significant defects. To the extent title opinions or other investigations reflect title defects on the Partnership's properties, Barron Petroleum will be responsible for curing any title defects at its expense. Operators generally will not commence drilling operations on a property until they have cured any material title defects on such property. The Managing Partner will have title to any acreage on which drilling is planned prior to closing acquisitions to obtain such acreage.

The Val Verde Property is subject to a 25% royalty and will be subject to liens for current taxes and other burdens, which the Managing Partner does not believe will materially interfere with the use or affect the Partnership's carrying value of the acreage.

Seasonality

In the past, the demand for and price of natural gas increased during the winter months and decreased during the summer months. However, these seasonal fluctuations were somewhat reduced because during the summer, pipeline companies, utilities, local distribution companies and industrial users purchased and placed into storage facilities a portion of their anticipated winter requirements of natural gas. With the development of prolific natural gas shale plays, seasonality is less of a factor. Oil was also impacted by generally higher prices during winter months but has more recently been affected by geopolitical events and the global recession in prices. Also, periodic seasonal storms, often impede our ability to safely load, unload and transport personnel and equipment, which delays the installation of production facilities, thereby delaying sales of the Partnership's oil and natural gas.

Legal Claims

Occasionally, the Partnership or Operator may be involved in claims and lawsuits and certain governmental proceedings arising in the ordinary course of business. The Managing Partner does not believe that the ultimate resolution of any of such ordinary course matters will have a material effect on the Partnership's financial position or results of operations. This position is supported, in part, by the existence of insurance coverage and indemnification rights.

Environmental Matters and Regulation

The Partnership's planned exploration, development, production and transport operations will be subject to various federal, state, and local laws and regulations governing health and safety, the discharge of materials into the environment or otherwise relating to environmental protection. These laws and regulations may, among other things: (i) require the acquisition of permits to conduct exploration, drilling, production and transport operations; (ii) govern the amounts and types of substances that may be released into the environment in connection with oil and natural gas drilling and production; (iii) restrict the way the Operator handles or dispose of wastes; (iv) cause the Partnership to incur significant capital expenditures to install pollution control or safety related equipment operating at the Partnership's facilities; (v) limit or

prohibit construction or drilling activities in sensitive areas such as wetlands, wilderness areas or areas inhabited by endangered or threatened species; (vi) impose specific health and safety criteria addressing worker protection; and (vii) require investigatory and remedial actions to mitigate pollution conditions caused by the Partnership's operations or attributable to former operations and impose obligations to reclaim and abandon well sites and pits and impose substantial liabilities on the Partnership for pollution resulting from the Partnership's operations. Failure to comply with these laws and regulations could also subject the Partnership to substantial liabilities and may result in the assessment of substantial administrative, civil and criminal penalties; the revocation of, or refusal to grant, necessary permits; the imposition of remedial obligations; and the issuance of orders enjoining some or all of the Partnership's operations in affected areas.

These laws and regulations may also restrict the rate of oil and natural gas production below the rate that would otherwise be possible. The regulatory burden on the oil and natural gas industry increases the Partnership's cost of doing business and consequently affects profitability. Environmental, health and safety laws and regulations are frequently enacted, promulgated and revised and any changes that result in more stringent and costly requirements for the oil and natural gas industry could have a significant impact on the Partnership's operating costs. The trend in environmental regulation is to place more restrictions and limitations on activities that may affect the environment, and thus any changes in environmental laws and regulations or new interpretations of regulatory or enforcement policies that result in more stringent and costly well drilling, construction, completion or water management activities, waste handling, storage, transport, disposal or remediation requirements or that prohibit drilling activities, such as hydraulic fracturing, could have a material adverse effect on the Partnership's financial condition and results of operations. The Partnership may be unable to pass on such increased compliance costs tothe Partnership's customers. Furthermore, the Managing Partner cannot provide any assurance that the Partnership will be able to remain in compliance in the future with respect to such laws and regulations or the terms and conditions of required permits or that such future compliance will not have a material adverse effect on the Partnership's business and results of operations.

The following is a summary of some of the more significant existing environmental, health and safety laws and regulations to which the Partnership's business will be subject and for which compliance may have a material adverse impact on the Partnership's capital expenditures, financial condition or results of operations. The Managing Partner believes that the Val Verde Property is in substantial compliance with all existing environmental laws and regulations applicable to the Partnership's planned operations andthat continued compliance with existing requirements will not have a material adverse impact on the Partnership's financial condition and results of operations. However, the Managing Partner cannot give any assurance that the passage of more stringent laws and regulations in the future will not have a negative impact on the Partnership's business, financial condition or results of operations, or that sudden and accidental spills, releases or other incidents will not occur that would lead to liability under these laws and regulations.

Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"). CERCLA, also known as "Superfund," and comparable state laws impose joint and several liability on certain classes of persons for costs of investigation and remediation of listed hazardous substances and for natural resource damages resulting therefrom, without regard to fault. These classes of persons include the current and past owners or operators of a site where a release occurred and anyone who transported, disposed, or arranged for the transport or disposal of a hazardous substance from or found at such site. CERCLA also authorizes the Environmental Protection Agency (the "***EPA***") and, in some instances, third parties to take actions in response to threats to public health or the environment and to seek to recover from responsible parties the costs of such action. Although CERCLA generally exempts "petroleum" from the definition of hazardous substances, the Partnership plans to generate, transport, dispose or arrange for the disposal of wastes that may fall within CERCLA's definition of hazardous substances. The Partnership may also be the owner or operator of sites on which hazardous substances have been released. To the

knowledge of the Managing Partner, neither the Partnership nor any of its predecessors have been designated as a potentially responsible party by the EPA under CERCLA. In the event contamination is discovered at a site on which the Partnership is or has been an owner or operator or to which the Partnership sent hazardous substances, the Partnership could be liable for the costs of investigation, remediation, and natural resources damages. At this time, the Managing Partner is not aware of any potential liability associated with any Superfund site, and it has not been notified of any claim, liability or damages under CERCLA.

Solid and Hazardous Waste Handling. The federal Resources and Recovery Act "(***RCRA***") and comparable state laws regulate the generation, transportation, treatment, storage, disposal and cleanup of solid and hazardous waste. Although oil and natural gas waste generally is exempt from regulation as hazardous waste under RCRA, the Partnership anticipates that it will generate waste as a routine part of its planned operations that may be subject to RCRA. In addition, the properties that the Partnership leases have been used for oil and natural gas exploration and production for many years. Although the Managing Partner believes that the Partnership and prior operators have utilized operating and waste disposal practices that were standard in the industry at the time, hazardous substances, wastes or Hydrocarbons may have been released on or under the properties owned or leased by the Partnership, or on or under other locations, including offsite locations, where such substances have been taken for recycling or disposal. In addition, some of these properties have been operated by third parties or by previous owners or operators whose treatment and disposal of hazardous substances, wastes or Hydrocarbons were not under the control of the Partnership. These properties and the substances disposed or released on them may be subject to corrective action or other requirements under RCRA, CERCLA and analogous state laws.

Clean Water Act and the Oil Pollution Act. The Clean Water Act and the regulations issued thereunder and analogous state laws impose restrictions and strict controls with respect to the discharge of pollutants, including spills and leaks of produced water and other oil and natural gas wastes, into state waters and waters of the United States. The discharge of pollutants into jurisdictional waters is prohibited, except in accordance with the terms of a permit. Governmental agencies can impose administrative, civil and criminal penalties, as well as require remedial or mitigation measures, for unauthorized discharges or non-compliance with discharge permits or other requirements of the Clean Water Act and analogous laws and regulations.

The Oil Pollution Act of 1990, as amended ("***OPA***"), which amends the Clean Water Act, establishes strict liability for owners and operators of facilities that are the site of a release of oil into waters of the U.S. The OPA and its associated regulations impose a variety of requirements on responsible parties related to the prevention of oil spills and liability for damages resulting from such spills. A "responsible party" under the OPA includes owners and operators of certain onshore facilities, including pipelines, from which a release may affect waters of the U.S. The OPA assigns joint and several, strict liability, without regard to fault, to each liable party for all containment and oil removal costs and a variety of public and private damages including, but not limited to, the costs of responding to a release of oil, natural resource damages, and economic damages suffered by persons adversely affected by an oil spill.

Hydraulic Fracturing and the Safe Drinking Water Act ("SDWA"). The SDWA and the regulations issued thereunder regulate, among other things, underground injection operations. While the SDWA regulates the injection of diesel-containing materials and industrial wastes, it does not yet regulate non-diesel hydraulic fracturing. However, Congress has considered legislation that, if ultimately adopted, would impose additional regulation under the SDWA upon the use of hydraulic fracturing fluids. If enacted, such legislation could impose significant new requirements on the Partnership's planned hydraulic fracturing operations, including permitting and financial assurance requirements that the Partnership adheres to construction specification, requirements that the Partnership fulfills monitoring, reporting and recordkeeping obligations, and requirements with respect to well plugging and abandonment. In addition,

such legislation could require the disclosure of the chemicals within the hydraulic fluids, which could make it easier for the Partnership's competition to copy the Partnership's operations and for third parties opposing hydraulic fracturing to initiate legal proceedings based on allegations that specific chemicals used in the process could adversely affect groundwater. In 2015, the federal government finalized regulation requiring the disclosure of chemicals used in hydraulic fracturing on public and Indian land which contain many of the above requirements. Texas has adopted regulatory requirements on hydraulic fracturing, including rules requiring disclosure of hydraulic fracturing chemicals and volumes of water used.

Air Emissions. The Partnership's operations are subject to the Clean Air Act ("***CAA***") and regulations issued thereunder and comparable state laws and regulations for the control of emissions from sources of air pollution. Such laws require existing, new and modified sources of air pollutants to obtain permits prior to commencing construction and to control emissions of hazardous or toxic air pollutants (including through the installation of expensive control equipment). They also impose various monitoring and reporting requirements. Major sources of air pollutants are subject to more stringent, federally-imposed requirements including additional permits. Administrative enforcement actions for failure to comply strictly with air pollution regulations or permits are generally resolved by payment of monetary fines and correction of identified deficiencies. Alternatively, regulatory agencies could bring lawsuits for civil or criminal penalties or require the Partnership to forego construction, modification or operation of certain air emission sources. Citizen groups are also authorized to enforce the CAA and some state laws through court cases, except for criminal claims.

In August of 2012, the EPA issued final rules that subject all oil and gas operations (production, processing, transmission, storage and distribution) to regulation under the new source performance standards ("***NSPS***") and national emissions standards for hazardous air pollutants ("***NESHAPS***") programs. The EPA rules include requirements for pre-drilling notification and NSPS standards for completions of hydraulically-fractured gas wells. These standards include the Reduced Emission Completion ("***REC***") techniques developed in EPA's Natural Gas STAR program along with pit flaring of gas not sent to the gathering line. The standards are applicable to newly drilled and fractured wells as well as Initial Wells that are refractured. Further, the regulations under NESHAPS include Maximum Achievable Control Technology ("***MACT***") standards for those glycol dehydrators and storage vessels at major sources of hazardous air pollutants not currently subject to MACT standards.

National Environmental Policy Act. Oil and natural gas exploration and production activities on federal lands or which require major federal permits may be subject to the National Environmental Policy Act ("***NEPA***"), which requires federal agencies, including the Department of Interior, to evaluate major agency actions having the potential to significantly impact the environment. States frequently have analogous laws which can include obligations for private developers as well. In the course of such evaluations, an agency will prepare an environmental assessment that assesses the potential direct, indirect and cumulative impacts of a proposed project and, if necessary, will prepare a more detailed environmental impact statement, both of which are subject o public review and comment. All of the Partnership's planned exploration and development activities on federal lands require federal agency actions that are subject to the requirements of NEPA, and projects on private lands may require NEPA compliance as well if they are dependent on certain federal permits. The NEPA process has the potential to substantially delay or result in the imposition of additional conditions upon the development of oil and natural gas projects.

Occupational Health and Safe Act ("OSHA") and Other Laws and Regulations on Employee Health and Safety. The Operator is subject to the requirements of the OSHA and comparable state statutes. These laws and the implementing regulations strictly govern the protection of the health and safety of employees. These laws require the Operator to take various actions regarding worker safety and health, including that the Partnership maintains and provides to employees, state and local governmentauthorities and citizens information about hazardous materials used or produced in the Partnership's operations.

OSHA concerns have also been raised with regard to silica used in hydraulic fracturing.

Endangered Species Act, Bald and Golden Eagle Protection A t, and Migratory Bird Treaty Act. The federal Endangered Species Act ("***ESA***"), Bald and Golden Eagle Protection Act ("***BGEPA***"), Migratory Bird Treaty Act ("***MBTA***") and similar federal and state laws generally prohibit the "taking" (defined for purposes of the ESA to include killing, harming or harassment) of endangered and threatened species and migratory birds. The ESA and BGEPA provide for the issuance of permits for an incidental take of such species. Obtaining such permits is a very slow and expensive process, and requires mitigation for the impacts of the taking. No permits for an incidental take are available under the MBTA, making the mortality of any migratory bird (such as by collision with a drilling rig or as a result of landing in a reserve pit) a federal crime, although in 2015 the Fifth Circuit Court of Appeals, which includes the State of Texas within its jurisdiction, held that the MBTA does not apply to an incidental take of migratory birds. The U.S. Fish & Wildlife Service (the "***Service***"), which is responsible for enforcing these wildlife statutes, is considering a rulemaking to redefine "take" under the MBTA to specifically include an incidental take, as well as promulgating an incidental take permitting program under the MBTA. In recent years, the Service has become more active and is focusing more intently on the energy industry, increasing the importance of ESA, BGEPA and MBTA compliance and heightening the risk of enforcement. Recent litigation under the ESA has resulted in the requirement that the Service consider several hundred new species for potential listing, many of which are present in areas where oil and gas exploration is prevalent. The listing of new endangered or threatened species, or expansion of operations to areas where such species may occur, could cause the Partnership to incur additional costs or impose operating restrictions or bans in affected areas to obtain authorization for or avoid impacts to protected species.

Other Regulation of the Oil and Natural Gas Industry

The oil and natural gas industry is extensively regulated by numerous federal, state, and local authorities. In particular, oil and natural gas production and related operations are, or have been subject to price controls, taxes and numerous other laws and regulations. All of the jurisdictions in which the Partnership plans to own or operate properties for oil and natural gas production have statutory provisions regulating the exploration for and production of oil and natural gas, including provisions related to permits for the drilling of wells, bonding requirements to drill or operate wells, the location of wells, the method of drilling and casing wells, the surface use and restoration of properties upon which wells are drilled, sourcing and disposal of water used in the drilling and completion process, regulation addressing the impact of hydraulic fracturing and the abandonment of wells. The Partnership's operations will also be subject to various conservation laws and regulations. These include regulation of the size of drilling and spacing units or proration units, the number of wells that may be drilled in an area, and the unitization or pooling of oil and natural gas wells, as well as regulations that generally prohibit the venting or flaring of natural gas and impose certain requirements regarding the ratability or fair apportionment of production from fields and individual wells.

Failure to comply with applicable laws and regulations can result in substantial penalties. The regulatory burden on the industry increases the cost of doing business and affects profitability. Where appropriate, the Partnership is developing a plan to achieve and maintain substantial compliance with such laws and regulations. Further, the Managing Partner believes that continued substantial compliance with existing requirements will not have a material adverse effect on its financial condition, results of operations or cash flows. Nevertheless, such laws and regulations are frequently amended or reinterpreted. Therefore, the Managing Partner is unable to predict the future costs or impact of compliance. Additional proposals and proceedings that affect the oil and natural gas industry are regularly considered by the U.S. Congress, the states, the Federal Energy Regulatory Commission ("***FERC***") and the courts. The Managing Partner cannot predict when or whether any such proposals may become effective.

MANAGEMENT

The Managing Partner of the Partnership is The Heartland Group Ventures, LLC, a Texas limited liability company. Brad Pearsey and John Muratore are the principals of the Managing Partner. Through the Partnership's agreement with the Operator, Barron Petroleum, LLC, the Operator will be responsible for the drilling and operations of the Initial Wells and any subsequent wells on the Val Verde Property, as well as conducting or supervising record-keeping, accounting, land, geological and engineering services.

Below is some biographical information on Messrs. Pearsey and Muratore, as wells as the key personnel of the Operator.

Brad Pearsey

Brad Pearsey has been in the financial services industry for well over a decade. During that time, he has worked with clients and investment advisors all over the country. From November 2010 to April 2015, he had his own state-registered investment advisory firm, Reliant Financial Group, based in Greenwood, Indiana. In addition to owning his own alternative investment company, he has assisted companies raising capital with compliance and due diligence support, as well as best business practices and protocols. His goal is to create opportunities for investors and oil businesses to partner together in creating American job opportunities, as well as increase America's production of oil. He attended Wesleyan University with an emphasis on accounting and finance.

John Muratore

John Muratore has been in the financial services industry for more than 40 years. He has owned successful mortgage banking firms in Orange County, California, selling his last company (California Nova Financial) in 2006. During 2009/2010, he transitioned his focus to helping clients preserve and grow their wealth. Through his own search for protection and growth of his family's personal wealth, he decided to seek out investment opportunities that would not only enhance, but protect the assets that he worked so very hard to earn. He developed Muratore Financial Services, Inc., dba Champion Investments, to access insurance and alternative asset platforms to meet the needs of investors across the country. Mr. Muratore hold a California life insurance license and a California real estate license.

Rustin Brunson

Mr. Brunson is an entrepreneur and Texas attorney residing outside of Fort Worth, Texas. He was licensed in 2011 after graduating from Oklahoma City University School of Law. Since that time, he has counseled hundreds of business clients, argued complex cases to juries and appellate courts, and started his own businesses. He has been named to Texas Monthly Magazine's Attorney Rising Stars every year since 2017. Mr. Brunson joined The Heartland Group as Fund Manager in September of 2019.

Roger Sahota

Mr. Sahota, Vice President of Barron Petroleum, LLC, has extensive in-depth knowledge about techniques related to oil and gas production, work over, and drilling through his extensive work experience and will handle all onsite work. He has over twenty years of experience in acquiring oil and gas leases, drilling, managing workover projects and field operations. His operating experience has been in the following states: Colorado, Louisiana, Texas, Utah, and Wyoming, as well as the provinces of Alberta and Manitoba in Canada.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Most of the relationships which are described below are common to many oil and gas drilling programs. The terms contained herein are intended to ameliorate the potential for conflicts of interest inherent in such a situation to the extent practicable, taking into consideration the uncertainties involved in attempting to determine in advance the location of the wells, progress of the proposed operations and other exploration in the area of the Val Verde Property, and the outcome of such operations.

General

The Managing Partner, the Operator and its affiliates may engage independently of the Partnership in all aspects of the oil and gas business for their own accounts and for the accounts of others, subject to certain express limitations contained in the Partnership Agreement and described below prohibiting them from obtaining services or facilities for the Partnership in a manner where such operations, services or facilities might have an adverse effect on the Partnership or its operations. The Managing Partner may conduct operations in a manner designed to benefit it or its affiliates at the expense of the Partnership.

The management of oil and gas, joint ventures, issuers and limited issuers by entities actively engaged in such business inevitably involves areas of activity in which conflicts of interest may arise. The Managing Partner is required to make decisions which may affect not only its interest but also the interests of the Investor Partners. Such decisions could operate to the detriment of the Partnership.

Any transactions between the Partnership and the Managing Partner and/or its affiliates will involve conflicts of interest and may be deemed to have been entered into without the benefit of arm's-length bargaining. However, the Managing Partner, as fiduciary, is required to exercise good faith, integrity and fairness in its dealings with respect to the Partnership's business. Any Investor Partner has the right to seek to recover damages from the Managing Partner for violation of its fiduciary obligations. Any Investor Partner who believes that a breach of fiduciary duty by the Managing Partner has occurred should consult with his counsel to determine his rights and remedies.

The Partnership will not have independent management. It will be managed by the Managing Partner which will devote only so much of its time to the Partnership's business as is reasonably required. The Managing Partner will have conflicts of interest in allocating management time, services and functions between the Partnership and other companies or business ventures in which it is or might become involved, as a principal or otherwise. The Managing Partner, however, believes that it is fully capable of discharging its responsibilities to all such entities. The Managing Partner may engage for its own account or for the account of others, in other business ventures of any nature and neither the Partnership nor any Investor Partner shall be entitled to any interests therein.

In addition, as a result of certain provisions of the Partnership Agreement, the Partnership may have a more restricted right of action against the Managing Partner than would otherwise be the case without such provisions. The Partnership Agreement provides that the Managing Partner shall be liable to the Partners of the Partnership for acts or omissions by it if it is guilty of gross negligence or willful misconduct. Investor Partners have the right to seek to recover damages from the Managing Partner for violation of its fiduciary obligations. However, the Managing Partner will not be liable for such acts or omissions if it acts in good faith, on behalf of the Partnership or the Partners, and in a manner it reasonably believes to be both within the scope of the authority granted to it by the Partnership Agreement and in the best interest of the Partnership and the Partners.

Fiduciary Responsibility of the Managing Partner

The Managing Partner is accountable to the Partnership as a fiduciary and consequently has a duty to exercise good faith and to deal fairly with the Investor Partners of the Partnership in handling the affairs of the Partnership. While the Managing Partner will endeavor to avoid conflicts of interest to the extent possible, such conflicts nevertheless may occur and, in such event, the actions of the Managing Partner may not be most advantageous to the Partnership and could fall short of the full exercise of such fiduciary duty.

The Partnership Agreement contains certain provisions which are intended to limit the liability of the Managing Partner and its affiliates for any act or omissions within the scope of the authority conferred upon them by the Partnership Agreement if such Managing Partner or affiliate determined in good faith that such course of conduct was in the best interest of the Partnership and such course of conduct did not constitute gross negligence or willful misconduct. Therefore, an Investor Partner of the Partnership may have a more limited or restricted right of action against the Managing Partner or its affiliates in respect of its fiduciary duty than would be the case if there were no such limitations. In addition, under the Partnership Agreement, the Managing Partner and its affiliates will be indemnified by the Partnership against losses, judgments, liabilities, expenses and amounts paid in settlement sustained by them in connection with the Partnership so long as such losses, judgments, liabilities, expenses or amounts were not the result of gross negligence or willful misconduct on the part of the Managing Partner or any affiliate thereof.

Acquisition of Val Verde Property

The Managing Partner is assigning to the Partnership an agreement with Barron Petroleum, pursuant to which it is acquiring a 49% working interest (36.75% net revenue interest) in a lease covering approximately 1,000 acres located in Val Verde County, Texas. Through the date of this Memorandum, $2,500,000 of the purchase price has been paid. While the Partnership proposes to reimburse the $2,500,000 that has been advanced as of the date of this Memorandum using production revenues, and not proceeds from the sale of Offering Units, this reimbursement will occur prior to any distributions (other than distributions for estimated taxes) to the Investor Partners.

Conflicting Drilling Activities

The Managing Partner is and will be actively engaged in other oil and gas acquisitions and operations. Such activities could create conflicts with the activities of the Partnership. Affiliates of the Managing Partner anticipate sponsoring, managing and participating in other private drilling programs. Such activities may create conflicts between the activities of the Partnership and such other programs. In all instances of operation and management of drilling programs for the accounts of others, the Managing Partner and its management, where potential conflicts arise, will attempt to deal fairly with the activities of the Partnership. In addition, the Managing Partner may manage and operate oil and natural gas properties for investors in such other drilling programs.

Conflicts with Other Partnerships

The Managing Partner plans to serve as the Managing Partner of other partnerships to be formed to engage in the acquisition of productive mineral rights and producing oil and natural gas properties. The ongoing business of these other partnerships may be considered competitive with the business of the Partnership in areas such as markets for production and access to the time and financial resources of management. Therefore, the Managing Partner will be acting on behalf of the Partnership and on behalf of other partnerships which it may form in the future. As a result of these activities, circumstances may arise where the interests of the Managing Partner in such other ventures will conflict with those of the Investor Partners with respect to the acquisition of oil and gas leases and similar matters.

Negotiations by the Managing Partner

The Managing Partner has determined substantially all of the terms of this Offering, as well as those relating to the operation of the initial program prior to the formation of the Partnership. Such terms were not negotiated with the Investor Partners and such transactions may be deemed to have been entered into without the benefit of arm's-length negotiations.

Acquisition of Other Oil and Gas Properties

The Managing Partner, or its affiliates, may own or acquire oil and gas leasehold properties for the drilling of wells thereon in the same general area, adjoining or offsetting the Val Verde Property or any other oil and gas prospect. These properties might not be offered to the Investor Partners.

DESCRIPTION OF THE AGREEMENT OF LIMITED PARTNERSHIP

The following is a summary of certain provisions of the Partnership Agreement. The summary is not definitive and capitalized terms not defined herein are defined in the Partnership Agreement. Therefore, a prospective investor should carefully read the full text of the Partnership Agreement, a copy of which is attached to this Memorandum as Exhibit A.

Formation

The Partnership was formed in August of 2020 as a Texas limited partnership by The Heartland Group Ventures, LLC as the Managing Partner. The Partnership was effective as a limited partnership on the date of the filing of the certificate.

Term

The Partnership will terminate on the earlier to occur of (a) the Managing Partner determines that the Partnership should be dissolved; (b) the retirement, insolvency, or bankruptcy of the Managing Partner; (c) the insolvency or bankruptcy of the Partnership; (d) the sale or other disposition of all or substantially all of the assets of the Partnership; or (e) any other event that, under the Texas Business Organizations Code (the "*Texas Act*"), would cause its dissolution.

Capital

The Partnership will be capitalized by each Investor Partner.

The Managing Partner will be issued 3000 Class B Units in consideration for its services in organizing the Partnership. In connection therewith, the Managing Partner shall not be obligated to make any cash Capital Contributions.

No interest will be paid on Capital Contributions. No Investor Partner will have the option to withdraw any portion of his/her/its Capital Contribution.

The Investor Partners will initially fund the total amount funded by all Unit Holders prior to the closing of this Offering.

In the event the Managing Partner determines it is necessary, the Managing Partner may sell additional equity of any kind in the Partnership to new, additional Partners at any time in order to have sufficient capital to fund an operating deficit, which may have a dilutive effect to the non-contributing Partner.

Capital Accounts

Each Partner will have an account (a "*Capital Account*") which will be credited with its Capital Contribution and the amount of income and gain allocated to it and will be charged with the amount of deductions and losses allocated to each Partner and the amount of distributions or deemed distributions.

Fees and Expenses

For its services to the Partnership, the Managing Partner is entitled to Management Fees and expenses at an annual rate of 20.0% of each Investor Partner's Capital Account (as such term is defined in the Partnership Agreement) balance, calculated and payable monthly with a true-up payment on the last day of

the quarter based on the Investor Partners' Capital Account balances as of such date. The Managing Partner may reduce or eliminate the Management Fee with respect to any Investor Partner in its sole discretion.

The Partnership bears the expenses of the organization of the Partnership and the offering of Class A Units (including legal and accounting fees, printing costs, travel, "blue sky" filing fees and expenses and out-of-pocket expenses). In general, the Partnership's financial statements will be prepared in accordance with accounting principles generally accepted in the United States ("***GAAP***").

Distributions and Participation in Profits and Losses

Operating distributions shall be paid after payment of Management Fees and expenses of the Partnership and setting aside funds for a reasonable cash reserve as follows:

(i) First, to retire the loan to acquire the Val Verde Property (the "***Debt Payoff***"), which has a balance of $2,500,000 as of the date of the Memorandum;

(ii) Second, 100% to the Class A Unit holders in accordance with their respective Ownership Percentages until satisfying the Preferred Return; and

(iii) Third, 40% to the Class A Unit holders and 60% to the Class B Unit holders.

The Class A Units carry a return of 12% on the Unreturned Capital, measured from the date of the Debt Payoff (the "***Preferred Return***"). "***Unreturned Capital***" is defined in the Partnership Agreement as an amount equal to the cumulative capital contributions by an Investor Partner, less the sum of all distributions with respect to unreturned capital (other than Class A Preferred Returns). The holders of the Class A Units shall be entitled to receive the Preferred Return when and if distributions are declared by the Managing Partner, prior to the payment of any distributions (other than tax distributions) to the holders of Class B Units, who shall receive no distributions (other than tax distributions) until the holders of Class A Units have received any accrued but unpaid Preferred Return.

Notwithstanding the operating distributions, liquidating distributions will be made in accordance with the Partners' positive Capital Account balances. In the event of a liquidation of the Partnership, profit and loss allocations may not be sufficient to result in positive Capital Account balances which are in proportion to the amount of distributions to each Partner in accordance with the operating distributions. In such event, the liquidating distribution to the Partners will be made in accordance with the positive Capital Account balances of each Partner.

Participation in Profits and Losses

Other than allocations of intangible drilling cost deductions, certain lease acquisition costs and simulated depletion, gain and loss which shall be allocated as set forth in the Partnership Agreement, the Partners shall share in the profits resulting from operations in the same proportions such Partners are entitled to share operating distributions and shall share in other profits and losses in accordance with their respective rights to distributions from the Partnership, as compared to their respective Capital Account balances, as each may vary from time to time, in each case as set forth in the Partnership Agreement.

Intangible Drilling Cost Deductions and Allocations

The Investor Partners will be specially allocated 100% of the intangible drilling cost deductions related to the activities of the Partnership until they have been allocated deductions equal to the full amount of their funded capital.

Any allocations of intangible drilling costs funded with proceeds of indebtedness incurred by the Partnership will depend on whether such indebtedness is a recourse or nonrecourse financing. If such indebtedness is classified as nonrecourse debt for tax purposes, after the Capital Accounts of the Investor Partners are reduced to zero, such intangible drilling costs will be allocated among the Investor Partners as set forth in the Partnership Agreement. If such indebtedness is classified as recourse debt for tax purposes, after the adjusted Capital Accounts of the Investor Partners are reduced to zero, such intangible drilling costs will be allocated to the Managing Partner and any subsequent taxable income will be allocated first to the Managing Partner to offset the prior allocations of intangible drilling costs funded with the proceeds of recourse debt.

Conversion of General Partner Interests

No later than January 1 of each year immediately following the calendar year of the Partnershipin which the Partnership has expended all Capital Contributions contributed by Investor Partners for the exploration and development activities with respect to the wells in which it participates as a Working Interest owner, the General Partners who are also Investor Partners will be converted to Limited Partners, unless the Managing Partner determines that such conversion at that time would not be in the best interests of the General Partners subject to conversion or the Partnership. If conversion is so delayed, the managing Partner will continue to have the power and authority to cause such conversion as to any General Partner with the consent of such General Partner at any time within a Fiscal Year. On January 1 of any subsequent year during the terms of the Partnership the General Partners who are also Investor Partners will be converted to Limited Partners, unless the Managing Partner determines that such conversion at that time would not be in the best interests of the General Partners subject to conversion or the Partnership. The Managing Partner shall have the right to convert some but not all General Partners, depending on the status of intangible drilling costs allocated to each General Partner. The Managing Partner shall have the right to convert any Class A Partner from a General Partner to a Limited Partner at any time in the discretion of the Managing Partner. Immediately following any conversion, the Managing Partner will (a) file an amended certificate of limited partnership removing the General Partners as general partners of the Partnership, and (b) take such other actions as are necessary or appropriate to accomplish conversion of the interests. Upon filing the amended certificate of limited partnership reflecting conversion of the former General Partners to Limited Partners, the conversion shall be effective, and thereafter each such General Partner shall have the rights and obligations of a Limited Partner and will be entitled to limited liability to the extent provided by the Texas Act; provided, however, that General Partners will remain liable to the Partnership for their proportionate share of Partnership obligations and liabilities arising prior to the conversion of their interests in the Partnership to Limited Partner interests.

Management

The Managing Partner will have complete and exclusive power (except as limited by the Partnership Agreement and applicable law) to manage and control the business, properties, and affairs of the Partnership. The Managing Partner will control the day-to-day operations of the Partnership. The Managing Partner will have the authority to enter into operating agreements on behalf of the Partnership.

The General Partners will enter into covenants prohibiting them from exercising the following rights granted to them under the Texas Act:

- The right to act as agent of the Partnership or to execute documents on behalf of the Partnership; and
- The right to act (other than as specifically provided in the Partnership Agreement) to cause the Managing Partner on behalf of the Partnership to convey Partnership property or to take any other action binding on the Partnership.

A General Partner who violates any of these covenants is obligated to indemnify the Partnership and the other General Partners and the Managing Partner for any loss or liability caused by such violation.

At any time after the Managing Partner becomes subject to an Event of Withdrawal, it may be removed by a Super-Majority Consent of each class having Units outstanding, voting as a class. The Managing Partner may be removed at any other time only by a Super-Majority Consent of each class having Units outstanding, including Class B, voting as a class. A successor Managing Partner may be elected only a Majority Consent of each class having Units outstanding, voting as a class.

Fiscal Year and Partnership Books

The fiscal year of the Partnership will be the calendar year. The books of account of the Partnership will be maintained at its principal office and will be open during reasonable business hours for inspection by the Investor Partners and their representatives, who will have the right to make copies thereof at their expense.

Side Letters

The Managing Partner on behalf of the Partnership may enter into other written agreements ("***Side Letters***") with one or more Investor Partners. These Side Letters may entitle an Investor Partner to make an investment in the Partnership on terms other than those described herein or in the Partnership Agreement. Any such terms may be more favorable than those offered to any other Investor Partners, and may affect the other Investor Partners of the Partnership.

Continuation of the Partnership

The Managing Partner (or any reconstituted successor to the Managing Partner) will agree to serve as managing partner of the Partnership until the Partnership is terminated without reconstitution. Upon the bankruptcy or insolvency of the Managing Partner, the Partnership will continue if, within ninety (90) days after such event, all of the Investor Partners elect to continue the Partnership and designate one or more substitute managing partners. In such event, the interest in the Partnership of the Managing Partner will be converted to a limited partner interest.

Transferability of the Investor Partners' Interests

A Partnership Interest, and any interest in a Partnership Interest, may not be transferred, voluntarily or involuntarily (including by operation of law or otherwise), except in accordance with the provisions of the Partnership Agreement. A Unit Holder shall obtain the prior written consent of the Managing Partner for any transfer other than a transfer by operation of law and no consent will be granted if the transfer would result in the "termination" of the Partnership pursuant to Section 708 of the Internal Revenue Code (the "***Code***") or if the transferee is not a citizen or resident of the United States. The transferee shall provide to the Managing Partner its taxpayer identification number, passport and related information of any natural person transferee or control person of any transferee, and any other information reasonably necessary to permit the Partnership to file required tax returns or comply with anti-money laundering laws. A Unit Holder that is an entity may change its name, or merge or consolidate with an affiliate, without the prior consent of the Managing Partner, and such action shall not be considered a transfer. A Unit Holder may transfer all or part of its Partnership Interest to a trust or other entity established for the benefit of the Unit Holder (or its direct or indirect beneficial owners) and/or members of such owner's immediate family without the prior consent of any Managing Partner or any Partner.

Partnership Interests have not been registered under the Securities Act or under the securities laws of any state or other jurisdiction, and may not be offered or transferred unless and until registered under such Act and laws or, in the opinion of counsel in form and substance satisfactory to the Partnership, such offer or transfer is in compliance therewith.

Any Class A Unit Holder or Class A Unit Holder's legal representative desiring to transfer all or part of its Partnership Interest to a person or entity other than one of the Partners, for any reason other than a transfer by operation of law, shall first notify the Managing Partner in writing of its intention to transfer, stating the name and address of the proposed transferee, the amount of Partnership Interests proposed to be transferred, the consideration proposed to be received therefor, and the proposed terms of the transfer. The Managing Partner in its discretion shall have the exclusive right and privilege to cause the Partnership to purchase the Partnership Interest proposed to be transferred for the proposed consideration within thirty (30) days after the receipt of such written notice. If the Managing Partner does not cause the Partnership to purchase the Partnership Interest so offered, during the next succeeding ninety (90)-day period the Unit Holder or Unit Holder's legal representative desiring to transfer the Partnership Interest may then transfer such Partnership Interest to the person and at the price and terms stated in the offer. If the Partnership Interest is not so transferred, it shall not be subsequently transferred without first again offering it to the Managing Partner as described above.

A transferee of any Partnership Interest may become a Partner only upon (a) execution and delivery by the transferee of a written acceptance and adoption of this Agreement, as the same may be amended, together with such other documents, if any, as the Managing Partner may require; (b) the payment to the Partnership by the Unit Holder transferring its Partnership Interest of all reasonable expenses incurred by the Partnership in connection with such transfer; and (c) upon the consent of the Managing Partner, which may, in each case, be given or denied in the discretion of the Managing Partner. Upon such execution, payment and consent, the transferee shall, with respect to the Partnership Interest assigned, be admitted to the Partnership and become a substituted Partner therein. A transferee who is not admitted as a Partner shall be entitled to allocations and distributions in respect to the Partnership Interest transferred but shall not have any rights reserved to Partners under the Partnership Agreement.

Event of Withdrawal for Non-Managing Partners

A Partner other than the Managing Partner may withdraw as a Partner at any time, and thereafter shall have the rights of a Unit Holder who has not been admitted as a Partner. A Partner other than the Managing Partner who is subject to an Event of Withdrawal shall cease to be Partner as of the date of the Event of Withdrawal and shall thereafter have the rights of a Unit Holder who is not admitted as a Partner. Any Partner who is subject to an Event of Withdrawal may at any time thereafter request that the Partnership redeem the Capital Account of such Partner, or the Managing Partner may at its discretion determine to redeem such Capital Account, at the greater of (a) its tangible book value, without adjustment for goodwill, intellectual property or other intangibles not reflected in the financial records of the Partnership, as determined by the Managing Partner or (b) five (5) times the amount of cash distributed to such Partner during the preceding twelve (12) months. If the Managing Partner grants such request or determines to redeem such Capital Account, the Partnership shall redeem the Capital Account, as of the end of the next calendar quarter, and may pay the redemption amount in quarterly installments over a period not to exceed twenty-four (24) calendar months, with interest at the *Wall Street Journal* prime rate in effect as of the date of the first installment.

Under the Partnership Agreement, an Event of Withdrawal occurs as follows when a Partner:

- Provides written notice to the Partnership of the Partner's express will to withdraw as a partner;
- Makes an assignment for the benefit of creditors;

- Files a voluntary petition in bankruptcy;
- Is adjudged a bankrupt or insolvent or has entered against such Partner an order for relief in any bankruptcy or insolvency proceeding which order is not dissolved within sixty (60) days;
- Files a petition or answer or certificate seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief;
- Files an answer or other pleading failing to contest the material allegations in any bankruptcy or insolvency proceeding;
- Becomes subject to the appointment of a receiver or trustee or liquidator of all or any part of the Partner's property which includes its Partnership Interest;
- Fails to have vacated or stayed the appointment of a trustee, receiver or liquidator of the Partner or of all or any part of the Partner's property which includes its Partnership Interest within sixty (60) days after appointment;
- Has been expelled from the Partnership by a final judicial decree;
- Is subject to any order or judgment not stayed within thirty (30) days of issuance attaching or foreclosing upon any part of its Partnership Interest;
- Is (or a controlling person of the Partner) on the list of Specially Designated Nationals and blocked Persons maintained by the Office of Foreign Assets Control or any similar list or is otherwise a person the Partnership is prohibited from doing business with;
- Commences any proceeding adverse to the Partnership; or
- Transfers any Partnership Interest in violation of the Partnership Agreement.

As to a Partner who is a natural person, an Event of Withdrawal also occurs upon the Partner's death, the appointment of a guardian or general conservator for the Partner or an adjudication of incompetency of the Partner. As to a Partner who is an entity, an Event of Withdrawal also occurs upon the termination, dissolution or cessation of business of the Partner.

Power of Attorney

In signing the Partnership Agreement, each Investor Partner will appoint the Managing Partner as its attorney-in-fact for purposes of signing and filing on its behalf such documents as are necessary to qualify the Partnership as a limited partnership under applicable laws, documents of transfer of any Investor Partner's interest and amendments to the Partnership Agreement regarding changes of names and/or addresses or the admission and/or withdrawal of Investor Partners and certain other matters, all subject to compliance with the applicable provisions of the Partnership Agreement.

Amendment

The Managing Partner with a Majority Consent of the Investor Partners will be empowered to amend the Partnership Agreement. The Managing Partner alone may execute any amendments dealing with change of name, office or registered agent, admission or withdrawal of an Investor Partner, the issuance of debt or equity, or to cause the allocation provisions to comply with the regulations promulgated under the Code. The Managing Partner may make any revisions to the Partnership Agreement that are necessary to reflect the terms of any Side Letters.

Dissolution of the Partnership

In the event of dissolution, the assets of the Partnership shall be paid and distributed in the following order:

(a) All of the Partnership's debts and liabilities to persons other than Unit Holders, but excluding secured creditors whose obligations will be assumed or otherwise transferred upon the liquidation of Partnership assets, shall be paid and discharged and any reserve deemed necessary by the Managing Partner or liquidator for the payment of such debts shall be set aside;

(b) All of the Partnership's debts and liabilities to Unit Holders, excluding any accrued and unpaid portion of any Management Fee, shall then be paid and discharged; and

(c) The balance of the assets of the Partnership shall then be distributed to the Unit Holders in the following order:

(1) First, to the Managing Partner in an amount equal to any accrued and unpaid portion of any Management Fee;

(2) Second, to the Unit Holders, pro rata, in proportion, and to the extent of their remaining positive Capital Account balances; provided, however, that the Unit Holders' Capital Accounts first shall be adjusted to reflect the manner in which any unrealized income, gain, loss and deduction inherent in the Partnership's property (including oil and gas properties), which has not previously been reflected in the Unit Holders' Capital Accounts, would be allocated among the Unit Holders if there had been a taxable disposition of the Partnership's assets at fair market value on the date of distribution; and

(3) Third, to the Unit Holders in accordance with the provisions of Section 7.1(c) of the Partnership Agreement.

Upon dissolution, each Unit Holder shall look solely to the assets of the Partnership for the return of its Capital Contributions, and shall be entitled only to a cash distribution or a distribution in kind of the Partnership's assets made in accordance with Section 10.5 of the Partnership Agreement.

Indemnification

The Partnership shall have the power, right and obligation to indemnify any person who was or is a party to or witness in or is threatened to be made a party to or witness in any threatened, pending or completed proceeding (whether or not by or in the right of the Partnership) by reason of the fact that the person is or was a Managing Partner of the Partnership, against expenses (including attorneys' fees, accountants fees, and expenses of investigation), judgments, fines, and amounts paid in settlement incurred by such person, except expenses, judgments, fines and amounts paid in settlement resulting from its intentional misconduct or knowing violation of law or a transaction for which the Managing Partner received a personal benefit in violation or breach of the provisions of the Partnership Agreement. The Partnership shall advance expenses to any current or former Managing Partner at such times and in such amounts as shall be requested by such person. The Partnership shall have the power to indemnify any person who was or is a party to or witness in or is threatened to be made a party to or witness in any threatened, pending or completed proceeding (whether or not by or in the right of the Partnership) by reason of the fact that the person is or was an employee, consultant, independent contractor, general partner, or agent of the Partnership, or is or was serving at the request of the Partnership as a manager, officer, trustee, partner, member, joint venture, employee, agent or in a similar capacity for another person, against expenses (including attorneys' fees, accountants fees, and expenses of investigation), judgments, fines and amounts paid in settlement incurred by the person in connection with such proceeding, upon the determination by the Managing Partner that indemnification is appropriate and subject to such terms and conditions or undertakings as the Managing Partner in its discretion shall impose. The Partnership may advance expenses to any such person at such times and in such amounts as shall be required by such person and approved by the Managing Partner in its sole discretion. The termination of any proceeding by judgment, order,

settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself create a presumption that indemnification or the advancement of expenses by the Partnership was not appropriate or breached any law or constituted a breach of any duty by any person.

If a person has been successful on the merits or otherwise as a party to any proceeding, or with respect to any claim, issue or matter therein arising out of such person's service to or on behalf of the Partnership (to the extent that a portion of the expenses can be reasonably allocated thereto), the person shall be indemnified against expenses (including attorneys' fees, accountants fees and expenses of investigation) actually and reasonably incurred by the person in connection with the proceeding.

The Partnership shall, if at all feasible, purchase and maintain directors' and officers' liability insurance or errors and omissions insurance or similar insurance on behalf of any person participating in the Partnership, including the Managing Partner, whether or not the Partnership would have the power to indemnify such person under the provisions of the Partnership Agreement.

Liability of Investor Partners

General Partners. The Partnership shall be treated as an entity. Creditors generally must deplete partnership assets before asserting claims against general partners. Each General Partner of the Partnership is jointly and severally liable for the liabilities (including tort liabilities) and recourse obligations of the Partnership. Generally, a joint liability is one in which co-obligors must be joined as co-defendants in an action, usually sharing any liability in proportion to their respective Interests, whereas a joint and several liability is one in which a claimant, at its option, may sue any and all of the co-obligors. Accordingly, because General Partners can be held jointly and severally liable, one or more General Partners may be held liable for more than its or their pro rata share of the liabilities and obligations of the Partnership.

Under certain circumstances, joint working interest owners may be jointly and severally liable for obligations arising in connection with the development and operation of a prospect in which they own an interest. Because the Partnership will likely own a working interest in the same oil and gas property in which others own a working interest, the Partnership, and therefore the General Partners, could be liable for the obligations of all such joint working interest owners. Pursuant to the terms of the Partnership Agreement, the General Partners will agree that as among themselves each General Partner will be responsible only to pay its pro rata share of Partnership liabilities and obligations. Notwithstanding such agreement, each General Partner will continue to have unlimited liability, even though such liability may exceed the amount of such General Partner's Capital Contributions and its share of the Partnership's assets and undistributed income. To the extent liability in excess of such amount is incurred, such General Partner may be obligated to make payments in excess of its contractual obligations pursuant to the terms of the Agreement. Due to the uncertain nature of any such liability, it is not possible to determine its magnitude. Further, each General Partner will be obligated to restore to the Partnership any negative balance that exists in its Capital Account after the liquidation of its Interest.

Limited Partners. Upon the due organization of the Partnership as a limited partnership and the admission of the Limited Partners, the Limited Partners will not generally be personally liable for the debts or other obligations of the Partnership unless they take part in the control of the Partnership's business, and then only to a person who transacts business with the Partnership reasonably believing that the Limited Partners are general partners. The Partnership Agreement permits the Limited Partners to take certain actions affecting the basic structure of the Partnership by vote of the Limited Partners. The exercise of certain of these rights might constitute "taking part in the control of the business" of the Partnership, thereby rendering the Limited Partners liable for all debts and obligations of the Partnership.

The Limited Partners should have no liability in excess of the Capital Contributions to the Partnership and their shares of the Partnership's assets and undistributed Partnership income, except generally to the extent of (a) any part of a Capital Contribution "rightfully" returned without violation of the Partnership Agreement or Texas law, together with interest thereon, but only to the extent necessary to discharge the Partnership's liabilities to creditors who extended credit to the Partnership or whose claims arose before such return of the Capital Contributions, (b) any Capital Contribution "wrongfully" returned to a Limited Partner in violation of the Partnership Agreement or Texas law or any distribution to the Limited Partners to the extent that, after giving effect to such distribution, all liabilities of the Partnership, other than liabilities to the Limited Partners on account of their contributions and to the Managing Partner, exceed Partnership assets, and (c) the Partnership of any such tax payment deficiency due to an audit of a Partnership taxable year during which such Partner held Units in the Partnership. Limited Partners will not be obligate to restore any negative balances that exist in their Capital Accounts after liquidation of their Interests in the Partnership.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

Circular 230 Notice

The tax discussion contained in this Memorandum is not in the form of a covered opinion, within the meaning of Circular 230 issued by the United States Secretary of the Treasury. Thus, we are required to inform you that you cannot rely upon any discussion contained in this Memorandum for the purpose of avoiding United States federal tax penalties. The tax summary contained in this Memorandum was written to support the promotion or marketing of the transactions or matters described in this Memorandum. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

The discussion below summarizes the certain U.S. federal income tax consequences of an investment in the Partnership that should be considered by prospective Investor Partners. It is not intended to be an exhaustive discussion of all possible tax consequences that may arise from an investment in the Partnership, and it should be understood that special rules which are not discussed herein may apply in certain situations. This discussion is based primarily upon current provisions of the U.S. Internal Revenue Code of 1986, as amended (the "***Code***"), U.S. Treasury Department Regulations (the "***Regulations***"), judicial decisions and administrative rulings and pronouncements of the Internal Revenue Service ("***IRS***"), all of which are subject to changes (including, without limitation, through future legislation, administrative rulings or court decisions) that may or may not be retroactive. The U.S. federal income tax law is extremely complex, involving, among other things, significant issues as to character, timing of realization and sourcing of gains and losses and the availability and timing of credits and deductions.

This discussion does not address all U.S. federal income tax matters that may affect the Partnership or the Investor Partners. This discussion has only limited application to corporations, estates, trusts, or other Investor Partners subject to specialized tax treatment, such as tax-exempt institutions, foreign persons, individual retirement accounts, employee benefit plans, real estate investment trusts or mutual funds.

For purposes of this discussion, a "U.S. Person" is (i) a citizen or resident of the United States,(ii) a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States or any political subdivision thereof, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust which (a) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. Person. A "Non-U.S. Person" is an individual, corporationor other entity treated as a corporation for U.S. federal income tax purposes, estate or trust that is not a U.S. Person.

No rule has been or will be requested from the IRS regarding any matter that affects the Partnership or the Investor Partners. Accordingly, the view and statements in this discussion may not be accepted by the IRS, or sustained by a court if contested by the IRS.

PROSPECTIVE INVESTOR PARTNERS ARE URGED TO CONSULT, AND MUST DEPEND UPON, THEIR OWN TAX ADVISORS WITH SPECIFIC REFERENCE TO THEIR OWN TAX SITUATIONS AND THE POSSIBLE IMPACT THEREON OF AN INVESTMENT IN THE PARTNERSHIP, INCLUDING WITHOUT LIMITATION, THE EFFECT OF U.S. FEDERAL TAXES (INCLUDING TAXES OTHER THAN INCOME TAXES) AND STATE, LOCAL AND FOREIGN TAX CONSIDERATIONS, AS WELL AS THE POTENTITAL CONSEQUENCES OF ANY CHANGES THERETO MADE BY FUTURE LEGISLATIVE, ADMINISTRATIVE OR JUDICIAL DEVELOPMENTS.

Issuer Tax Status

In general, the federal income tax consequences of an investment in the Partnership will depend on whether, for such purposes, the Partnership is treated as a partnership rather than as an association taxable as a corporation. Generally, an entity formed as a limited partnership will be treated as a partnership for U.S. federal income tax purposes in the absence of an express election to be treated as a corporation. A limited partnership may nevertheless be treated as a corporation for U.S. federal income tax purposes if it is considered a "publicly traded partnership."

A publicly traded partnership for these purposes includes limited partnerships whose interests are traded on an established securities market or are readily tradable on a secondary market or its economic equivalent. The applicable Regulations contain a private placement safe harbor under which a limited partnership will not be treated as a publicly traded partnership. The Partnership will satisfy the requirements of the private placement safe harbor if (i) all interests in the Partnership were issued in a transaction that was not required to be registered under the Securities Act, and (ii) the Partnership does not have more than 100 Partners at any time during the taxable year of the Partnership. For purposes of determining the number of Partners, the IRS will only count the partners of certain flow-through entities as Partners in the Partnership if (i) substantially all the value of the Partner's interest in the flow-through entity is attributable to the flow-through entity's interest in the Partnership and (ii) a principal purpose of the tiered arrangement is to permit the Partnership to satisfy the 100-partner maximum. A "flow-through entity" would include S corporations, partnerships, limited liability companies and grantor trusts. The Partnership intends to satisfy the criteria of the private placement safe harbor and to be treated as a partnership (and not as a publicly traded partnership) for U.S. federal income tax purposes. If the partnership does not satisfy the private placement safe harbor, an additional exception to the publicly traded partnership rules, referred to in this discussion as the "Qualifying Income Exception," exists to the extent that 90% or more of the Partnership's gross income each taxable year consists of "qualifying income." Qualifying income includes income and gains derived from the exploration, development, mining or production, processing, transportation and marketing of natural resources, including oil, gas, and products thereof. Other types of qualifying income include interest (other than from a financial business), dividends, gains from the sale of real property and gains from the sale or other disposition of capital assets held of the production of income that otherwise constitutes qualifying income. The portion of the Partnership's income that is qualifying income will change from year to year and cannot be predicted with any certainty at this time.

An organization that is classified as a partnership for U.S. federal income tax purposes is not subject to federal income tax itself, although it must file a U.S. federal partnership information return reporting its operations for each calendar year.

The principal U.S. federal income tax consequences resulting from qualification of the Partnership as a partnership for federal income tax purposes is that the Partnership will generally not be subject to federal income tax. Instead, the Partners of the Partnership will report and pay tax on the Partnership's taxable income, as discussed more fully below. If the Partnership does not qualify as a partnership for these purposes, the Partnership will be regarded as an association taxable as a corporation. In that case, certain adverse tax consequences could ensue, including: (i) Partners would not be permitted to report their distributive share of the Partnership's tax items on their income tax returns; (ii) the Partnership would be subject to the corporate income tax; (iii) distributions from the Partnership to the Partners generally would be treated as dividends, taxable as such to the Partners; and (iv) distributions would not be deductible by the Partnership. Thus, the Partnership would be subject to tax on its taxable income and amounts distributed to Partners generally also would be subject to tax.

The discussion that follow summarizes the tax treatment of the Partnership assuming qualification for partnership treatment for U.S. federal income tax purposes.

Taxation of Partners. As a partnership for U.S. federal income tax purposes, the Partnership itself will generally not be subject to federal income tax. Instead, each Partner of the Partnership will report on such Partner's U.S. federal income tax return the Partner's distributive share of the Partnership's income, gains, losses, deductions, credits and tax preference items. While the Partnership may make distributions to its Partners, there can be no assurance that distributions will, in fact, be made. Nonetheless, each Partner will be liable (at the graduated tax rate applicable to such Partner) for any taxes owed with respect to such Partner's distributive share of the taxable income recognized by the Partnership, regardless of whether such Partner actually has received or will receive any cash or other distribution from the Partnership. Accordingly, it is possible that the taxes imposed on a Partner's distributive share of taxable income from the Partnership could exceed distributions, if any, such Partner received or is entitled to receive from the Partnership. Each Partner will be furnished with a taxable information report annually stating such Partner's distributive share of the Partnership's tax items.

Net Investment Income Tax. In addition to the tax at graduated rates on a Partner's distributive share of net income from the Partnership, there is a 3.8% Medicare tax or Net Investment Income Tax ("***NIIT***") on net investment income earned by certain individuals, estates and trusts. For these purposes, net investment income generally includes a Partner's allocable share of the Partnership's income and gain realized by a Partner from a sale of its Interest in the Partnership. In the case of an individual, the tax will be imposed on the lesser of (1) the Partner's net investment income or (2) the amount by which the partner's modified adjusted gross income exceeds $250,000 (if the Partner is married and filing jointly or a surviving spouse), $125,000 (if the Partner is married and filing separately) or $200,000 (in any other case). In the case of an estate or trust, the tax will be imposed on the lesser of (1) undistributed net investment income, or (2) the excess adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins. The Department of the Treasury and the IRS have issued Regulations that provide guidance regarding the NIIT. Prospective Investor Partners are urged to consult with their tax advisors as to the impact of the NIIT on an investment in the Partnership.

Intangible Costs. These include generally everything used in drilling wells other than the actual drilling equipment and include items such as labor, chemicals, mud, grease and other miscellaneous items necessary for drilling.

Assuming a proper election by the Partnership, each Partner will be entitled to deduct its share of any intangible drilling and development costs ("***Intangible Costs***") that have been properly allocated to the Partner under the Partnership Agreement assuming such costs are properly classified as Intangible Costs and are not capital costs or some other costs that are not currently deductible. Alternatively, Partners may elect to capitalize all of part of the Intangible Costs allocated to them and amortizing them on a straight-line basis over a 60-month period, beginning with the taxable month in which the expenditure is made. If a Partner makes the election to amortize the Intangible Costs over a 60-month period, no preference amount in respect of those Intangible Costs will result for alternative minimum tax purposes.

If an oil or gas property of the Partnership or an interest in the Partnership is sold at a gain, amounts deducted for Intangible Costs must be recaptured on such disposition. Therefore, gain would be ordinary income to the extent Intangible Costs have been deducted if, but for the deduction, they would have been reflected in the adjusted basis of the property.

Depletion. Section 611 of the Code allows as a deduction against income received from the oil or gas produced each year a reasonable allowance for depletion. The depletion deduction is the greater of percentage depletion at the applicable rate, if available, or cost depletion. Cost depletion allows the recovery

of capitalized costs (such as bonus, other lease acquisition costs, exploratory charges, legal fees and certain other capitalized, non-depreciable costs) of a producing property over its life by an annual deduction computed on the basis of the actual oil and gas sold each year in relation to estimated recoverable oil and gas. Percentage depletion, if applicable, is an annual statutory allowance equal to a percentage of the gross income from the depletable property (but in no event exceeding 100% of the taxable income from the property before allowance for depletion) computed without regard to the costs associated with the property. Deductions resulting from percentage depletion can therefore exceed total costs associated with acquisition of the property. However, on the sale of the property, the portion of the gain that represents Intangible Costs and depletion that reduced the basis of the property will be recaptured as ordinary income. The availability of percentage depletion is largely dependent on the tax situation of each Partner.

Percentage depletion is calculated as an amount generally equal to 15% (and, in the case of marginal production, potentially a higher percentage) of the Partner's gross income from the depletable property for the taxable year. The percentage depletion deduction with respect to any property is limited to 100% of the taxable income of the Partner from the property for each taxable year computed without the depletion allowance. A Partner that qualifies as an independent producer may deduct percentage depletion only to the extent its average daily production of domestic crude oil, or the gas equivalent, does not exceed 1,000 barrels. This depletable amount may be allocated between gas and oil production, with 6,000 cubic feet of domestic gas production regarded as approximately equivalent to 1,000 barrels of crude oil. The 1,000 barrel limitation must be allocated among the independent producer and controlled or related persons and family members in proportion to the respective production by such persons during the period in question. An independent producer is a person not directly or indirectly involved in the retail sale of oil, gas, or derivative products or the operations of a major refinery. The Partnership will not compute the depletion allowance. Instead, the Partner must separately compute their own depletion allowances with respect to their allocable share of the Partnership property and reduce the adjusted basis of their Partnership Interest (but not below zero) by the amount of such depletion deduction to the extent such deduction does not exceed the Partnership's adjusted basis in the underlying property for depletion allocated to the Partner.

Depreciation. The cost of casing, tubing, tanks, flowing units and other types of tangible property and equipment generally cannot be deducted currently, but must be capitalized and depreciated or amortized pursuant to applicable provisions of the Code. To the extent allowable, the Partnership may elect to use the depreciation and cost recovery methods that will result in the largest deductions being taken in the early years after assets subject to these allowances are placed in service.

If the Partnership disposes of depreciable property by sale, foreclosure, or otherwise, all or a portion of any gain, determined by reference to the amount of depreciation previously deducted and the nature of the property, may be subject to the recapture rules and taxed as ordinary income rather than capital gain. Similarly, a Partner who has taken cost recovery or depreciation deductions with respect to property owned by the Partnership will likely be required to recapture some or all of those deductions as ordinary income upon a sale of its Interest in the Partnership.

Leasehold Cost and Abandonment. The cost of acquiring oil and gas lease interests and other similar oil and gas property interests is a capital expenditure that must be recovered through depletion deductions if the lease if productive. If a lease is proved worthless and abandoned, the cost of acquisition less any depletion claimed may be deducted as an ordinary loss in the year the lease becomes worthless.

Distributions and Adjusted Basis. The receipt of a cash distribution from the Partnership by a Partner, not in liquidation of its Interest, generally will not result in the recognition of a gain or loss for U.S. federal income tax purposes. Cash distributions in excess of a Partner's adjusted basis (discussed below) for the Partner's Interest will result in the recognition by such Partner of gain in the amount of such excess. A Partner generally will recognize no gain or loss on a distribution of property of the Partnership other than

cash (and, in certain situations, marketable securities) other than in liquidation of the Partner's Interest in the Issuer. For purposes of determining a Partner's gain or loss on a later sale of such property, the Partner's basis in the distributed property will generally be equal to the Partnership's adjusted tax basis in the property, or, if less, the Partner's basis in its Interest in the Partnership before the distribution.

In general, no gain will be recognized by a Partner with respect to distributions made in liquidation of an Interest in the Issuer unless the amount of cash (and, in certain situations, marketable securities) distributed exceeds the Partner's adjusted basis for the Interest in the Partnership immediately before the distribution (including adjustments reflecting operations in the year of liquidation). No loss may be recognized by a Partner with respect to a liquidating distribution unless the property distributed consists solely of cash, "unrealized receivables," and "inventory items," and then only to the extent that the sum of the cash, plus the Partner's basis for the unrealized receivables and inventory items, is less than the Partner's adjusted basis for the Interest. The basis of any property received by a Partner in liquidation of an Interest will be equal to the adjusted basis of the Interest, less the amount of any cash received in the liquidation. If there is a disproportionate distribution in kind to a Partner of unrealized receivables or of substantially appreciated inventory items ("***Section 751 Property***"), or a distribution of other property that has the effect of reducing a Partner's share of the Partnership's Section 751 Property, the Partner may be required to recognize ordinary income or loss on the distribution.

The conversion of a Partner's interest in the Partnership as a General Partner to an interest in the Partnership as a Limited Partner may result in a deemed distribution to such Partner if there is a decrease in the portion of the Partnership's liabilities that are attributed to that Partner. Any decrease in a Partner's share of Partnership liabilities will be treated as a cash distribution to such Partner for tax purposes. In general, no gain will be recognized by a Partner with respect to a deemed distribution, unless the amount of the deemed distribution exceeds the Partner's adjusted basis for the Interest in the Partnership immediately before the distribution.

Limitations on Losses and Deductions. A Partner's ability to deduct its distributive share of the Partnership's losses and expenses in determining the Partner's taxable income may be limited under one of more provisions of the Code.

A Partner cannot deduct losses from the Partnership for a given year in an amount greater than such Partner's adjusted tax basis in its Interest as of the end of the Partnership's tax year. Any excess losses may be deductible by a Partner in subsequent tax years to the extent that the Partner's adjusted tax basis for such Interest exceeds zero. In addition, the Code further limits the deductibility of losses by certain taxpayers from a given activity to the amount by which the taxpayer is "at risk" in the activity. Losses which cannot be deducted by an investor because of the "at risk" rules may be carried over to subsequent years until such time as they are allowable. A Partner generally will be considered to be at risk to the extent of his tax basis in its Interest, excluding any portion of that tax basis attributable to its share of the Partnership's nonrecourse liabilities, reduced by any amount of money it borrows to acquire or hold its Interest, if the lender of those borrowed funds owns an interest in the Partnership, is related to the Partner or can look only to the Interests for repayment. A Partner's at-risk amount will increase or decrease as the tax basis of its Interests increases or decreases, other than tax basis increases or decreases attributable to increases or decreases in its share of the Partnership's nonrecourse liabilities. A Partner's at-risk amount will decrease by the amount of its depletion deductions and will increase to the extent of the amount by which its percentage depletion deductions with respect to the Partnership's property exceed the Partner's share of tax basis of that property.

A Partner's tax basis for its Interest will generally include the amount of money that Partner paid for its Interest and will be increased by the Partner's distributive share of the Partnership's taxable income and proportionate share of the Partnership's nonrecourse liabilities. A Partner's basis will generally be

decreased by actual or constructive distributions from the Partnership to the Partner, by the Partner's distributive share of the Partnership's taxable loss, by depletion deductions taken by the Partner to the extent such deductions do not exceed the Partner's proportionate share of the adjusted tax basis of the underlying producing properties and by the Partner's distributive share of any non-deductible, non-capital expenses.

In addition to the basis and at-risk limitations on the deductibility of losses, the passive loss limitation generally provides that individuals, estates, trusts and certain closely held corporations and personal service corporations are permitted to deduct losses from passive activities, which are generally defined as trade or business activities in which the taxpayer does not materially participate, only to the extent of the taxpayer's income from passive activities. Consequently, any passive losses the Partnership generates will be available to offset only the Partnership's passive income generated in the future, and will not be available to offset income from other passive activities or investments or a Partner's compensation, investment income or active business income. If the Partnership disposes of all or a part of an interest in an oil or gas property, Partners will be able to offset suspended passive activity losses from such activities against the gain, if any, on the disposition. Any previously suspended losses in excess of the amount of gain recognized will remain suspended. The passive activity loss rules are applied after other applicable limitations on deductions, including the at-risk rules and the tax basis limitation discussed above.

Material participation, however, is not in all cases determinative as to whether an activity is a "passive activity." Under the "working interest exception," working interests in oil and gas properties are not treated as passive activities (regardless of whether the taxpayer materially participates) if the taxpayer owns the interest directly or through an entity that does not limit his liability with respect to the activity. Two elements must be met before a taxpayer qualifies for the working interest exception to the passive activity loss rules, so that losses will not be treated as losses from a passive activity. First, the property generating the losses must constitute a "working interest" as defined by the passive loss rules. Second, the interest must not be held through an entity that limits the liability of the taxpayer with regard to the activity.

With respect to the first part of the test, the passive loss rules indicate that a "working interest" does not include non-operating mineral interests such as royalty interest, production payments, or net profits interests. The question of whether the Partners own a "working interest" as defined by the passive loss rules is in part one of fact. The Managing Partner intends to take the position that the Partnership owns working interests.

The second part of the test requires that the "working interest" not be held directly or indirectly through an entity that limits the taxpayer's liability with respect to the activity. Although the Partnership or the Operator intends to obtain insurance to protect against various liabilities, to the extent the insurance coverage obtained by the Partnership fails to cover a particular risk or is insufficient to pay the entire amount of a particular claim, the General Partners will bear the ultimate liability for losses with respect to the Partnership. In addition, the passive loss regulations provide that the presence of insurance is not taken into account in determining whether the taxpayer holds a working interest through an entity that limits the taxpayer's liability. Each prospective General Partner should be aware, however, that even if the Partnership itself is not an entity that limits the liability of the General Partner with respect to the activity, no person will be deemed to materially participate in the Partnership's activities (and losses allocated to that individual will be deemed losses from a passive activity) if such person owns his individual Interest as a General Partner through an entity, such as a limited partnership or an S Corporation, that limits the liability of that individual with respect to the Partnership.

If a General Partner applies the working interest exception and treats losses as nonpassive and subsequently (a) such General Partner contributes its Interest to an entity that provides protection from liabilities or (b) the Managing Partner, following the vote of a Majority-in-Interest of the Investor Partners, converts the interests in the Partnership held by the General Partners to Limited Partner interests, (i) any

net income the Partnership allocates to such former General Partner in future taxable years generally will be treated as nonpassive and cannot be offset by other passive losses that such former General Partner may have from the Partnership or from other passive activities and (ii) certain "disqualified deductions" claimed by the Partnership prior to such conversion can be treated as passive losses if "economic performance" with respect to the costs did not occur during the period such Partner was a General Partner and holding its Interest in an entity that does not provide protection from liabilities.

To the extent the IRS was successful in contending either that the General Partners do not own oil or gas working interests as defined in the passive loss rules or that the form in which the General Partners own the Partnership property has an effect on the Investor Partner's liability similar to that of a limited partnership, a General Partner's share of any losses, generated by the Partnership would constitute passive losses, which the General Partner could deduct only to the extent of such General Partner's passive income.

The Code imposes limitations on the deductibility of investment interest by non-corporate taxpayers. "Investment interest" generally is defined as interest paid or accrued on indebtedness allocable to property held for investment. Investment interest is deductible only to the extent of net investment income. Investment interest which cannot be deducted for any year because of the foregoing limitation may be carried forward and allowed as a deduction in a subsequent year to the extent the taxpayer has net investment income in such year. The Partnership will report to the Partners for each year their share of the Partnership's investment interest expense, the Partner's deduction of which will be subject to the investment interest limitation. Any investment interest expense disallowed under the investment interest rules generally can be deducted in a later year if the Partner has sufficient net investment income.

Miscellaneous itemized deductions (including investment expenses) of non-corporate taxpayers are allowable only to the extent that they exceed 2% of the taxpayer's adjusted gross income. The deduction by a non-corporate Partner of such Partner's distributive share of the Partnership's investment expenses may be subject to this 2% limitation. In addition, a Partner's deductible portion ofmiscellaneous itemized deductions may be further limited by other Code provisions. In general, neither the Partnership nor any Partner may deduct organization or syndication expenses. An election may be made by a partnership to amortize organizational expenses over a 180-month period, and the Partnership intends to make such election. Syndication fees (which would include any sales or placement fees or commissions), however, must be capitalized and cannot be amortized or otherwise deducted. Partners may claim ordinary deductions for investment management and advisory fees paid, but the IRS may take the view that such amounts must be capitalized and treated as part of the cost of an investment made by the Partnership.

Self-Employment Tax. A General Partner's share of any income or loss attributable to Class A Units will constitute "net earnings from self-employment" for self-employment tax purposes.

Sale of Disposition of Interests. A Partner that sells or otherwise disposes of an Interest in the Partnership in a taxable transaction generally will recognize gain or loss equal to the difference, if any, between the adjusted basis of the Interest and the amount realized from the sale or disposition. The amount realized will include the Partner's share of the Partnership's liabilities outstanding at the time of the sale or disposition. If the Partner holds the Interest as a capital asset, such gain or loss will generally be treated as capital gain or loss to the extent a sale of assets by the Partnership would qualify for such treatment and will generally be long-term capital gain or loss if the Partner had held the Interest for more than one year on the date of such sale or disposition, provided, that a capital contribution by the Partner within the one-year period ending on such date will cause part of such gain or loss to be short-term, provided further, that a portion of any such gain or loss will be separately computed and taxed as ordinary income to the extent attributable to Section 751 Property owned by the Partnership. In addition, if the capital contribution of a new Partner is distributed to Partners (other than such new Partner), for federal income tax purposes, such distributions will likely be treated as a taxable sale of a portion of their Interests by Partners receiving such

distributions. Gain could also be taxed as recapture income to the extent attributable to prior depreciation. Both ordinary income and capital gain recognized on a sale or exchange of Units may be subject to the 3.8% Medicare tax in certain circumstances.

In the event of a sale or other transfer of an Interest at any time other than the end of the Partnership's taxable year, the share of income and losses of the Partnership for the year of transfer attributable to the Interest transferred will be allocated for federal income tax purposes between the transferor and the transferee on either an interim closing-of-the-books basis or pro rata basis reflecting the respective periods during such year that each of the transferor and the transferee owned the Interest.

Alternative Minimum Tax. Both individual and corporate taxpayers could be subject to an alternative minimum tax ("***AMT***") if the AMT exceeds the income tax otherwise payable by the taxpayer for the year. Oil and gas activities may generate items of income or deduction that can have AMT consequences for certain taxpayers.

Tax Returns and Tax Information

The Partnership will use cash basis accounting for purposes of applying its method of accounting and will use the calendar year as its tax year for income tax purposes (unless a different tax year is required by the Code). Partners may be required to obtain extensions of time to file their tax returns. An audit of the Partnership may affect the tax consequences to a Partner and may result in audits of the returns of Partners.

Pursuant to the governing documents of the Partnership, items of the Partnership's taxable income, gain, loss and deduction are allocated so as to take into account the varying interests of the Partners over the term of the Partnership. Such allocations will be respected for tax purposes if they have a "substantial economic effect" or are in accordance with the Partner's Interests in the Partnership. The Managing Partner believe that, for U.S. federal income tax purposes, the allocations set forth in the Partnership Agreement of should be given effect, and the Managing Partner intends to prepare returns based on such allocations. It is possible that the IRS will challenge the Partnership's allocations. Any resulting reallocation of tax items may have adverse tax and financial consequences to a Partner.

Investment by Qualified Retirement Plans and Other Tax-Exempt Investor Partners

Qualified pension and profit-sharing plans (including Keogh or HR-10 plans), IRAs, educational institutions and other investors exempt from taxation under Code Section 501 are generally exempt from federal income tax except to the extent that their unrelated business taxable income ("***UBTI***") exceeds $1,000 during any taxable year. UBTI is income from an unrelated trade or business regularly carried on, excluding various types of investment such as dividends, interest, certain rental income and capital gains, so long as not derived from debt-financed property. In addition, income derived from debt-financed property, that is, property as to which there is "acquisition indebtedness," and certain insurance income received from or attributable to controlled foreign corporations is UBTI. The activities of the Partnership may give rise to UBTI, which will be reported to the Partners.

Tax Matters

The Managing Partner will act as the "partnership representative" of the Partnership and will make certain elections on the Partnership's behalf and on behalf of the Partners. The Partnership Representative will have the sole authority to act on behalf of the Partnership for purposes of, among other things, federal income tax audits and judicial review of administrative adjustments by the IRS. Any actions taken by the Partnership or by the Partnership Representative on behalf of the Partnership with respect to, among other

things, federal income tax audits and judicial review of administrative adjustments by the IRS, will be binding on the Partnership and all Partners.

Pursuant to the Bipartisan Budget Act of 2015, if the IRS makes audit adjustments to the Partnership's income tax returns, it may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from the Partnership. Generally, the Partnership will elect to have the Partners take such audit adjustment into account in accordance with their Interests in the Partnership during the tax year under audit, but there can be no assurance that such election will be effective in all circumstances. If the Partnership is unable to have the Partners take such audit adjustment into account in accordance with their Interests in the Partnership during the tax year under audit, the current Partners may bear some or all of the tax liability resulting from such audit adjustment, even if such Partners did not own Interests in the Partnership during the tax year under audit; provided that, under the Partnership Agreement, each current and former Partner is required to pay its proportionate share of any tax payment deficiency or penalty resulting from an audit adjustment within 30 days of demand by the Partnership and further agrees to indemnify and hold harmless each other Partner from payment of such indemnifying Partner's proportionate share of any such tax payment deficiency. If, as a result of any such audit adjustment, the Partnership is required to make payments of taxes, penalties and interest, the cash available for distribution to the Partners might be substantially reduced.

Certain Disclosure and Record Keeping Requirements

If the Partnership were to engage in a "reportable transaction," the Partnership (and possibly Partners and others) would be required to make a detailed disclosure of the transaction to the IRS. A transaction may be a reportable transaction based upon any of several factors, including the fact that it is a type of tax avoidance transaction publicly identified by the IRS as a "listed transaction" or that it produces certain kinds and amounts of losses for partnerships, individuals, S corporation, and trusts. The Partnership's participation in a reportable transaction could increase the likelihood that the Partnership's federal income tax information return (and possibly Partners' tax returns) is audited by the IRS. If the Partnership were to participate in a listed transaction or a reportable transaction (other than a listed transaction) with a significant purpose to avoid or evade tax, Partners could be subject to additional penalties and restrictions. The Partnership does not expect to engage in any reportable transactions.

Taxes in Other Jurisdictions

In addition to the U.S. federal income tax consequences, prospective investors should consider potential U.S. state and local tax consequences of an investment in the Partnership in the state or locality in which they are resident for tax purposes. A Partner may be subject to tax return filing obligations and income, franchise or other taxes, including withholding taxes, in jurisdictions in which the Partnership operates.

Circular 230 Notice

The tax advice contained in this document is not given in the form of a covered opinion, within the meaning of Circular 230 issued by the United States Secretary of the Treasury. Thus, we are required to inform you that you cannot rely upon any advice contained in this document for the purpose of avoiding United States federal tax penalties. The tax advice contained in this document was written to support the promotion or marketing of the transactions or matters described in this document. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (and "***ERISA Plan***") and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the management or administration of an ERISA Plan or the management or disposition of the assets of an ERISA Plan or who renders investment advice for a fee or other compensation to and ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment of a portion of the assets of any Plan in the Offered Units, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any similar law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable similar laws. A fiduciary of a Plan should consider the Plan's particular circumstances and all of the fact and circumstances of the investment including, but not limited to, the matters discussed above under "*Risk Factors*," in determining whetheran investment in the Offered Units satisfies these requirements.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving "plan assets," as defined in regulations of the U.S. Department of Labor (the "***DOL***") as modified by Section 3(42) of ERISA, with persons or entities who are "parties in interest," within the meaning of Section 3(14) of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of the Class A Units by an ERISA Plan with respect to which the Partnership is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption.

ERISA and the Code contain certain exemptions from the prohibited transactions described above and the DOL has issued several exemptions, although certain exemptions do not provide relief from the prohibitions on self-dealing. The DOL has issued prohibited transaction exemptions that may apply to the acquisition and holding of the Offered Units, each of which contain conditions and limitations on their

application. Accordingly, the fiduciary of a Plan that is considering acquiring and/or holding the Offered Units in reliance on any of these exemptions should carefully review the exemption with its counsel to confirm that it is applicable. There can be no assurance that any of these exemptions will be available with respect to the acquisition of the Offered Units.

Because of the foregoing, the Offered Units should not be purchased or held by any person investing "plan assets" of any Plan, unless such purchase and holding will not constitute a non-exempt prohibited transaction under ERISA or Section 4975 of the Code or a similar violation under any applicable similar laws.

Representation

By acceptance of an Offering Unit, each purchaser and subsequent transferee of a Unit will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire and hold the Class A Units, or an interest therein, constitutes "plan assets" of any Plan, or (ii) the purchase and holding of the Class A Units (or any interest therein) by such purchaser or transferee, throughout the period that it holds such Units (or any interest therein) and the disposition of such Unit or an interest therein, will not constitute (a) a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, (b) a breach of fiduciary duty under ERISA, or (c) a similar violation under any applicable similar laws.

Neither this offer nor the sale of Offered Units to a Plan is a representation by the Partnership or any of its representatives that an acquisition of the Offered Units meets all legal requirements applicable to investments by Plans, entities whose underlying assets include assets of a Plan, or that such an investment is appropriate for any particular Plan, or entities whose underlying assets include assets of a Plan.

The foregoing discussion is general in nature and is not intended to be all-inclusive, nor should it be construed as legal advice. Due to the complexity of these rules and the excise taxes, penalties and liabilities that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing or holding the Offered Units on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any similar laws to such transactions and whether an exemption would be applicable to the purchase and holding of the Offered Units.

PLAN OF DISTRIBUTION; INVESTOR QUALIFICATIONS; HOW TO INVEST

General Solicitations; Advertisements; and Sales Materials

The Class A Units are being offered and sold in reliance upon Rule 506(c) of Regulation D, promulgated under the Securities Act. As a result, the Partnership is permitted to use general solicitations and advertisements, provided that all subscribers to this Offering are "accredited investors" and meet the requirements set forth herein and in the Subscription Documents attached hereto as Exhibit B.

The Managing Partner reserves the right to engage brokers, dealers, or placement agents (collectively "***Broker-Dealers***") to solicit prospective investors and such Broker-Dealers would receive customary commissions or fees. As of the date hereof, the Managing Partner has not engaged any Broker-Dealers, finders, or placement agents to assist it with the placement of the Offered Units, and has no present intention of doing so.

The Managing Partner, and its principals may respond to specific questions from prospective investors and/or their advisors and provide additional materials and other information relating to this Offering and the Partnership. The information in such materials is not complete and should not be considered a part of this Memorandum, incorporated in this Memorandum by reference, or as forming the basis of the Offering. This Offering is made only by means of this Memorandum. No other person has been authorized to give any information or to make any representations other than those contained in this Memorandum and, if given or made, such information or representations must not be relied upon.

Who May Invest

This Offering is being made in reliance on exemptions from the registration requirements of federal and state securities laws. Each prospective Subscriber is required to represent and warrant in the Subscription Agreement that:

1. the Subscriber is an "accredited investor" (as defined in Rule 501(a) of Regulation D, promulgated under the Securities Act). Please see the Subscriber Information Form included in the Subscription documents attached as Exhibit B to this Memorandum to determine whether you meet the requirements to be an "accredited investor";

2. the Subscriber meets the requirements to qualify as an "accredited investor" under Rule 506(c) of Regulation D by providing the Managing Partner one or more of the forms of proof described in "*How to Invest*" below;

3. the Subscriber is investing for his/her own account only and not intending to resell or distribute the Securities;

4. the Subscriber has adequate means of providing for Subscriber's current needs and personal contingencies and has no need for liquidity for this investment;

5. the Subscriber can bear the economic risk of losing his/her entire investment; and

6. the Subscriber and his/her own advisors have substantial experience when making investment decisions of this type.

The Managing Partner will reject subscriptions from prospective Subscribers that do not meet these suitability standards. The Managing Partner reserves the right to reject any subscription in whole or in part.

EACH PROSPECTIVE INVESTOR SHOULD DETERMINE WHETHER THIS INVESTMENT IS APPROPRIATE FOR SUCH INVESTOR. THE MANAGING PARTNER RECOMMENDS THAT EACH POTENTIAL INVESTOR CONSULT INDEPENDENT LEGAL AND FINANCIAL ADVISORS BEFORE INVESTING.

How to Invest

To purchase Offered Units, a prospective Subscriber must:

1. execute and deliver the Subscription Documents attached as Exhibit B hereto, including the Subscriber Information Form included therein, and return it to the Managing Partner; and

2. deliver to the Managing Partner one or more (the appropriate methods and forms to be determined by the Managing Partner, in its sole discretion) of the following forms of proof of the fact that he/she/it is an "accredited investor":

   a. Proof based on Income. An Internal Revenue Service form that reports the prospective Subscriber's income for the fiscal years of 2012 and 2013 (including, but not limited to, Form W-2, Form 1099, Schedule K-1 to Form 1065, and Form 1040), along with a written representation from the Subscriber that he or she has a reasonable expectation of reaching the income level necessary to qualify as an accredited investor during the current year; or

   b. Proof based on net worth. Bank statements, brokerage statements and other statements of securities holdings, certificates of deposit, tax assessments, and appraisal reports issued by independent third parties. In addition, the Subscriber must provide a consumer report from at least one of the nationwide consumer reporting agencies and a written representation from the Subscriber that all liabilities necessary to make a determination of net worth have been disclosed. All documents provided by the Subscriber should be dated within the prior three months of delivery; or

   c. Third-party confirmation. Written confirmation from a registered broker-dealer, an investment advisor registered with the SEC, a licensed attorney who is in good standing under the laws of the jurisdictions in which he or she is admitted to practice law, or a certified public accountant who is duly registered and in good standing under the laws of the place of his or her residence or principal office confirming that such person or entity has taken reasonable steps to verify that the Subscriber is an accredited investor within the prior three months and has determined that such Subscriber is an accredited investor.

Money received by the Partnership prior to the Initial Closing will be deposited in a separate escrow account. In the event that the Managing Partner does not receive and accept Subscription Agreements for Capital Contributions in the amount of the Minimum Offering Amount, then the Subscribers would receive the return of their funds.

INQUIRIES

Inquiries concerning the Partnership and Units (including information concerning subscription procedures) should be directed to:

Carson Oil Field Development Fund II, LP
c/o The Heartland Group Ventures, LLC
5049 Edwards Ranch Rd., Fourth Floor
Fort Worth, Texas 76109
Telephone: 817-383-2999
Attention: Administration
Email: rustin@theheartlandgroup.net

This Memorandum does not purport to be and should not be construed as a complete description of the Partnership Agreement. Any potential investor in the Partnership is encouraged to review the Partnership Agreement carefully, in addition to consulting appropriate legal and tax counselors.

Heartland & Barron Petroleum Evaluation

Prepared by J. Daniel Arthur, P.E., SPEC, ALL Consulting
November 24, 2021

The United States Securities and Exchange Commission has asked me to assess the accuracy of statements made to Heartland's investors regarding Heartland's oil and gas operations in certain offering documentation, in certain Heartland correspondence to its investors, and by Roger Sahota. To do so, I visited certain Heartland oil and gas wells, and analyzed publicly available queries on the Railroad Commission of Texas's website (which I refer to in this report as the "TRRC").

In this report, I discuss my background (**Section I below**); I evaluate certain representations made in Heartland's offering documents about Heartland's wells (**Section II**); I evaluate certain representations made in Heartland's offering documents and in communications with its investors about the well operators (**Section III**); I evaluate statements made by Roger Sahota about one of Heartland's wells on April 13, 2021 (**Section IV**); and I discuss Heartland's assumptions/projections in its offering documents (**Section V**).

Based upon my analysis, as discussed below, in addition to other conclusions and observations, I conclude that Heartland and Roger Sahota vastly overstated to Heartland investors the current productivity and profitability of Heartland's wells. I also conclude that Heartland made misrepresentations to its investors about the operators' experience – including in particular Roger Sahota's and his entities' experience serving as operators in Texas. I further conclude that there appears to have been no reasonable basis for almost all of Heartland's "assumptions" about the future productivity of its wells that were included in its offering documents to Heartland's investors.

I. Witness Qualifications

I am a Petroleum Engineer and registered Professional Engineer in over 30 states (including Texas). I am also a registered Professional Petroleum Engineer through the Society of Petroleum Engineers (SPE), which serves as a worldwide registration. I have completed oil & gas related projects throughout the United States and in several foreign countries, including Saudi Arabia, China, Canada, New Zealand, Australia, Peru, and several others. My experience spans more than 35 years of engagement with matters that include, but are not limited to: exploration& planning, asset development, geological analyses, well design, well drilling & completion, well maintenance & stimulation, production analysis & forecasting, well integrity, seismic analysis & monitoring, enhanced recovery, midstream planning & design, production operations, water management, and data system infrastructure.

My experience has included management of large projects involving oil & gas, water systems, and various types of related assets/infrastructure. This has included well drilling (including vertical, deviated, and horizontal wells), geological and geophysical analysis (e.g., well log interpretation), well completions (including well acidizing and hydraulic fracturing), well design, best practices, technical reviews, and coordination with third parties, site inspections, and review of technical data (e.g., drillers' files, technical reports, production data & forecasting, and more). While employed with the U.S.

Environmental Protection Agency (U.S.EPA), I performed several hundred site inspections of oil and gas sites, injection wells, and ancillary facilities/infrastructure (e.g., production facilities, pipelines, etc.).

Additionally, I have experience acquiring, reviewing, and analyzing well records and data from state oil & gas regulatory agencies, including the TRRC.

II. Heartland's Offering Documents and Other Communications With its Investors Included Inaccurate Information About the Productivity and Profitability of the Oil/Gas Wells

Based on the information gathered from Heartland's offerings and associated documents, I conducted multiple search queries that are publicly-available on the TRRC's database (e.g., Well Production data, Wellbore Details, Organization Reports, and Completion Reports). As a result of the search queries, a total of five (5) operators with 142 wells across multiple Texas counties were identified as being associated with the Heartland offerings. These publicly-available well production data, completion reports, permits, and wells logs associated with the offerings were compiled, reviewed, and analyzed.

I compared this publicly-available information to the statements Heartland made in the offering materials, and in correspondence to its investors, about the current operational status of the identified wells. I performed the same analysis with respect to statements made by Roger Sahota during a site visit to a well.

A. Texas Railroad Commission Publicly-Available Data

In Texas, every aspect of the oil and gas industry is regulated by the TRRC. All aspects of oil and gas related activities conducted in Texas are subject to extensive reporting obligations by, and to, the TRRC. Every oil and gas well must have a permit, that details specific information, such as the operator name, well name, location, depth, and other details. Further, the TRRC requires regular periodic reports concerning oil and gas well drilling, completion, production, and abandonment, among other activities. All this information is fully available to the public free of charge on the TRRC's website.

When the TRRC issues a permit to drill, the TRRC assigns that wellbore both a permit number and an American Petroleum Institute (API) Well Number. API numbers are a standardized system of numbering oil and gas wells developed by the American Petroleum Institute. The API number indicates the state (first two digits) and county (next three digits) in which the wellbore is located, as well as a unique identifier number for each wellbore (last five digits). An API number never changes and is permanently associated with a wellbore. Further, when an oil or gas well is completed and assigned to a lease, the TRRC assigns it a five-digit (oil) or six-digit (gas) lease number that corresponds with the lease upon which the well was completed.

The TRRC publishes on its website details of all permits and associated well and operator details for all Texas-based operators, oil/gas wells, and leases. Users can filter through this information by using search queries available on the site, or through the TRRC GIS database (i.e., a map-based query system).

Among the information a member of the public can access from the TRRC website free of charge is the amount of oil or gas being produced from a lease. Under TRRC rules, each calendar month an oil and gas Operator must file with the commission a "PR" or "Production Report" for each of the operator's producing leases indicating the amount of oil or gas that each lease has produced. The TRRC mandates that such information be set forth in a specified level or detail and in a specific format. Failure to submit this information could result in a TRRC Enforcement Action.

B. Heartland's Offering Documents and Its Communications with its Investors Included Information About the Wells That Was Contradicted by Publicly-Available Information on the TRRC Website

Heartlands' offering documents and its correspondence with investors included various descriptions of, and information about, its oil and gas wells, including representations about the current productivity and condition of such wells. Counsel for the SEC asked me to assess the veracity of such representations based upon information that was available to the public on the TRRC website.

1. Heartland Production and Recovery Fund I

I was asked to evaluate the accuracy of the representations in this Confidential Offering Memorandum (COM) about the two wells that were the focus of that offering. The date of this COM is October 23, 2018. That COM stated that those wells were recently hydraulically fractured and were "highly profitable" in light of the then-prevailing oil prices. Heartland stated that at the time of the offering, the two wells (Sahota Unit #1 & Sahota Red House #2) were producing 100 bbls/day and that with additional stimulation, production would be increased beyond that.

To determine the accuracy of these representations, I went on the TRRC website and entered the API numbers for the subject wells, which are expressly referenced on Page 18 of the COM. This allowed me to perform multiple publicly-available searches to find information such as the drill permits, completion reports, and well production data. Through this basic website search, I was able to verify the owner and operator of the wells, when they were permitted and drilled, the date in which the wells were completed, and the reported production volumes.

From my search of the publicly-available information on the TRRC website, I learned that as of the date of Heartland's COM, neither well had ever produced any oil. I learned that the Sahota Unit #1 well was owned and operated by Arcooil Corporation (Arco). I further learned that Arco obtained a drilling permit on April 28, 2018; spudded the well on June 15, 2018; and completed the well on July 18, 2018.

With respect to the Sahota Redhouse #2 well, I learned that it was also owned and operated by Arco. I further learned that Arco obtained a drilling permit on June 12, 2018; spudded on August 22, 2018; and completed the well on August 29, 2018. Critically, there were no "production reports" filed prior to Heartland's offering memorandum reflecting any oil production. Indeed, the TRRC Completion Report (W-2) submitted on June 25, 2019, eight months after Heartland's offering memorandum, reflected that there had never been an initial production test – a prerequisite to oil production. The well was listed as being shut-in.

2. Heartland Production and Recovery Funds II and III

I was asked to assess the accuracy of representations made in the Confidential Offering Memorandums (COM), dated January 7, 2019, April 30, 2019, and September 27, 2019, about the current production of wells across multiple Heartland Projects.

a) Conway Project

In my assessment of the Conway Project listed in COMs dated January 7, 2019, and September 27, 2019, I was asked to assess the current production and well status of a "10 well program" which is "located in Central Palo Pinto County Texas, in the Medcalf Gap area." The COM states that all 10 wells were producing gross 72+ Barrel of Oil Equivalent per Day (BOED).

In the Economic section (on page 15 of the COM), Heartland stated that current production for the 10 wells was 760 BOED and that monthly revenue was $587,940.

In order to confirm the validity of these representations, I conducted searches on the TRRC website. This time the COM did not contain the API numbers for the wells, so I tried to identify the wells on the TRRC website using only information from the wells in the COM, such as Operator names, Wells names, Lease name, and the County, among other information.

I was able to find information pertaining to the 10 wells from the COM through publicly-available website searches. According to the TRRC website, Barron Petroleum, LLC (Barron) is the owner and operator of 13 wells in Palo Pinto, County. According to the TRRC website, nine (9) of those wells were active, two (2) wells were not producing, one (1) well is shut in, one (1) well is a permitted location (i.e., not drilled yet).

Not all the 13 wells associated with this fund had well files available through the TRRC website (likely because the Operator had failed to file the required information), but of the nine (9) wells with available records, seven (7) were drilled and completed between December 2018, and June of 2020, the other two had no data available. An additional three (3) wells were apparently drilled and completed between November 2019, and June of 2020 - more than **10 months** after Heartland's January 2019, COM. Therefore, these wells would NOT have been producing oil as of the date of the COM.

b) Wolfcamp Project

In my assessment of the Wolfcamp Project listed in the COM dated April 30, 2019, I was asked to evaluate the accuracy of the representations for the 14 wells located in Schleicher, County. The COM states that the 14 wells were currently producing a cumulative volume of 182 BOED, or 5,551 BOE per month (BOEM).

To evaluate the accuracy of these representations, I performed searches on the TRRC website. The COMs in which the Wolfcamp acquisitions were mentioned did not contain the API numbers for the identified wells. From the information available in the COM, such as the Operator's name, the County of the wells, and the number of wells, I

was able to find the available records for the associated wells through well completion reports and production records.

TRRC's publicly-available information reflected that the actual average daily production from these wells for the three (3) months preceding the April 2019, COM, (January – March), was 125.5 BOED (3,765 BOEM). This is 68 percent of the production claimed in the COM.

Heartland distributed another COM, dated September 27, 2019, which included the same representations as the April 2019 COM about the Wolfcamp wells productivity. Like the April 2019 COM, the September 2019 COM stated that the 14 wells were currently producing a cumulative volume of 182 BOED (5,551 BOEM).

TRRC's publicly-available information reflected that the actual average daily production from those wells for the five (5) months between the April 2019 COM and the September 2019 COM, (April – August), was 135.5 BOED (4,059 BOEM). This is 73 percent of the production claimed in the COM.

More recently, in a "Stakeholder Letter" dated January 1, 2021, Heartland told its investors that the 14 Wolfcamp wells were producing a monthly production volume of 1,801 BO and 13,625 Mcf of natural gas (for a combined production of 4,072 BOEM). The publicly-available information available on TRRC website states that the actual average monthly productivity from those wells for the three (3) months preceding this representation, (October 2020 – December 2020), was 462 BO with no gas production. This is approximately 26 percent of claimed oil production and 11 percent of total claimed production.

c) Heartland Fund III Acquisitions (Young, Palo Pinto, Jack County)

In a January 1, 2021, letter to its investors, Heartland made several representations about the then-current production of various wells associated with Heartland's Fund III offering. **Exhibit 01** is an example, directly from the subject letter to investors:

> **Wolfcamp**: This is a natural gas and oil producing asset consisting of 14 wells. Monthly production is 1,801 barrels of oil and 13,625 MCF of natural gas.
>
> **Conway**: This is a natural gas and oil producing asset consisting of 4 wells. Monthly oil production is 1,239 barrels and natural gas production is 593 MCF.
>
> **Young County**: This is an asset with 19 wells producing 1062 barrels of oil, 4102 MCF of natural gas, and 20 barrels of gas condensate.
>
> **Palo Pinto**: This asset consists of over 100 wells producing mostly natural gas. The asset can produce 167 barrels of oil, 23 barrels of gas condensate and 19,030 MCF of natural gas. Heartland is continuing to aggressively develop this asset.

Exhibit 01: Production Claim from Heartland Stakeholder Letter (January 1, 2021)

SEC counsel asked me to assess the accuracy of these representations. To do so, I conducted document searches on the TRRC website. The COMs in which the Young and

Palo Pinto County acquisitions were mentioned did not contain the API numbers for these wells. Based on information available in the COMs, (i.e., operator name, county name, and number of wells), I was able to locate the available records for the associated wells through well completion reports and production report queries.

The queries performed on the TRRC website found nine (9) wells in Young County, 15 wells in Jack County, and 94 wells in Palo Pinto County, Texas that are owned by Panther City Energy, LLC (Panther City) and Dodson Prairie Oil and Gas, LLC (114 total wells).

As noted earlier, for the **Wolfcamp Project**, based on data from the TRRC website I found that the actual average monthly production in the three (3) months preceding (October 2020– December 2020) this letter was, less than 11 percent of the production Heartland represented to its investors.

From January 1, 2019, through August 30, 2021, the **Conway Project** (Palo Pinto County) reported average monthly production of 1,239 BO and 593 Mcf of natural gas. These reported production values are in line with production statements made by Heartland for these wells.

The **Young County** wells reported a cumulative production volume of 20 BO, 0 Mcf of natural gas, and no gas condensate from January 1, 2019, through August 30, 2021. Heartland clearly overstated production for this acquisition, as reported production for this group of wells is less than two (2) percent of what Heartland claimed in its letter to its investors.

For the 94 **Palo Pinto County** wells, TRCC reported monthly production of 15 BO, 2,657 Mcf of natural gas, and 6 bbls gas condensate from January 1, 2019, through August 30, 2021. This is less than nine (9) percent of the alleged oil production and less than 14 percent of the claimed gas production.

III. The Offering Documents and Marketing Materials Included Inaccurate Information About the Operators

SEC Counsel asked me to determine the validity of the COMs and Heartland's marketing materials, which represented that Arco, Barron, and Leading Edge Energy, LLC (Leading Edge), "Have been actively engaged in well workovers and drilling of oil and gas reserves in the Texas Gulf Coast Region since 2003."

Any person or entity who has primary responsibility for complying with the TRRC's rules and regulations is an "operator" who must register and be approved by the TRRC. The TRCC defines "operator" expansively to include all manner of oil and gas operations, including drilling, operating, or producing any oil, gas, geothermal resource, brine mining injection, fluid injection, or oil and gas waste disposal well; transporting, reclaiming, treating, processing, or refining crude oil, gas and products, or geothermal resources and associated minerals; discharging, storing, handling, transporting, reclaiming, or disposing of oil and gas waste, including hauling salt water for hire by any method other than pipeline; operating gasoline plants, natural gas or natural gas liquids processing plants, pressure

maintenance or repressurizing plants, or recycling plants; recovering skim oil from a salt water disposal site; nominating crude oil; operating a directional survey company; cleaning a reserve pit; operating a pipeline; operating as a cementer approved for plugging wells, operating as a cementer cementing casing strings or liners, or operating a well service company performing well stimulation activities, including hydraulic fracturing; or operating an underground hydrocarbon or natural gas storage facility.

Succinctly stated, under Texas law and TRRC rules, it is illegal to engage in any of these activities without first registering with the TRCC as an operator. Moreover, as noted above, Texas law and TRRC rules include significant reporting obligations for oil and gas operations within the State of Texas. Most of these reports can only be submitted to the TRRC by a TRRC-approved operator.

The initial requirement for becoming an operator is to file a "Form P-5 Organization Report." This form requires the applicant to supply basic information about the applicant to the TRRC. Furthermore, the operator must identify its officers, directors, general partners, and owners with more than 25 percent ownership interest.

Once the operator files its Form P-5, the TRRC assigns the operator an identification number. The operator thereafter includes that identification number on all TRRC applications, permits, and reports. The operator must renew its TRRC operator identification number annually.

Operator information is available to the public free of charge on the TRRC website. A member of the public can access information about an operator by inputting the operator's name, or its TRRC-assigned identification number, into a P-5 Organization query. Thus, to determine when the entities first became TRRC-registered operators, I accessed the TRRC's website and conducted a P-5 Organization query search using the operator's name and/or P-5 number.

From this search, I was able to obtain details regarding each operator, which included the operator name and number, officer names, date of initial and most recent P-5 report filing, financial assurance details (a TRRC requirement), and P-5 expiration date. From this information I was able to determine that none of the operators that Heartland identified in its offering documentation - Arco, Barron, or Leading Edge - were registered with the TRRC before May of 2017. That is 14 years after Heartland had claimed these companies first became oil and gas operators in Texas.

IV. Roger Sahota Made Misrepresentations About the Potential Productivity of the Sahota Carson 20 BU #1 Well

I also reviewed a short video that was supplied to me by the SEC counsel, who represented to me that the video was recorded during an April 13, 2021, site visit to the Sahota Carson 20 BU #1 "discovery" well in Val Verde County. On that video, a person who has been identified to me as Roger Sahota (owner/operator of Arco, Barron, and Leading Edge), is asked: "*How much gas do you think you'll be able to pull?*" Mr. Sahota responds: "*Right now we got about 4,500 pounds of pressure on it*[1]*, so we will*

[1] In his statement, Mr. Sahota was referring to surface wellhead pressure.

start like at 4 million Mcf a day[2], and then of course it's going to decline. But we're thinking that maybe a million, 2 million."

During my October 6, 2021, on-site visit, the Carson 20BU #1 had a surface wellhead pressure of only 1,000 psig, which is 20 percent of the claimed wellhead pressure. Additionally, according to TRRC records, from May through August 2021, the two Carson I wells produced a total monthly average (i.e., not a daily average) of 191 and 231 Mcf per month (for Carson 20BU and Carson 19BU, respectively). This would be an estimated equivalent of 32 and 39 BOE for the same two wells. This is DRAMATICALLY different than what Mr. Sahota claimed (i.e., 4,000 Mcf/Day compared to approximately 6.3 Mcf/Day actual). This production volume is less than 1 percent of claimed production volumes. Based on my experience and review of the technical details associated with these wells, Mr. Sahota had no basis to make these completely fabricated and unreasonable statements. Moreover, in the Stakeholder letters from September 4, 2020, Heartland stated that the Sahota Carson 20 BU #1 stimulation test produced rates of 5,000 Mcf (per day), which further misrepresents not only the potential, but also actual production from this well. (*NOTE: The actual production data reported to the TRRC is for a period "AFTER" the claim made by Heartland, further suggesting that the claims were complete fabrication*).

V. Heartland's and Sahota's Assumptions / Projections

Both Heartland's offering documents and Sahota's April 13, 2021, statement captured on video, include "assumptions" about the future productivity of Heartland's wells but do not include meaningful information or backup data supporting such projections, or otherwise provide any explanation about how they developed their assumptions/projections. The lack of such information makes it difficult for me to evaluate the reasonableness of those projections.

One way to assess the reasonableness of Heartland's and Sahota's projections is to compare the projections to the wells' subsequent production. From that perspective, it is clear that each one of Heartland's projections in the various offering documents proved to be highly inaccurate. Indeed, as described below, Heartland's projections are so severely and consistently inaccurate as to call into question their reasonableness and whether they were developed in good faith.

1. Heartland Production and Recovery Fund I

In the COM dated October 23, 2018, Heartland projected ***daily*** production for the Sahota Unit #1 and Sahota Redhouse #2 wells ranging from 150 to 200 barrels. From publicly-available TRRC data, I learned that the Sahota Unit #1 reported its first production of one (1) BO in September of 2019. The last reported production was four (4) BO, in June 2020. Thus, the ***total*** cumulative oil production for the well was 13 BO. There has been no production reported since June of 2020. As for the Sahota Redhouse #2 well, its first production was in April of 2019, totaling two (2) BO. The last reported oil production for the well was November of 2019, totaling one (1) BO. Thus, the ***total*** actual cumulative oil production was 14 BO. The well has not produced since November of 2019. The cumulative production for

[2] For purposes of this analysis, I assume Mr. Sahota mis-spoke and meant 4,000 Mcf and not 4 million Mcf, because the statement he made is completely and technically unreasonable. For further clarification, "4 million a day" (or four (4) million cubic feet of gas per day) is equivalent to 4,000 Mcf of gas per day.

both wells was 27 barrels. This is significantly less than one (1) percent of the "low" projection.

2. Heartland Production and Recovery Fund II

In the COM dated January 7, 2019, Heartland projected daily cumulative production for the Conway leases ranging from 500 BO to 1,200 BO. From January 2019, through August 2021, those wells achieved combined daily actual production averaging less than one (1) BO, one (1) BOE of natural gas, and eight and a half (8.5) barrels of condensate. This is only slightly more than one (1) percent of the "low" projection stated in the offering.

3. Wolfcamp Project

For the Wolfcamp Project, Heartland's COM dated April 30, 2019, and later in its COM dated September 27, 2019, projected gross daily productions ranging from 182 to 828 BOE. The actual average daily production from May 2019, through August 2021, was 47 BOE, under 26 percent of the "low" projection.

4. Sahota Carson 20 BU #1

For the 20 BU #1 (Discovery Well), during an April 13, 2021, site visit, Mr. Sahota projected production of 4 million Mcf of natural gas ***a day***. From May 2021, through August 2021, the actual total combined ***monthly*** production of the two (2) wells (i.e., 20 BU and 19 BU) was 422 Mcf.

Over and over again, the projections Heartland and Sahota made proved to be wildly inaccurate. That by itself provides strong evidence that Heartland's and Roger Sahota's projections were unreasonable and were not developed in good faith.

Further proof of Heartland's bad faith is reflected in its failure to revise its projections to account for recent well activity and actual results that confirm the inaccuracy of the earlier projections. On September 27, 2019, Heartland created a new offering memorandum. In that memorandum, it included dated projections from an earlier offering document that had been created five months earlier:

1. Wolfcamp Project

Heartland copied the Wolfcamp projections from the April 2019, offering memorandum for use in the September 2019, offering memorandum without making any changes. Yet from April 2019, through September 2019, those wells were massively underperforming those projections – calling into question the accuracy of those projections (as discussed above). Heartland apparently ignored this severe disparity between the actual production figures and its projected production figures, choosing to restate those categorically inaccurate projections in its September 2019, COM.

The fact that Heartland made no efforts to revise its projections for these oil and gas properties in order to incorporate recent production activities confirms that Heartland's projections/assumptions were not created in good faith and were unreasonable.

****

This evaluation summary is preliminary and is subject to change if additional information is received. The opinions developed are also subject to change based on supplemental information that may be provided or otherwise obtained. This evaluation has been prepared in accordance with professional standards of care, skill, and diligence. Internal quality control processes have been implemented to ensure the completeness, accuracy, and clarity.

Dated: November 24, 2021

J. DANIEL ARTHUR, P.E., SPEC

STATE OF TEXAS
JAMES DANIEL ARTHUR
100643
LICENSED
PROFESSIONAL ENGINEER
11/24/21

SPE International
SPE Certified Petroleum Engineer 2021

11/24/21

DECLARATION OF BRAD MASSEY

Brad Massey, pursuant to 28 U.S.C. § 1746, states that if called upon to do so, he would competently testify as follows:

1. I am offering this declaration in response to an investigative subpoena I received from the United States Securities and Exchange Commission or "SEC" on October 20, 2021.

2. I live in Mineral Wells, Texas.

3. I have been a petroleum geologist for approximately 40 years.

4. I analyzed possible natural gas reserves for Roger Sahota at ArcoOil Corp. and Barron Petroleum LLC for the Carson Leases in Val Verde County, before and after the 20BU well was drilled. I provided a written summary of my analysis to Mr. Sahota.

5. The SEC's subpoena had an exhibit attached to it, which is attached as Exhibit 1 to this declaration. That document purports to be a letter that I wrote to Roger Sahota at Barron Petroleum, Inc. summarizing my analysis of the Carson Leases in Val Verde County.

6. Parts of this document appear to have come from a letter I did in fact send to Mr. Sahota regarding my Carson Lease analysis. But other parts of the document attached as Exhibit 1 were not written by me. Specifically, I did not write this portion of the document attached as Exhibit 1 to this declaration:

Production range is as follows:

Less productive well ----------$36,500,000.00 EUR, Startup production 100 BOE/day (Oil Price At $50.00 per Barrel)

Excellent productive well --------$146,000,000.00 EUR, Startup production 400 BOE/Day (Oil Price At $50.00 per Barrel)

7. Further, I have found nothing in my analysis of the Carson leases that support these projections.

8. As a petroleum geologist, I am not qualified to project an EUR, or "estimated ultimate recovery," in terms of dollars. Any such projection would require not only projections about the productivity of the wells, but also projections about the price of gas and/or oil throughout the productive life of the well, as well as projections about the rate of extraction during that time-period. Rather, such an analysis could only be performed by a certified petroleum reservoir engineer. I would never purport to offer such an analysis.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on October 21, 2021.

BRAD MASSEY

EXHIBIT 1

xEnergy

PO Box 1589
Mineral Wells, Texas 76068

Barron Petroleum, Inc.
Mr. Roger Sahota
471 State Hwy. 67 South
Graham, Texas 76450

Re: Carson Leases, Val Verde County, Texas

Mr. Sahota;

Please accept this correspondence as a brief outline of the above references project.

Dr. Purves has interpreted 3D acquisition in order to highlight high graded Strawn age algal mounds within the Carson leases. This interpretation has led to numerous drill sites to encounter these prolific algal mounds. Of special interest, is the relatively close proximity with regards to the very prolific Massie Strawn Ls. Field located approximately three (3) miles to the North East. Excellent production occurs within fractured Strawn Limestone reservoirs and should be considered as a close representation of production values that could possible be achieved within seismically defined anomalies of the Carson leases.

Production range is as follows:

Less productive well ----------$36,500,000.00 EUR, Startup production 100 BOE/day (Oil Price At $50.00 per Barrel)

Excellent productive well ---------$146,000,000.00 EUR, Startup production 400 BOE/Day (Oil Price At $50.00 per Barrel)

Please see the attached Phase II outline of the proposed perforations for the recently drilled 20BU#1…This well exhibits the same properties as the Massie Field in accordance of interpretative log values…We feel that a new discovery will be established once field completion is completed…This porosity and mug log exhibit the same characteristics as some of the more prolific and commercially productive wells within the Massie Field…

I highly recommend the Carson lease of Val Verde County, Texas and would consider it to be highly productive and justified project with an excellent probability of success

Warm Regards;

B.C. Massey
Petroleum Geologist

ENC

BCM/bf

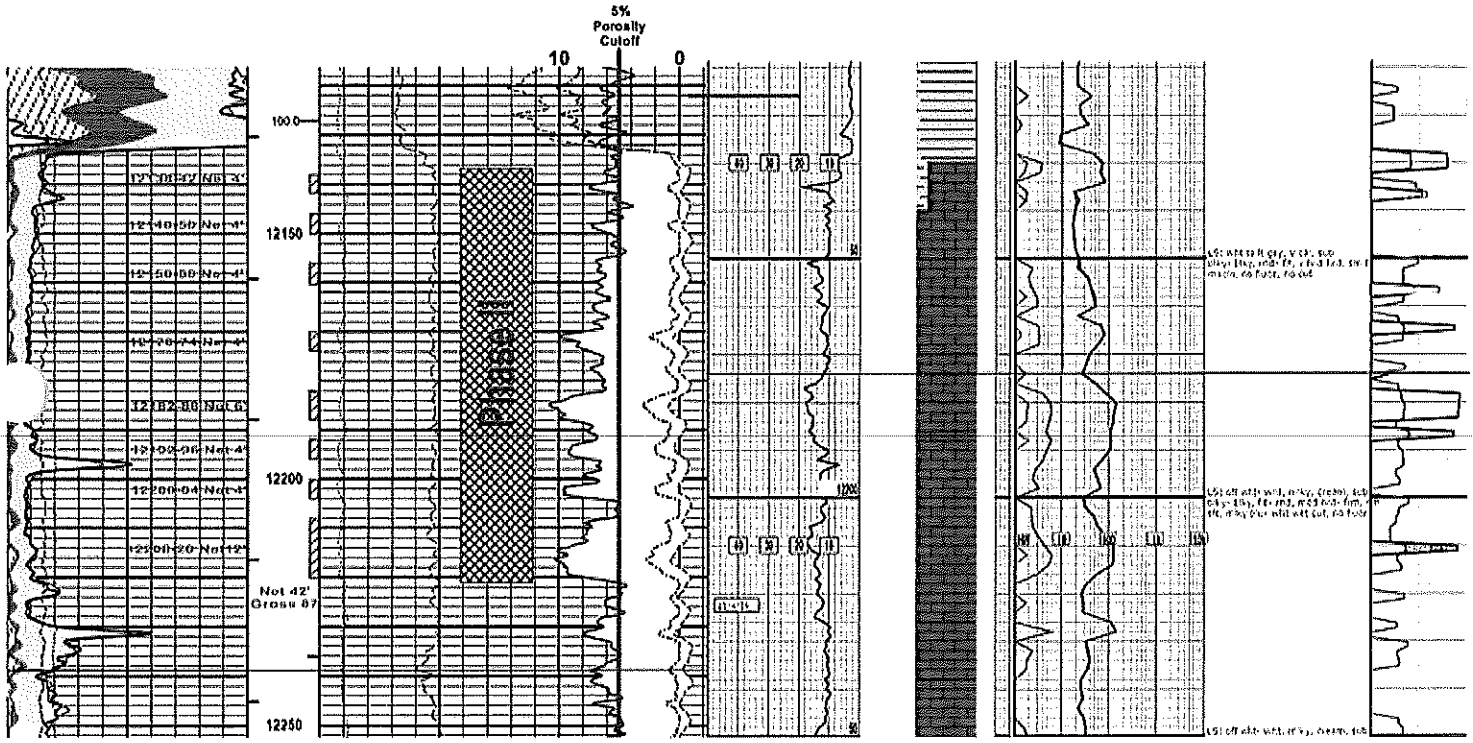
Sahota Carson 20BU #1
Val Verde County, Texas

Density Log/Mud Log Correlation

Possible Perforations

Phase II

Sahota Carson 20BU#1
Val Verde County, Texas



DECLARATION OF BETINA GILMORE

Betina Gilmore, pursuant to 28 U.S.C. § 1746, states that if called upon to do so, she would competently testify as follows:

1. I live in Abilene, Texas. I am over the age of 18 years old.

2. I work as the office manager for TransOil Marketing LLC ("TransOil"), which is located in Abilene, Texas. I have worked as TransOil's office manager continuously since the company began in 2006. Among my responsibilities as TransOil's office manager is properly maintaining TransOil business records that it generates and collects in the ordinary course of its business and retrieving such records in the ordinary course of business. TransOil retains certain of its business records in hard copy format, while it maintains other records electronically, including in a software application that TransOil licenses called "WolfePak."

3. TransOil buys and sells oil. When TransOil buys oil, it will often pay for the oil by transferring funds to the seller's bank account through an "ACH" or "automated clearing house" bank transfer. TransOil will then supply the seller with a receipt of that ACH payment, either by emailing a PDF version of the receipt or by mailing a "hard copy" of the document through the United States Postal Service.

4. TransOil generates ACH payment receipts using WolfePak, the software that TransOil uses for accounting and billing. TransOil then maintains digital, PDF versions of those ACH payment receipts within WolfePak.

5. TransOil relies upon the accuracy of those ACH payment receipts to maintain accurate records of its oil purchase transactions. In my capacity as office

DECLARATION OF BETINA GILMORE

Betina Gilmore, pursuant to 28 U.S.C. § 1746, states that if called upon to do so, she would competently testify as follows:

1. I live in Abilene, Texas. I am over the age of 18 years old.

2. I work as the office manager for TransOil Marketing LLC ("TransOil"), which is located in Abilene, Texas. I have worked as TransOil's office manager continuously since the company began in 2006. Among my responsibilities as TransOil's office manager is properly maintaining TransOil business records that it generates and collects in the ordinary course of its business and retrieving such records in the ordinary course of business. TransOil retains certain of its business records in hard copy format, while it maintains other records electronically, including in a software application that TransOil licenses called "WolfePak."

3. TransOil buys and sells oil. When TransOil buys oil, it will often pay for the oil by transferring funds to the seller's bank account through an "ACH" or "automated clearing house" bank transfer. TransOil will then supply the seller with a receipt of that ACH payment, either by emailing a PDF version of the receipt or by mailing a "hard copy" of the document through the United States Postal Service.

4. TransOil generates ACH payment receipts using WolfePak, the software that TransOil uses for accounting and billing. TransOil then maintains digital, PDF versions of those ACH payment receipts within WolfePak.

5. TransOil relies upon the accuracy of those ACH payment receipts to maintain accurate records of its oil purchase transactions. In my capacity as office

manager, I oversee the maintenance of such records. I regularly use WolfePak, and I am familiar with its functionality. Among other things, I know how to access TransOil's archived copies of the ACH payment receipts based upon a variety of queries – including dates and payees.

6. A few months ago, the United Statement Securities and Exchange Commission ("SEC") supplied TransOil with several documents, an example of which is attached as Exhibit 1 to this declaration. The SEC asked TransOil to confirm whether or not the documents were true and accurate copies of ACH payment receipts that TransOil had generated and transmitted to oil sellers.

7. It was my responsibility, as TransOil's office manager, to respond to the SEC's request.

8. To do so, I visually inspected the documents, and I immediately noticed certain irregularities. First, the letterhead of the documents supplied to us by the SEC did not include TransOil's mailing address and phone number:

TRANSOIL MARKETING LLC
A TAUBER COMPANY

9. I have attached as Exhibit 2 to this declaration a true and accurate copy of an *actual* TransOil ACH payment receipt maintained in WolfePak. As reflected in that document, TransOil's letterhead for such receipts includes its mailing address and phone number:

TRANSOIL MARKETING LLC
A TAUBER COMPANY
PO BOX 6697 • ABILENE, TEXAS 79608 • 325-698-0200

10. Second, when I visually inspected the documents the SEC had supplied to TransOil, I noticed that the bottom of the documents did not contain the following sentence, which is part of TransOil's ACH payment receipt template: "*Questions Please EMAIL: OwnerChecks@transoiltx.com OR Phone (325) 698-0200*".

11. Here is the bottom of one document supplied to us by the SEC, as reflected in Exhibit 1 to this declaration:

TransOil Marketing, LLC
Direct Deposit (ACH) is Available

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000024396	Check Totals:	52,860.01		2,439.91		50,420.10
	01/21/2020	2020 Totals:	52,860.01		2,439.91		50,420.10

12. By contrast, here is the bottom of a true and accurate copy of an *actual* TransOil ACH payment receipt maintained in WolfePak, as reflected in the document attached as Exhibit 2 to this declaration, with the relevant portion highlighted for purposes of this declaration:

TransOil Marketing, LLC
Direct Deposit (ACH) is Available
Questions Please EMAIL: OwnerChecks@transoiltx.com OR Phone (325) 698-0200

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000008577	Check Totals:	14,748.73		680.02		14,068.71
	01/21/2020	2020 Totals:	14,748.73		680.02		14,068.71

13. Based upon this visual inspection and these discrepancies – specifically, the omission of any TransOil contact information on the documents supplied to TransOil by the SEC – I made a preliminary determination that TransOil had not generated such documents.

14. Next, I accessed the WolfePak database to determine if the documents provided to TransOil by the SEC existed among the company's archived ACH payment receipts. There were no such documents in the database or elsewhere in TransOil's files.

15. Based upon my foregoing analysis, and based upon my familiarity with TransOil's business records and its business operations, I have concluded that the documents supplied to TransOil by the SEC, all of which are attached as Exhibit 3 to this declaration, were not created by TransOil.

16. During the course of my investigation in response to the SEC's inquiry, I searched WolfePak and identified *actual* ACH payment receipts that contained characteristics that were similar in some respects to the inauthentic documents supplied to TransOil by the SEC. Those true and accurate TransOil ACH payment receipts are attached as Exhibit 4 to this declaration. These are documents that TransOil generated from January 2020 through May 2021 and maintained in WolfePak in the ordinary course of TransOil's business.

17. The documents attached as Exhibit 4 reflect TransOil's purchase of oil from a company called "ArcoOil Corp" or "ArcoOil" periodically from December 2019 through January 2021, and from a company called "Barron Petroleum LLC" or "Barron Petroleum" periodically from February 2021 to April 2021 when ArcoOil

transferred its account to Barron Petroleum. TransOil assigned ArcoOil the internal account number "ARC013" and Barron Petroleum the internal account number "BAR293."

18. The inauthentic documents attached as Exhibit 3 to this declaration, and the authentic documents attached as Exhibit 4 to this declaration, reflect the same seller, the same mailing address for the seller, the same TransOil account numbers, and one of the same locations from which TransOil collected the oil. In some instances the volumes, prices and other details of the purchases match. In many instances such details do not match.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on October 8, 2021.

BETINA GILMORE

EXHIBIT 1

TRANSOIL MARKETING LLC
A TAUBER COMPANY

ACH Payment

ARCOOIL CORP
471 HWY 67
GRAHAM, TX 76450

Account: ARC013

From: TRANSOIL MARKETING, LLC
To: ARCOOIL CORP

For Checks Dated 01/21/2020
Account: ARC013 Page 1

Prop#	Property Name			County, State				Your Interest & Type			
				Property Totals				Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457		J. W. CONWAY #5			PALO PINTO, TX			0.75000000 Working			
OIL	12/2019	56.88	1,239.10	70,480.01	-3,253.21	0.00	67,226.80	52,860.01	-2,439.91	0.00	50,420.10

Amount to be transferred to your account (xxxxx5581)

TransOil Marketing, LLC
Direct Deposit (ACH) is Available

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000024396	Check Totals:	52,860.01		2,439.91		50,420.10
	01/21/2020	2020 Totals:	52,860.01		2,439.91		50,420.10

EXHIBIT 2

TRANSOIL MARKETING LLC
A TAUBER COMPANY
PO BOX 6697 • ABILENE, TEXAS 79608 • 325-698-0200

ACH Payment

ARCOOIL CORP
471 HWY 67
GRAHAM, TX 76450

Account: ARC013

From: TRANSOIL MARKETING, LLC
To: ARCOOIL CORP

For Checks Dated 01/21/2020
Account: ARC013 Page 1

Prop#		Property Name			County, State			Your Interest & Type			
			Property Totals					Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457		J. W. CONWAY #5			PALO PINTO, TX			0.77000000 Working			
OIL	12/2019	56.23	146.18	8,220.10	-379.03	0.00	7,841.07	6,329.47	-291.83	0.00	6,037.64
8655		BURNETT RANCH OIL CO.			WICHITA, TX			0.81250000 Working			
OIL	12/2019	57.78	179.33	10,362.17	-477.78	0.00	9,884.39	8,419.26	-388.19	0.00	8,031.07

Amount to be transferred to your account (xxxxx5581)

TransOil Marketing, LLC
Direct Deposit (ACH) is Available
Questions Please EMAIL: OwnerChecks@transoiltx.com OR Phone (325) 698-0200

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000008577	Check Totals:	14,748.73		680.02		14,068.71
	01/21/2020	2020 Totals:	14,748.73		680.02		14,068.71

EXHIBIT 3

TRANSOIL MARKETING LLC
A TAUBER COMPANY

ACH Payment

ARCOOIL CORP
471 HWY 67
GRAHAM, TX 76450

Account: ARC013

From: TRANSOIL MARKETING, LLC
To: ARCOOIL CORP

For Checks Dated 01/21/2020
Account: ARC013 Page 1

Prop#		Property Name			County, State			Your Interest & Type			
			Property Totals					Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457		J. W. CONWAY #5			PALO PINTO, TX			0.75000000 Working			
OIL	12/2019	56.88	1,239.10	70,480.01	-3,253.21	0.00	67,226.80	52,860.01	-2,439.91	0.00	50,420.10

Amount to be transferred to your account (xxxxx5581)

TransOil Marketing, LLC
Direct Deposit (ACH) is Available

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000024396	Check Totals:	52,860.01		2,439.91		50,420.10
	01/21/2020	2020 Totals:	52,860.01		2,439.91		50,420.10

TRANSOIL MARKETING LLC
A TAUBER COMPANY

ACH Payment

ARCOOIL CORP
471 HWY 67
GRAHAM, TX 76450

Account: ARC013

From: TRANSOIL MARKETING, LLC
To: ARCOOIL CORP

For Checks Dated 02/20/2020
Account: ARC013 Page 1

Prop#	Property Name	County, State	Property Totals					Your Interest & Type	Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net		Gross	Sev Tax	Other	Net
8457	J. W. CONWAY #5	PALO PINTO, TX						0.75000000 Working				
OIL	01/2020	55.08	894.62	49,275.81	-2,274.84	0.00	47,000.97		36,956.86	-1,706.13	0.00	35,250.73

Amount to be transferred to your account (xxxxx5581)

TransOil Marketing, LLC
Direct Deposit (ACH) is Available

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000029491	Check Totals:	36,956.86		1,706.13		35,250.73
	02/20/2020	2020 Totals:	89,816.87		4,146.04		85,670.83

TRANSOIL MARKETING LLC
A TAUBER COMPANY

ACH Payment

ARCOOIL CORP
471 HWY 67
GRAHAM, TX 76450

Account: ARC013

From: TRANSOIL MARKETING, LLC
To: ARCOOIL CORP

For Checks Dated 03/20/2020
Account: ARC013 Page 1

Prop#	Property Name		County, State					Your Interest & Type			
			Property Totals					Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457		J. W. CONWAY #5			PALO PINTO, TX			0.75000000 Working			
OIL	02/2020	47.56	705.55	33,557.09	-1,548.04	0.00	32,009.05	25,167.81	-1,161.03	0.00	24,006.78

Amount to be transferred to your account (xxxxx5581)

TransOil Marketing, LLC
Direct Deposit (ACH) is Available

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000010381	Check Totals:	25,167.81		1,161.03		24,006.78
	03/20/2020	2020 Totals:	114,984.68		5,307.07		109,677.61

TRANSOIL MARKETING LLC
A TAUBER COMPANY

ACH Payment

ARCOOIL CORP
471 HWY 67
GRAHAM, TX 76450

Account: ARC013

From: TRANSOIL MARKETING, LLC
To: ARCOOIL CORP

For Checks Dated 07/20/2020
Account: ARC013 Page 1

Prop#	Property Name			County, State				Your Interest & Type			
			Property Totals					Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457		J. W. CONWAY #5			PALO PINTO, TX			0.75000000 Working			
OIL	06/2020	32.59	991.91	32,327.08	-1,493.25	0.00	30,833.83	24,245.31	-1,119.93	0.00	23,125.37

Amount to be transferred to your account (xxxxx5581)

TransOil Marketing, LLC
Direct Deposit (ACH) is Available

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000012827	Check Totals:	24,245.31		1,119.93		23,125.37
	07/20/2020	2020 Totals:	139,229.99		6,427.00		132,802.98

TRANSOIL MARKETING LLC
A TAUBER COMPANY

ACH Payment

ARCOOIL CORP
471 HWY 67
GRAHAM, TX 76450

Account: ARC013

From: TRANSOIL MARKETING, LLC
To: ARCOOIL CORP

For Checks Dated 08/20/2020
Account: ARC013 Page 1

Prop#		Property Name			County, State			Your Interest & Type			
			Property Totals					Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457		J. W. CONWAY #5			PALO PINTO, TX			0.75000000 Working			
OIL	07/2020	36.59	664.46	24,314.32	-1,122.61	0.00	23,191.71	18,235.74	-841.95	0.00	17,393.79

Amount to be transferred to your account (xxxxx5581)

TransOil Marketing, LLC
Direct Deposit (ACH) is Available

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000013745	Check Totals:	18,235.74		841.95		17,393.79
	08/20/2020	2020 Totals:	157,465.73		7,268.95		150,196.77

TRANSOIL MARKETING LLC
A TAUBER COMPANY

ACH Payment

ARCOOIL CORP
471 HWY 67
GRAHAM, TX 76450

Account: ARC013

From: TRANSOIL MARKETING, LLC
To: ARCOOIL CORP

For Checks Dated 09/21/2020
Account: ARC013 Page 1

Prop#	Property Name	County, State	Your Interest & Type
8457	J. W. CONWAY #5	PALO PINTO, TX	0.75000000 Working

			Property Totals					Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
OIL	08/2020	38.06	341.14	12,984.42	-599.41	0.00	12,385.01	9,738.31	-449.55	0.00	9,288.76

Amount to be transferred to your account (xxxxx5581)

TransOil Marketing, LLC
Direct Deposit (ACH) is Available

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000014787	Check Totals:	9,738.31		449.55		9,288.76
	09/21/2020	2020 Totals:	167,204.04		7,718.50		159,485.53

TRANSOIL MARKETING LLC
A TAUBER COMPANY

ACH Payment

ARCOOIL CORP
471 HWY 67
GRAHAM, TX 76450

Account: ARC013

From: TRANSOIL MARKETING, LLC
To: ARCOOIL CORP

For Checks Dated 10/20/2020
Account: ARC013 Page 1

Prop#	Property Name		County, State					Your Interest & Type			
			Property Totals					Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457		J. W. CONWAY #5			PALO PINTO, TX			0.75000000 Working			
OIL	09/2020	35.49	179.35	6,365.62	-293.94	0.00	6,071.68	4,774.21	-220.45	0.00	4,553.76

Amount to be transferred to your account (xxxxx5581)

TransOil Marketing, LLC
Direct Deposit (ACH) is Available

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000015946	Check Totals:	4,774.21		220.45		4,553.76
	10/20/2020	2020 Totals:	171,978.25		7,938.95		164,039.28

TRANSOIL MARKETING LLC
A TAUBER COMPANY

ACH Payment

ARCOOIL CORP
471 HWY 67
GRAHAM, TX 76450

Account: ARC013

From: TRANSOIL MARKETING, LLC
To: ARCOOIL CORP

For Checks Dated 11/20/2020
Account: ARC013 Page 1

Prop#	Property Name			County, State				Your Interest & Type			
				Property Totals				Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457			J. W. CONWAY #5			PALO PINTO, TX		0.75000000 Working			
OIL	10/2020	35.23	176.12	6,204.48	-286.51	0.00	5,917.97	4,653.36	-214.88	0.00	4,438.48

Amount to be transferred to your account (xxxxx5581)

TransOil Marketing, LLC
Direct Deposit (ACH) is Available

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000017018	Check Totals:	4,653.36		214.88		4,438.48
	11/20/2020	2020 Totals:	176,631.61		8,153.83		168,477.76

TRANSOIL MARKETING LLC
A TAUBER COMPANY

ACH Payment

ARCOOIL CORP
471 HWY 67
GRAHAM, TX 76450

Account: ARC013

From: TRANSOIL MARKETING, LLC
To: ARCOOIL CORP

For Checks Dated 12/21/2020
Account: ARC013 Page 1

Prop#	Property Name			County, State				Your Interest & Type			
				Property Totals				Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457		J. W. CONWAY #5			PALO PINTO, TX			0.75000000 Working			
OIL	11/2020	37.12	168.49	6,253.76	-288.72	0.00	5,965.04	4,690.32	-216.54	0.00	4,473.78

Amount to be transferred to your account (xxxxx5581)

TransOil Marketing, LLC
Direct Deposit (ACH) is Available

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000018040	Check Totals:	4,690.32		216.54		4,473.78
	12/21/2020	2020 Totals:	181,321.93		8,370.37		172,951.54

TRANSOIL MARKETING LLC
A TAUBER COMPANY

ACH Payment

ARCOOIL CORP
471 HWY 67
GRAHAM, TX 76450

Account: ARC013

From: TRANSOIL MARKETING, LLC
To: ARCOOIL CORP

For Checks Dated 01/20/2021
Account: ARC013 Page 1

Prop#	Property Name			County, State				Your Interest & Type			
				Property Totals				Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457		J. W. CONWAY #5			PALO PINTO, TX			0.75000000 Working			
OIL	12/2020	43.04	350.65	15,092.19	-696.43	0.00	14,395.76	11,319.14	-522.32	0.00	10,796.82

Amount to be transferred to your account (xxxxx5581)

TransOil Marketing, LLC
Direct Deposit (ACH) is Available

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000019163	Check Totals:	11,319.14		522.32		10,796.82
	01/20/2020	2021 Totals:	11,319.14		522.32		10,796.82

TRANSOIL MARKETING LLC
A TAUBER COMPANY

ACH Payment

ARCOOIL CORP
471 HWY 67
GRAHAM, TX 76450

Account: ARC013

From: TRANSOIL MARKETING, LLC
To: ARCOOIL CORP

For Checks Dated 02/19/2021
Account: ARC013 Page 1

Prop#	Property Name		County, State					Your Interest & Type			
			Property Totals					Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457		J. W. CONWAY #5			PALO PINTO, TX			0.75000000 Working			
OIL	01/2021	47.79	174.88	8,358.37	-385.58	0.00	7,972.79	6,268.78	-289.18	0.00	5,979.59

Amount to be transferred to your account (xxxxx5581)

TransOil Marketing, LLC
Direct Deposit (ACH) is Available

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000020343	Check Totals:	6,268.78		289.18		5,979.59
	02/19/2020	2021 Totals:	17,587.92		811.50		16,776.41

TRANSOIL MARKETING LLC
A TAUBER COMPANY

ACH Payment

BARRON PETROLEUM LLC
471 HWY 67
GRAHAM, TX 76450

Account: BAR293

From: TRANSOIL MARKETING, LLC
To: BARRON PETROLEUM LLC

For Checks Dated 03/19/2021
Account: BAR293 Page 1

Prop#	Property Name		County, State					Your Interest & Type			
			Property Totals					Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457		J. W. CONWAY #5			PALO PINTO, TX			0.75000000 Working			
OIL	02/2021	55.27	177.81	9,827.33	-453.17	0.00	9,374.16	7,370.50	-339.88	0.00	7,030.62

Amount to be transferred to your account (xxxxx6891)

TransOil Marketing, LLC
Direct Deposit (ACH) is Available

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
BAR293	E000021581	Check Totals:	7,370.50		339.88		7,030.62
	03/19/2020	2021 Totals:	24,958.42		1,151.38		23,807.03

TRANSOIL MARKETING LLC
A TAUBER COMPANY

ACH Payment

BARRON PETROLEUM LLC
471 HWY 67
GRAHAM, TX 76450

Account: BAR293

From: TRANSOIL MARKETING, LLC
To: BARRON PETROLEUM LLC

For Checks Dated 04/20/2021
Account: BAR293 Page 1

Prop#		Property Name			County, State			Your Interest & Type			
			Property Totals					Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457		J. W. CONWAY #5			PALO PINTO, TX			0.75000000 Working			
OIL	03/2021	58.98	182.66	10,773.85	-496.74	0.00	10,277.11	8,080.39	-372.55	0.00	7,707.83

Amount to be transferred to your account (xxxxx6891)

TransOil Marketing, LLC
Direct Deposit (ACH) is Available

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
BAR293	E000022796	Check Totals:	8,080.39		372.55		7,707.83
	04/20/2021	2021 Totals:	33,038.81		1,523.93		31,514.86

TRANSOIL MARKETING LLC
A TAUBER COMPANY

ACH Payment

BARRON PETROLEUM LLC
471 HWY 67
GRAHAM, TX 76450

Account: BAR293

From: TRANSOIL MARKETING, LLC
To: BARRON PETROLEUM LLC

For Checks Dated 05/20/2021
Account: BAR293 Page 1

Prop#	Property Name			County, State				Your Interest & Type			
				Property Totals				Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457			J. W. CONWAY #5			PALO PINTO, TX		0.75000000 Working			
OIL	04/2021	57.97	173.77	10,073.24	-464.46	0.00	9,608.78	7,554.93	-348.34	0.00	7,206.58

Amount to be transferred to your account (xxxxx6891)

TransOil Marketing, LLC
Direct Deposit (ACH) is Available

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
BAR293	E000024431	Check Totals:	7,554.93		348.34		7,206.58
	05/20/2021	2021 Totals:	40,593.74		1,872.27		38,721.44

EXHIBIT 4

TRANSOIL MARKETING LLC
A TAUBER COMPANY
PO BOX 6697 • ABILENE, TEXAS 79608 • 325-698-0200

ACH Payment

ARCOOIL CORP
471 HWY 67
GRAHAM, TX 76450

Account: ARC013

From: TRANSOIL MARKETING, LLC
To: ARCOOIL CORP

For Checks Dated 01/21/2020
Account: ARC013 Page 1

Prop#	Property Name		County, State					Your Interest & Type			
			Property Totals					Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457	J. W. CONWAY #5		PALO PINTO, TX					0.77000000 Working			
OIL	12/2019	56.23	146.18	8,220.10	-379.03	0.00	7,841.07	6,329.47	-291.83	0.00	6,037.64
8655	BURNETT RANCH OIL CO.		WICHITA, TX					0.81250000 Working			
OIL	12/2019	57.78	179.33	10,362.17	-477.78	0.00	9,884.39	8,419.26	-388.19	0.00	8,031.07

Amount to be transferred to your account (xxxxx5581)

TransOil Marketing, LLC
ect Deposit (ACH) is Available
uestions Please EMAIL: OwnerChecks@transoiltx.com OR Phone (325) 698-0200

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000008577	Check Totals:	14,748.73		680.02		14,068.71
	01/21/2020	2020 Totals:	14,748.73		680.02		14,068.71

TRANSOIL MARKETING LLC
A TAUBER COMPANY
PO BOX 6697 • ABILENE, TEXAS 79608 • 325-698-0200

ACH Payment

ARCOOIL CORP
471 HWY 67
GRAHAM, TX 76450

Account: ARC013

From: TRANSOIL MARKETING, LLC
To: ARCOOIL CORP

For Checks Dated 02/20/2020
Account: ARC013 Page 1

Prop#		Property Name			County, State			Your Interest & Type			
			Property Totals					Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457		J. W. CONWAY #5			PALO PINTO, TX			0.77000000 Working			
OIL	01/2020	54.83	711.99	39,035.57	-1,800.09	0.00	37,235.48	30,057.39	-1,386.06	0.00	28,671.33
8628		BURNETT, T. L. -A-			WICHITA, TX			0.70000000 Working			
OIL	01/2020	56.12	175.56	9,853.48	-454.36	0.00	9,399.12	6,897.45	-318.05	0.00	6,579.40

Amount to be transferred to your account (xxxxx5581)

TransOil Marketing, LLC
Direct Deposit (ACH) is Available
Questions Please EMAIL: OwnerChecks@transoiltx.com OR Phone (325) 698-0200

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000009491	Check Totals:	36,954.84		1,704.11		35,250.73
	02/20/2020	2020 Totals:	51,703.57		2,384.13		49,319.44

TRANSOIL MARKETING LLC
A TAUBER COMPANY
PO BOX 6697 • ABILENE, TEXAS 79608 • 325-698-0200

ACH Payment

ARCOOIL CORP
471 HWY 67
GRAHAM, TX 76450

Account: ARC013

From: TRANSOIL MARKETING, LLC
To: ARCOOIL CORP

For Checks Dated 03/20/2020
Account: ARC013 Page 1

Prop#	Property Name		County, State	Property Totals				Your Interest & Type	Your Interest Amounts		
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457	J. W. CONWAY #5		PALO PINTO, TX					0.77000000 Working			
OIL	02/2020	47.56	705.55	33,557.09	-1,548.04	0.00	32,009.05	25,838.96	-1,191.98	0.00	24,646.98
8655	BURNETT RANCH OIL CO.		WICHITA, TX					0.81250000 Working			
OIL	02/2020	48.86	181.85	8,885.48	-409.87	0.00	8,475.61	7,219.45	-333.02	0.00	6,886.43

Amount to be transferred to your account (xxxxx5581)

TransOil Marketing, LLC
ect Deposit (ACH) is Available
uestions Please EMAIL: OwnerChecks@transoiltx.com OR Phone (325) 698-0200

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000010381	Check Totals:	33,058.41		1,525.00		31,533.41
	03/20/2020	2020 Totals:	84,761.98		3,909.13		80,852.85

TRANSOIL MARKETING LLC
A TAUBER COMPANY
PO BOX 6697 • ABILENE, TEXAS 79608 • 325-698-0200

ACH Payment

ARCOOIL CORP
471 HWY 67
GRAHAM, TX 76450

Account: ARC013

From: TRANSOIL MARKETING, LLC
To: ARCOOIL CORP

For Checks Dated 07/20/2020
Account: ARC013 Page 1

Prop#			Property Name		County, State			Your Interest & Type			
				Property Totals				Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457			J. W. CONWAY #5		PALO PINTO, TX			0.77000000 Working			
OIL	06/2020	32.59	991.91	32,327.08	-1,493.25	0.00	30,833.83	24,891.86	-1,149.82	0.00	23,742.04
8628			BURNETT, T. L. -A-		WICHITA, TX			0.70000000 Working			
OIL	06/2020	34.02	178.29	6,065.69	-280.13	0.00	5,785.56	4,245.98	-196.10	0.00	4,049.88
8655			BURNETT RANCH OIL CO.		WICHITA, TX			0.81250000 Working			
OIL	06/2020	33.38	127.36	4,251.47	-196.37	0.00	4,055.10	3,454.32	-159.55	0.00	3,294.77

Amount to be transferred to your account (xxxxx5581)

TransOil Marketing, LLC
Direct Deposit (ACH) is Available
Questions Please EMAIL: OwnerChecks@transoiltx.com OR Phone (325) 698-0200

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000012827	Check Totals:	32,592.16		1,505.47		31,086.69
	07/20/2020	2020 Totals:	117,354.14		5,414.60		111,939.54

TRANSOIL MARKETING LLC
A TAUBER COMPANY
PO BOX 6697 • ABILENE, TEXAS 79608 • 325-698-0200

ACH Payment

ARCOOIL CORP
471 HWY 67
GRAHAM, TX 76450

Account: ARC013

From: TRANSOIL MARKETING, LLC
To: ARCOOIL CORP

For Checks Dated 08/20/2020
Account: ARC013 Page 1

Prop#		Property Name			County, State			Your Interest & Type			
			Property Totals					Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457		J. W. CONWAY #5			PALO PINTO, TX			0.77000000 Working			
OIL	07/2020	36.59	664.46	24,314.32	-1,122.61	0.00	23,191.71	18,722.04	-864.42	0.00	17,857.62
8628		BURNETT, T. L. -A-			WICHITA, TX			0.70000000 Working			
OIL	07/2020	37.39	65.77	2,459.31	-113.54	0.00	2,345.77	1,721.50	-79.47	0.00	1,642.03
8655		BURNETT RANCH OIL CO.			WICHITA, TX			0.81250000 Working			
OIL	07/2020	37.39	85.90	3,212.02	-148.29	0.00	3,063.73	2,609.77	-120.49	0.00	2,489.28

Amount to be transferred to your account (xxxxx5581)

TransOil Marketing, LLC
ect Deposit (ACH) is Available
estions Please EMAIL: OwnerChecks@transoiltx.com OR Phone (325) 698-0200

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000013745	Check Totals:	23,053.31		1,064.38		21,988.93
	08/20/2020	2020 Totals:	140,407.45		6,478.98		133,928.47

TRANSOIL MARKETING LLC
A TAUBER COMPANY
PO BOX 6697 • ABILENE, TEXAS 79608 • 325-698-0200

ACH Payment

ARCOOIL CORP
471 HWY 67
GRAHAM, TX 76450

Account: ARC013

From: TRANSOIL MARKETING, LLC
To: ARCOOIL CORP

For Checks Dated 09/21/2020
Account: ARC013 Page 1

Prop#		Property Name			County, State			Your Interest & Type			
			Property Totals					Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457		J. W. CONWAY #5			PALO PINTO, TX			0.77000000 Working			
OIL	08/2020	38.06	341.14	12,984.42	-599.41	0.00	12,385.01	9,998.03	-461.57	0.00	9,536.46

Amount to be transferred to your account (xxxxx5581)

TransOil Marketing, LLC
Direct Deposit (ACH) is Available
Questions Please EMAIL: OwnerChecks@transoiltx.com OR Phone (325) 698-0200

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000014787	Check Totals:	9,998.03		461.57		9,536.46
	09/21/2020	2020 Totals:	150,405.48		6,940.55		143,464.93

TRANSOIL MARKETING LLC
A TAUBER COMPANY
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ACH Payment

ARCOOIL CORP
471 HWY 67
GRAHAM, TX 76450

Account: ARC013

From: TRANSOIL MARKETING, LLC
To: ARCOOIL CORP

For Checks Dated 10/20/2020
Account: ARC013 Page 1

Prop#		Property Name			County, State			Your Interest & Type			
			Property Totals					Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457		J. W. CONWAY #5			PALO PINTO, TX			0.77000000 Working			
OIL	09/2020	35.49	179.35	6,365.62	-293.94	0.00	6,071.68	4,901.50	-226.31	0.00	4,675.19

Amount to be transferred to your account (xxxxx5581)

TransOil Marketing, LLC
ect Deposit (ACH) is Available
Questions Please EMAIL: OwnerChecks@transoiltx.com OR Phone (325) 698-0200

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000015946	Check Totals:	4,901.50		226.31		4,675.19
	10/20/2020	2020 Totals:	155,306.98		7,166.86		148,140.12

TRANSOIL MARKETING LLC
A TAUBER COMPANY
PO BOX 6697 • ABILENE, TEXAS 79608 • 325-698-0200

ACH Payment

ARCOOIL CORP
471 HWY 67
GRAHAM, TX 76450

Account: ARC013

From: TRANSOIL MARKETING, LLC
To: ARCOOIL CORP

For Checks Dated 11/20/2020
Account: ARC013 Page 1

Prop#		Property Name		County, State				Your Interest & Type			
			Property Totals					Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457			CONWAY, J. W. #5			PALO PINTO, TX		0.77000000 Working			
OIL	10/2020	35.23	176.12	6,204.48	-286.51	0.00	5,917.97	4,777.45	-220.62	0.00	4,556.83

Amount to be transferred to your account (xxxxx5581)

TransOil Marketing, LLC
Direct Deposit (ACH) is Available
Questions Please EMAIL: OwnerChecks@transoiltx.com OR Phone (325) 698-0200

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000017018	Check Totals:	4,777.45		220.62		4,556.83
	11/20/2020	2020 Totals:	160,084.43		7,387.48		152,696.95

TRANSOIL MARKETING LLC
A TAUBER COMPANY
PO BOX 6697 • ABILENE, TEXAS 79608 • 325-698-0200

ACH Payment

ARCOOIL CORP
471 HWY 67
GRAHAM, TX 76450

Account: ARC013

From: TRANSOIL MARKETING, LLC
To: ARCOOIL CORP

For Checks Dated 12/21/2020
Account: ARC013 Page 1

Prop#		Property Name			County, State			Your Interest & Type			
			Property Totals					Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457		CONWAY, J. W. #5			PALO PINTO, TX			0.77000000 Working			
OIL	11/2020	37.12	168.49	6,253.76	-288.72	0.00	5,965.04	4,815.38	-222.31	0.00	4,593.07

Amount to be transferred to your account (xxxxx5581)

TransOil Marketing, LLC
Direct Deposit (ACH) is Available
Questions Please EMAIL: OwnerChecks@transoiltx.com OR Phone (325) 698-0200

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000018040	Check Totals:	4,815.38		222.31		4,593.07
	12/21/2020	2020 Totals:	164,899.81		7,609.79		157,290.02

TRANSOIL MARKETING LLC
A TAUBER COMPANY
PO BOX 6697 • ABILENE, TEXAS 79608 • 325-698-0200

ACH Payment

ARCOOIL CORP
471 HWY 67
GRAHAM, TX 76450

Account: ARC013

From: TRANSOIL MARKETING, LLC
To: ARCOOIL CORP

For Checks Dated 01/20/2021
Account: ARC013 Page 1

Prop#		Property Name			County, State			Your Interest & Type			
			Property Totals					Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457		CONWAY, J. W. #5			PALO PINTO, TX			0.77000000 Working			
OIL	12/2020	43.04	350.65	15,092.19	-696.43	0.00	14,395.76	11,621.00	-536.28	0.00	11,084.72

Amount to be transferred to your account (xxxxx5581)

TransOil Marketing, LLC
Direct Deposit (ACH) is Available
Questions Please EMAIL: OwnerChecks@transoiltx.com OR Phone (325) 698-0200

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000019163	Check Totals:	11,621.00		536.28		11,084.72
	01/20/2021	2021 Totals:	11,621.00		536.28		11,084.72

TRANSOIL MARKETING LLC
A TAUBER COMPANY
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ACH Payment

ARCOOIL CORP
471 HWY 67
GRAHAM, TX 76450

Account: ARC013

From: TRANSOIL MARKETING, LLC
To: ARCOOIL CORP

For Checks Dated 02/19/2021
Account: ARC013 Page 1

Prop#	Property Name		County, State	Property Totals				Your Interest & Type	Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net		Gross	Sev Tax	Other	Net
8457	CONWAY, J. W. #5		PALO PINTO, TX					0.77000000 Working				
OIL	01/2021	47.79	174.88	8,358.37	-385.58	0.00	7,972.79		6,435.94	-296.90	0.00	6,139.04
8628	BURNETT, T. L. -A-		WICHITA, TX					0.70000000 Working				
OIL	01/2021	49.10	164.86	8,093.79	-373.34	0.00	7,720.45		5,665.66	-261.34	0.00	5,404.32
8655	BURNETT RANCH OIL CO.		WICHITA, TX					0.81250000 Working				
OIL	01/2021	49.01	153.94	7,545.35	-348.05	0.00	7,197.30		6,130.60	-282.79	0.00	5,847.81

Amount to be transferred to your account (xxxxx5581)

TransOil Marketing, LLC
rect Deposit (ACH) is Available
uestions Please EMAIL: OwnerChecks@transoiltx.com OR Phone (325) 698-0200

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
ARC013	E000020343	Check Totals:	18,232.20		841.03		17,391.17
	02/19/2021	2021 Totals:	29,853.20		1,377.31		28,475.89

TRANSOIL MARKETING LLC
A TAUBER COMPANY
PO BOX 6697 • ABILENE, TEXAS 79608 • 325-698-0200

ACH Payment

BARRON PETROLEUM LLC
471 STATE HWY 67
GRAHAM, TX 76450

Account: BAR293

From: TRANSOIL MARKETING, LLC
To: BARRON PETROLEUM LLC

For Checks Dated 03/19/2021
Account: BAR293 Page 1

Prop#	Property Name			County, State				Your Interest & Type			
			Property Totals					Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457			CONWAY, J. W. #5			PALO PINTO, TX		0.77000000 Working			
OIL	02/2021	55.27	177.81	9,827.33	-453.17	0.00	9,374.16	7,567.07	-348.95	0.00	7,218.12

Amount to be transferred to your account (xxxxxx6891)

TransOil Marketing, LLC
Direct Deposit (ACH) is Available
Questions Please EMAIL: OwnerChecks@transoiltx.com OR Phone (325) 698-0200

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
BAR293	E000021581	Check Totals:	7,567.07		348.95		7,218.12
	03/19/2021	2021 Totals:	7,567.07		348.95		7,218.12

TRANSOIL MARKETING LLC
A TAUBER COMPANY
PO BOX 6697 • ABILENE, TEXAS 79608 • 325-698-0200

ACH Payment

BARRON PETROLEUM LLC
471 STATE HWY 67
GRAHAM, TX 76450

Account: BAR293

From: TRANSOIL MARKETING, LLC
To: BARRON PETROLEUM LLC

For Checks Dated 04/20/2021
Account: BAR293 Page 1

Prop#	Property Name			County, State				Your Interest & Type			
			Property Totals					Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457			CONWAY, J. W. #5			PALO PINTO, TX		0.77000000 Working			
OIL	03/2021	58.98	182.66	10,773.85	-496.74	0.00	10,277.11	8,295.86	-382.47	0.00	7,913.39

Amount to be transferred to your account (xxxxxx6891)

TransOil Marketing, LLC
ect Deposit (ACH) is Available
Questions Please EMAIL: OwnerChecks@transoiltx.com OR Phone (325) 698-0200

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
BAR293	E000022796	Check Totals:	8,295.86		382.47		7,913.39
	04/20/2021	2021 Totals:	15,862.93		731.42		15,131.51

TRANSOIL MARKETING LLC
A TAUBER COMPANY
PO BOX 6697 • ABILENE, TEXAS 79608 • 325-698-0200

ACH Payment

BARRON PETROLEUM LLC
471 STATE HWY 67
GRAHAM, TX 76450

Account: BAR293

From: TRANSOIL MARKETING, LLC
To: BARRON PETROLEUM LLC

For Checks Dated 05/20/2021
Account: BAR293 Page 1

Prop#	Property Name		County, State					Your Interest & Type			
			Property Totals					Your Interest Amounts			
Prod	Date	$/Per	Vol	Gross	Sev Tax	Other	Net	Gross	Sev Tax	Other	Net
8457	CONWAY, J. W. #5				PALO PINTO, TX			0.77000000 Working			
OIL	04/2021	57.97	173.77	10,073.24	-464.46	0.00	9,608.78	7,756.39	-357.62	0.00	7,398.77

Amount to be transferred to your account (xxxxxx6891)

TransOil Marketing, LLC
Direct Deposit (ACH) is Available
Questions Please EMAIL: OwnerChecks@transoiltx.com OR Phone (325) 698-0200

Owner#:	Check#/Date	Gross Revenue:	Working	Royalty	Deductions	Withholding	Pmt Amount
BAR293	E000024431	Check Totals:	7,756.39		357.62		7,398.77
	05/20/2021	2021 Totals:	23,619.32		1,089.04		22,530.28

DECLARATION OF ZACHARY L. MILLER

Zachary L. Miller, pursuant to 28 U.S.C. § 1746, states that if called upon to do so, he would competently testify as follows:

1. I live in Birdsboro, Pennsylvania. I am 40 years old.

2. I am the owner of D&G Insurance Group, an independent agency that sells insurance products and annuities, and has offered certain investment opportunities. Among such opportunities were investments in a series of entities that engage in oil and gas exploration and production in Texas, which I collectively refer to in this declaration as "Heartland."

3. I participated in the creation of various feeder funds as vehicles to enable investors (the "Investors") to invest in Heartland. From the time I first began communicating with Heartland in mid-2018 through the present, James Ikey has been the main person with whom I interacted at the company. Throughout that period Mr. Ikey has been my point person for all manner of information about Heartland, including updates about its oil and gas wells, and for coordinating the logistics of Heartland investments. I also interacted with Brad Pearsey and John Muratore, the founders of Heartland, and others at Heartland.

4. The Investors have invested more than $20 million in the feeder funds that invested with Heartland, including initial investments and renewals. I personally invested over $90,000 of my own funds in Heartland.

5. I performed due diligence about Heartland before I recommended it as an investment to others. And after several of the Investors and I invested in Heartland, I made it my business to continue monitoring Heartland's progress. This

included speaking directly with James Ikey on a regular basis and personally visiting several of Heartland's wells multiple times, where I heard directly from Roger Sahota, the operator of Heartland's wells and drilling operations, on at least one trip. The information I was given about Heartland was always positive and made me believe that Heartland was a good investment for me and the Investors. In addition, until late October 2021, the Investors who expected to receive monthly interest payments from Heartland always received them, as did I while on the "debt side".

6. On April 13, 2021, I flew from Pennsylvania to Texas to visit a few of Heartland's drilling sites, which were located in Val Verde County and Crockett County, Texas. During those site visits, a group of us had the opportunity to speak directly with Mr. Sahota.

7. During that visit, I videotaped portions of the conversation with Mr. Sahota on my cell phone because what he had to say about the prospects for those wells was important to me. I also wanted to be able to share the videos with those who had already invested or were considering investing in Heartland through one of the feeder funds I described. I believed such investors would find what Mr. Sahota had to say to be important in making their investing decisions, as I did. Mr. Sahota's assessment about the prospects for Heartland's wells was an important consideration in my overall assessment of Heartland as an investment, both for me and the Investors.

8. Here are some true and accurate screenshots from a video I took during the April 13, 2021 site visit in Texas, during a conversation with Mr. Sahota about what I was told was the BU20 "discovery" well:

9. The man wearing the dark blue jacket, gray pants, and white shoes introduced himself to me as Roger Sahota.

10. I recently watched and listened to that video recording from the April 13, 2021 visit, which is 4 minutes and 17 seconds in length.

11. After hearing what Mr. Sahota had to say during that site visit, in particular what he said as reflected in the video, I was enthusiastic about Heartland and its prospects and continued to recommend it to the Investors.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on November 10, 2021.

Zachary L. Miller

ZACHARY L. MILLER

C-08669

359502.20211029-C.Amended

11/10/2021

Full-size Transcript

Prepared by:

Stephanie Reinhart
C-08669

Wednesday, November 17, 2021

THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of:)

) File No. C-08669-A

HEARTLAND PRODUCTION &) Amended: 11/10/2021

RECOVERY)

SUBJECT: Audio Enhanced DGI001169

PAGES: 1 through 4

VIDEO TRANSCRIPTION

Diversified Reporting Services, Inc.

(202) 467-9200

P R O C E E D I N G S

(Beginning at time stamp 00:02:49.1 of video file.)

MALE VOICE: Yeah, we passed a guy doing some repairs on his (inaudible).

MALE VOICE: That guy's been there for a month --

MR. SAHOTA: He's been there for a month. We do vary 12 feet every day.

MALE VOICE: Any questions, guys or --

MALE VOICE: This is where it started, 12,500 feet. Right there. This is the first well.

MALE VOICE: Yeah, this is discovery.

MALE VOICE: (Inaudible) straight down, it's under the hill actually.

MR. SAHOTA: Yeah, it was done like this, and then it goes that way -- go down.

MALE VOICE: Oh. So how much gas do you think you'll be able to pull from --

MR. SAHOTA: So -- from this one?

MALE VOICE: Mm-hmm.

MR. SAHOTA: So we -- right now we got about 4500 pounds of pressure on it, so we will start like 4 million MCF a day, and then of course it's going to decline. But we're thinking that maybe a million, 2

million. We haven't done frack or anything on this. We just did the acidizing. If it's -- keep it up to, what, 2 million, 3 million (inaudible) and just leave it there. If it's a little lower, then we'll do it (inaudible). But sometimes they don't need to frack. We'll see (inaudible) that information (inaudible).

(End of video file.)

* * * * *

I, Maria E. Paulsen, hereby certify that the foregoing transcript is a complete, true and accurate transcription of all matters contained on the recorded proceedings in the matter of:

Audio Enhanced DGI001169

Transcriber

11/1/2021

Transcript Word Index

[& - transcript]

[transcription - yeah]

DECLARATION OF SCOTT OSTROWSKI

Scott Ostrowski, pursuant to 28 U.S.C. § 1746, states that, if called upon to do so, he would competently testify as follows:

1. I live in Statesville, North Carolina. I am 54 years old.

2. I am semi-retired and work as a Christian nonprofit administrator. I am also a Chaplain in the Air National Guard.

3. My wife, Tami, and I made multiple investments in entities affiliated with The Heartland Group Ventures, LLC, which I will refer to as Heartland in this declaration. In total, my wife and I have invested approximately $1.56 million with Heartland.

4. My financial advisor, Gilbert Cordova, introduced me to Heartland. He provided me with the Heartland brochure, and executive summary, attached to my declaration. One of the things that drew me to Heartland was that it had assets that it could sell if the business was unsuccessful. I considered it important that, "[i]n the event of failure, Heartland had resources to satisfy investors thanks to the company's 15:1 Asset/Debt ratio" as stated in the Heartland brochure.

5. I initially invested in the note with Heartland, which I understood to be relatively conservative, paying a fixed rate of return. I first invested $575,000 in a 12-month note at 8.5% interest with Heartland in May 2020 under the assumption I was investing in Wolfcamp. In June 2020, my wife and I invested additional funds with Heartland. We purchased 1-year notes at 9% interest, in our self-directed IRAs, approximately $40,000 as part of my self-directed IRA, and approximately $141,000 as part of my wife's self-directed IRA.

6. In August 2020, I traveled with Cordova to Texas to visit Heartland's operations. I visited Heartland's Wolfcamp project as well as other projects. Rustin Brunson and James Ikey accompanied me to visit the project sites.

7. Brunson told me that Heartland had the ability to produce 74.2 million barrels of oil, and 5 million cubic feet of gas per day. Heartland also made this claim in a letter to me dated September 4, 2020, and attached to my declaration, and sent me a copy of an article in the Fort Worth Star Telegram dated August 19, 2020, that contained similar information.

8. My wife and I discussed the possibility of making an equity investment with Heartland. Based on conversations with myself, my wife, and Brunson in August 2020, Brunson calculated that if my wife and I invested $221,000 in a project known as Carson 1, we could receive base payments of $2,210 per month based on a 12% base rate of return and then an additional royalty payment of approximately $2,072 per month based on a 24% royalty. He also calculated that if we invested $354,000 in a project known as Carson 2, we could receive a base payment of approximately $3,540 per month based a 12% base rate of return and then an additional royalty payment of $3,292 per month based on a 24% royalty. Based on my discussions with Brunson and Ikey, I understood that Heartland's first Carson project would be producing oil within 10-12 months and the second Carson project should be producing in December of 2021.

9. My wife and I decided to make equity investments with Heartland in addition to our debt investments. We invested $575,000 and expected that once the projects were completed, we ultimately would receive approximately $11,000 per

month in income from these investments based on Brunson's calculations. We felt comfortable making equity investments because Heartland had consistently paid us the interest on our notes and because I had seen Heartland's oil and gas operations.

10. In October 2020, I invested $150,000 in a 36-month note at 12% interest with Heartland to invest in the Wolfcamp, and other workover and drilling projects.

11. In February of 2021, I again flew out to see Heartland's operations. I visited both Carson projects with Brunson and Cordova. I met one of Roger Sahota's sons while visiting the site.

12. In May 2021, I renewed my $575,000 debt investment originally made in May 2020 and added another $50,000 for a total of $625,000 in a 12 month, 8.5% note.

13. In July 2021, I renewed an investment of $54,760 in a self-directed IRA, in a 12-month note at 9% interest. My wife, Tami, renewed her investment in a self-directed IRA of $160,590, in a 12-month note, at 9% interest. These investments in notes were made with an understanding that Heartland would continue maintaining and developing Wolfcamp and other oil and gas projects.

14. I have received only $26.31 in August 2021 and $16.47 in September 2021 for royalty payments from my investment in the first Carson project. I have not received any royalty payments from my investment in the second Carson project.

15. I received all of the interest payments due to me from Heartland until October 2021, when Heartland stopped making payments on our notes. My understanding was that Heartland was making these interest payments using

revenues generated by Heartland's Wolfcamp oil and gas operations, and this was confirmed in telephone calls with my advisor, Gilbert Cordova. As a conservative investor, I would not have invested if I had known that Heartland might use other investors' funds to make interest payments. I expected that Wolfcamp, as told to me by Cordova, was producing enough oil and gas to cover the interest of the notes.

16. Heartland did not disclose that James Ikey pleaded guilty in 2014 to conspiracy to commit wire fraud. As a conservative investor, it would have been important for me to know this before I decided to invest in Heartland.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on November 29, 2021.

SCOTT OSTROWSKI

THE HEARTLAND GROUP

Executive Summary

The Heartland Group's primary strategic objective since its inception has been the acquisition and development of proven producing properties. Our corporate strategy is to acquire mature properties divested by larger oil and gas firms who have become focused on newer drilling opportunities.

Prospective acquisition candidates for The Heartland Group are characterized by predictable decline curves, demonstrated stability in production, extended economic life, and an easily identified upside potential. All of these factors combined with The Heartland Group's lean management and operations structure contribute to the achievement of superior risk adjusted returns. The Heartland Group, as a private oil and gas entity, does not carry the elevated overhead of larger oil and gas companies, thus lower development and per barrel lifting costs allow us to achieve higher profitability from wells that have fallen out of favor with their current owners. The simple transfer of property ownership to The Heartland Group's cost effective management and operations model has commonly resulted in a 20% to 40% reduction in the operations expense attributable to the assets.

The Heartland Group specializes in the recovery of oil and gas reserves from mature wells that require the use of special techniques known as secondary and tertiary recovery. The firm's partners and operating crew base have over 20 years of oil and gas experience combined. The Heartland Group seeks to make prudent purchases of existing reserves that will allow for significant yields over a period of 15+ years through a variety of methods.

First, The Heartland Group acquires oil and gas properties with significant development and work-over opportunities. This allows us to operate on a low overhead cost structure. Then, we enhance the value of the properties through work-overs, improved operations, and secondary and tertiary recovery methods. Many of The Heartland Group's accomplishments can be attributed to utilizing advancements in technology in order to improve recovery and/or the detection of new reserves.

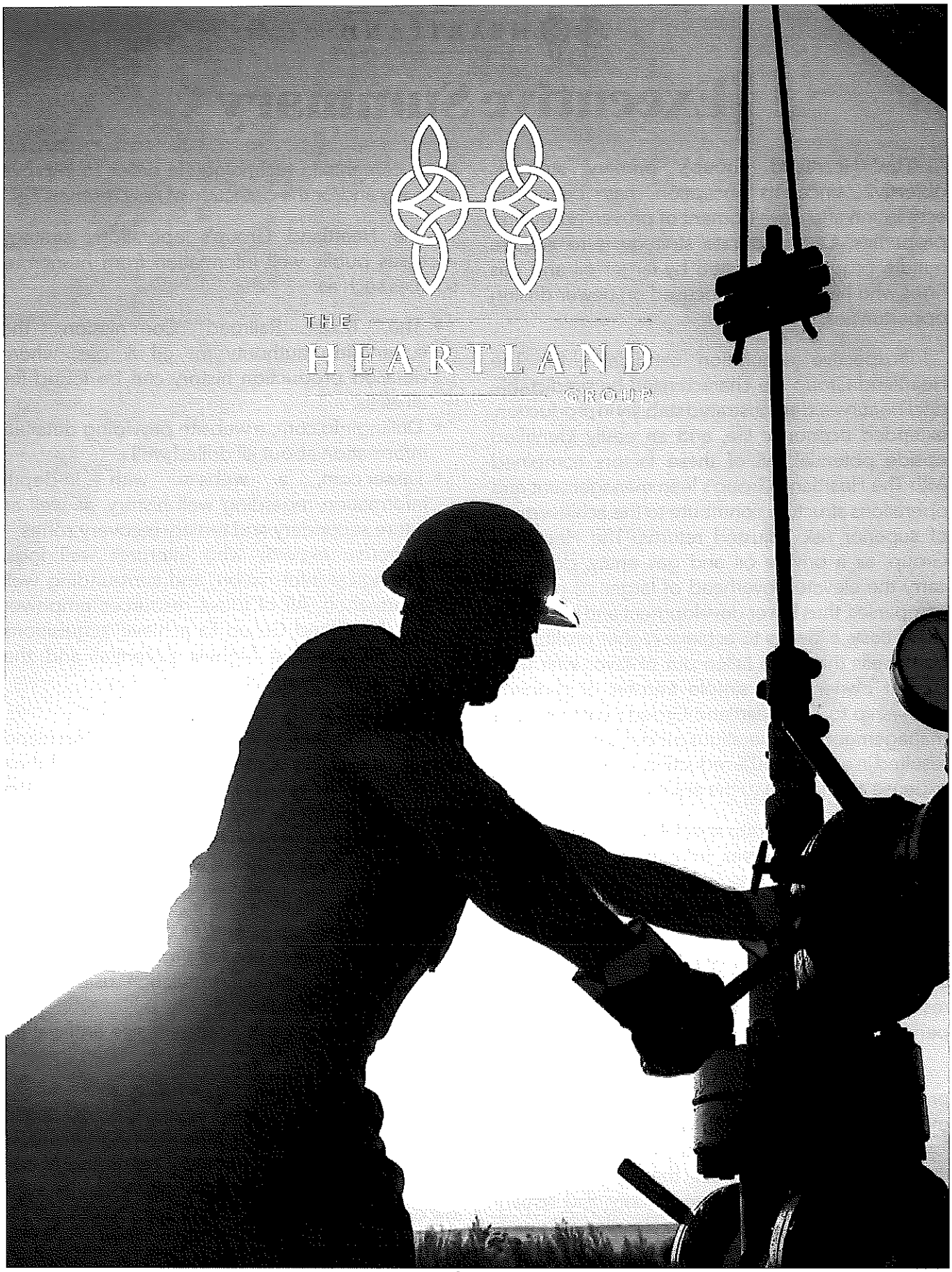
The Heartland Group's operations strategy accesses public well information from numerous sources such as:

- The Texas Railroad Commission, the supervising authority for oil & gas, where detailed production history can be found for all wells.
- Drillinginfo.com, a website providing detailed information about all drilled wells.
- Lasser.com, a website with in-depth information regarding well history, as well as future secondary and tertiary recovery zones.
- In-house experts, who interpret well logs, geological information, and surrounding well information. All of these resources empower The Heartland Group to achieve acquisitions which show the highest potential and the lowest risk exposure.

Once a property is acquired, The Heartland Group begins developing the assets toward their full potential, focusing on the ability to enhance the production and the economics through work-overs, re-completions, and optimization of secondary and tertiary recovery operations, which includes:

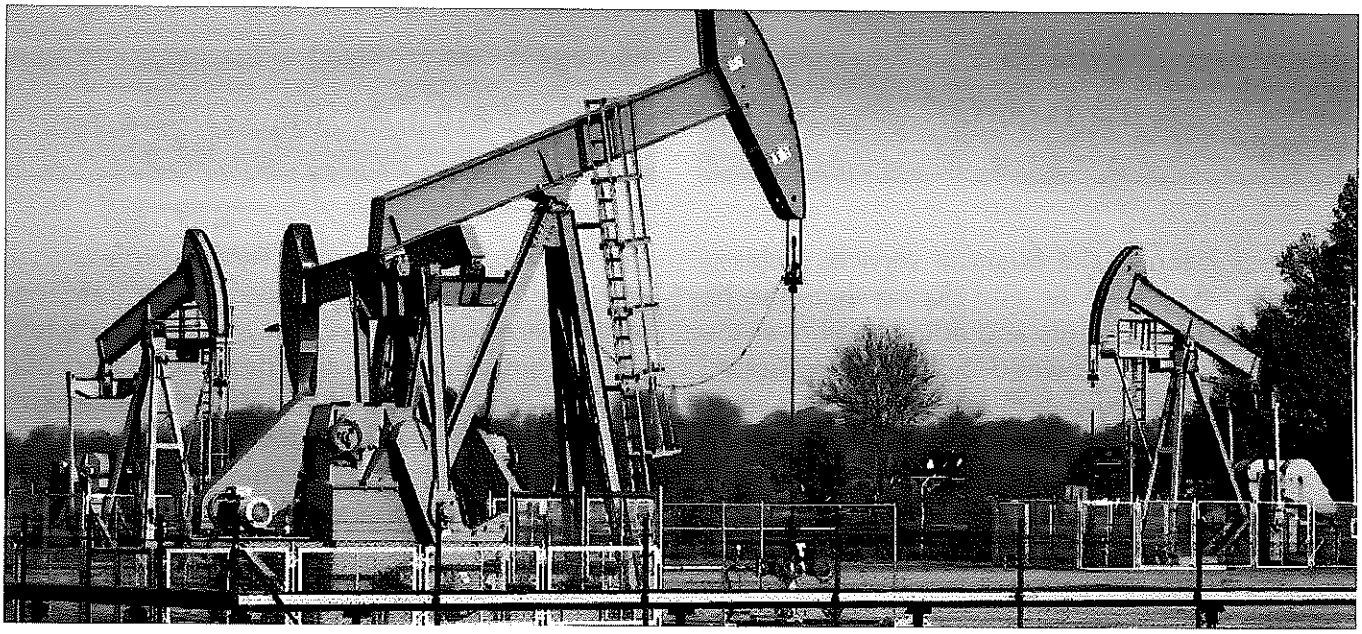
- Replacement of worn equipment including rods, tubing, valves, and/or pumps.
- Completion of bypassed pay zones.
- Re-frac or chemical stimulation using more modern techniques.
- Pump changes to the correct size artificial lift equipment.

The ability to take advantage of these acquisitions and developmental opportunities is largely credited to the vision and expertise of our experienced staff and consultants, together with low overhead costs.


THE
HEARTLAND
GROUP

About

THE HEARTLAND GROUP



The Heartland Group Advantages

- 15:1 Asset/Debt Ratio
- Built by a team of strategic partners

The Heartland Group is a conglomerate of business and strategic partners focused on providing alternative investment opportunities to accredited investors. As a smaller company in the oil and gas industry, rather than relying on deep pockets, we have focused on leveraging our connections to reach our goals.

The Heartland Group has positioned itself in the Permian Basin, officially the highest producing region in the United States according to the Energy Information Administration (EIA). Heartland hopes this will be recognized as one of our keys to success in the long term.

SOUND BUSINESS PRINCIPALS

Heartland also believes in sound business practices. Heartland does not have bank loans, lines of credits, and other such debt. We pay cash for leases and equipment leaving the only debt as that of investor's loans. That means large banks or third party corporations cannot control us. All assets are paid for which provides a safety net for investors. In the event of failure, Heartland has resources to satisfy investors thanks to the company's 15:1 Asset/Debt ratio.

Rev. 020820.1

The Team

AT THE HEARTLAND GROUP

Brad Pearsey

Brad has been in the financial services industry for well over a decade, and during that time he has worked with clients and advisers all over the country. Brad has owned his own Registered Investment Advisory firm as well as his own alternative investment company. He has assisted companies with setting up funds and offerings in accordance to compliance, due diligence, and best business practices. Brad has recently been working in the oil and gas industry assisting in raising capital and developing sound business objectives. His goal is to create opportunities for investors to partner with oil companies in creating American jobs as well as American produced oil. He attended Indiana Wesleyan University with an emphasis on accounting and finance. He lives just outside of Indianapolis, IN with his wife of 21 years and their 5 children.

John Muratore

John Muratore is a financial service professional, and has owned two very successful mortgage-banking firms in Orange County, California. He sold his last company, California Nova Financial in 2006 to retire. Around 2010 John switched his focus to help clients preserve and grow their wealth. It was through his own search for protection and growth of his family's personal wealth that he decided to seek out investment opportunities that would not only protect, but also enhance the assets that he worked so hard to earn. Through the development of another business, Champion Investments, John set his sights on alternative investment platforms to meet the needs of investors across the country. Now John holds a California life insurance license and a California real estate license. He resides in Huntington Beach, California with his wife of 21 years and their 5 children.

Rustin Brunson

Rustin Brunson is an entrepreneur and Texas attorney. He has been named as a Texas Monthly Magazine "Super Lawyer Rising Star" from 2017-2020. Rustin has had a unique corporate career in that he has lead teams in transactional and compliance matters as well as serve as lead counsel in complex litigation matters. Rustin firmly believes that his experience trying cases to juries has made him a better negotiator, risk evaluator, and transactional lawyer. He is licensed to practice law in the State of Texas and in the federal courts of the United States. Rustin holds a Bachelor of Business Administration from University of Texas Arlington and a Doctorate of Jurisprudence from Oklahoma City University where he was named to the Order of Barristers and won the McAfee and Taft Outstanding Trial Advocate Award. Rustin's professional focus involves commercial, regulatory, and litigation matters. He lives just outside of Mansfield, Texas with his wife of 10 years and their two daughters where they are very involved in the community.

Strategic Partners

AT THE HEARTLAND GROUP

Heartland recognizes that business is done with people, for people. That's why we have strategically aligned ourselves with valuable partners to achieve our goals.

ARCOOIL

Drilling oil and gas in the Texas Gulf Coast region since 2003, Arco Oil Corp has been an instrumental part of Heartland breaking into the Permian Basin. Over the years, Arco has gained valuable experience establishing themselves as a top oil operator by implementing new technologies, field mapping and production history research.

JACK PETERSON

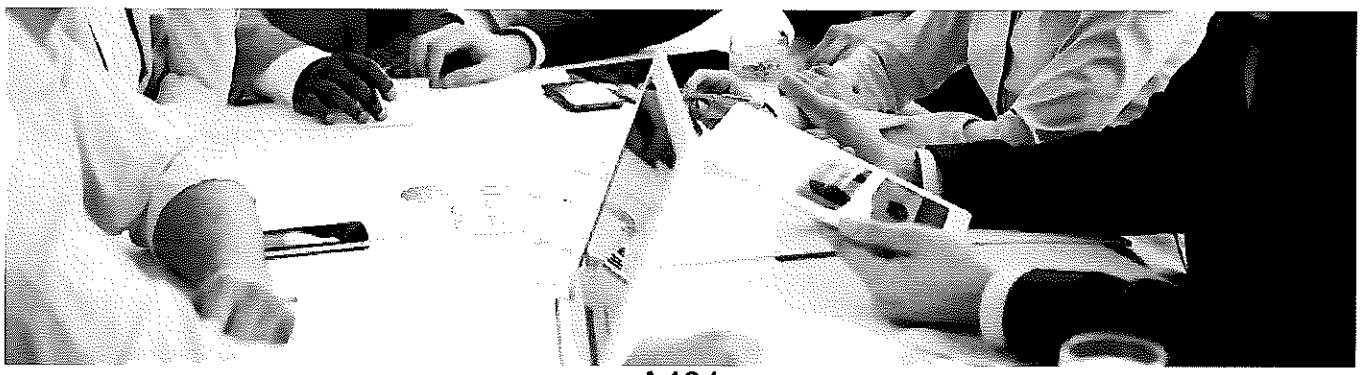
With 41 years in the business, Jack Peterson worked for various companies such as Union Pacific Resources and Southern California Edison. His experience includes industrial automation, controls engineering, facilities construction and relocation, asset management, project management and field supervision, among other skill sets. Now, Jack is Heartland's chief engineering consultant.

bci | cpa

Troy R. Barnett founded BCI in 2004. This full service accounting firm handles both local and national level clients. BCI's staff includes CPAs, enrolled agents, and other licensed tax and accounting experts, who provide a full range of services designed to fit the individual need of a client. BCI's Brian Hill has a wealth of experience and offers personal one-on-one advice and guidance to Heartland.

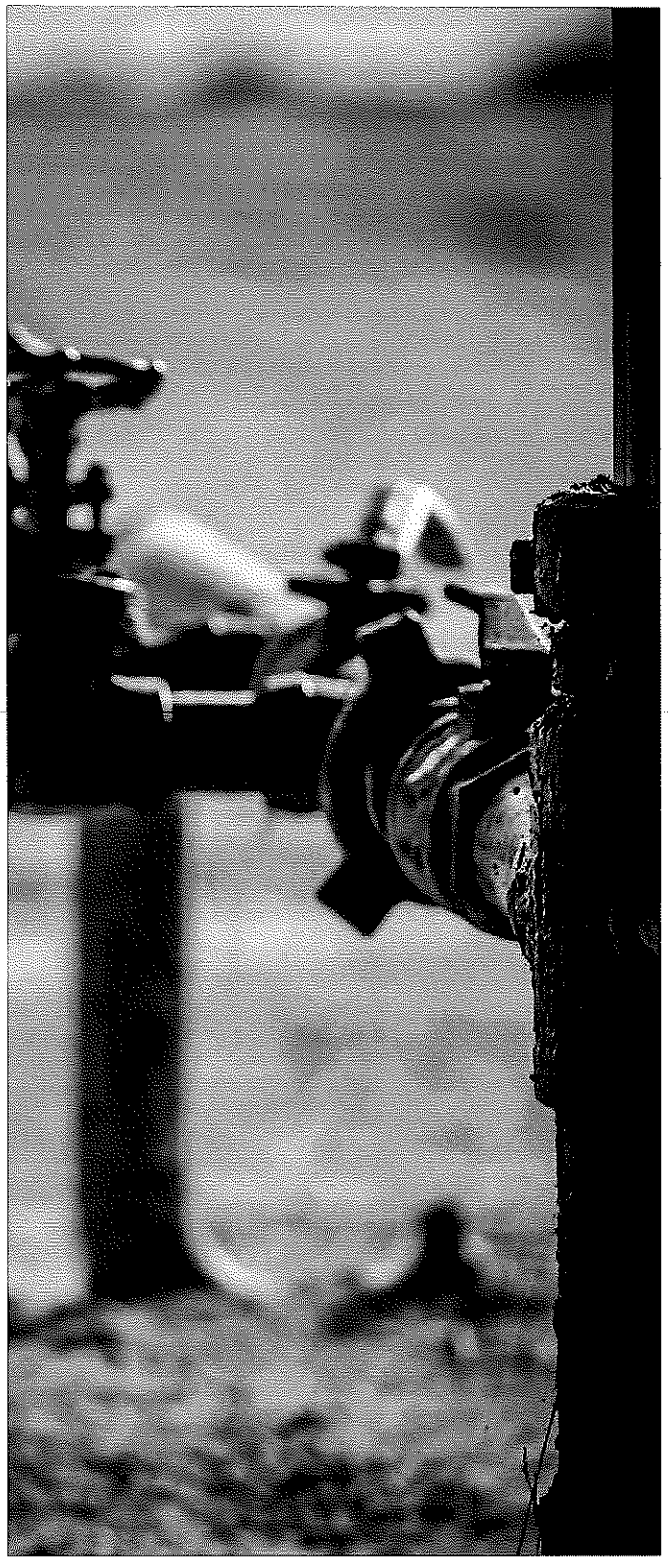
DOIDA LAW GROUP | LLC

Fay Matsukage has over 35 years of experience in law and has been with Doida Law Group for 19 years alone. Doida Law Group is a mergers and acquisitions law firm that provides a complete range of corporate legal services to achieve goals and protect companies. Fay specializes, and advises Heartland, in areas of securities and public offerings.

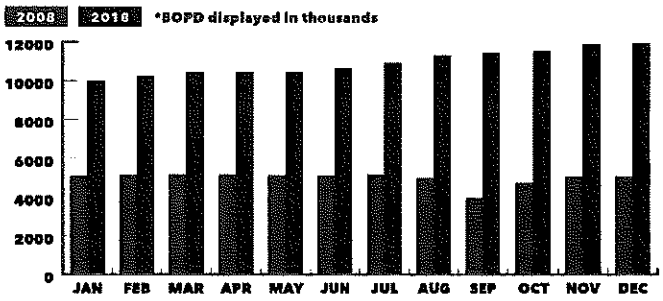


The Oil Industry

INSIGHT & UNDERSTANDING



Like any industry, there are highs and lows. However, the oil industry has a unique advantage. Oil is a commodity that will always be essential to society, and historically, it has proven its value. Properly positioned, in the Permian Basin, with newer technology, this commodity can provide diversified and mitigated-risk opportunities to investors.



92 BARRELS OF OIL COME OUT OF THE PERMIAN BASIN EVERY SECOND.

10.9 million BOPD produced in 2018. The EIA predicts that 12.4 million BOPD will be produced in 2019.

Average BOPD has increased 120% over the last 10 years between 2008 and 2018. In fact, it has increased 26% from 2017 to 2019 alone, and according to the EIA 2020 is predicted to increase even further.

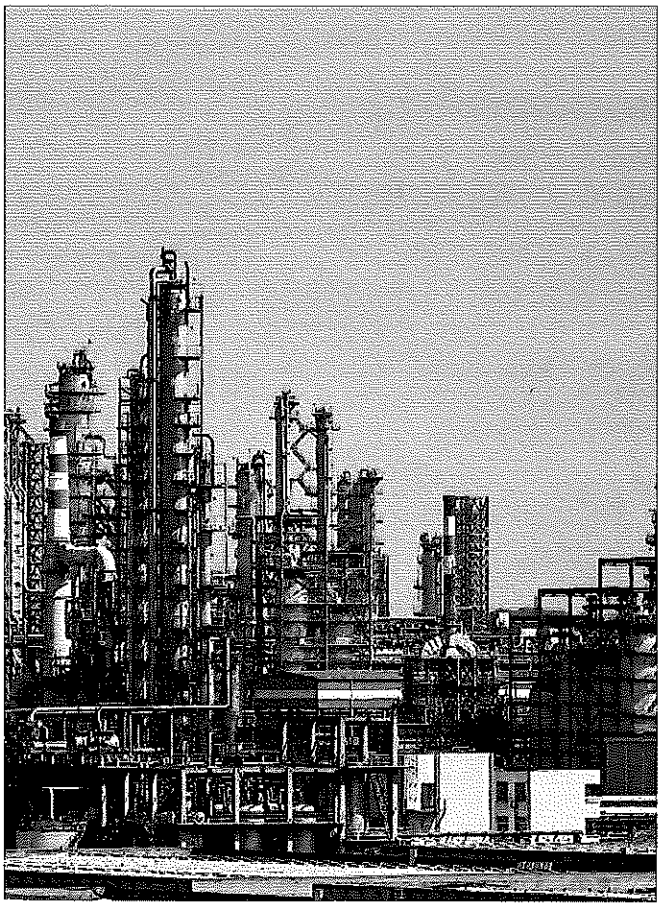
Statistics and information on this page provided by the EIA, among other resources.

Rev. 020820.1

Geography

HOW IT'S DONE

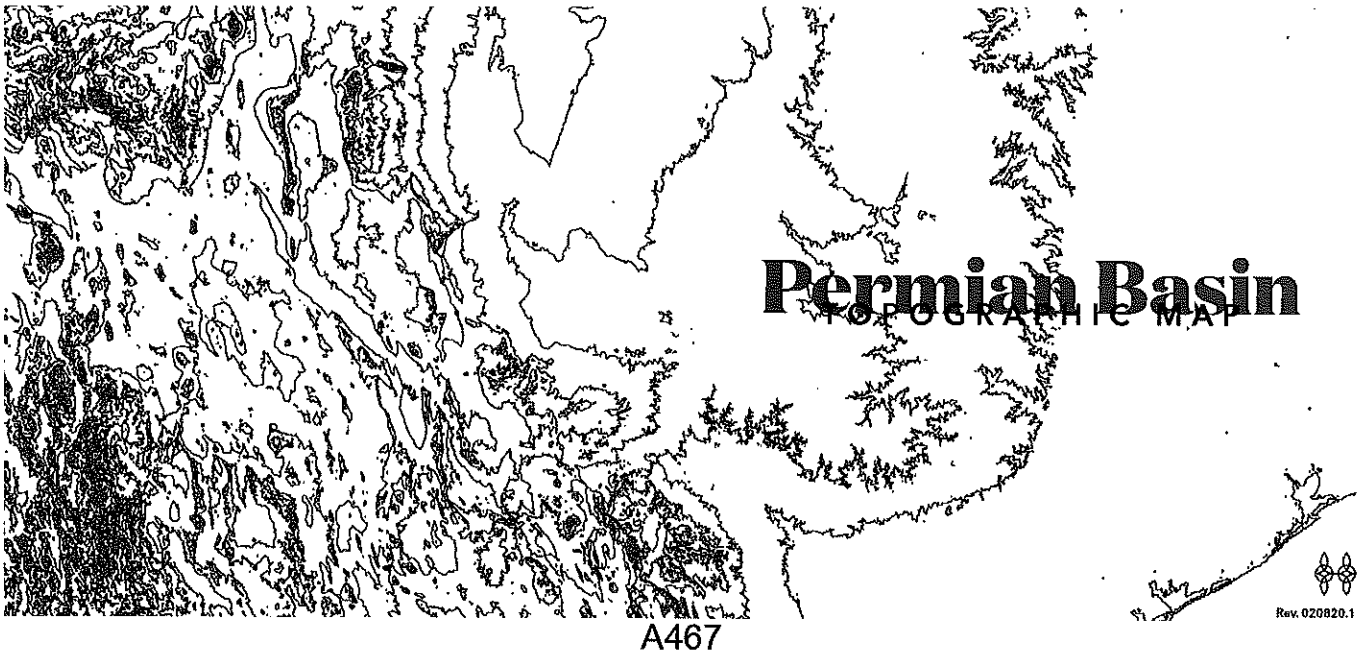
All project locations Heartland has chosen to establish themselves in is intentional. As of early 2019, Heartland is participating in 4 projects, which are located in or close to the Permian Basin. Choosing these locations were instrumental in setting Heartland up for success. The Permian Basin and many adjacent basins are among the most oil and gas rich regions in the entire country according to the EIA. This fact alone plays a central part in how we curate our projects.



Heartland is involved in 4 Projects:

- Val Verde
- Wolf Camp
- Conway
- Sahota I & II

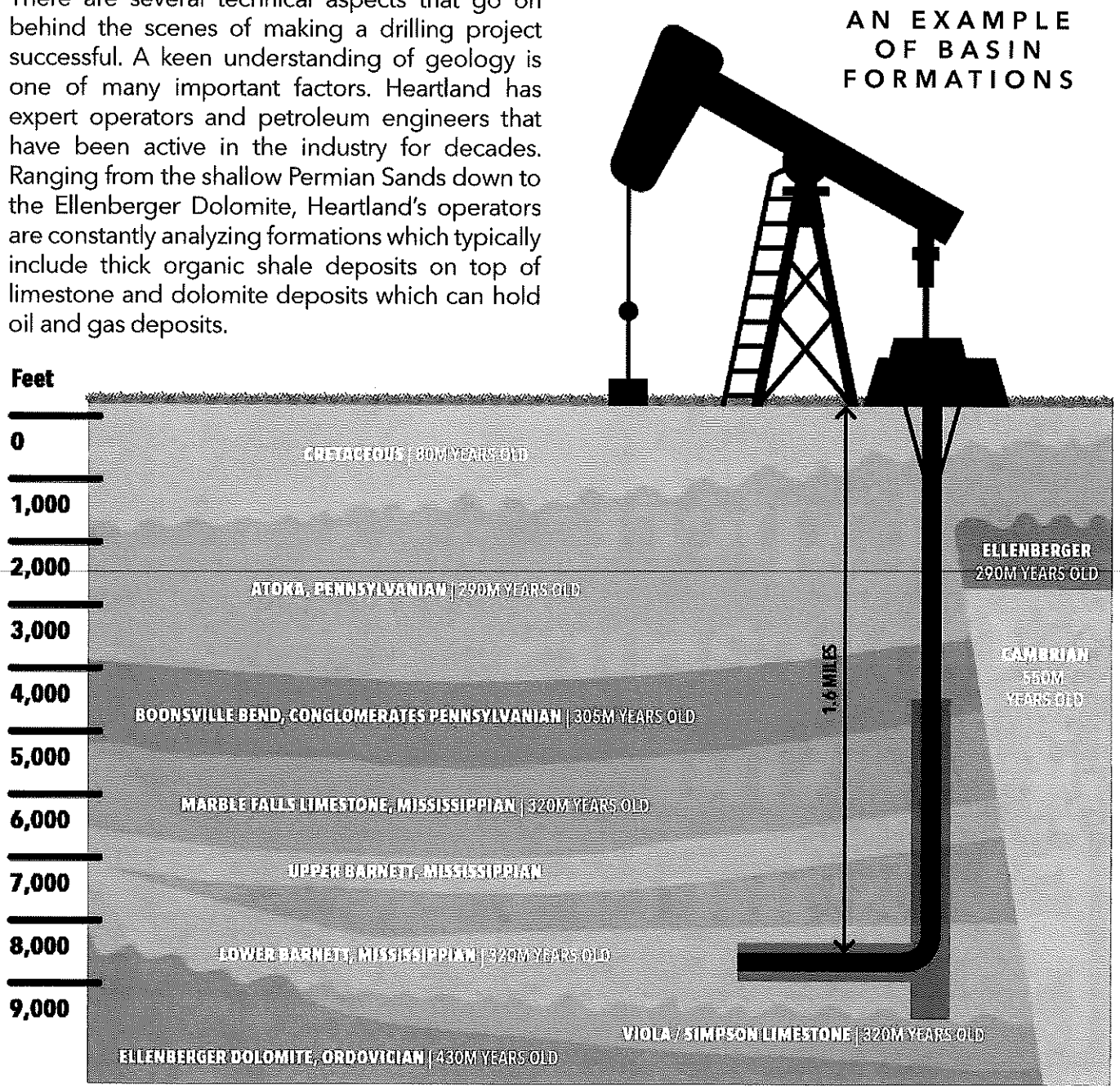
STRATEGIC POSITIONING IN THE PERMIAN BASIN



Geology

HOW IT'S DONE

There are several technical aspects that go on behind the scenes of making a drilling project successful. A keen understanding of geology is one of many important factors. Heartland has expert operators and petroleum engineers that have been active in the industry for decades. Ranging from the shallow Permian Sands down to the Ellenberger Dolomite, Heartland's operators are constantly analyzing formations which typically include thick organic shale deposits on top of limestone and dolomite deposits which can hold oil and gas deposits.



Heartland has expert operators and petroleum engineers that have been active in the industry for decades.

Drilling

HOW IT'S DONE

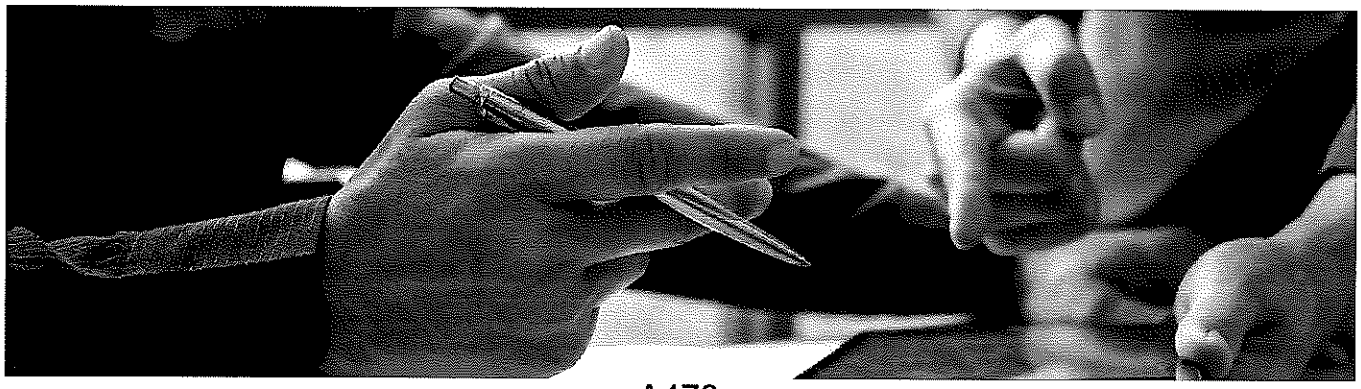
Heartland's operators and engineers use proven techniques combined with new technologies to not only drill new projects but to rework wells previously thought to be "dry". Drilling techniques include thtt3-D imaged seismic structure map analysis and TRNCO 3D seismic program data analysis to identify where to specifically drill. With the assistance of our partners in the field, Heartland leverages these advantages to our success.

Product Offerings

FOR ACCREDITED INVESTORS

In April 2019, The Heartland Group formed a partnership with Arco Oil to fund various projects. This joint venture has since become involved in multiple different projects such as: Val Verde, Wolf Camp, Conway, and Sahota I & II with more to come. Heartland now offers seven different products to meet the specific needs of its investors.

	ILLIQUID	ANNUAL RETURN	RETURN AT MATURITY	TAX DEDUCTIBLE	MARKET INFLUENCED	MINIMUM INVESTMENT
12 MONTH DEBT PLAY	12 Months	8.5% Paid Monthly	0%	0%	No	$50,000
12 MONTH DEBT PLAY (BALLOON PAYMENT)	12 Months	9% (Deferred)	9%	0%	No	$50,000
24 MONTH DEBT PLAY	24 Months	9% Paid Monthly	0%	0%	No	$50,000
36 MONTH DEBT PLAY	36 Months	12% Paid Monthly	0%	0%	No	$250,000
36 MONTH DEBT PLAY (WITH 10% BALLOON)	36 Months	9% Paid Monthly	10% Balloon	0%	No	$100,000
36 MONTH DEBT PLAY (BALLOON PAYMENT)	36 Months	0%	37% Balloon	0%	No	$100,000
EQUITY PLAY	3-5 Years Projected	12% Projected	40% Pro Rata Interest On A Sale	100%	Yes	$50,000



Product Offerings

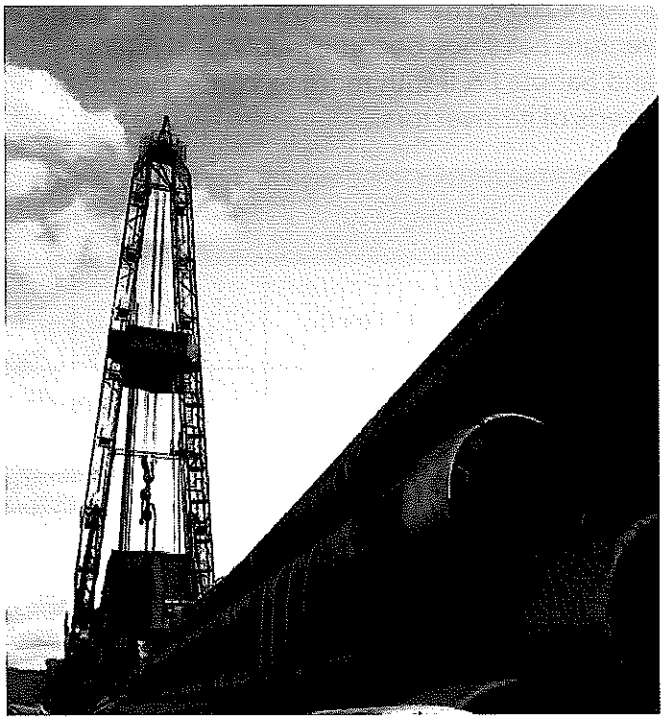
THE SPECIFICS

Debt Play

Choosing to invest in the Debt Play gives investors flexibility by offering a variety of options. This allows the investor to choose how long their money is illiquid while providing a stable, fixed return.

BENEFITS

- Short time commitment.
- Fixed, stated return.
- Return is not correlated to the market.
- Multiple investment options.



Equity Play

With excellent tax benefits, the Equity Play can provide investors annual dividends projected to be 12%. Participation can also lead to a significant payout at the end of a successful project. Tax benefits include 100% deductibility on tangible and intangible drilling costs according to section 263 of the tax code.

TAX BENEFITS

- Your investment aids the infrastructure of the United States.
- Annual dividends projected as high as 12% are paid annually.
- Successful projects consistently outperform traditional investment platforms.
- The principal investment is 100% tax deductible.

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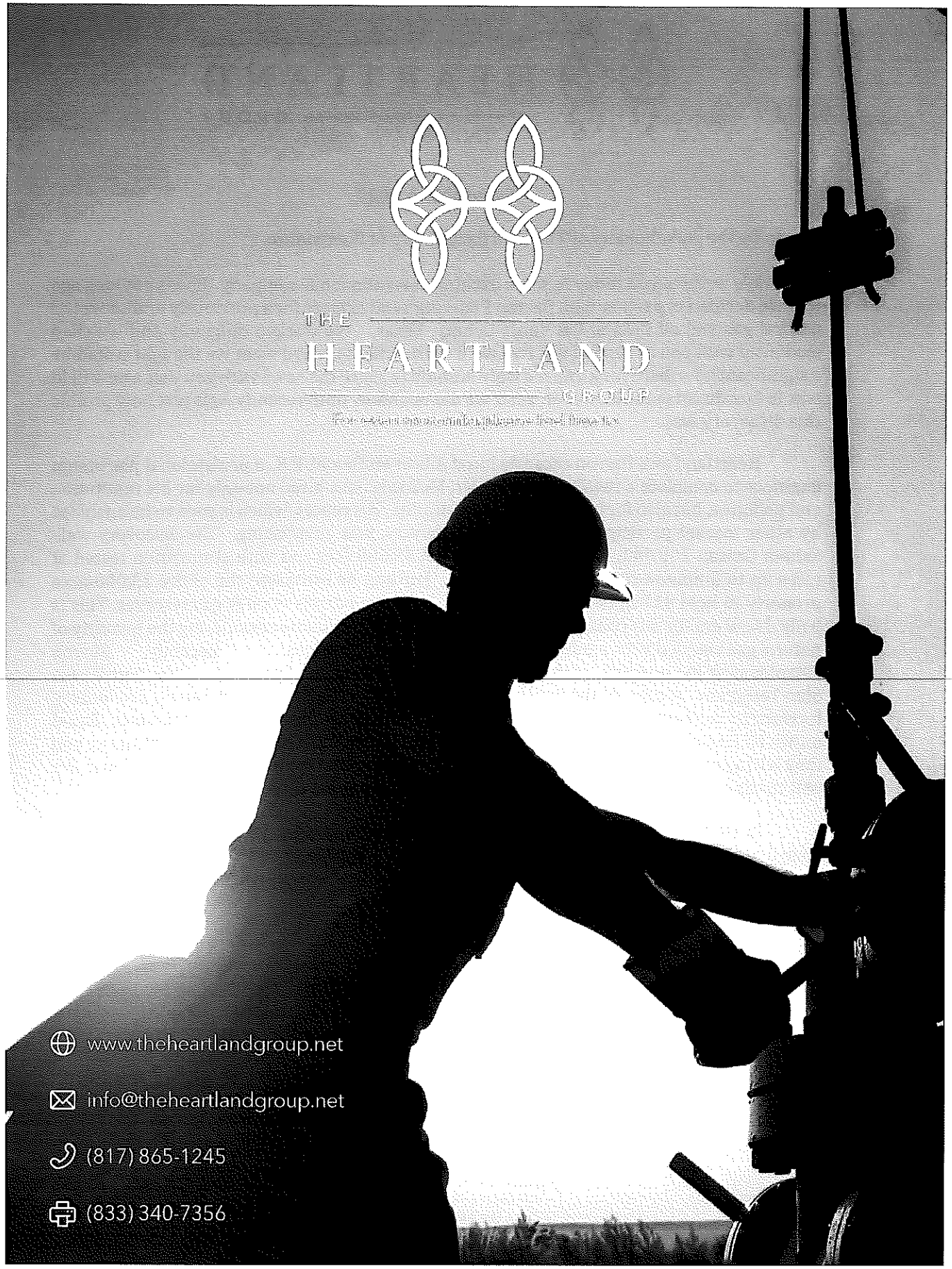

THE
HEARTLAND
GROUP
www.theheartlandgroup.net
info@theheartlandgroup.net
(817) 865-1245
(833) 340-7356

THE HEARTLAND GROUP

September 4, 2020

To the Stakeholders of The Heartland Group of Companies:

We write to you today to share exciting news about our company. It was not long ago that we decided to partner with Barron Petroleum and explore for a previously undiscovered natural gas and oil field in Val Verde County, Texas. We worked diligently and watched anxiously with you as each of our two wells were drilled toward what we thought would be a significant new discovery, and we were ecstatic to share the news with you that a new field was in fact discovered. However, what we did not know until recently, was just how prolific this discovery was.

Heartland and Barron recently hired Albert McDaniel, P.E., a professional petroleum engineer to complete a reservoir study. Mr. McDaniel was hired not only for his reputation and pedigree, but also for his third-party neutrality. His report, which is soon to be analyzed by other market participants and potential buyers, was astonishing. The discovery well, Sahota Carson 20BU#1, was drilled to a depth 12,650 feet and with stimulation tested at rates up to 5 million cu ft/d of gas per day. Further, he estimated the entire 13,000-acre property to hold 417 billion cubic feet, or 74.2 million barrels in oil & gas reserves. This is truly a new era for our company and stands to be very profitable considering the quantity of natural gas coupled with a bullish outlook on commodity prices. Recently, Barron Petroleum as the operator of the project, was featured on the front page of the Fort Worth Star-Telegram. A copy of the article is enclosed. Now, Heartland and Barron are looking forward to increasing our position in the area and proving up additional formations. Based on Mr. McDaniel's findings, we view these additional acquisitions as highly opportunistic and they will advance our mission of being a lean operating and growth-oriented company. We will continue to update you on these acquisitions and capital expenditures.

In closing, we want to take a moment to thank you for your participation in our company. We truly value the opportunity and trust you have placed with us as we continue our efforts to position ourselves as a growth oriented and strong asset company with long-term success in the marketplace.

Sincerely,

/s/ Rustin Brunson
Fund Manager

The Heartland Group
(817) 383-2999 | info@theheartlandgroup.net
5049 Edwards Ranch Road; Fourth Floor
Fort Worth, Texas 76109

In addition to historical information, this release may contain "forward-looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this release that address activities, events or developments that are expected or anticipated to occur in the future are forward-looking statements and are identified with, but not limited to, words such as "anticipate", "believe", "expect", "estimate", "plan", "outlook", and "project" and other similar expressions (or the negative versions of such words or expressions). Forward-looking statements include, without limitation, information concerning possible or assumed future results of operations, including all statements regarding financial guidance, anticipated future growth, business strategies, competitive position, industry environment, potential growth opportunities and the effectiveness of the technology discussed in this release and the effects of regulation. These statements are based on management's current expectations and beliefs, as well as assumptions concerning future events. Such forward-looking statements are subject to known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside management's control that could cause actual results to differ materially from the results discussed in the forward-looking statements. These risks include, without limitation, the risk of increased competition; the potential inability to grow and manage growth profitably, risks associated with acquisitions and investments, changes in applicable laws or regulations, and the possibility of adverse economic, business, and/or competitive factors. Additional risks and uncertainties are identified and discussed in the company's private placement memorandum and any supplements thereto.

U. S. SECURITIES AND EXCHANGE COMMISSION

Investigation # C-08669

DECLARATION OF Leevented Henley

Pursuant to 28 U.S.C. Section 1746, the undersigned states as follows:

1. My name is Leevented Henley I am over twenty-one years of age and have personal knowledge of the matters set forth herein.

2. I am assigned as an IT Specialist to the U.S. Securities and Exchange Commission's Division of Enforcement in Washington, D.C. As part of my duties I have been trained to preserve various forms of online content. For investigation # C-08669, I have been tasked to conduct a Website Capture/Video Capture/Social Media/Telegram/live stream/blog.

3. In support of investigation number # C-08669 and at the direction of my supervisor, I was tasked to conduct an internet preservation of the following URL's.

   https://www.barronenergy.global/

   [redacted]

   I completed the above mentioned internet preservation on October 27, 2021, using the following tools:

   Adobe Acrobat Pro / Google Search Browser/ / Web Preserver/ Video Download Pro/ Fireshot/ Fullpage Screen Capture/

   The above listed tools are commonly used to preserve internet content.

4. I saved the above-mentioned internet preservation using FTK Imager, which ensures that the internet preservation will not be altered or modified during storage. Specifically, FTK Imager forensically seals the internet preservation such that it can be opened only with FTK Imager. The sealed internet preservation has been labeled # C-08669 and saved to the following location:

K:\Other_Projects\Webcaptures\imagefiles

5. I also saved a copy of the above mentioned internet preservation along with this declaration to a network share. The location for this network share is provided below:

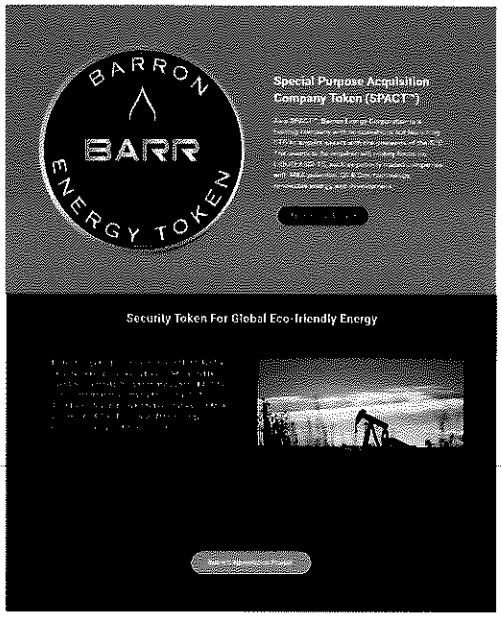
\\ad\enfdataexchange\HQtoCHRO_dropoff\Webcapture

I declare under penalty of perjury that the foregoing is true, correct, and made in good faith.

[Analyst Name]

Executed on this 27 Day of October, 2021.

Barron Energy SPACT™ Security Token Offering



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"The Barron Team is dedicated to our core values, with each value grounded in a set of actionable practices. Combining philosophical values and actionable practices creates a framework for our team to achieve success in building and developing our assets. As a result, we are leading the way to transformation in blockchain technology and energy."

More Information

BARRON ENERGY

Home About Projects Investors Contact Buy Token

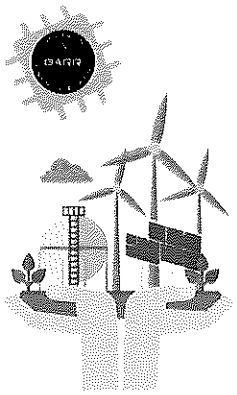
About

Vision
Diminishing the Global limitations and boundaries and creating a Defi platform that empowers empowering under served investors around the world.

Mission
Creating a decentralized compliant, transparent and immutable investment platform without boundaries for global investors to participate exponential growth opportunities around the world.

Chat with us on WhatsApp!
Bill
Type a message here. It will go straight to our phone!
Barron Energy

Barron Energy Corporation



Barron Petroleum, LLC., the Barron Energy Corporations Special Purpose Acquisition Company Token (SPACT) sponsor, is at the forefront of change and early adopters of the digital transformation and visionaries in Ethereum blockchain models technology partner Quantum Generation® (QG®) Proprietary Technologies.

BARRON has created a 4 billion dollar portfolio and, developing, acquiring real estate, and deploying energy technologies through acquisitions. . Barron Petroleum owns and operates over 250 oil and gas wells in Texas. Additionally, Barron owns over 40,000 acres of oil and gas properties located in Texas's Permian Basin & Fort Worth Basin. BARRON Petroleum from the year 2017 to 2020, Barron has invested over 200 Million dollars of its own money in acquiring oil and gas properties and in drilling discovery wells to discover and prove up new oil & gas fields in Texas.

The SPACT™ will acquire assets that will mainly focus on LIQUID ASSETS, such as publicly traded companies with M&A potential, Oil & Gas, Technology. Renewable energy sustainable energy and development.

A regular Special Purpose Acquisition Company (SPAC) is a corporation formed for the sole purpose of raising investment capital through an initial public offering (IPO).
A SPACT STO is similar; however, the focus is on the digital asset path for Security Token Offering (STO) in the licensed security token exchanges with complete transparency and liquidity.

Through tokenization, the producing assets on the Qubit Exchange® trading platform will allow investors and companies to easily trade these tokens, with 24/7 liquidity that will be accessed globally in our industry.

BARR

Barron Energy Corp.

About Us
Legal Disclaimer
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Graham, Texas 76450
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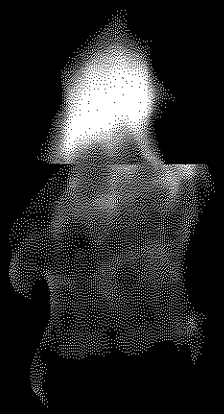
Sponsor

Barron Petrole



BARRON PETROLEUM, LLC (" company engaged in the oil a production business. The Cor discovering new oil and gas fi the Permian Basin and Fort-W

Chat with us on WhatApp!
Hi!
Type a message here. It will go straight to our phone!
Barron Energy

The Company owns and operates over 250 oil and gas wells in Texas. Furthermore, the Company owns over 40,000 acres of oil and gas properties located in the Permian Basin & Fort Worth Basin in Texas. From 2017 to 2020, the companies have invested over 200 Million dollars of their own money in acquiring oil and gas properties and drilling discovery wells to discover and prove up new oil & gas fields in Texas.

The Company recently discovered a new oil and gas field in Permian Basin, Texas, and this field consists of 30,000 + acres. There are over 300 drilling locations on this newly discovered field. The Company has drilled one discovery well and a second well successfully. In addition, the Company discovered a new major oil and gas field with 647 Billion Cubic Feet of the gas equivalent of 125,000,000 BOE in the Permian Basin.

Albert G. McDaniel, a petroleum engineer based in Fort Worth, completed his evaluation on William J Purves' 3D seismic analysis and concluded: "that the project is now so low risk that it more resembles that of a development project than an exploration venture." The Company's assets are worth over 4 Billion. The Company has no liabilities and is debt-free.

BARR

Barron Energy Corp.

About Us
Legal Disclaimer
Get In Touch

North America Office

471 Hwy 67
Graham, Texas 76450
Phone 940.549.2222
info@barronenergy.global

Contact Us

Email

Message

SEND MESSAGE

By continuing you agree to our [illegible]

Team

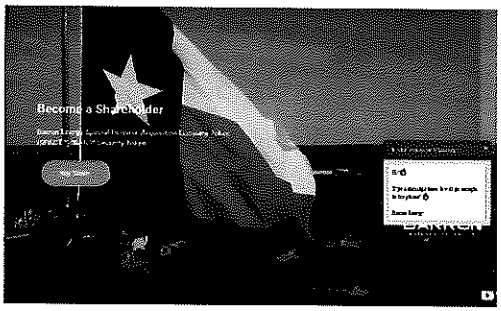
Roger Sahota, Chief Executive Officer

Mr. Sahota is a Canadian & U.S. national who has enjoyed an extensive care
Executive Officer, Chief Operations Officer, and Acquisition/Development Of
Mr. Sahota has done land development and construction of new homes, ape
low-rise buildings, shopping centers, strip malls, hotels, and office. Mr. Saho
company in 2000, where he purchased 51 wells spread over 5,000 acres wit
existing wells, get them back online, and eventually sold the company for a
& gas business throughout Texas, Louisiana, Colorado, Manitoba, and Alber
selling the oil & gas projects and start building a Multi-Million Dollar compar
his legacy.

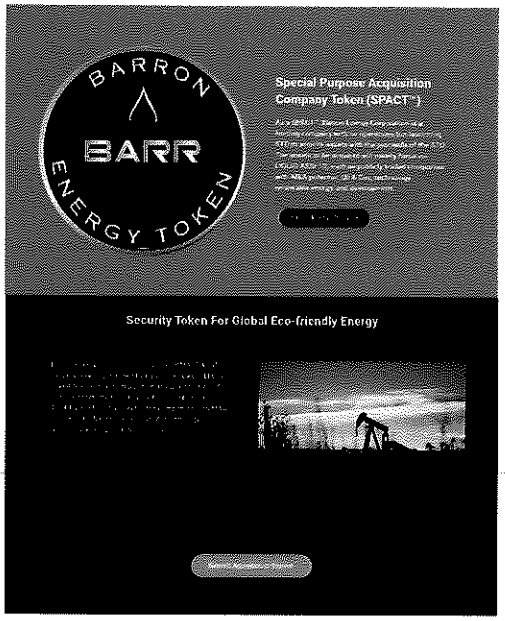
Mr. Sahota is the Chief Executive Officer and Acquisition/Development Officer for Barron Petroleum which owns and operates 250 oil and gas wells throughout Texas on around 40,000 acres. Mr. Sahota's efforts have discovered a new oil & gas field in Permian Basin, Texas. This newly discovered field is valued at approximately $4,000,000,000.00. Additionally, Roger owns drilling rigs, service rigs, and all other in-house drilling and complete wells. He is responsible for overseeing the companies' day-to-day operations, enhancing organizational performance, and achieving its ultimate vision.

Sunny Sahota
Chief Financial Office

Sunny started his career as a CFO with his family-owned businesses in 2000 under Roger Sahota's leadership. Sunny designed and maintained the companies dynamic financial statement model and facilitated financial analysis and key decision-making processes. Sunny also negotiated acquisitions & joint venture opportunities with strategic partners to expand operations networks throughout Texas. Sunny participated in business development activities, including sourcing and negotiating term contracts with operating companies. He is responsible for accounting functions of the company and assists with financial analysis of various acquisition & development opportunities for Arcooil Corp and its subsidiary companies. Sunny is currently the Chief Financial Officer and supervisor for Barron Petroleum and is responsible for overseeing drilling, workovers, and acquisitions. When Sunny completes his CFO duties for the day, he helps supervise operations at one of the many drilling and workover sites run by our companies.



Barron Energy SPACT™ Security Token Offering



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More Information

Email

Message

Barron Energy SPACT™ Security Token Offering

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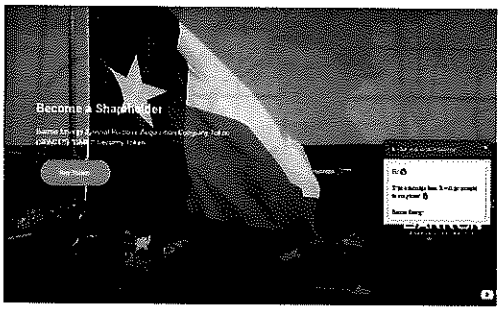
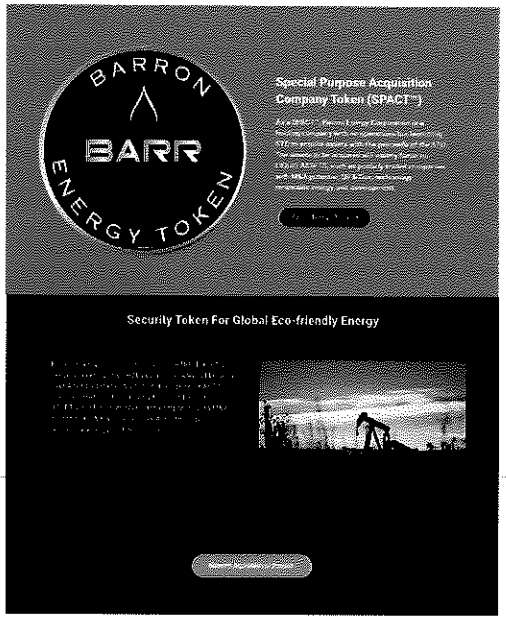
More Information



Barron Energy SPACT™ Security Token Offering



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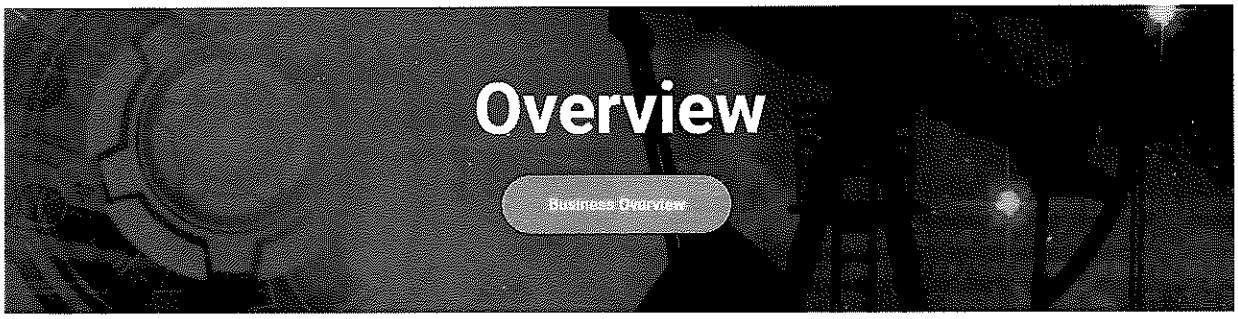
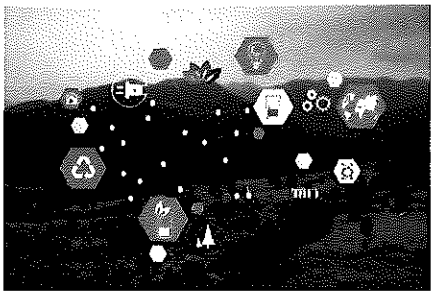


Overview

Barron Energy Corp. (BARR) is a newly incorporated "blank check company" formed under the laws of the State of Wyoming on May 2, 2021, to effect a merger, capital stock exchange, asset acquisition, technology acquisitions, land, drilling, sustainable energy, patents, , reorganization, stock purchase or parallel business grouping our initial business combination. Barron may pursue an acquisition opportunity in any business, industry, sector, or geographical location.

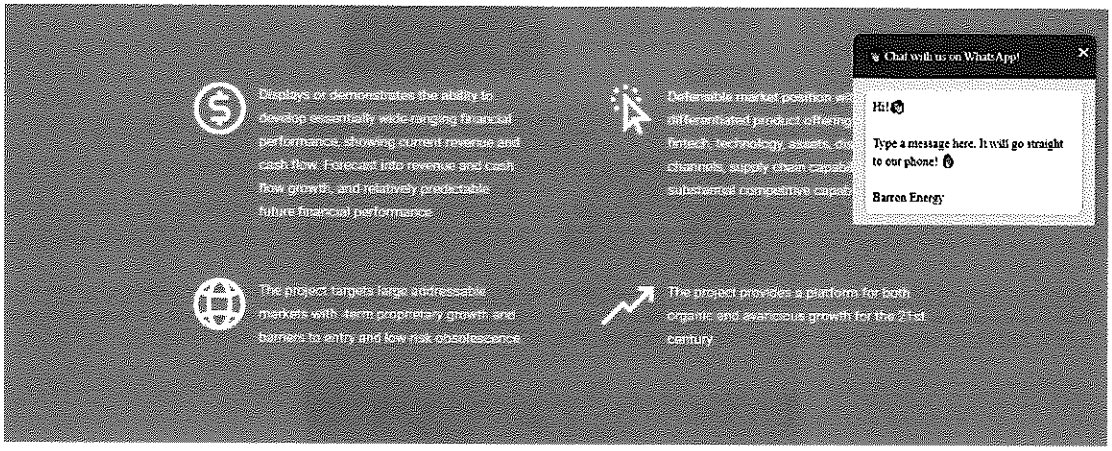
For example, we will seek to acquire one or more businesses focused on energy transition, blockchain, upstream, downstream, and sustainability. Our focus will target North American natural gas infrastructure and marketing opportunities, including liquefied natural gas, or LNG, infrastructure, mainly where there are also opportunities for strategic partnerships with natural gas-fired power producers and projects outside of North America. However, our team will pursue business opportunities in other sectors of the broader energy transition and sustainability arena. Scope includes companies that operate in renewable energy generation, carbon capture, hydrogen technologies, blockchain, data centers, fuel cells, electric vehicle infrastructure, transportation, mobility, other energy transportation and storage, and other energy transition technologies.

Overview Presentation →



Acquisition Criteria

Our team has implemented the following general criteria and guidelines to assess potential target businesses in line with our Vision and mission. Although these formulas help our team evaluating acquisition opportunities, in some cases, we may decide to target a business that adheres to our guidelines and criteria below. Below are general principles and guidelines:

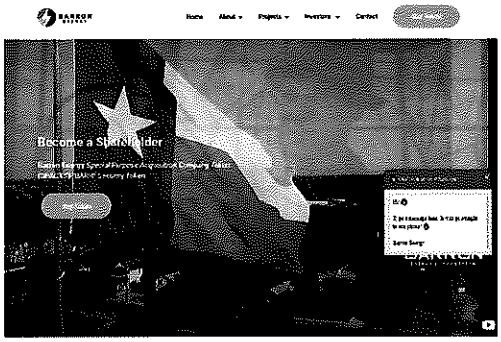


The company is n active market participant in the global LNG spectrum from gas aggregation to power generation with technology advantages for sustainability.

The project meets health, safety, security, environmental—social, corporate governance, or ESG standards.

The project is led by an experienced management team with a proven track record and corresponding capabilities or is open to enhancing the existing management team's strengths with other talents through our network.

Embraces the potential to utilize our experience and our operating, strategic, financing, and M & M&A capabilities to maximize the value to shareholders.



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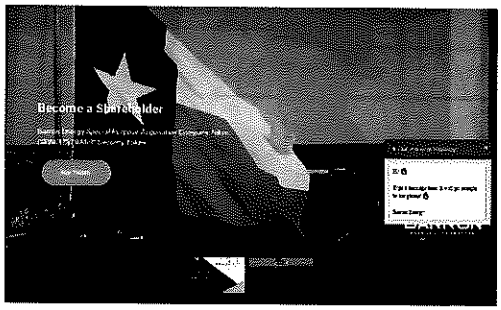

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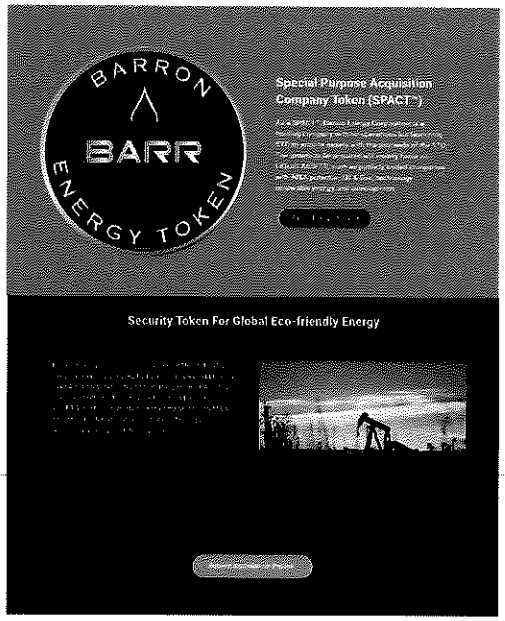

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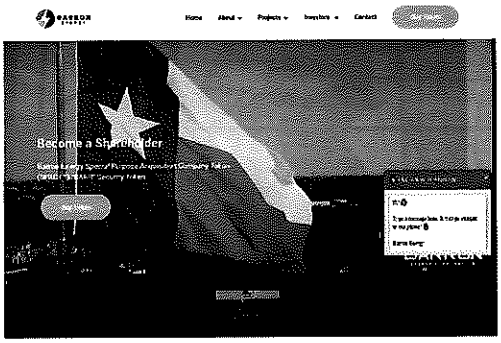

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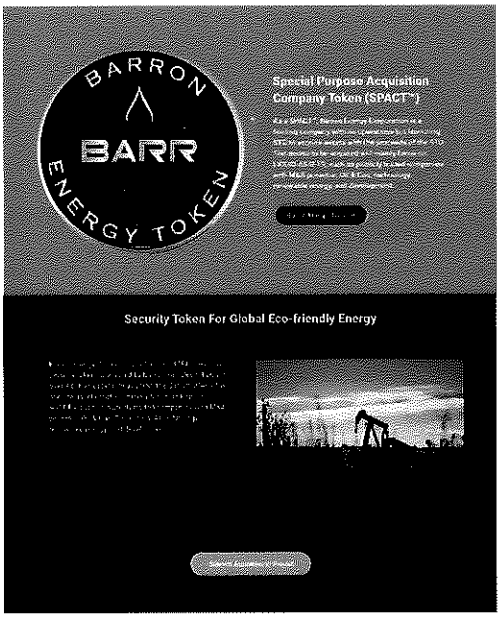

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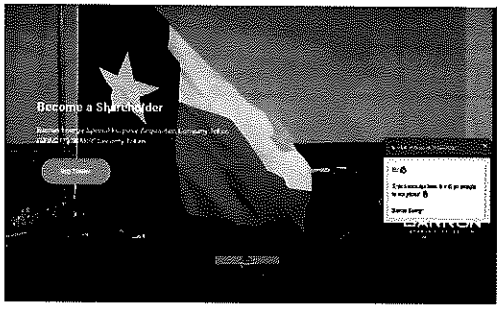

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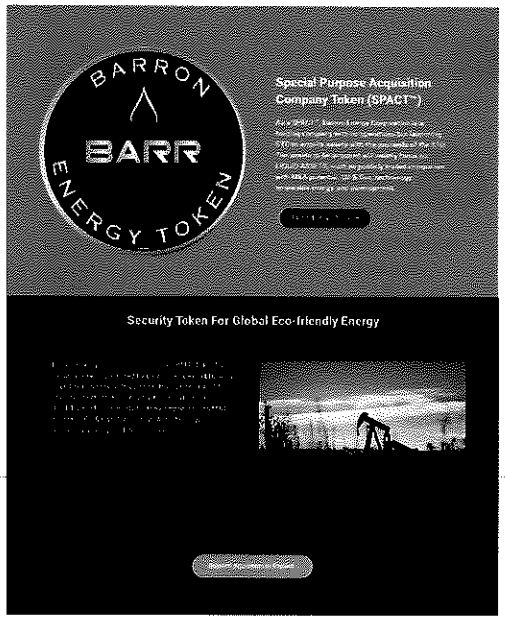

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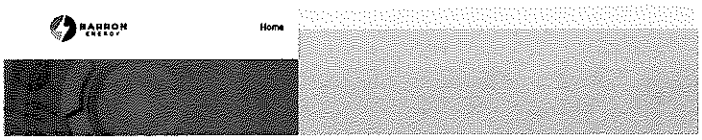
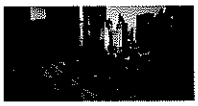
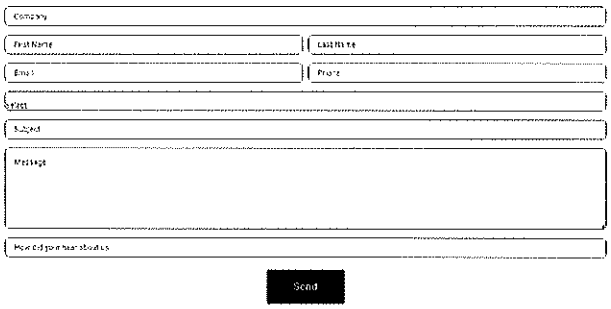


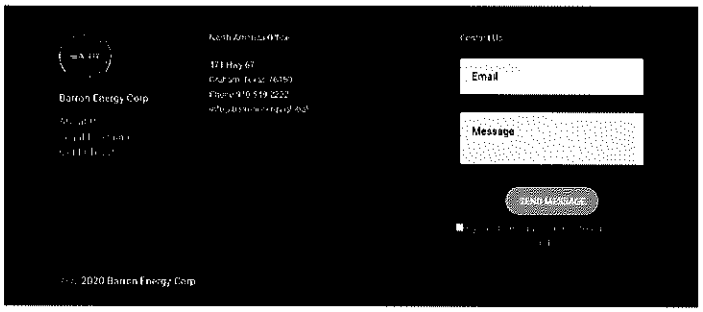


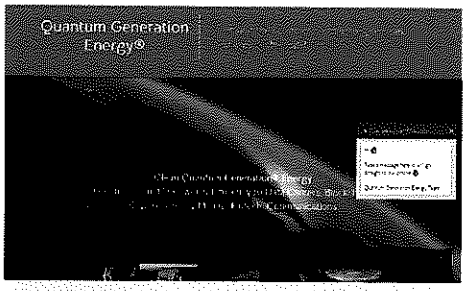
Barron Energy Corporation

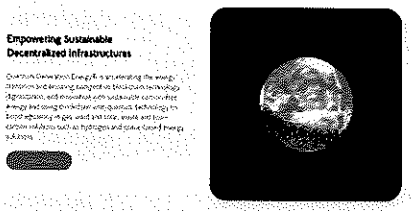
Barron Energy's acquisition department reviews projects, technology, land companies that would meet the standards and criteria for our company. We will have multiple ways of capitalization, including using bitcoin and other fintech solutions. Please fill our form below and send all relevant materials to [redacted]. Once received, our team will reach out for a conference call

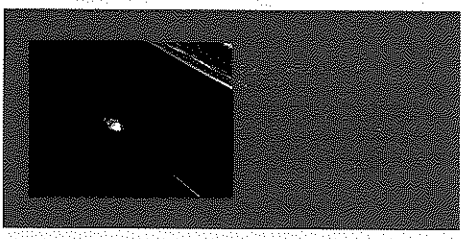
Here is better than the open air, take it thankfully. I will piece out the comfort with what addition I can: I will.



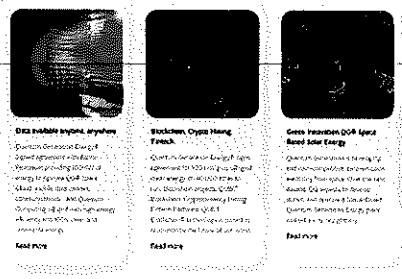


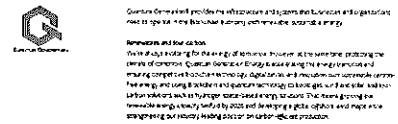

Quantum Generation Energy®

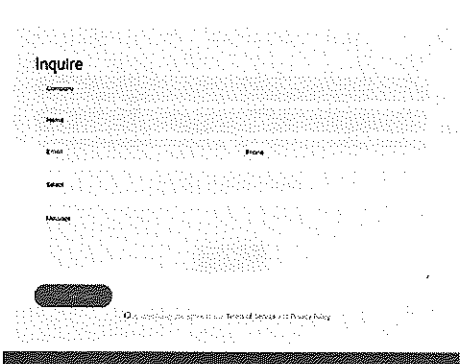

Empowering Sustainable Decentralized Infrastructures

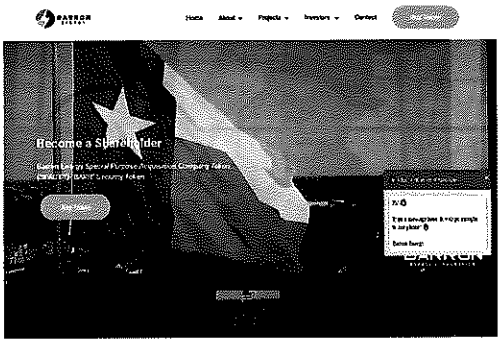


Projects






Inquire



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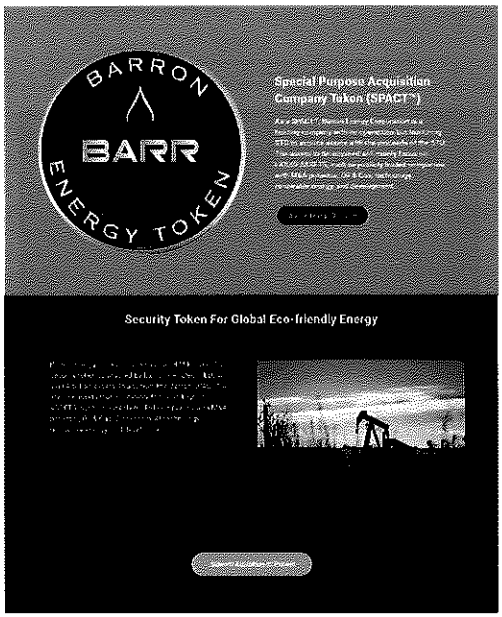

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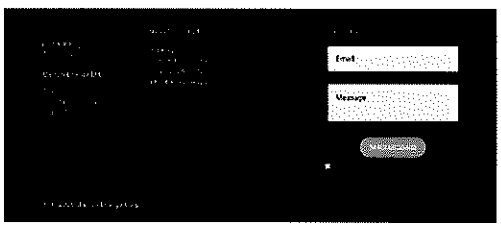

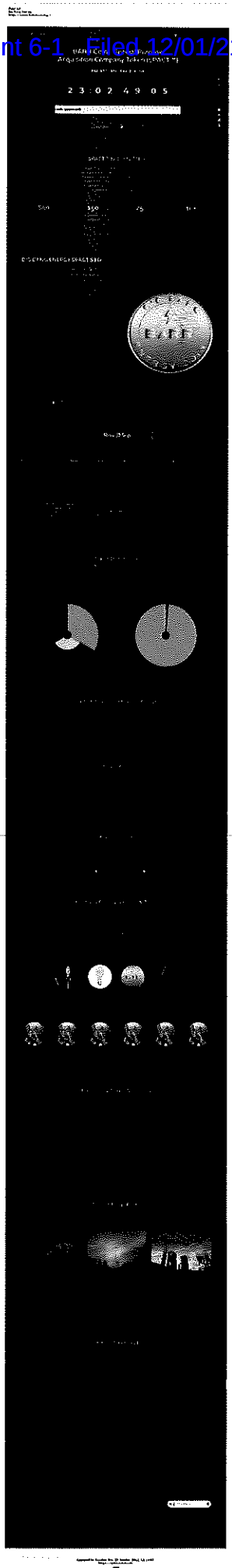

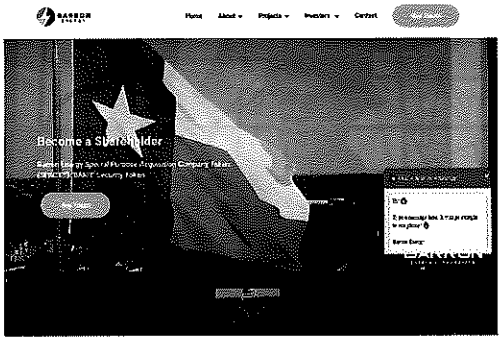

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Security Token For Global Eco-friendly Energy

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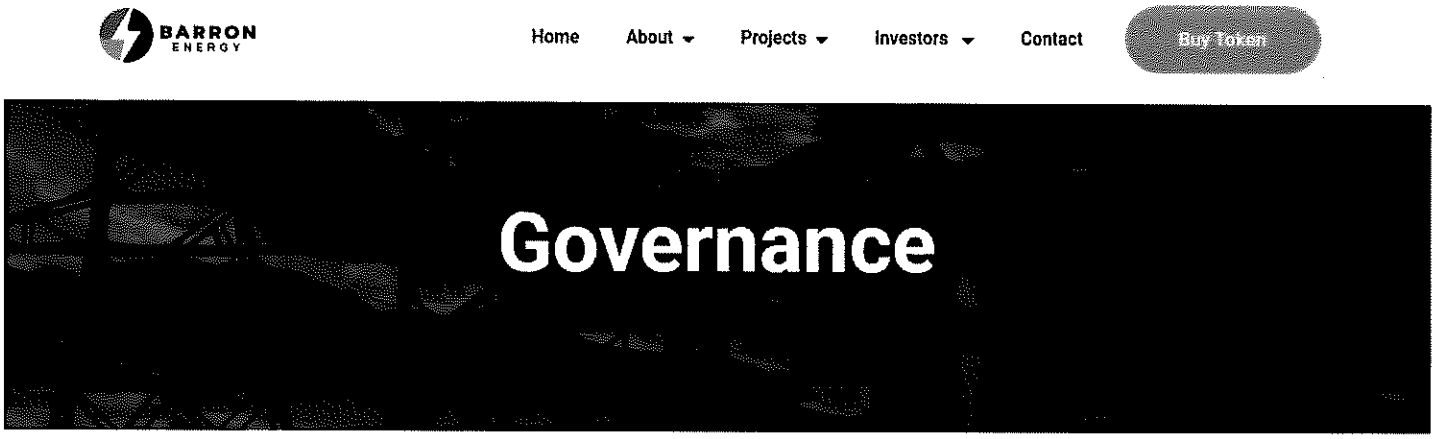

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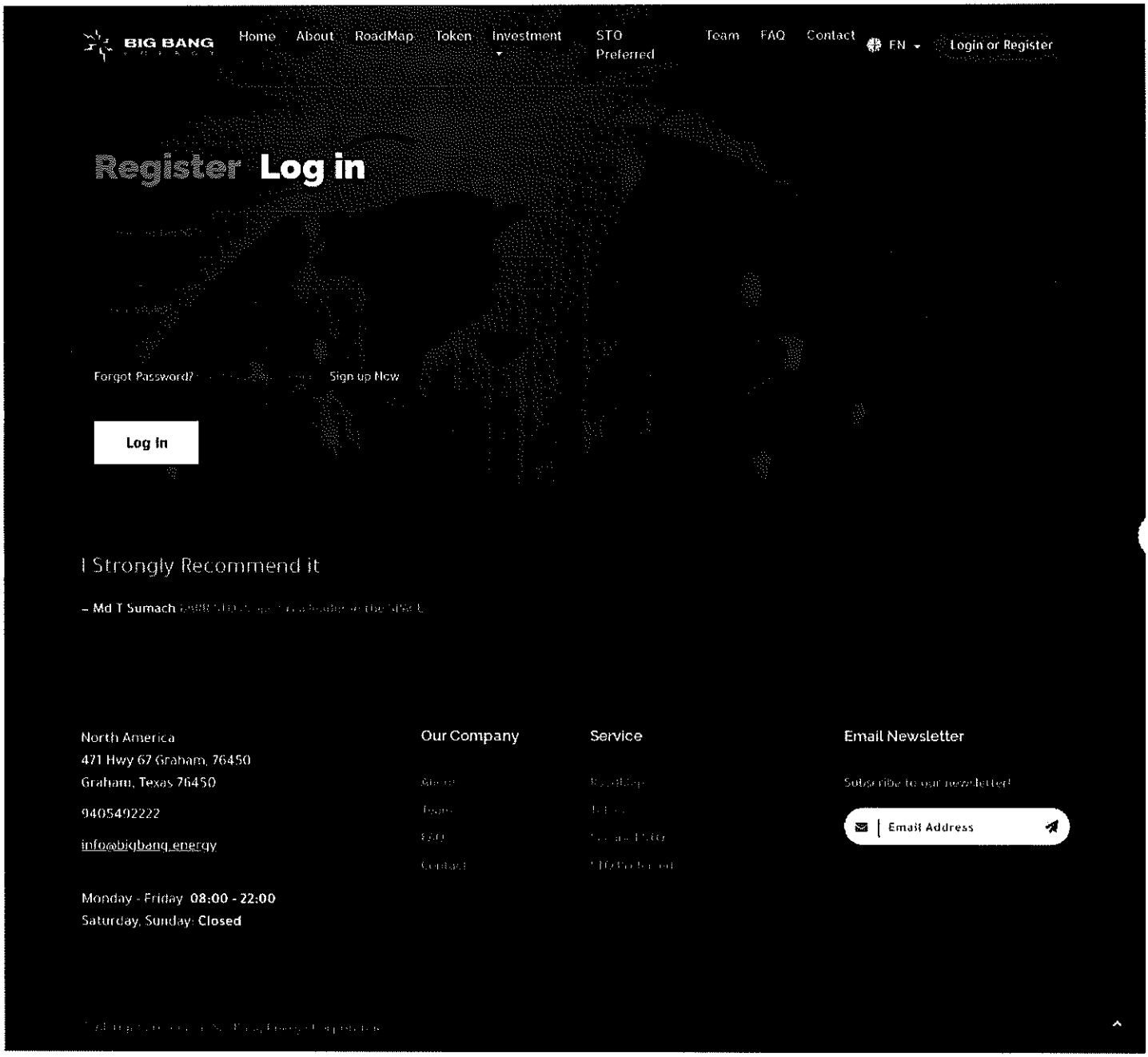
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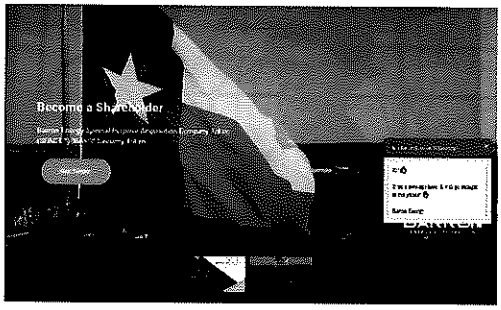

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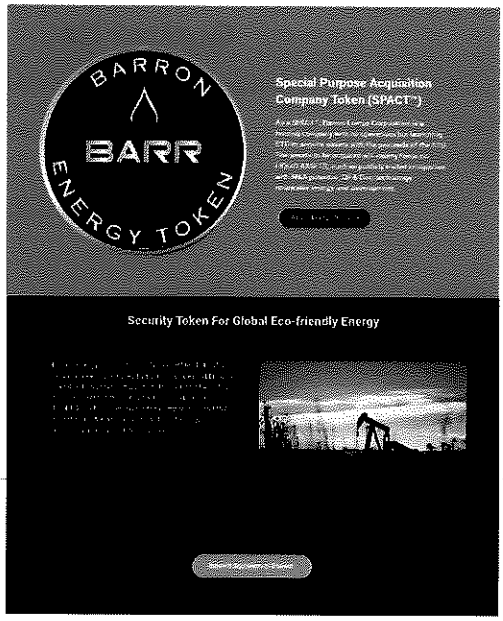

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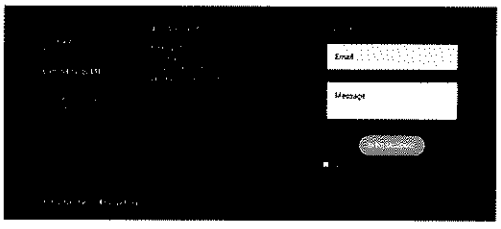

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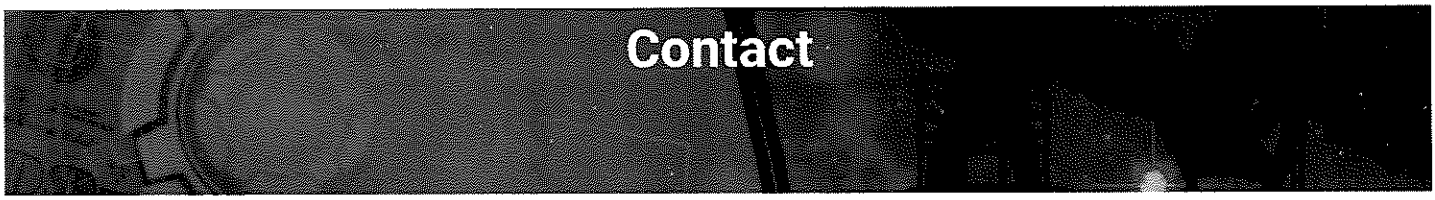

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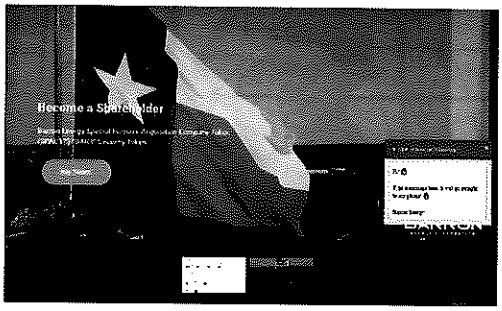

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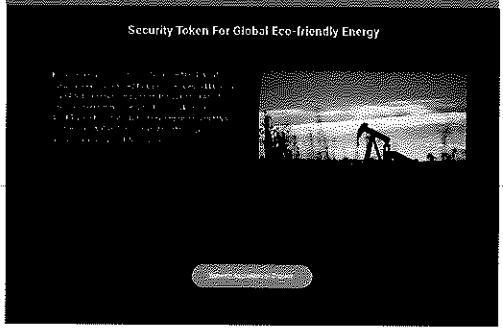

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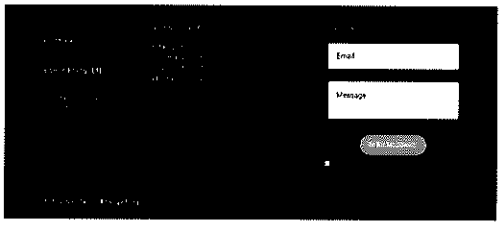

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About

Vision
Diminishing the Global limitations and boundaries and creating a Defi platform that empowers empowering under served investors around the world.

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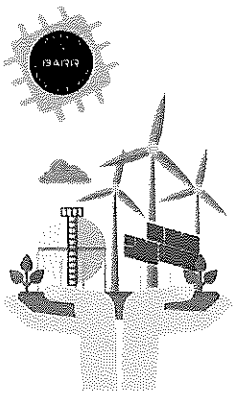

Barron Energy Corporation

Barron Petroleum, LLC., the Barron Energy Corporations Special Purpose Acquisition Company Token (SPACT) sponsor, is at the forefront of change and early adopters of the digital transformation and visionaries in Ethereum blockchain models technology partner Quantum Generation® (QG®) Proprietary Technologies.

BARRON has created a 4 billion dollar portfolio and, developing, acquiring real estate, and deploying energy technologies through acquisitions. . Barron Petroleum owns and operates over 250 oil and gas wells in Texas. Additionally, Barron owns over 40,000 acres of oil and gas properties located in Texas's Permian Basin & Fort Worth Basin. BARRON Petroleum from the year 2017 to 2020, Barron has invested over 200 Million dollars of its own money in acquiring oil and gas properties and in drilling discovery wells to discover and prove up new oil & gas fields in Texas.

The SPACT™ will acquire assets that will mainly focus on LIQUID ASSETS, such as publicly traded companies with M&A potential, Oil & Gas, Technology. Renewable energy sustainable energy and development.

A regular Special Purpose Acquisition Company (SPAC) is a corporation formed for the sole purpose of raising investment capital through an initial public offering (IPO).
A SPACT STO is similar; however, the focus is on the digital asset path for Security Token Offering (STO) in the licensed security token exchanges with complete transparency and liquidity.

Through tokenization, the producing assets on the Qubit Exchange® trading platform will allow investors and companies to easily trade these tokens, with 24/7 liquidity that will be accessed globally in our industry.

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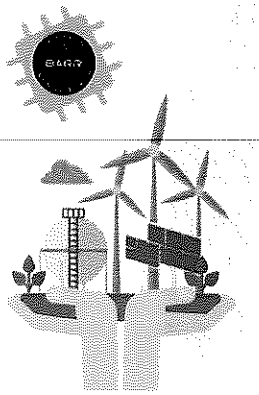
Barron Energy

Barron Energy Corporation



Barron Petroleum, LLC., the Barron Energy Corporations Special Purpose Acquisition Company Token (SPACT) sponsor, is at the forefront of change and early adopters of the digital transformation and visionaries in Ethereum blockchain models technology partner Quantum Generation® (QG®) Proprietary Technologies.

BARRON has created a 4 billion dollar portfolio and, developing, acquiring real estate, and deploying energy technologies through acquisitions. . Barron Petroleum owns and operates over 250 oil and gas wells in Texas. Additionally, Barron owns over 40,000 acres of oil and gas properties located in Texas's Permian Basin & Fort Worth Basin. BARRON Petroleum from the year 2017 to 2020, Barron has invested over 200 Million dollars of its own money in acquiring oil and gas properties and in drilling discovery wells to discover and prove up new oil & gas fields in Texas.

The SPACT™ will acquire assets that will mainly focus on LIQUID ASSETS, such as publicly traded companies with M&A potential, Oil & Gas, Technology. Renewable energy sustainable energy and development.

A regular Special Purpose Acquisition Company (SPAC) is a corporation formed for the sole purpose of raising investment capital through an initial public offering (IPO).
A SPACT STO is similar; however, the focus is on the digital asset path for Security Token Offering (STO) in the licensed security token exchanges with complete transparency and liquidity.

Through tokenization, the producing assets on the Qubit Exchange® trading platform will allow investors and companies to easily trade these tokens, with 24/7 liquidity that will be accessed globally in our industry.

BARR

Barron Energy Corp.

About Us
Legal Disclaimer
Get In Touch

North America Office

471 Hwy 67
Graham Texas 76450
Phone 940.549.2222
info@barronenergy.global

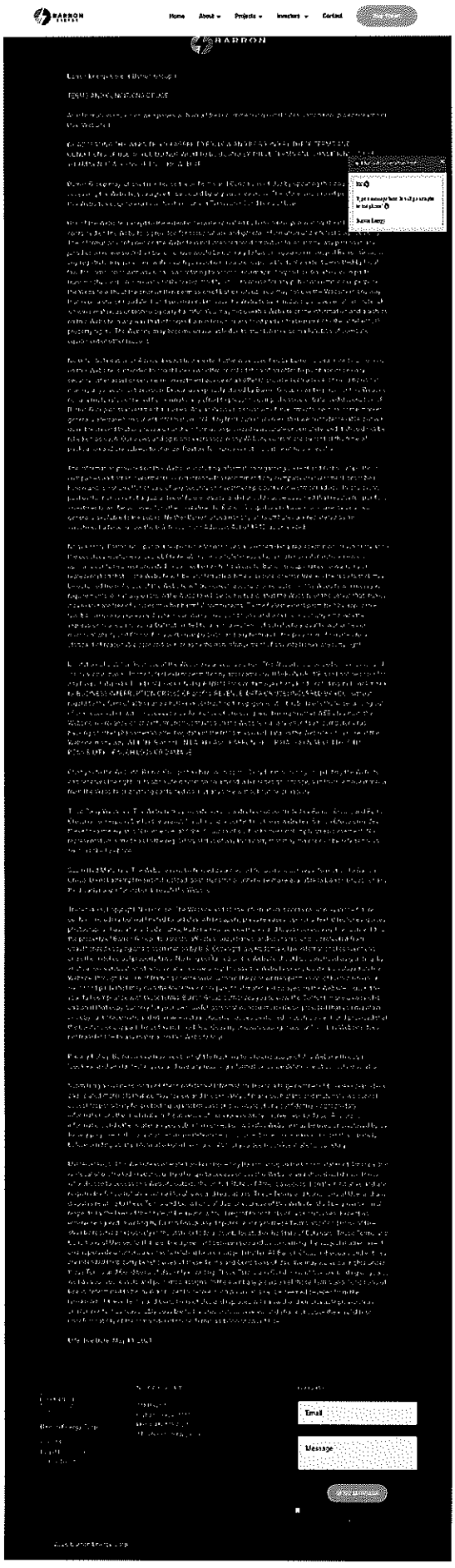
Contact Us

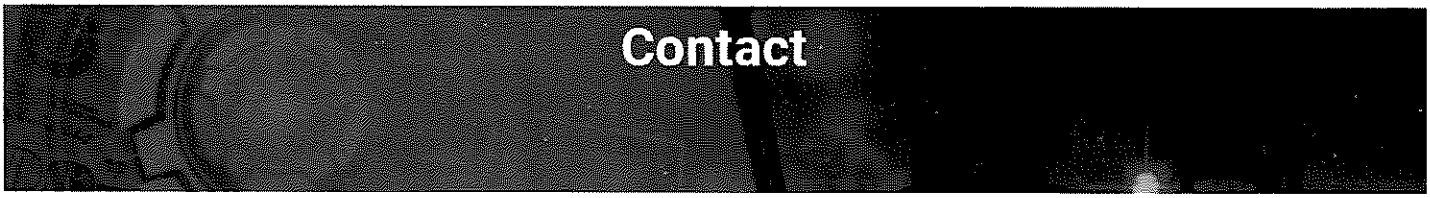
Email

Message

SEND MESSAGE

By continuing you agree to our [illegible]





Address

471 Hwy 67
Graham, Texas 76450
Phone 940.549.2222

Contacts

Email: info@barronenergy.global

Follow

Contact Us

Name

E-mail

Message

Send

By continuing you agree to our Terms of Service and Privacy Policy.

Chat with us on WhatsApp!

Hi!

Type a message here. It will go straight to our phone!

Barron Energy

DECLARATION OF STEPHANIE L. REINHART IN SUPPORT OF PLAINTIFF UNITED STATES SECURITIES AND EXCHANGE COMMISSION'S MEMORANDUM OF LAW IN SUPPORT OF

I, Stephanie L. Reinhart, do hereby declare under penalty of perjury, in accordance with 28 U.S.C. § 1746, that the following is true and correct:

1. I am a Senior Counsel with the United States Securities and Exchange Commission ("SEC") in its Chicago Regional Office, located at 175 West Jackson Boulevard, Suite 1450, Chicago, Illinois 60604. I am a member of the SEC Division of Enforcement staff working on the SEC's case against The Heartland Group Ventures, LLC, et al. I make this declaration in support of the SEC's Emergency Motion for Temporary Restraining Order and Emergency Ancillary Relief.

2. Attached to this Declaration are true and correct copies of the following documents:

a. Form D Notice of Exempt Offering of Securities filed with the SEC by Heartland Production and Recovery, LLC (A511 – A516);

b. Form D Notice of Exempt Offering of Securities filed with the SEC by Heartland Production and Recovery Fund II, LLC (A517 – A522);

c. Form D Notice of Exempt Offering of Securities filed with the SEC by Heartland Group Fund III, LLC (A523 – A527);

d. Form D Notice of Exempt Offering of Securities filed with the SEC by Heartland Drilling Fund I, LP (A528 – A532);

e. Form D Notice of Exempt Offering of Securities filed with the SEC by Carson Oil Field Development Fund II LP (A533 – A537);

f. September 7, 2021 AOS staff member email to James Ikey (James@theheartlandgroup.net), produced to the SEC by Alternative Office Solutions, LLC and bates labeled AOS_SEC_0164180 (A538);

g. April 2019 Heartland Production and Recovery brochure (Presale Booklet – Home Print Version.pdf), produced to the SEC by Heartland Production and Recovery LLC and bates labeled HPR_SEC00053364-53386 (A539 – A561);

h. Judgement in a Criminal Case filed in *USA v. James Ikey*, No. 3:14-cr-00132-M, ECF 56 (N.D. Tex. Nov. 14, 2014) (A562 – A567);

i. Federal Aviation Administration Registry, available at faa.gov, for a model CL-600-2B16 fixed wing multi-engine aircraft manufactured by Canadair Ltd., with N-Number 486BG, serial number 5133, and registered owner Dallas Resources Inc. (A568 – A569);

j. Federal Aviation Administration Registry, available at faa.gov, for a model A109S rotorcraft aircraft manufactured by Agusta Spa, with N-Number 709DM, serial number 22043, and registered owner Dallas Resources Inc. (A570 – 571);

k. March 5, 2020 Letter addressed to the Stakeholders of The Heartland Group of Companies, produced to the SEC by Heartland Production and Recovery LLC and bates labeled HPR_SEC00042006-42008 (A572 – A574);

l. January 1, 2021 Executive Summary of Capital Programs and Optimized Production, produced to the SEC by Heartland Production and Recovery LLC and bates labeled HPR_SEC00042016-42017 (A575 – A576); and

m. October 25, 2021 The Heartland Group notification to investors, produced to the SEC by Brad Pearsey and John Muratore and bates labeled SEC-BPJM-E-00000007-8 (A577 – A578).

In accordance with 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Dated: November 30, 2021

/s/ Stephanie L. Reinhart

Stephanie L. Reinhart (IL Bar No. 6287179)
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
175 W. Jackson Blvd., Suite 1450
Chicago, Illinois 60604
(312) 886-9899
ReinhartS@SEC.gov

The Securities and Exchange Commission has not necessarily reviewed the information in this filing and has not determined if it is accurate and complete.
The reader should not assume that the information is accurate and complete.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM D

Notice of Exempt Offering of Securities

OMB APPROVAL	
OMB Number:	3235-0076
Estimated average burden hours per response:	4.00

1. Issuer's Identity

CIK (Filer ID Number)
0001761896

Previous Names [X] None

Name of Issuer
Heartland Production & Recovery, LLC

Jurisdiction of Incorporation/Organization
DELAWARE

Year of Incorporation/Organization
[ ] Over Five Years Ago
[X] Within Last Five Years (Specify Year) 2018
[ ] Yet to Be Formed

Entity Type
[ ] Corporation
[ ] Limited Partnership
[X] Limited Liability Company
[ ] General Partnership
[ ] Business Trust
[ ] Other (Specify)

2. Principal Place of Business and Contact Information

Name of Issuer
Heartland Production & Recovery, LLC

Street Address 1
337 Western Boulevard, Suite B

Street Address 2

City	State/Province/Country	ZIP/PostalCode	Phone Number of Issuer
Greenwood	INDIANA	46142	3372897108

3. Related Persons

Last Name	First Name	Middle Name
Pearsey	Brad	Recovery

Street Address 1
337 Western Boulevard, Suite B

Street Address 2

City	State/Province/Country	ZIP/PostalCode
Greenwood	INDIANA	46142

Relationship: [X] Executive Officer [ ] Director [ ] Promoter

Clarification of Response (if Necessary):

Last Name	First Name	Middle Name
Muratore	John	
Street Address 1	**Street Address 2**	
20311 Beam Circle		
City	**State/Province/Country**	**ZIP/PostalCode**
Huntington Beach	CALIFORNIA	92646

Relationship: [X] Executive Officer [ ] Director [ ] Promoter

Clarification of Response (if Necessary):

4. Industry Group

- [ ] Agriculture
- Banking & Financial Services
  - [ ] Commercial Banking
  - [ ] Insurance
  - [ ] Investing
  - [ ] Investment Banking
  - [ ] Pooled Investment Fund
    - Is the issuer registered as an investment company under the Investment Company Act of 1940?
      - [ ] Yes [ ] No
  - [ ] Other Banking & Financial Services
- [ ] Business Services
- Energy
  - [ ] Coal Mining
  - [ ] Electric Utilities
  - [ ] Energy Conservation
  - [ ] Environmental Services
  - [X] Oil & Gas
  - [ ] Other Energy
- Health Care
  - [ ] Biotechnology
  - [ ] Health Insurance
  - [ ] Hospitals & Physicians
  - [ ] Pharmaceuticals
  - [ ] Other Health Care
- [ ] Manufacturing
- Real Estate
  - [ ] Commercial
  - [ ] Construction
  - [ ] REITS & Finance
  - [ ] Residential
  - [ ] Other Real Estate
- [ ] Retailing
- [ ] Restaurants
- Technology
  - [ ] Computers
  - [ ] Telecommunications
  - [ ] Other Technology
- Travel
  - [ ] Airlines & Airports
  - [ ] Lodging & Conventions
  - [ ] Tourism & Travel Services
  - [ ] Other Travel
- [ ] Other

5. Issuer Size

Revenue Range	OR	Aggregate Net Asset Value Range
[X] No Revenues		[ ] No Aggregate Net Asset Value
[ ] $1 - $1,000,000		[ ] $1 - $5,000,000
[ ] $1,000,001 - $5,000,000		[ ] $5,000,001 - $25,000,000
[ ] $5,000,001 - $25,000,000		[ ] $25,000,001 - $50,000,000
[ ] $25,000,001 - $100,000,000		[ ] $50,000,001 - $100,000,000
[ ] Over $100,000,000		[ ] Over $100,000,000
[ ] Decline to Disclose		[ ] Decline to Disclose
[ ] Not Applicable		[ ] Not Applicable

6. Federal Exemption(s) and Exclusion(s) Claimed (select all that apply)

[ ] Rule 504(b)(1) (not (i), (ii) or (iii))
[ ] Rule 504 (b)(1)(i)
[ ] Rule 504 (b)(1)(ii)
[ ] Rule 504 (b)(1)(iii)
[ ] Rule 506(b)
[X] Rule 506(c)
[ ] Securities Act Section 4(a)(5)

[ ] Investment Company Act Section 3(c)
[ ] Section 3(c)(1)
[ ] Section 3(c)(2)
[ ] Section 3(c)(3)
[ ] Section 3(c)(4)
[ ] Section 3(c)(5)
[ ] Section 3(c)(6)
[ ] Section 3(c)(7)
[ ] Section 3(c)(9)
[ ] Section 3(c)(10)
[ ] Section 3(c)(11)
[ ] Section 3(c)(12)
[ ] Section 3(c)(13)
[ ] Section 3(c)(14)

7. Type of Filing

[X] New Notice Date of First Sale 2018-11-27 [ ] First Sale Yet to Occur
[ ] Amendment

8. Duration of Offering

Does the Issuer intend this offering to last more than one year? [ ] Yes [X] No

9. Type(s) of Securities Offered (select all that apply)

[ ] Equity
[X] Debt
[ ] Option, Warrant or Other Right to Acquire Another Security
[ ] Pooled Investment Fund Interests
[ ] Tenant-in-Common Securities
[ ] Mineral Property Securities

☐ Security to be Acquired Upon Exercise of Option, Warrant or Other Right to Acquire Security ☐ Other (describe)

10. Business Combination Transaction

Is this offering being made in connection with a business combination transaction, such as a merger, acquisition or exchange offer? ☐ Yes ☒ No

Clarification of Response (if Necessary):

11. Minimum Investment

Minimum investment accepted from any outside investor $50,000 USD

12. Sales Compensation

Recipient — Recipient CRD Number ☒ None

(Associated) Broker or Dealer ☒ None — (Associated) Broker or Dealer CRD Number ☒ None

Street Address 1 — Street Address 2

City — State/Province/Country — ZIP/Postal Code

State(s) of Solicitation (select all that apply) Check "All States" or check individual States ☐ All States ☐ Foreign/non-US

13. Offering and Sales Amounts

Total Offering Amount	$6,600,000 USD	or ☐ Indefinite
Total Amount Sold	$3,700,000 USD	
Total Remaining to be Sold	$2,900,000 USD	or ☐ Indefinite

Clarification of Response (if Necessary):

14. Investors

☐ Select if securities in the offering have been or may be sold to persons who do not qualify as accredited investors, and enter the number of such non-accredited investors who already have invested in the offering.

Regardless of whether securities in the offering have been or may be sold to persons who do not qualify as accredited investors, enter the total number of investors who already have invested in the offering: 53

15. Sales Commissions & Finder's Fees Expenses

Provide separately the amounts of sales commissions and finders fees expenses, if any. If the amount of an expenditure is not known, provide an estimate and check the box next to the amount.

Sales Commissions	$0 USD	☐ Estimate
Finders' Fees	$250,000 USD	☒ Estimate

Clarification of Response (if Necessary):

Finders shall not conduct sales and are strictly bound by agreement to referring investors to the company

16. Use of Proceeds

Provide the amount of the gross proceeds of the offering that has been or is proposed to be used for payments to any of the persons required to be named as executive officers, directors or promoters in response to Item 3 above. If the amount is unknown, provide an estimate and check the box next to the amount.

$120,000 USD ☐ Estimate

Clarification of Response (if Necessary):

Signature and Submission

Please verify the information you have entered and review the Terms of Submission below before signing and clicking SUBMIT below to file this notice.

Terms of Submission

In submitting this notice, each issuer named above is:

- Notifying the SEC and/or each State in which this notice is filed of the offering of securities described and undertaking to furnish them, upon written request, in the accordance with applicable law, the information furnished to offerees.*
- Irrevocably appointing each of the Secretary of the SEC and, the Securities Administrator or other legally designated officer of the State in which the issuer maintains its principal place of business and any State in which this notice is filed, as its agents for service of process, and agreeing that these persons may accept service on its behalf, of any notice, process or pleading, and further agreeing that such service may be made by registered or certified mail, in any Federal or state action, administrative proceeding, or arbitration brought against the issuer in any place subject to the jurisdiction of the United States, if the action, proceeding or arbitration (a) arises out of any activity in connection with the offering of securities that is the subject of this notice, and (b) is founded, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these statutes, or (ii) the laws of the State in which the issuer maintains its principal place of business or any State in which this notice is filed.
- Certifying that, if the issuer is claiming a Regulation D exemption for the offering, the issuer is not disqualified from relying on Rule 504 or Rule 506 for one of the reasons stated in Rule 504(b)(3) or Rule 506(d).

Each Issuer identified above has read this notice, knows the contents to be true, and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person.

For signature, type in the signer's name or other letters or characters adopted or authorized as the signer's signature.

Issuer	Signature	Name of Signer	Title	Date
Heartland Production & Recovery, LLC	Brad Pearsey	Brad Pearsey	Manager	2018-12-21

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

* This undertaking does not affect any limits Section 102(a) of the National Securities Markets Improvement Act of 1996 ("NSMIA") [Pub. L. No. 104-290, 110 Stat. 3416 (Oct. 11, 1996)] imposes on the ability of States to require information. As a result, if the securities that are the subject of this Form D are "covered securities" for purposes of NSMIA, whether in all instances or due to the nature of the offering that is the subject of this Form D, States cannot routinely require offering materials under this undertaking or otherwise and can require offering materials only to the extent NSMIA permits them to do so under NSMIA's preservation of their anti-fraud authority.

The Securities and Exchange Commission has not necessarily reviewed the information in this filing and has not determined if it is accurate and complete.
The reader should not assume that the information is accurate and complete.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM D

Notice of Exempt Offering of Securities

OMB APPROVAL	
OMB Number:	3235-0076
Estimated average burden hours per response:	4.00

1. Issuer's Identity

CIK (Filer ID Number)
0001773604

Previous Names [X] None

Name of Issuer
Heartland Production & Recovery Fund II, LLC

Jurisdiction of Incorporation/Organization
DELAWARE

Year of Incorporation/Organization
[ ] Over Five Years Ago
[X] Within Last Five Years (Specify Year) 2019
[ ] Yet to Be Formed

Entity Type
[ ] Corporation
[ ] Limited Partnership
[X] Limited Liability Company
[ ] General Partnership
[ ] Business Trust
[ ] Other (Specify)

2. Principal Place of Business and Contact Information

Name of Issuer
Heartland Production & Recovery Fund II, LLC

Street Address 1		Street Address 2	
337 WESTERN BLVD		SUITE B	
City	**State/Province/Country**	**ZIP/PostalCode**	**Phone Number of Issuer**
GREENWOOD	INDIANA	46142	317-289-7108

3. Related Persons

Last Name	First Name	Middle Name
Pearsey	Thomas	Brad
Street Address 1	**Street Address 2**	
337 Western Boulevard	Suite B	
City	**State/Province/Country**	**ZIP/PostalCode**
Greenwood	INDIANA	46142

Relationship: [X] Executive Officer [ ] Director [ ] Promoter

Clarification of Response (if Necessary):

Last Name	First Name	Middle Name
Muratore	John	Recovery
Street Address 1	**Street Address 2**	
337 Western Boulevard	Suite B	
City	**State/Province/Country**	**ZIP/PostalCode**
Greenwood	INDIANA	46142

Relationship: [ ] Executive Officer [X] Director [X] Promoter

Clarification of Response (if Necessary):

4. Industry Group

- [ ] Agriculture
- Banking & Financial Services
  - [ ] Commercial Banking
  - [ ] Insurance
  - [X] Investing
  - [ ] Investment Banking
  - [ ] Pooled Investment Fund
    - Is the issuer registered as an investment company under the Investment Company Act of 1940?
      - [ ] Yes [ ] No
  - [ ] Other Banking & Financial Services
- [ ] Business Services
- Energy
  - [ ] Coal Mining
  - [ ] Electric Utilities
  - [ ] Energy Conservation
  - [ ] Environmental Services
  - [ ] Oil & Gas
  - [ ] Other Energy
- Health Care
  - [ ] Biotechnology
  - [ ] Health Insurance
  - [ ] Hospitals & Physicians
  - [ ] Pharmaceuticals
  - [ ] Other Health Care
- [ ] Manufacturing
- Real Estate
  - [ ] Commercial
  - [ ] Construction
  - [ ] REITS & Finance
  - [ ] Residential
  - [ ] Other Real Estate
- [ ] Retailing
- [ ] Restaurants
- Technology
  - [ ] Computers
  - [ ] Telecommunications
  - [ ] Other Technology
- Travel
  - [ ] Airlines & Airports
  - [ ] Lodging & Conventions
  - [ ] Tourism & Travel Services
  - [ ] Other Travel
- [ ] Other

5. Issuer Size

Revenue Range	OR	Aggregate Net Asset Value Range
[X] No Revenues		[ ] No Aggregate Net Asset Value
[ ] $1 - $1,000,000		[ ] $1 - $5,000,000
[ ] $1,000,001 - $5,000,000		[ ] $5,000,001 - $25,000,000
[ ] $5,000,001 - $25,000,000		[ ] $25,000,001 - $50,000,000
[ ] $25,000,001 - $100,000,000		[ ] $50,000,001 - $100,000,000
[ ] Over $100,000,000		[ ] Over $100,000,000
[ ] Decline to Disclose		[ ] Decline to Disclose
[ ] Not Applicable		[ ] Not Applicable

6. Federal Exemption(s) and Exclusion(s) Claimed (select all that apply)

[ ] Rule 504(b)(1) (not (i), (ii) or (iii))
[ ] Rule 504 (b)(1)(i)
[ ] Rule 504 (b)(1)(ii)
[ ] Rule 504 (b)(1)(iii)
[ ] Rule 506(b)
[X] Rule 506(c)
[ ] Securities Act Section 4(a)(5)

[ ] Investment Company Act Section 3(c)
[ ] Section 3(c)(1)
[ ] Section 3(c)(2)
[ ] Section 3(c)(3)
[ ] Section 3(c)(4)
[ ] Section 3(c)(5)
[ ] Section 3(c)(6)
[ ] Section 3(c)(7)
[ ] Section 3(c)(9)
[ ] Section 3(c)(10)
[ ] Section 3(c)(11)
[ ] Section 3(c)(12)
[ ] Section 3(c)(13)
[ ] Section 3(c)(14)

7. Type of Filing

[X] New Notice Date of First Sale 2019-01-13 [ ] First Sale Yet to Occur
[ ] Amendment

8. Duration of Offering

Does the Issuer intend this offering to last more than one year? [ ] Yes [X] No

9. Type(s) of Securities Offered (select all that apply)

[ ] Equity
[X] Debt
[ ] Option, Warrant or Other Right to Acquire Another Security
[ ] Pooled Investment Fund Interests
[ ] Tenant-in-Common Securities
[ ] Mineral Property Securities

☐ Security to be Acquired Upon Exercise of Option, Warrant or Other Right to Acquire Security ☐ Other (describe)

10. Business Combination Transaction

Is this offering being made in connection with a business combination transaction, such as a merger, acquisition or exchange offer? ☐ Yes ☒ No

Clarification of Response (if Necessary):

11. Minimum Investment

Minimum investment accepted from any outside investor $50,000 USD

12. Sales Compensation

Recipient — Recipient CRD Number ☒ None

(Associated) Broker or Dealer ☒ None — (Associated) Broker or Dealer CRD Number ☒ None

Street Address 1 — Street Address 2

City — State/Province/Country — ZIP/Postal Code

State(s) of Solicitation (select all that apply) Check "All States" or check individual States ☐ All States ☐ Foreign/non-US

13. Offering and Sales Amounts

Total Offering Amount $25,000,000 USD or ☐ Indefinite

Total Amount Sold $5,103,191 USD

Total Remaining to be Sold $19,896,809 USD or ☐ Indefinite

Clarification of Response (if Necessary):

14. Investors

☐ Select if securities in the offering have been or may be sold to persons who do not qualify as accredited investors, and enter the number of such non-accredited investors who already have invested in the offering.

Regardless of whether securities in the offering have been or may be sold to persons who do not qualify as accredited investors, enter the total number of investors who already have invested in the offering: 31

15. Sales Commissions & Finder's Fees Expenses

Provide separately the amounts of sales commissions and finders fees expenses, if any. If the amount of an expenditure is not known, provide an estimate and check the box next to the amount.

Sales Commissions $0 USD ☐ Estimate

Finders' Fees $1,250,000 USD ☐ Estimate

Clarification of Response (if Necessary):

16. Use of Proceeds

Provide the amount of the gross proceeds of the offering that has been or is proposed to be used for payments to any of the persons required to be named as executive officers, directors or promoters in response to Item 3 above. If the amount is unknown, provide an estimate and check the box next to the amount.

$700,000 USD ☐ Estimate

Clarification of Response (if Necessary):

Signature and Submission

Please verify the information you have entered and review the Terms of Submission below before signing and clicking SUBMIT below to file this notice.

Terms of Submission

In submitting this notice, each issuer named above is:

- Notifying the SEC and/or each State in which this notice is filed of the offering of securities described and undertaking to furnish them, upon written request, in the accordance with applicable law, the information furnished to offerees.*
- Irrevocably appointing each of the Secretary of the SEC and, the Securities Administrator or other legally designated officer of the State in which the issuer maintains its principal place of business and any State in which this notice is filed, as its agents for service of process, and agreeing that these persons may accept service on its behalf, of any notice, process or pleading, and further agreeing that such service may be made by registered or certified mail, in any Federal or state action, administrative proceeding, or arbitration brought against the issuer in any place subject to the jurisdiction of the United States, if the action, proceeding or arbitration (a) arises out of any activity in connection with the offering of securities that is the subject of this notice, and (b) is founded, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these statutes, or (ii) the laws of the State in which the issuer maintains its principal place of business or any State in which this notice is filed.
- Certifying that, if the issuer is claiming a Regulation D exemption for the offering, the issuer is not disqualified from relying on Rule 504 or Rule 506 for one of the reasons stated in Rule 504(b)(3) or Rule 506(d).

Each Issuer identified above has read this notice, knows the contents to be true, and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person.

For signature, type in the signer's name or other letters or characters adopted or authorized as the signer's signature.

Issuer	Signature	Name of Signer	Title	Date

Heartland Production & Recovery Fund II, LLC	Thomas Brad Pearsey	Thomas Brad Pearsey	Manager	2019-04-11

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The reader should not assume that the information is accurate and complete.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM D

Notice of Exempt Offering of Securities

OMB APPROVAL	
OMB Number:	3235-0076
Estimated average burden hours per response:	4.00

1. Issuer's Identity

CIK (Filer ID Number)
0001805665

Previous Names: [X] None

Name of Issuer
Heartland Group Fund III, LLC

Jurisdiction of Incorporation/Organization
TEXAS

Year of Incorporation/Organization
[ ] Over Five Years Ago
[X] Within Last Five Years (Specify Year) 2019
[ ] Yet to Be Formed

Entity Type
[ ] Corporation
[ ] Limited Partnership
[X] Limited Liability Company
[ ] General Partnership
[ ] Business Trust
[ ] Other (Specify)

2. Principal Place of Business and Contact Information

Name of Issuer
Heartland Group Fund III, LLC

Street Address 1	Street Address 2		
400 INDUSTRIAL BLVD	SUITE 114		
City	**State/Province/Country**	**ZIP/PostalCode**	**Phone Number of Issuer**
MANSFIELD	TEXAS	76063	8178651245

3. Related Persons

Last Name	First Name	Middle Name
Brunson	Rustin	
Street Address 1	**Street Address 2**	
5049 Edwards Ranch Rd		
City	**State/Province/Country**	**ZIP/PostalCode**
Fort Worth	TEXAS	76109

Relationship: [X] Executive Officer [X] Director [X] Promoter

Clarification of Response (if Necessary):

4. Industry Group

- [ ] Agriculture
- Banking & Financial Services
  - [ ] Commercial Banking
  - [ ] Insurance
  - [X] Investing
  - [ ] Investment Banking
  - [ ] Pooled Investment Fund

    Is the issuer registered as an investment company under the Investment Company Act of 1940?

    [ ] Yes [ ] No
  - [ ] Other Banking & Financial Services
- [ ] Business Services
- Energy
  - [ ] Coal Mining
  - [ ] Electric Utilities
  - [ ] Energy Conservation
  - [ ] Environmental Services
  - [ ] Oil & Gas
  - [ ] Other Energy
- Health Care
  - [ ] Biotechnology
  - [ ] Health Insurance
  - [ ] Hospitals & Physicians
  - [ ] Pharmaceuticals
  - [ ] Other Health Care
- [ ] Manufacturing
- Real Estate
  - [ ] Commercial
  - [ ] Construction
  - [ ] REITS & Finance
  - [ ] Residential
  - [ ] Other Real Estate
- [ ] Retailing
- [ ] Restaurants
- Technology
  - [ ] Computers
  - [ ] Telecommunications
  - [ ] Other Technology
- Travel
  - [ ] Airlines & Airports
  - [ ] Lodging & Conventions
  - [ ] Tourism & Travel Services
  - [ ] Other Travel
- [ ] Other

5. Issuer Size

Revenue Range	OR	Aggregate Net Asset Value Range
[ ] No Revenues		[ ] No Aggregate Net Asset Value
[ ] $1 - $1,000,000		[ ] $1 - $5,000,000
[ ] $1,000,001 - $5,000,000		[ ] $5,000,001 - $25,000,000
[ ] $5,000,001 - $25,000,000		[ ] $25,000,001 - $50,000,000
[ ] $25,000,001 - $100,000,000		[ ] $50,000,001 - $100,000,000
[ ] Over $100,000,000		[ ] Over $100,000,000
[ ] Decline to Disclose		[ ] Decline to Disclose
[X] Not Applicable		[ ] Not Applicable

6. Federal Exemption(s) and Exclusion(s) Claimed (select all that apply)

- [ ] Rule 504(b)(1) (not (i), (ii) or (iii))
- [ ] Rule 504 (b)(1)(i)
- [ ] Rule 504 (b)(1)(ii)
- [ ] Rule 504 (b)(1)(iii)
- [ ] Rule 506(b)
- [X] Rule 506(c)
- [ ] Securities Act Section 4(a)(5)
- [ ] Investment Company Act Section 3(c)
- [ ] Section 3(c)(1)
- [ ] Section 3(c)(2)
- [ ] Section 3(c)(3)
- [ ] Section 3(c)(4)
- [ ] Section 3(c)(5)
- [ ] Section 3(c)(6)
- [ ] Section 3(c)(7)
- [ ] Section 3(c)(9)
- [ ] Section 3(c)(10)
- [ ] Section 3(c)(11)
- [ ] Section 3(c)(12)
- [ ] Section 3(c)(13)
- [ ] Section 3(c)(14)

7. Type of Filing

[X] New Notice Date of First Sale 2019-09-27 [ ] First Sale Yet to Occur

[ ] Amendment

8. Duration of Offering

Does the Issuer intend this offering to last more than one year? [ ] Yes [X] No

9. Type(s) of Securities Offered (select all that apply)

- [ ] Equity
- [X] Debt
- [ ] Option, Warrant or Other Right to Acquire Another Security
- [ ] Security to be Acquired Upon Exercise of Option, Warrant or Other Right to Acquire Security
- [ ] Pooled Investment Fund Interests
- [ ] Tenant-in-Common Securities
- [ ] Mineral Property Securities
- [ ] Other (describe)

10. Business Combination Transaction

Is this offering being made in connection with a business combination transaction, such as a merger, acquisition or exchange offer? [ ] Yes [X] No

Clarification of Response (if Necessary):

11. Minimum Investment

Minimum investment accepted from any outside investor $25,000 USD

12. Sales Compensation

Recipient

none

Recipient CRD Number [X] None

None

(Associated) Broker or Dealer [X] None

[X] None

		(Associated) Broker or Dealer CRD Number	
None		None	
Street Address 1		Street Address 2	
none		none	
City		State/Province/Country	ZIP/Postal Code
none		Unknown	none
State(s) of Solicitation (select all that apply) Check "All States" or check individual States	[X] All States	[ ] Foreign/non-US	

13. Offering and Sales Amounts

Total Offering Amount	USD or [X] Indefinite	
Total Amount Sold	$42,798,292 USD	
Total Remaining to be Sold	USD or [X] Indefinite	

Clarification of Response (if Necessary):

14. Investors

[ ] Select if securities in the offering have been or may be sold to persons who do not qualify as accredited investors, and enter the number of such non-accredited investors who already have invested in the offering.

Regardless of whether securities in the offering have been or may be sold to persons who do not qualify as accredited investors, enter the total number of investors who already have invested in the offering: 723

15. Sales Commissions & Finder's Fees Expenses

Provide separately the amounts of sales commissions and finders fees expenses, if any. If the amount of an expenditure is not known, provide an estimate and check the box next to the amount.

Sales Commissions $0 USD [ ] Estimate

Finders' Fees $0 USD [ ] Estimate

Clarification of Response (if Necessary):

16. Use of Proceeds

Provide the amount of the gross proceeds of the offering that has been or is proposed to be used for payments to any of the persons required to be named as executive officers, directors or promoters in response to Item 3 above. If the amount is unknown, provide an estimate and check the box next to the amount.

$0 USD [X] Estimate

Clarification of Response (if Necessary):

Signature and Submission

Please verify the information you have entered and review the Terms of Submission below before signing and clicking SUBMIT below to file this notice.

Terms of Submission

In submitting this notice, each issuer named above is:

- Notifying the SEC and/or each State in which this notice is filed of the offering of securities described and undertaking to furnish them, upon written request, in the accordance with applicable law, the information furnished to offerees.*
- Irrevocably appointing each of the Secretary of the SEC and, the Securities Administrator or other legally designated officer of the State in which the issuer maintains its principal place of business and any State in which this notice is filed, as its agents for service of process, and agreeing that these persons may accept service on its behalf, of any notice, process or pleading, and further agreeing that such service may be made by registered or certified mail, in any Federal or state action, administrative proceeding, or arbitration brought against the issuer in any place subject to the jurisdiction of the United States, if the action, proceeding or arbitration (a) arises out of any activity in connection with the offering of securities that is the subject of this notice, and (b) is founded, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these statutes, or (ii) the laws of the State in which the issuer maintains its principal place of business or any State in which this notice is filed.
- Certifying that, if the issuer is claiming a Regulation D exemption for the offering, the issuer is not disqualified from relying on Rule 504 or Rule 506 for one of the reasons stated in Rule 504(b)(3) or Rule 506(d).

Each Issuer identified above has read this notice, knows the contents to be true, and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person.

For signature, type in the signer's name or other letters or characters adopted or authorized as the signer's signature.

Issuer	Signature	Name of Signer	Title	Date
Heartland Group Fund III, LLC	Rustin Brunson	Rustin Brunson	Manager	2020-09-21

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

* This undertaking does not affect any limits Section 102(a) of the National Securities Markets Improvement Act of 1996 ("NSMIA") [Pub. L. No. 104-290, 110 Stat. 3416 (Oct. 11, 1996)] imposes on the ability of States to require information. As a result, if the securities that are the subject of this Form D are "covered securities" for purposes of NSMIA, whether in all instances or due to the nature of the offering that is the subject of this Form D, States cannot routinely require offering materials under this undertaking or otherwise and can require offering materials only to the extent NSMIA permits them to do so under NSMIA's preservation of their anti-fraud authority.

The Securities and Exchange Commission has not necessarily reviewed the information in this filing and has not determined if it is accurate and complete.
The reader should not assume that the information is accurate and complete.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM D

Notice of Exempt Offering of Securities

OMB APPROVAL	
OMB Number:	3235-0076
Estimated average burden hours per response:	4.00

1. Issuer's Identity

CIK (Filer ID Number)
0001780710

Previous Names [X] None

Name of Issuer
Heartland Drilling Fund I, LP

Jurisdiction of Incorporation/Organization
DELAWARE

Year of Incorporation/Organization
[ ] Over Five Years Ago
[X] Within Last Five Years (Specify Year) 2019
[ ] Yet to Be Formed

Entity Type
[ ] Corporation
[X] Limited Partnership
[ ] Limited Liability Company
[ ] General Partnership
[ ] Business Trust
[ ] Other (Specify)

2. Principal Place of Business and Contact Information

Name of Issuer
Heartland Drilling Fund I, LP

Street Address 1	Street Address 2		
777 MAIN STREET	SUITE 2160		
City	**State/Province/Country**	**ZIP/PostalCode**	**Phone Number of Issuer**
FORT WORTH	TEXAS	76102	817-383-2999

3. Related Persons

Last Name	First Name	Middle Name
Brunson	Rustin	
Street Address 1	**Street Address 2**	
777 Main Street	Suite 2160	
City	**State/Province/Country**	**ZIP/PostalCode**
Fort Worth	TEXAS	76102

Relationship: [X] Executive Officer [X] Director [X] Promoter

Clarification of Response (if Necessary):

4. Industry Group

- [ ] Agriculture
- Banking & Financial Services
  - [ ] Commercial Banking
  - [ ] Insurance
  - [X] Investing
  - [ ] Investment Banking
  - [ ] Pooled Investment Fund
    - Is the issuer registered as an investment company under the Investment Company Act of 1940?
      - [ ] Yes
      - [ ] No
  - [ ] Other Banking & Financial Services
- [ ] Business Services
- Energy
  - [ ] Coal Mining
  - [ ] Electric Utilities
  - [ ] Energy Conservation
  - [ ] Environmental Services
  - [ ] Oil & Gas
  - [ ] Other Energy
- Health Care
  - [ ] Biotechnology
  - [ ] Health Insurance
  - [ ] Hospitals & Physicians
  - [ ] Pharmaceuticals
  - [ ] Other Health Care
- [ ] Manufacturing
- Real Estate
  - [ ] Commercial
  - [ ] Construction
  - [ ] REITS & Finance
  - [ ] Residential
  - [ ] Other Real Estate
- [ ] Retailing
- [ ] Restaurants
- Technology
  - [ ] Computers
  - [ ] Telecommunications
  - [ ] Other Technology
- Travel
  - [ ] Airlines & Airports
  - [ ] Lodging & Conventions
  - [ ] Tourism & Travel Services
  - [ ] Other Travel
- [ ] Other

5. Issuer Size

Revenue Range	OR	Aggregate Net Asset Value Range
[ ] No Revenues		[ ] No Aggregate Net Asset Value
[ ] $1 - $1,000,000		[ ] $1 - $5,000,000
[ ] $1,000,001 - $5,000,000		[ ] $5,000,001 - $25,000,000
[ ] $5,000,001 - $25,000,000		[ ] $25,000,001 - $50,000,000
[ ] $25,000,001 - $100,000,000		[ ] $50,000,001 - $100,000,000
[ ] Over $100,000,000		[ ] Over $100,000,000
[ ] Decline to Disclose		[ ] Decline to Disclose
[X] Not Applicable		[ ] Not Applicable

6. Federal Exemption(s) and Exclusion(s) Claimed (select all that apply)

- [ ] Rule 504(b)(1) (not (i), (ii) or (iii))
- [ ] Rule 504 (b)(1)(i)
- [ ] Rule 504 (b)(1)(ii)
- [ ] Rule 504 (b)(1)(iii)
- [ ] Rule 506(b)
- [X] Rule 506(c)
- [ ] Securities Act Section 4(a)(5)
- [ ] Investment Company Act Section 3(c)
- [ ] Section 3(c)(1)
- [ ] Section 3(c)(2)
- [ ] Section 3(c)(3)
- [ ] Section 3(c)(4)
- [ ] Section 3(c)(5)
- [ ] Section 3(c)(6)
- [ ] Section 3(c)(7)
- [ ] Section 3(c)(9)
- [ ] Section 3(c)(10)
- [ ] Section 3(c)(11)
- [ ] Section 3(c)(12)
- [ ] Section 3(c)(13)
- [ ] Section 3(c)(14)

7. Type of Filing

[X] New Notice Date of First Sale 2019-07-17 [ ] First Sale Yet to Occur
[ ] Amendment

8. Duration of Offering

Does the Issuer intend this offering to last more than one year? [ ] Yes [X] No

9. Type(s) of Securities Offered (select all that apply)

- [X] Equity
- [ ] Debt
- [ ] Option, Warrant or Other Right to Acquire Another Security
- [ ] Security to be Acquired Upon Exercise of Option, Warrant or Other Right to Acquire Security
- [ ] Pooled Investment Fund Interests
- [ ] Tenant-in-Common Securities
- [ ] Mineral Property Securities
- [ ] Other (describe)

10. Business Combination Transaction

Is this offering being made in connection with a business combination transaction, such as a merger, acquisition or exchange offer? [ ] Yes [X] No

Clarification of Response (if Necessary):

11. Minimum Investment

Minimum investment accepted from any outside investor $50,000 USD

12. Sales Compensation

Recipient
none

Recipient CRD Number [X] None
None

(Associated) Broker or Dealer [X] None

[X] None

	(Associated) Broker or Dealer CRD Number ☐	
None	None	
Street Address 1	Street Address 2	
none	none	
City	State/Province/Country	ZIP/Postal Code
none	Unknown	none

State(s) of Solicitation (select all that apply)
Check "All States" or check individual States
☒ All States ☐ Foreign/non-US

13. Offering and Sales Amounts

Total Offering Amount	$6,800,000 USD	or ☐ Indefinite
Total Amount Sold	$6,800,000 USD	
Total Remaining to be Sold	$0 USD	or ☐ Indefinite

Clarification of Response (if Necessary):

14. Investors

☐ Select if securities in the offering have been or may be sold to persons who do not qualify as accredited investors, and enter the number of such non-accredited investors who already have invested in the offering.

Regardless of whether securities in the offering have been or may be sold to persons who do not qualify as accredited investors, enter the total number of investors who already have invested in the offering: 36

15. Sales Commissions & Finder's Fees Expenses

Provide separately the amounts of sales commissions and finders fees expenses, if any. If the amount of an expenditure is not known, provide an estimate and check the box next to the amount.

Sales Commissions $0 USD ☐ Estimate

Finders' Fees $0 USD ☐ Estimate

Clarification of Response (if Necessary):

16. Use of Proceeds

Provide the amount of the gross proceeds of the offering that has been or is proposed to be used for payments to any of the persons required to be named as executive officers, directors or promoters in response to Item 3 above. If the amount is unknown, provide an estimate and check the box next to the amount.

$0 USD ☒ Estimate

Clarification of Response (if Necessary):

Signature and Submission

Please verify the information you have entered and review the Terms of Submission below before signing and clicking SUBMIT below to file this notice.

Terms of Submission

In submitting this notice, each issuer named above is:

- Notifying the SEC and/or each State in which this notice is filed of the offering of securities described and undertaking to furnish them, upon written request, in the accordance with applicable law, the information furnished to offerees.*
- Irrevocably appointing each of the Secretary of the SEC and, the Securities Administrator or other legally designated officer of the State in which the issuer maintains its principal place of business and any State in which this notice is filed, as its agents for service of process, and agreeing that these persons may accept service on its behalf, of any notice, process or pleading, and further agreeing that such service may be made by registered or certified mail, in any Federal or state action, administrative proceeding, or arbitration brought against the issuer in any place subject to the jurisdiction of the United States, if the action, proceeding or arbitration (a) arises out of any activity in connection with the offering of securities that is the subject of this notice, and (b) is founded, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these statutes, or (ii) the laws of the State in which the issuer maintains its principal place of business or any State in which this notice is filed.
- Certifying that, if the issuer is claiming a Regulation D exemption for the offering, the issuer is not disqualified from relying on Rule 504 or Rule 506 for one of the reasons stated in Rule 504(b)(3) or Rule 506(d).

Each Issuer identified above has read this notice, knows the contents to be true, and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person.

For signature, type in the signer's name or other letters or characters adopted or authorized as the signer's signature.

Issuer	Signature	Name of Signer	Title	Date
Heartland Drilling Fund I, LP	Rustin Brunson	Rustin Brunson	Manager	2021-03-11

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The Securities and Exchange Commission has not necessarily reviewed the information in this filing and has not determined if it is accurate and complete.
The reader should not assume that the information is accurate and complete.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM D

Notice of Exempt Offering of Securities

OMB APPROVAL	
OMB Number:	3235-0076
Estimated average burden hours per response:	4.00

1. Issuer's Identity

CIK (Filer ID Number)
0001826103

Previous Names ☐ None
Carson Oil Field Development Fund II LLC

Name of Issuer
Carson Oil Field Development Fund II LP

Jurisdiction of Incorporation/Organization
TEXAS

Year of Incorporation/Organization
☐ Over Five Years Ago
☒ Within Last Five Years (Specify Year) 2020
☐ Yet to Be Formed

Entity Type
☐ Corporation
☐ Limited Partnership
☒ Limited Liability Company
☐ General Partnership
☐ Business Trust
☐ Other (Specify)

2. Principal Place of Business and Contact Information

Name of Issuer
Carson Oil Field Development Fund II LP

Street Address 1
5049 EDWARDS RANCH RD, FL 4

Street Address 2

City	State/Province/Country	ZIP/PostalCode	Phone Number of Issuer
FORT WORTH	TEXAS	76109	817-383-2999

3. Related Persons

Last Name	First Name	Middle Name
Brunson	Rustin	

Street Address 1
5049 Edwards Ranch Rd

Street Address 2

City	State/Province/Country	ZIP/PostalCode
Fort Worth	TEXAS	76109

☐ ☐ ☐

Relationship: [X] Executive Officer [X] Director [X] Promoter

Clarification of Response (if Necessary):

4. Industry Group

- [ ] Agriculture
- Banking & Financial Services
  - [ ] Commercial Banking
  - [ ] Insurance
  - [X] Investing
  - [ ] Investment Banking
  - [ ] Pooled Investment Fund
    - Is the issuer registered as an investment company under the Investment Company Act of 1940?
      - [ ] Yes [ ] No
  - [ ] Other Banking & Financial Services
- [ ] Business Services
- Energy
  - [ ] Coal Mining
  - [ ] Electric Utilities
  - [ ] Energy Conservation
  - [ ] Environmental Services
  - [ ] Oil & Gas
  - [ ] Other Energy
- Health Care
  - [ ] Biotechnology
  - [ ] Health Insurance
  - [ ] Hospitals & Physicians
  - [ ] Pharmaceuticals
  - [ ] Other Health Care
- [ ] Manufacturing
- Real Estate
  - [ ] Commercial
  - [ ] Construction
  - [ ] REITS & Finance
  - [ ] Residential
  - [ ] Other Real Estate
- [ ] Retailing
- [ ] Restaurants
- Technology
  - [ ] Computers
  - [ ] Telecommunications
  - [ ] Other Technology
- Travel
  - [ ] Airlines & Airports
  - [ ] Lodging & Conventions
  - [ ] Tourism & Travel Services
  - [ ] Other Travel
- [ ] Other

5. Issuer Size

Revenue Range	OR	Aggregate Net Asset Value Range
[ ] No Revenues		[ ] No Aggregate Net Asset Value
[ ] $1 - $1,000,000		[ ] $1 - $5,000,000
[ ] $1,000,001 - $5,000,000		[ ] $5,000,001 - $25,000,000
[ ] $5,000,001 - $25,000,000		[ ] $25,000,001 - $50,000,000
[ ] $25,000,001 - $100,000,000		[ ] $50,000,001 - $100,000,000
[ ] Over $100,000,000		[ ] Over $100,000,000
[ ] Decline to Disclose		[ ] Decline to Disclose
[ ]		[ ]

[X] Not Applicable [ ] Not Applicable

6. Federal Exemption(s) and Exclusion(s) Claimed (select all that apply)

[ ] Rule 504(b)(1) (not (i), (ii) or (iii))
[ ] Rule 504 (b)(1)(i)
[ ] Rule 504 (b)(1)(ii)
[ ] Rule 504 (b)(1)(iii)
[ ] Rule 506(b)
[X] Rule 506(c)
[ ] Securities Act Section 4(a)(5)

[ ] Investment Company Act Section 3(c)
[ ] Section 3(c)(1)
[ ] Section 3(c)(2)
[ ] Section 3(c)(3)
[ ] Section 3(c)(4)
[ ] Section 3(c)(5)
[ ] Section 3(c)(6)
[ ] Section 3(c)(7)
[ ] Section 3(c)(9)
[ ] Section 3(c)(10)
[ ] Section 3(c)(11)
[ ] Section 3(c)(12)
[ ] Section 3(c)(13)
[ ] Section 3(c)(14)

7. Type of Filing

[ ] New Notice Date of First Sale 2020-08-11 [ ] First Sale Yet to Occur
[X] Amendment

8. Duration of Offering

Does the Issuer intend this offering to last more than one year? [ ] Yes [X] No

9. Type(s) of Securities Offered (select all that apply)

[X] Equity
[ ] Debt
[ ] Option, Warrant or Other Right to Acquire Another Security
[ ] Security to be Acquired Upon Exercise of Option, Warrant or Other Right to Acquire Security
[ ] Pooled Investment Fund Interests
[ ] Tenant-in-Common Securities
[ ] Mineral Property Securities
[ ] Other (describe)

10. Business Combination Transaction

Is this offering being made in connection with a business combination transaction, such as a merger, acquisition or exchange offer? [ ] Yes [X] No

Clarification of Response (if Necessary):

11. Minimum Investment

Minimum investment accepted from any outside investor $50,000 USD

12. Sales Compensation

Recipient Recipient CRD Number [X] None

none		None	
(Associated) Broker or Dealer [X] None		(Associated) Broker or Dealer CRD Number [X] None	
None		None	
Street Address 1		Street Address 2	
none		none	
City		State/Province/Country	ZIP/Postal Code
none		Unknown	none

State(s) of Solicitation (select all that apply)
Check "All States" or check individual States
[X] All States
[ ] Foreign/non-US

13. Offering and Sales Amounts

Total Offering Amount	$24,000,000 USD	or [ ] Indefinite
Total Amount Sold	$2,129,000 USD	
Total Remaining to be Sold	$21,871,000 USD	or [ ] Indefinite

Clarification of Response (if Necessary):

14. Investors

[ ] Select if securities in the offering have been or may be sold to persons who do not qualify as accredited investors, and enter the number of such non-accredited investors who already have invested in the offering.

Regardless of whether securities in the offering have been or may be sold to persons who do not qualify as accredited investors, enter the total number of investors who already have invested in the offering: 18

15. Sales Commissions & Finder's Fees Expenses

Provide separately the amounts of sales commissions and finders fees expenses, if any. If the amount of an expenditure is not known, provide an estimate and check the box next to the amount.

Sales Commissions $0 USD [ ] Estimate

Finders' Fees $0 USD [ ] Estimate

Clarification of Response (if Necessary):

16. Use of Proceeds

Provide the amount of the gross proceeds of the offering that has been or is proposed to be used for payments to any of the persons required to be named as executive officers, directors or promoters in response to Item 3 above. If the amount is unknown, provide an estimate and check the box next to the amount.

$0 USD [X] Estimate

Clarification of Response (if Necessary):

Signature and Submission

Please verify the information you have entered and review the Terms of Submission below before signing and clicking SUBMIT below to file this notice.

Terms of Submission

In submitting this notice, each issuer named above is:

- Notifying the SEC and/or each State in which this notice is filed of the offering of securities described and undertaking to furnish them, upon written request, in the accordance with applicable law, the information furnished to offerees.*
- Irrevocably appointing each of the Secretary of the SEC and, the Securities Administrator or other legally designated officer of the State in which the issuer maintains its principal place of business and any State in which this notice is filed, as its agents for service of process, and agreeing that these persons may accept service on its behalf, of any notice, process or pleading, and further agreeing that such service may be made by registered or certified mail, in any Federal or state action, administrative proceeding, or arbitration brought against the issuer in any place subject to the jurisdiction of the United States, if the action, proceeding or arbitration (a) arises out of any activity in connection with the offering of securities that is the subject of this notice, and (b) is founded, directly or indirectly, upon the provisions of: (i) the Securities Act of 1933, the Securities Exchange Act of 1934, the Trust Indenture Act of 1939, the Investment Company Act of 1940, or the Investment Advisers Act of 1940, or any rule or regulation under any of these statutes, or (ii) the laws of the State in which the issuer maintains its principal place of business or any State in which this notice is filed.
- Certifying that, if the issuer is claiming a Regulation D exemption for the offering, the issuer is not disqualified from relying on Rule 504 or Rule 506 for one of the reasons stated in Rule 504(b)(3) or Rule 506(d).

Each Issuer identified above has read this notice, knows the contents to be true, and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person.

For signature, type in the signer's name or other letters or characters adopted or authorized as the signer's signature.

Issuer	Signature	Name of Signer	Title	Date
Carson Oil Field Development Fund II LP	Rustin Brunson	Rustin Brunson	Manager	2020-09-28

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From: [redacted]@myaos.com
To: James@theheartlandgroup.net <James@theheartlandgroup.net>
CC: [redacted]@theheartlandgroup.net>;[redacted]@theheartlandgroup.net <[redacted]@theheartlandgroup.net>
Sent: 9/7/2021 9:44:44 PM
Subject: Non-Accredited Investors
Attachments: Investments - All non-accreds.xlsx

James,
If we have to return ALL funds for non-accredited investors, we would have to return $21,685,318.07. I have attached a spreadsheet with all of those investments.

Also, I worked on pulling a report of all the non-accreds for the non-accredited advisors/Fund Managers. Here are the advisors we haven't heard from as to whether they are accredited or not:

- [redacted]e's terminated, but there are 2 active investments with him listed as the advisor.)

Lastly, there are several investments that are listed as non-accredited but the advisor says The Heartland Group in the portal. These were [redacted] investors. What are we planning to do with these investors?

Once we have the answers to these questions, I can work on getting you the dollar amount for the non-accredited investors with non-accredited advisors. Please let me know if you need anything else.

Thank you,

V[redacted]
Director of Operations
AOS on behalf of The Heartland Group
400 Industrial Blvd, Suite 114
Mansfield, Texas 76063
(817) 505-7559

Alternative
Office Solutions


HEARTLAND
PRODUCTION AND RECOVERY
ALTERNATIVE INVESTMENT

HEARTLAND
PRODUCTION AND RECOVERY

Disclaimer

This is not an offer to buy or sell securities. Oil and natural gas investments carry risk. The information provided about projects and opportunities is based on the best available information but has not been verified by Heartland and is subject to change at anytime. Heartland does not make any warranties about the information provided herein and each respective party must do their own due diligence and verification. Heartland Production and Recovery's team has over 20 years of combined experience. Heartland focuses on locating and acquiring established, producing wells, with enhancing opportunities, preferably in Texas.

ABOUT HEARTLAND

The Oil Industry

United States

- Leader of petroleum production and consumption
- Produced 11.96 million barrels of oil per day (bopd) in December 2018
- Consumed an average of 20.45 million barrels of petroleum products per day in 2018

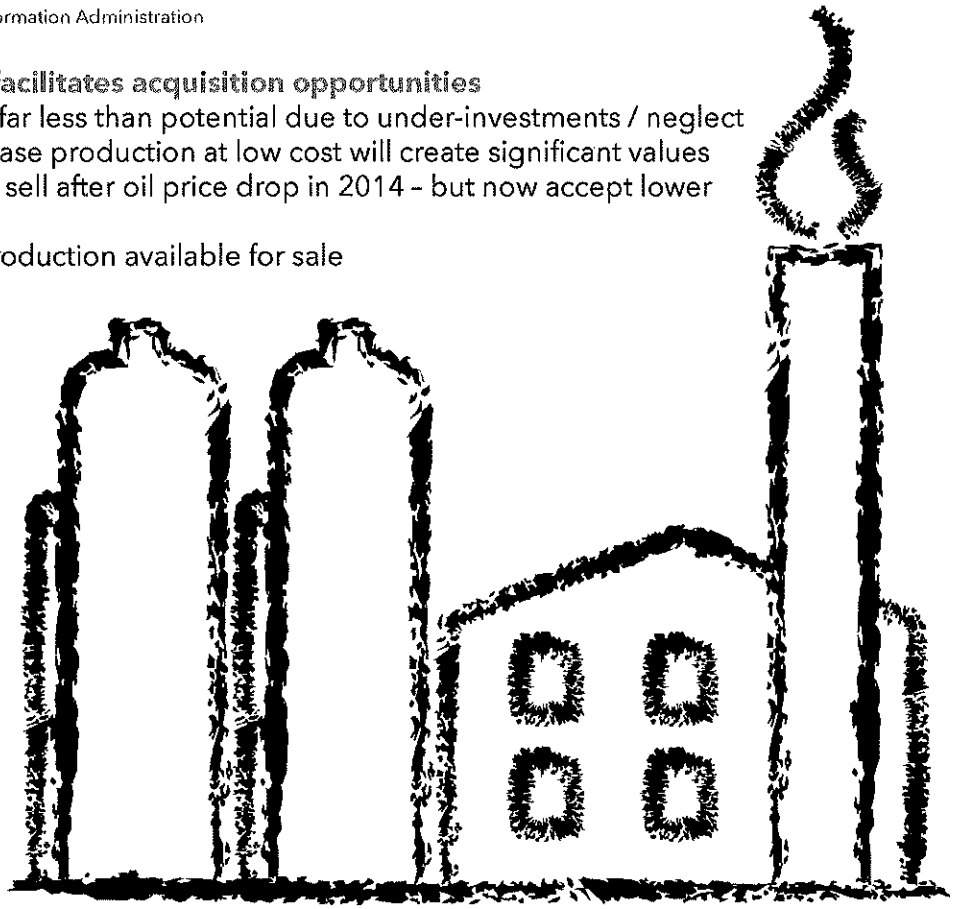
Texas

- World's most active onshore market
- Production averaged 4.4 million barrels of oil per day
- Texas makes up approximately 40% of US production in 2018
- Texas accounts for nearly 60% of the increase in US production

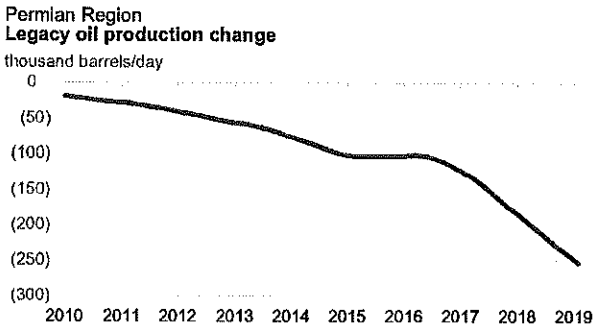
*Source of information: U.S. Energy Information Administration

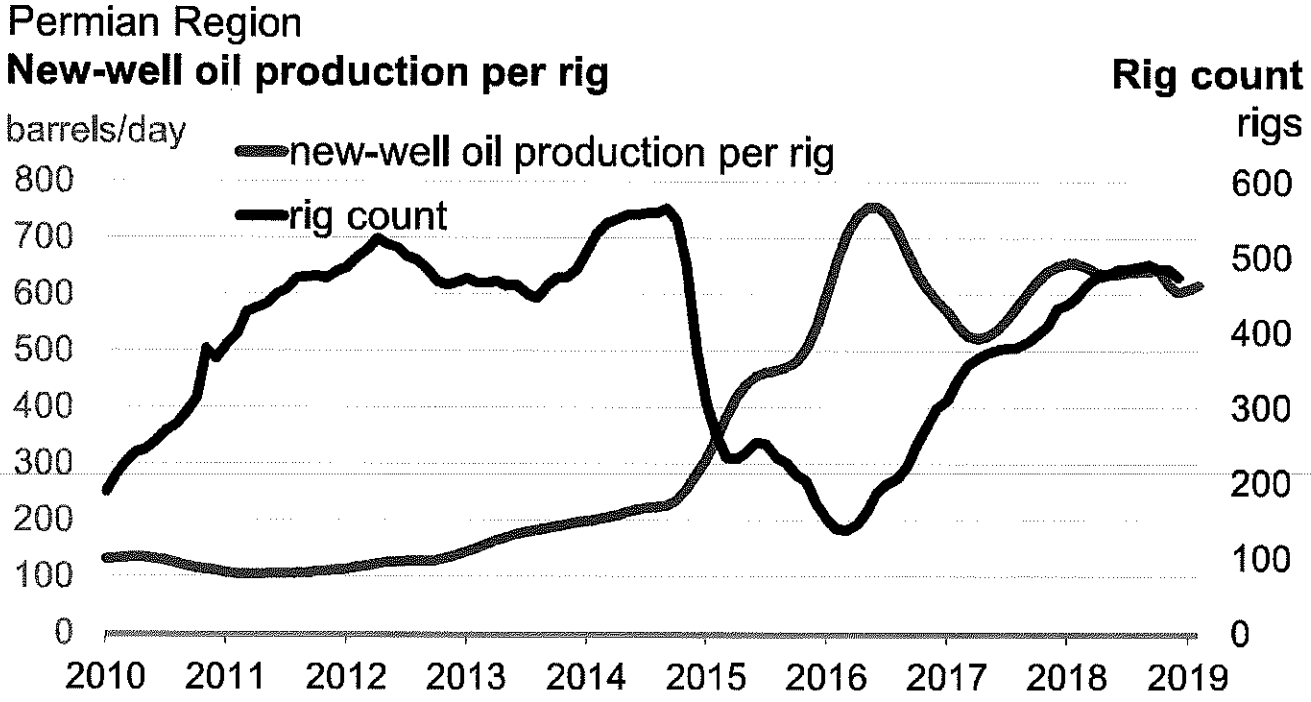
Recent oil price turmoil facilitates acquisition opportunities

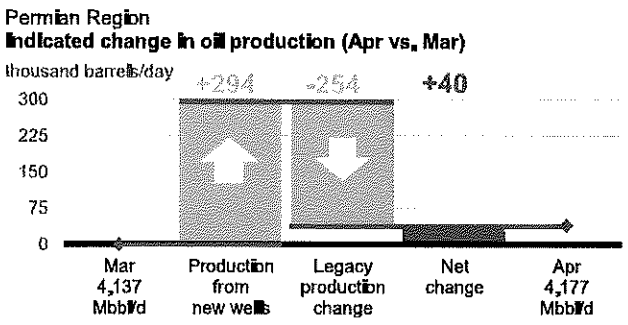
- Many fields produce far less than potential due to under-investments / neglect
- Competence to increase production at low cost will create significant values
- Many owners did not sell after oil price drop in 2014 – but now accept lower prices
  - Assets with low production available for sale

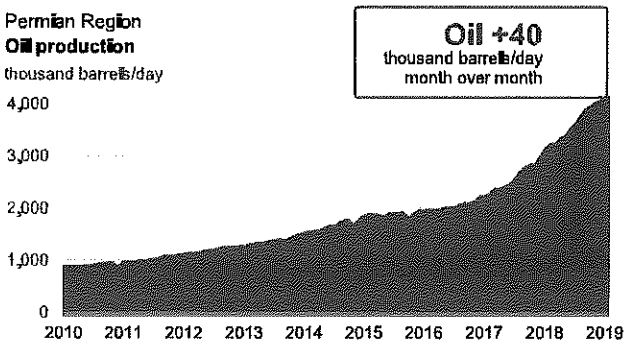


Geology and Geography



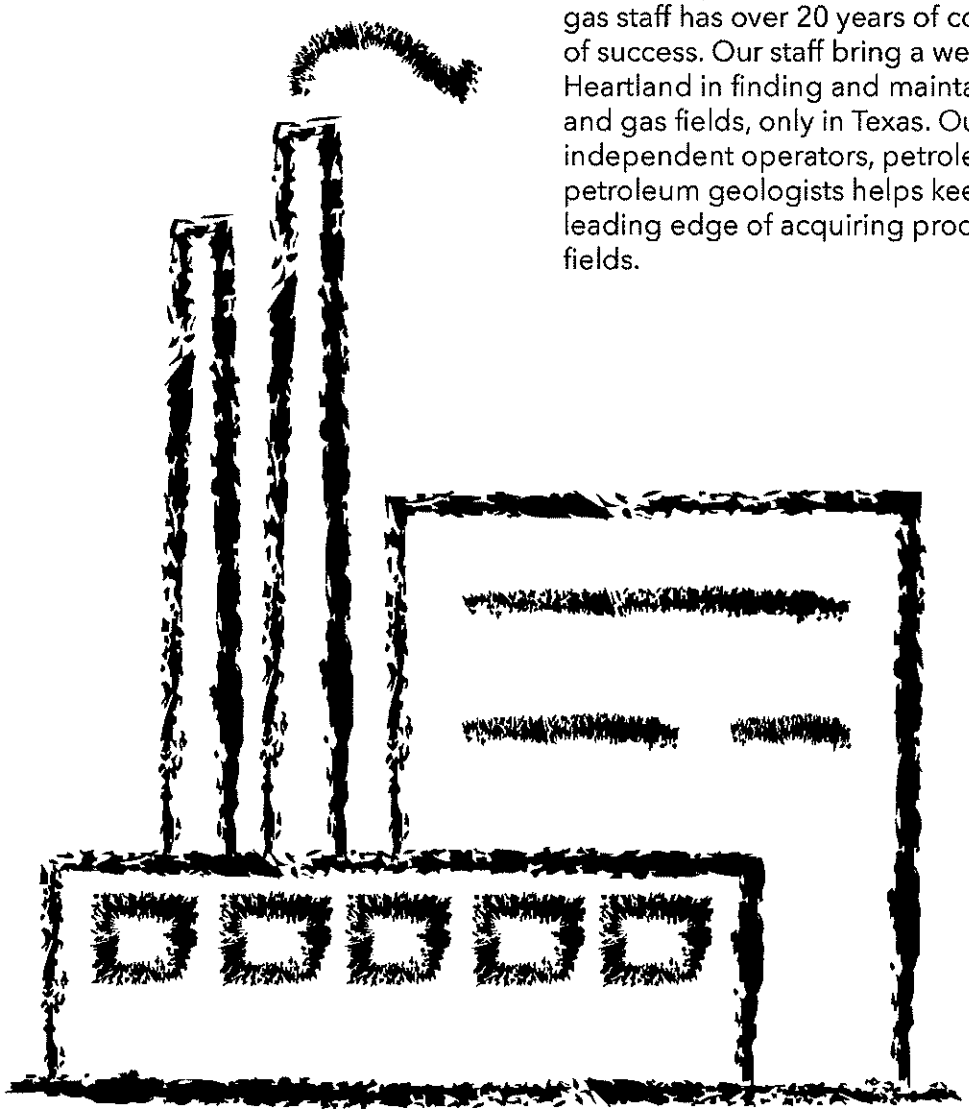






Who Is Heartland?

Heartland production and recovery's expert oil and gas staff has over 20 years of combined experience of success. Our staff bring a wealth of knowledge to Heartland in finding and maintaining producing oil and gas fields, only in Texas. Our ability to tap into independent operators, petroleum engineers and petroleum geologists helps keep Heartland on the leading edge of acquiring producing oil and gas fields.

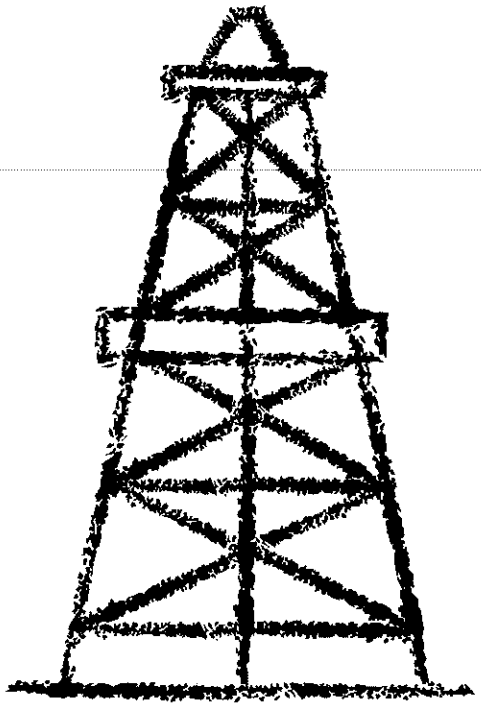


How It's Done

Heartland's primary strategic objective since inception has been the acquisition and development of proven producing properties. Heartland's corporate strategy takes advantage of mature properties divested by larger oil and gas firms, concentrating on new, high risk drilling opportunities. Mid-size and major oil companies, with a higher overhead and production cost, have changed its focus to more capital-intensive, new drilling, international and offshore programs.

Heartland seeks to make prudent purchases of existing reserves that will allow for significant yields over a period of 15+ years through the following:

- Acquiring oil and gas properties with significant development and workover opportunities
- Operating on a low overhead cost structure
- Enhancing the value of the properties through workovers, improved operations, and,
- secondary and tertiary recovery methods
- Utilizing advancements in technology to improve recovery and/or finding new reserves
- Identifying over 5,000 candidates in texas alone for our unique strategies



TAX LETTER

Unique Tax Benefits of Investing in Direct Participation Oil & Gas Programs

In an effort to become less dependant on foreign oil, the U.S. government offers unparalleled tax incentives to encourage investment in domestic oil and gas projects. The tax benefits found in oil and gas investments are some of the only tax shelters that survived the Tax Reform Act of 1986. These incentives are not found in any other recognized investment vehicle and include:

- 100% write-off of intangible drilling costs
- 100% depreciation write-off equipment costs (over 7 year)
- 15% tax-free income

Other Tax Perks Include Being Able To:

- Invest a sum of money late in the tax year and deduct almost your full investment amount as an expense in the same year
- Use the deduction to offset other income
- Have 15% of resulting income be tax-free
- Working Interest qualifies as Qualified Replacement Property in 1031 Exchange transactions

Intangible Drilling Costs

Intangible drilling costs, which include items like labor and water, typically account for upwards of 85% of the total cost of completing a well. Also note that these deductions can be realized in the same year you invested money, even if actual drilling does not begin until the following year (must be started by March 31st).

Tangible Drilling Cost (Equipment Cost)

Tangible drilling costs typically account for around 15% of the total cost of completing a well. These costs include equipment that is generally viewed as having some salvageable value after drilling, such as casing, tanks, wellheads, etc. These costs may be depreciated over a 7-year timeframe.

To put tax deductions into perspective, consider this simplied example:

Original Investment Price:	$98,000
Estimated Intangible Drilling Costs at 75%:	$73,500
Estimated Tanglible Drilling Costs at 2% (first year only):	$1,960
Total Tax Deduction:	$75,460
Tax Bracket:	35%
First Year Tax Savings:	$26,411
Out of Pocket Investment:	$71,589

Use the following calculator to estimate your first-year tax savings:

Original Investment Price:	$_____
Estimated Intangible Drilling Costs at 75%:	$_____
Estimated Tanglible Drilling Costs at 2% (first year only):	$_____
Tax Bracket:	$_____
Total Tax Deduction (Add two above numbers):	_____%
First Year Tax Savings:	$_____
Out of Pocket Investment:	$_____

EXECUTIVE SUMMARY

Executive Summary

Heartland's primary strategic objective since inception has been the acquisition and development of proven producing properties. Heartland's corporate strategy takes advantage of mature properties divested by larger oil and gas firms who are focused on newer drilling opportunities. Mid-size and major oil companies, with a higher overhead and production cost, have changed its focus to more capital-intensive, new drilling, international and offshore programs.

Prospective acquisition candidates for Heartland are characterized by predictable decline curves, demonstrated stability in production, extended economic life, and an easily identified upside potential. All of these factors combined with Heartland's lean management and operations structure contribute to the achievement of superior risk adjusted returns. Heartland, as a private oil & gas entity, does not carry the elevated overhead of larger oil and gas companies, thus lower development and per barrel lifting costs allow us to achieve higher profitability from wells that have fallen out of favor with their current owners. The simple transfer of property ownership to Heartland's cost effective management and operations model has commonly resulted in a 20% to 40% reduction in the operations expense attributable to the assets.

Heartland specializes in the recovery of oil and gas reserves from mature wells that require the use of special techniques known as secondary and tertiary recovery. These methods require a broad understanding of engineering, oil field mechanics, and reservoir manipulation. Increased and sustained production is most often achieved through a combination of these components. The firm's partners and operating crew base have over 20 years of oil and gas experience combined. Heartland seeks to make prudent purchases of existing reserves that will allow for significant yields over a period of 15+ years through:

- Acquiring oil and gas properties with significant development and work-over opportunities
- Operating on a low overhead cost structure
- Enhancing the value of the properties through work-overs, improved operations, and, secondary and tertiary recovery methods
- Utilizing advancements in technology to improve recovery and/or finding new reserves

Executive Summary

Heartland's operations strategy takes advantage of the well information that is public from:

- Texas Railroad Commission, the supervising authority for oil & gas, where detailed production history can be found for all wells.
- Drillinginfo.com, a website that provides detailed information regarding all drilled wells.
- Lasser.com, another website with in-depth information regarding well history as well as future secondary and tertiary recovery zones.

In addition to the above, the in-house expertise interprets well logs, geological information and surrounding well information. All this to achieve acquisitions that show the highest potential combined with the lowest risk exposure.

Once acquired, Heartland begins developing the assets toward their full potential. This process focuses on the ability to enhance the production and the economics of the properties through work-overs, re-completions, and optimization of secondary and tertiary recovery operations including:

- Replacement of worn equipment including rods, tubing, valves, and/or pumps
- Completion of bypassed pay zones
- Re-frac or chemical stimulation using more modern techniques
- Pump changes to right size artificial lift equipment.

The ability to take advantage of these acquisitions and developmental opportunities is largely credited to the vision and expertise of our experienced staff and consultants, together with low overhead costs.

Brad Pearsey

Brad Pearsey has been in the financial services industry for well over a decade. During that time Brad has worked with clients and advisers all over the country. He has owned his own Registered Investment Advisory firm as well as his own alternative investment company. He has helped companies setting up their funds and offerings with compliance and due diligence support and assisting these companies with best business practices and protocols. Brad has most recently been working in the oil/gas industry assisting in raising capital and developing sound business objectives. His goal is to create opportunities for investors and oil businesses to partner together in creating American job opportunities as well as American produced oil. He attended Indiana Wesleyan University with an emphasis on accounting and finance. He lives just outside of Indianapolis, IN with his wife of 21 years and their 5 children.

John Muratore

John Muratore is a 40+ year old financial services professional. He owned two very successful mortgage banking firms in Orange County California and sold his last company, California Nova Financial to retire in 2006. In 2009/2010 he transitioned his focus to helping clients preserve and grow their wealth. And it was through his own search for protection and growth of his family's personal wealth that he decided to seek out investment opportunities that would not only enhance, but protect the assets that he worked so very hard to earn. Through his development of Muratore Financial Services Inc, DBA Champion Investments, he set his sights on insurance and alternative asset platforms to meet the needs of investors across the country. Mr. Muratore holds a California life insurance license and a California real estate license. He resides in Huntington Beach California with his wife of 21 years and their 5 children.

Currently, John is involved in Heartland Production and Recovery LLC as of 2017, Muratore Financial Services Inc. DBA Champion Investments as of 2013, and California Nova Financial Inc. as of 2007.

Roger Sahota

ARCOOIL CORP ("AOC") and its sister company Leading Edge Energy, LLC ("LEE") are engaged in the oil and gas exploration and production business. Both companies have approved Oil and Gas Operator Numbers (AOC 029370, LEE 491612) with the Texas Railroad Commission and have been engaged in workovers and drilling of oil and gas reserves in the Texas Gulf Coast Region since 2003.

ArcoOil Corp intends to become a leader in the oil and gas exploration business by implementing the drilling and workover of a diverse portfolio of oil and gas exploration prospects. AOC will balance the risk of exploration with fee-related, oil field services. AOC will supplement a strategy of financial stability, diversification and high reward to risk through exploration and production.

Management of AOC's fossil fuel-oriented business will be expanded into "green" energy development. This involves the generation of clean and renewable wind and solar energy from the same properties that oil and gas is being produced. Oil and gas production properties located along the Texas Gulf Coast are ideally situated for the capture and generation of wind and solar power. AOC plans to involve the development of a unique solar/paneled windmill, which will allow generating electricity from wind and solar sources from the same facility and on the same properties from which oil and gas is produced. Selling electricity back into the power grid will create an efficient and complete energy capture on a specific property. This will increase cash flow, extend the lifespan and lower the cost of operations of a given property. We believe that this concept will be well received by investors as an environmentally responsible approach to domestic energy generation.

The lower-risked, oil and gas production projects that AOC will pursue involve the re-entry of wells within established fields to return them to production. Many properties were abandoned during times when oil and gas prices were so low that commercial production income could not be sustained. With the current oil and gas market having tripled compared to prices over the previous twenty years, many properties can now be returned to production, with attractive cash flow possible, and minimized risk of failure. AOC and LEE have enjoyed success in doing so and have secured numerous properties on which ongoing drilling, re-entry work and production is currently taking place. By applying new technology, detailed field mapping and production history research, AOC will return abandoned wells to production in the established producing reservoirs, and ramp up flow rates where possible by identifying subtle, behind pipe-pays that were left un-produced by larger oil and gas operations.

Strategic Partners

Union Pacific Resources

Jack L. Peterson Senior Consultant has 41 years experience in the energy industry, 23 years with Union Pacific Resources (UPRC) in Oil & Gas E & P and 18 years with Southern California Edison (SCE). His varied work experience includes Industrial Automation and Controls Engineering, Facilities Construction and Relocation, Asset Management, Project/Program Management, Field Supervision. He retired from SCE September 2016 as a Senior Manager of T&EO Support for Power Supply which included Energy & Gas Trading, Real Time operations, Day Ahead operations, Energy Settlements functions.

bci|cpa

A full service certified public accounting firm located in Orange County, California. Established in 2004 by Troy R. Barnett, CPA the bci|cpa provides accounting, tax and bookkeeping services to businesses and individuals on both a local and national level. The professional staff includes CPAs, Enrolled Agents and other licensed tax and accounting experts who provide a full range of services designed to fit the individual needs of a business or individual client. Bci|cpa and its professional staff has been contracted by Heartland to audit all of its financials among other relevant tasks.

Fay Matsukage

With over 35 years experience, Fay continues to help her clients at all stages of business development. She represents private and public companies in a wide range of industries and concentrates her practice in the areas of securities law, mergers and acquisitions, and general corporate matters. Prior to joining Doida Law Group, Fay was a partner at an established Denver-based law firm. Throughout her 19 years there she honed her skills in areas related to corporate and securities law, including initial public offerings, debt and equity capital transactions and compliance matters. A significant portion of her practice is devoted to making corporate and securities law compliance less burdensome for public companies. In addition to preparing and filing periodic reports and proxy materials with the Securities and Exchange Commission, she advises public company clients about public dissemination of information, insider trading, and resale of unregistered securities.

DATA CENTER FACT SHEET

Panama Data Center Fact Sheet

Our state-of-the-art data center, located in the Republic of Panama, was specifically designed from the ground up to serve solely as a data center intended to house mission-critical systems. Utilizing Panama's central location of 5 independent fiber cables, we provide the fastest connection speeds to U.S., Canada, and Europe of any other offshore host. And it's all protected by Panama's internet secrecy laws. The facility offers complete redundancy in power, HVAC, fire suppression, network connectivity, and state-of-the-art security without compromise. With a data center of over 33,000 sq ft, we have an offering to fit any need.

Data Center Features

- Multiple power grids, with UPS battery backup power and dual diesel generators on site.
- Multiple managed fiber backbone providers.
- Fire suppression including VESDA (Very Early Smoke Detection Apparatus).
- On-site Network Operations and Support Center monitored 24/7 by trained engineers.
- Multiple layers of surveillance and access control to protect against physical intrusion.
- All Dedicated and VPS servers run on Dell Enterprise servers.
- The EverON™ Network is powered by only best in class Cisco®, Juniper, Fortinet, Barracuda and other leading brand Hardware.

Data Center Facts

- Our Panama City, Republic of Panama Data Center was established in 2001.
- Cost: $22 Million.
- Over 33,000 SQ FT Facility (3,000 m2).
- Over 10,500 SQ FT of technician floor (1,000 m2).
- Designed under the strictest Guidelines and international regulations for construction and redundancy by:
  - Uptime Institute
  - International Building Code
  - Construction Specifications Institute
  - U.S. Navy Design Guide for Physical Security of Facilities

Service Center Features

- Electronic and Biometric access systems.
- Structural resistance to survive hurricanes, tornadoes, and seismic events of 7.5 rating.
- Gypsum Walls, supporting fires of up to 2 hours.
- 24x7x365 Operations Support Staff.
- 5 tier-one direct connections to the Internet backbone.
- Submarine network cable systems, ARCOS-1 and Global Crossing.
- (21) 26-ton Data Air AC units.
- Very Early Smoke Detection Apparatus (VESDA).
- Pre-action dry pipe sprinkler system.
- Multiple electrical grids.
- 4800 amps of 480v input power.
- 3 main transfer switches.
- 500KVA UPS Redundancy.
- Standalone PDUs at each cabinet row.
- 2-2000 KVA. Caterpillar, generators (8000-gallon tank).

Panama Data Center Fact Sheet

Exclusive EverON™ Network

- Cisco Certified Network.
- Fully Redundant Cisco series distribution routing switches.
- Direct Connect to NAP of America, in Florida, for the fastest connection to U.S. And Canada of any other offshore provider, and with no single point of failure.
- 5 x tier 1 fiber internet provider connections for fastest route and redundancy; Global Crossings, Teleglobe, Verizon (MCI), Across and Columbus networks. All are served in separated cables and blended in BGP-4 redundant routers.
- 100% uptime SLA.

Network Infrastructure

Our network architecture utilizes enterprise routing and switching engines from Cisco. All Data Center systems are configured with a combination of hardware and software to guarantee the safety of client information. This configuration has Cisco elements such as the Cisco PIX and ASA Firewalls and the Cisco IDS platform. Our network is fully meshed and redundant with our backbone providers.

CONTACT US

HEARTLAND
PRODUCTION AND RECOVERY

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(817) 865-1245

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(833) 340-7356

CLM
Judge 11-14-14

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

UNITED STATES OF AMERICA § **JUDGMENT IN A CRIMINAL CASE**

v. §

JAMES IKEY § Case Number: **3:14-CR-00132-M(1)**
§ USM Number: **48088-177**
§ **Michael Clark Gross**
§ Defendant's Attorney

THE DEFENDANT:

☐	pleaded guilty to count(s)	
☒	pleaded guilty to count(s) before a U.S. Magistrate Judge, which was accepted by the court.	**Count 1 of the superseding Information, filed April 24, 2014**
☐	pleaded nolo contendere to count(s) which was accepted by the court	
☐	was found guilty on count(s) after a plea of not guilty	

The defendant is adjudicated guilty of these offenses:

Title & Section / Nature of Offense	Offense Ended	Count
18 USC § 371 (18 U.S.C. § 1343) Conspiracy To Commit Wire Fraud	04/24/2014	1s

The defendant is sentenced as provided in pages **2** through **6** of this judgment. The sentence is imposed pursuant to the Sentencing Reform Act of 1984.

☐ The defendant has been found not guilty on count(s)

☒ **Count 1 of the original Information, filed April 3, 2014,** ☒ is ☐ are dismissed on the motion of the United States

It is ordered that the defendant must notify the United States attorney for this district within 30 days of any change of name, residence, or mailing address until all fines, restitution, costs, and special assessments imposed by this judgment are fully paid. If ordered to pay restitution, the defendant must notify the court and United States attorney of material changes in economic circumstances.

October 30, 2014
Date of Imposition of Judgment

Signature of Judge

BARBARA M. G. LYNN
UNITED STATES DISTRICT JUDGE
Name and Title of Judge

November 14, 2014
Date

DEFENDANT: JAMES IKEY
CASE NUMBER: 3:14-CR-00132-M(1)

PROBATION

The defendant is hereby sentenced to probation for a term of: **TWENTY-FOUR (24) MONTHS**.

The defendant shall not commit another federal, state or local crime.

The defendant shall not unlawfully possess a controlled substance. The defendant shall refrain from any unlawful use of a controlled substance. The defendant shall submit to one drug test within 15 days of placement on probation and at least two periodic drug tests thereafter, as determined by the court.

- ☒ The above drug testing condition is suspended, based on the court's determination that the defendant poses a low risk of future substance abuse. *(Check if applicable.)*
- ☒ The defendant shall not possess a firearm, ammunition, destructive device, or any other dangerous weapon. *(Check if applicable.)*
- ☒ The defendant shall cooperate in the collection of DNA as directed by the probation officer. *(Check if applicable.)*
- ☐ The defendant shall comply with the requirements of the Sex Offender Registration and Notification Act (42 U.S.C. § 16901, *et seq.*) as directed by the probation officer, the Bureau of Prisons, or any state sex offender registration agency in which he or she resides, works, is a student, or was convicted of a qualifying offense. *(Check, if applicable.)*
- ☐ The defendant shall participate in an approved program for domestic violence. *(Check, if applicable.)*

If this judgment imposes a fine or restitution, it is a condition of probation that the defendant pay in accordance with the Schedule of Payments sheet of this judgment.

The defendant must comply with the standard conditions that have been adopted by this court as well as with any additional conditions on the attached page.

STANDARD CONDITIONS OF PROBATION

1. the defendant shall not leave the judicial district without the permission of the court or probation officer;
2. the defendant shall report to the probation officer in a manner and frequency directed by the court or probation officer;
3. the defendant shall answer truthfully all inquiries by the probation officer and follow the instructions of the probation officer;
4. the defendant shall support his or her dependents and meet other family responsibilities;
5. the defendant shall work regularly at a lawful occupation, unless excused by the probation officer for schooling, training, or other acceptable reasons;
6. the defendant shall notify the probation officer at least ten days prior to any change in residence or employment;
7. the defendant shall refrain from excessive use of alcohol and shall not purchase, possess, use, distribute, or administer any controlled substance or any paraphernalia related to any controlled substances, except as prescribed by a physician;
8. the defendant shall not frequent places where controlled substances are illegally sold, used, distributed, or administered;
9. the defendant shall not associate with any persons engaged in criminal activity and shall not associate with any person convicted of a felony, unless granted permission to do so by the probation officer;
10. the defendant shall permit a probation officer to visit him or her at any time at home or elsewhere and shall permit confiscation of any contraband observed in plain view of the probation officer;
11. the defendant shall notify the probation officer within seventy-two hours of being arrested or questioned by a law enforcement officer;
12. the defendant shall not enter into any agreement to act as an informer or a special agent of a law enforcement agency without the permission of the court; and
13. as directed by the probation officer, the defendant shall notify third parties of risks that may be occasioned by the defendant's criminal record or personal history or characteristics and shall permit the probation officer to make such notifications and to confirm the defendant's compliance with such notification requirement.

DEFENDANT: JAMES IKEY
CASE NUMBER: 3:14-CR-00132-M(1)

SPECIAL CONDITIONS OF PROBATION

Pursuant to the Mandatory Victims Restitution Act of 1996, the defendant is ordered to pay restitution in the amount of $962,687.16, joint and several with codefendant Houston Oates, payable to the U.S. District Clerk, 1100 Commerce Street, Room 1452, Dallas, Texas 75242. Restitution shall be payable immediately and shall be disbursed to:

First Tennessee Bank
Re: James Ikey/Equivest Mortgage Fraud

If the restitution has not been paid in full within 30 days of the date of this judgment, the defendant shall make payments on such unpaid balance in monthly installments of not less than 10 percent of the defendant's gross monthly income, or at a rate of not less than $5000 per month, whichever is greater, until the balance is paid in full. In addition, at least 50 percent of the receipts received from gifts, tax returns, inheritances, bonuses, lawsuit awards, and any other receipt of money shall be paid toward the unpaid balance within 15 days of receipt. This payment plan shall not affect the ability of the United States to immediately collect payment in full through garnishment, the Treasure Offset Program, the Federal Debt Collection Procedures Act of 1990 or any other means available under federal or state law. Furthermore, it is ordered that interest on the unpaid balance is waived pursuant to 18 U.S.C. § 3612(f)(3).

The defendant shall cooperate in the collection of DNA as directed by the U.S. Probation Officer, as authorized by the Justice for All Act of 2004.

The defendant shall notify the Court of any material change in the defendant's economic circumstances that might affect the defendant's ability to pay restitution, fines, or special assessment.

The defendant shall pay any remaining balance of restitution in the amount of $962,687.16, as set out in this Judgment.

The defendant shall provide to the U.S. Probation Officer any requested financial information.

The defendant shall complete 200 hours of community service under the direction of the U.S. Probation Officer.

The defendant's travel shall not be restricted for business purposes.

If a situation arises when the defendant cannot make a payment of $5000 per month, the defendant may file a motion with the Court for the payment schedule to be modified.

DEFENDANT: JAMES IKEY
CASE NUMBER: 3:14-CR-00132-M(1)

The defendant shall complete 200 hours of community service under the direction of the U.S. Probation Officer. The defendant should consult with his U.S. Probation Officer when determining the type of community service he wants to engage in to complete this requirement.

Ninety (90) days before the defendant's term of Probation is concluded, the parties may file a motion to modify the payment schedule in the Judgment.

DEFENDANT: JAMES IKEY
CASE NUMBER: 3:14-CR-00132-M(1)

CRIMINAL MONETARY PENALTIES

The defendant must pay the total criminal monetary penalties under the schedule of payments on Sheet 6.

	Assessment	Fine	Restitution
TOTALS	**$100.00**	$.00	**$962,687.16**

☐ The determination of restitution is deferred until ____. An *Amended Judgment in a Criminal Case (AO245C)* will be entered after such determination.

☒ The defendant must make restitution (including community restitution) to the following payees in the amount listed below.

If the defendant makes a partial payment, each payee shall receive an approximately proportioned payment. However, pursuant to 18 U.S.C. § 3664(i), all nonfederal victims must be paid before the United States is paid.

Restitution of $962,687.16, jointly and severally with co-defendant Houston Oates (3:14-cr-00132-2), to:

First Tennesse Bank

☐ Restitution amount ordered pursuant to plea agreement $

☐ The defendant must pay interest on restitution and a fine of more than $2,500, unless the restitution or fine is paid in full before the fifteenth day after the date of the judgment, pursuant to 18 U.S.C. § 3612(f). All of the payment options on Sheet 6 may be subject to penalties for delinquency and default, pursuant to 18 U.S.C. § 3612(g).

☒ The court determined that the defendant does not have the ability to pay interest and it is ordered that:

- ☒ the interest requirement is waived for the ☐ fine ☒ restitution
- ☐ the interest requirement for the ☐ fine ☐ restitution is modified as follows:

* Findings for the total amount of losses are required under Chapters 109A, 110, 110A, and 113A of Title 18 for offenses committed on or after September 13, 1994, but before April 23, 1996.

DEFENDANT: JAMES IKEY
CASE NUMBER: 3:14-CR-00132-M(1)

SCHEDULE OF PAYMENTS

Having assessed the defendant's ability to pay, payment of the total criminal monetary penalties is due as follows:

A ☐ Lump sum payments of $ _____ due immediately, balance due

☐ not later than , or

☐ in accordance ☐ C, ☐ D, ☐ E, or ☐ F below; or

B ☐ Payment to begin immediately (may be combined with ☐ C, ☐ D, or ☐ F below); or

C ☐ Payment in equal _____ *(e.g., weekly, monthly, quarterly)* installments of $ _____ over a period of _____ *(e.g., months or years)*, to commence _____ *(e.g., 30 or 60 days)* after the date of this judgment; or

D ☐ Payment in equal 20 *(e.g., weekly, monthly, quarterly)* installments of $ _____ over a period of _____ *(e.g., months or years)*, to commence _____ *(e.g., 30 or 60 days)* after release from imprisonment to a term of supervision; or

E ☐ Payment during the term of supervised release will commence within _____ *(e.g., 30 or 60 days)* after release from imprisonment. The court will set the payment plan based on an assessment of the defendant's ability to pay at that time; or

F ☒ Special instructions regarding the payment of criminal monetary penalties:
It is ordered that the Defendant shall pay to the United States a special assessment of $100.00, for Count 1s, which shall be paid within one (1) week from the date of sentencing. Said special assessment shall be paid to the Clerk, U.S. District Court.

Unless the court has expressly ordered otherwise, if this judgment imposes imprisonment, payment of criminal monetary penalties is due during imprisonment. All criminal monetary penalties, except those payments made through the Federal Bureau of Prisons' Inmate Financial Responsibility Program, are made to the clerk of the court.

The defendant shall receive credit for all payments previously made toward any criminal monetary penalties imposed.

☒ Joint and Several
See above for Defendant and Co-Defendant Names and Case Numbers *(including defendant number)*, Total Amount, Joint and Several Amount, and corresponding payee, if appropriate. **Restitution of $962,687.16, jointly and severally with co-defendant Houston Oates (3:14-cr-00132-2), to: First Tennessee Bank.**

☐ Defendant shall receive credit on his restitution obligation for recovery from other defendants who contributed to the same loss that gave rise to defendant's restitution obligation.

☐ The defendant shall pay the cost of prosecution.

☐ The defendant shall pay the following court cost(s):

☐ The defendant shall forfeit the defendant's interest in the following property to the United States:

Payments shall be applied in the following order: (1) assessment, (2) restitution principal, (3) restitution interest, (4) fine principal, (5) fine interest, (6) community restitution, (7) penalties, and (8) costs, including cost of prosecution and court costs.

FAA REGISTRY

N-Number Inquiry Results

N-NUMBER ENTERED: 486BG			
AIRCRAFT DESCRIPTION			
Serial Number	5133	Status	Valid
Manufacturer Name	CANADAIR LTD	Certificate Issue Date	07/02/2019
Model	CL-600-2B16	Expiration Date	07/31/2022
Type Aircraft	Fixed Wing Multi-Engine	Type Engine	Turbo-fan
Pending Number Change	None	Dealer	No
Date Change Authorized	None	Mode S Code (base 8 / Oct)	51377403
MFR Year	None	Mode S Code (Base 16 / Hex)	A5FF03
Type Registration	Corporation	Fractional Owner	NO
REGISTERED OWNER			
Name	DALLAS RESOURCES INC		
Street	471 STATE HIGHWAY 67		
City	GRAHAM	State	TEXAS
County	YOUNG	Zip Code	76450-7046
Country	UNITED STATES		

AIRWORTHINESS

Type Certificate Data Sheet	None	Type Certificate Holder	None
Engine Manufacturer	Unknown	Classification	Unknown
Engine Model	Unknown	Category	None
A/W Date	None	Exception Code	No

The information contained in this record should be the most current Airworthiness information available in the historical aircraft record. However, this data alone does not provide the basis for a determination regarding the airworthiness of an aircraft or the current aircraft configuration. For specific information, you may request a copy of the aircraft record at http://aircraft.faa.gov/e.gov/ND/

OTHER OWNER NAMES

None

TEMPORARY CERTIFICATES

Certificate Number	T195074	Issue Date	07/02/2019	Expiration Date	08/01/2019

FUEL MODIFICATIONS

None

DEREGISTERED AIRCRAFT

None

FAA REGISTRY

N-Number Inquiry Results

N-NUMBER ENTERED: 709DM			
AIRCRAFT DESCRIPTION			
Serial Number	22043	Status	Valid
Manufacturer Name	AGUSTA SPA	Certificate Issue Date	10/26/2021
Model	A109S	Expiration Date	10/31/2024
Type Aircraft	Rotorcraft	Type Engine	Turbo-shaft
Pending Number Change	None	Dealer	No
Date Change Authorized	None	Mode S Code (base 8 / Oct)	52273124
MFR Year	2007	Mode S Code (Base 16 / Hex)	A97654
Type Registration	Corporation	Fractional Owner	NO
REGISTERED OWNER			
Name	DALLAS RESOURCES INC		
Street	471 STATE HIGHWAY 67		
City	GRAHAM	State	TEXAS
County	YOUNG	Zip Code	76450-7046
Country	UNITED STATES		

AIRWORTHINESS			
Type Certificate Data Sheet	H7EU	Type Certificate Holder	LEONARDO S P A
Engine Manufacturer	P&W CANADA	Classification	Standard
Engine Model	PW207C	Category	Normal
A/W Date	08/21/2008	Exception Code	No

The information contained in this record should be the most current Airworthiness information available in the historical aircraft record. However, this data alone does not provide the basis for a determination regarding the airworthiness of an aircraft or the current aircraft configuration. For specific information, you may request a copy of the aircraft record at http://aircraft.faa.gov/e.gov/ND/

OTHER OWNER NAMES
None

TEMPORARY CERTIFICATES
None

FUEL MODIFICATIONS
None

DEREGISTERED AIRCRAFT
None

THE HEARTLAND GROUP

March 5, 2020

To the Stakeholders of The Heartland Group of Companies:

This week I traveled to our proven wells in Val Verde County, Texas, where the initial Carson Lease wells are in the final stages of completion. As many of you know, this is our largest project. If you haven't traveled with us down there to see it for yourself, I encourage you to do so. In these final stages we've worked closely with our operator partner, Barron Petroleum, and Halliburton oil field services to ensure that well integrity and collection infrastructure are engineered and built out in a manner to last decades. Additionally, we have been in meetings this week with prospective mid-stream companies who are interested in purchasing our production and taking it to market.

This has been an incredible adventure for Heartland and its affiliates and we are very proud to share the enclosed materials with you regarding this field. The enclosed letter itself is written by Brad Massey. Mr. Massey is a petroleum geologist who has worked on this project from conception. The letter was prepared at Heartland's request to provide a base reference for the potential of the Carson field, wherein these wells are situated. However, Mr. Massey does not work for Heartland or Barron Petroleum and his opinion is based on his own findings, experience, and training. Much of the data to support his conclusions were gathered by Halliburton. Heartland intends to acquire additional acreage on the Carson lease and develop the prolific field therein. In doing so, Heartland will continue to work with Barron Petroleum to drill wells in a manner that maximizes the effect of capital expenditures on the estimated ultimate recovery.

We thank you for the ability to do business with you and look forward to continuing to do so.

Sincerely,

Rustin Brunson
Fund Manager

The Heartland Group
(817) 865-1245 | info@theheartlandgroup.net
400 Industrial Blvd, Suite 114, Mansfield, TX 76063

xEnergy

PO Box 1589
Mineral Wells, Texas 76068

Barron Petroleum, Inc.
Mr. Roger Sahota
471 State Hwy. 67 South
Graham, Texas 76450

Re: Carson Leases, Val Verde County, Texas

Mr. Sahota;

Please accept this correspondence as a brief outline of the above references project.

Dr. Purves has interpreted 3D acquisition in order to highlight high graded Strawn age algal mounds within the Carson leases. This interpretation has led to numerous drill sites to encounter these prolific algal mounds. Of special interest, is the relatively close proximity with regards to the very prolific Massie Strawn Ls. Field located approximately three (3) miles to the North East. Excellent production occurs within fractured Strawn Limestone reservoirs and should be considered as a close representation of production values that could possible be achieved within seismically defined anomalies of the Carson leases.

Production range is as follows:

Less productive well ----------$36,500,000.00 EUR, Startup production 100 BOE/day (Oil Price At $50.00 per Barrel)

Excellent productive well ---------$146,000,000.00 EUR, Startup production 400 BOE/Day (Oil Price At $50.00 per Barrel)

Please see the attached Phase II outline of the proposed perforations for the recently drilled 20BU#1…This well exhibits the same properties as the Massie Field in accordance of interpretative log values…We feel that a new discovery will be established once field completion is completed…This porosity and mug log exhibit the same characteristics as some of the more prolific and commercially productive wells within the Massie Field…

I highly recommend the Carson lease of Val Verde County, Texas and would consider it to be highly productive and justified project with an excellent probability of success

Warm Regards;

B.C. Massey
Petroleum Geologist

ENC

BCM/bf

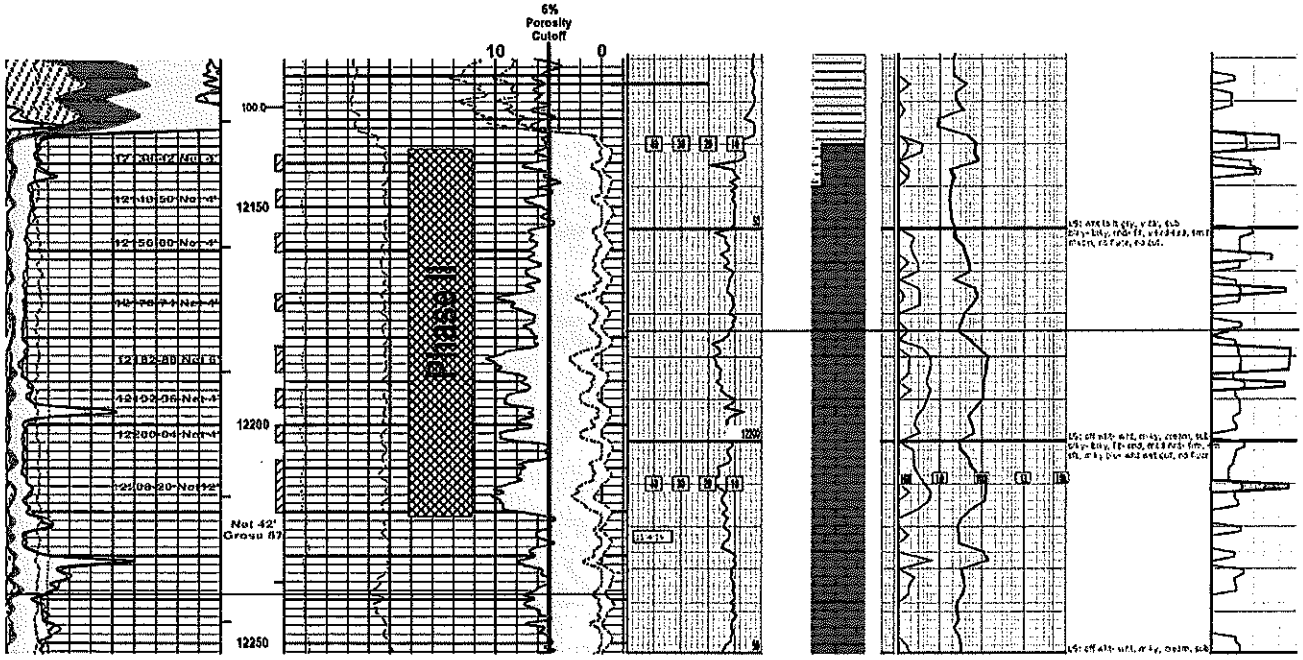
Sahota Carson 20BU #1
Val Verde County, Texas

Density Log/Mud Log Correlation

Possible Perforations

Phase II

Sahota Carson 20BU#1
Val Verde County, Texas



THE HEARTLAND GROUP

Executive Summary of Capital Programs and Optimized Production
January 1, 2021

The Heartland Group's primary strategic objective is the acquisition and development of proven, producing oil and gas assets. This aim is accomplished by raising capital with strategic finance partners through two primary means. The first capital program is a robust offering of senior debt notes. The capital raised through the senior debt program is allocated to the acquisition and development of legacy oil and gas assets. The second capital program is aimed at forming partnerships with investors who join Heartland in the drilling and completion of new oil and gas wells. Through our capital programs investors are offered unique opportunities to fixed income, unmatched tax benefits, competitive internal rates of return, plus return on investment following lucrative exit strategy.

Heartland's senior debt program was designed with the investor in mind. We conducted significant market research at the outset of the program to determine common trends that outlined investor needs in the marketplace. Through that research Heartland came up with a series of senior debt notes with terms ranging from 12 months to 36 months. Generally speaking, the longer the term of the note allows Heartland to provide the investor a greater return on investment. Further, Heartland designed several notes which provide a balloon payment return which allows investors to defer a portion or all the return income. These notes are lucrative for Heartland because they allow us to have cash on hand for the quick acquisition of distressed assets with great market potential. Once the asset is acquired, we are able to expend capital to rebuild infrastructure or update technology at the well head to increase the profitability of the asset. With each acquisition, Heartland targets a 40% return on investment with a 25% IRR. This return allows Heartland to pay extremely competitive interest rates to its investors.

To date, Heartland has made several significant acquisitions through the senior debt program. The first was a 9,000 acre acquisition with 14 producing wells in Schleicher County, Texas known as the Wolfcamp lease. This lease is aptly named as the wells target the well known Wolfcamp formation. The second acquisition was an 1,100 acre trap in Palo Pinto County known as the Conway lease. Following this acquisition, we were able to replace the existing storage infrastructure and bring 4 new wells online. The third and fourth acquisitions are in Young County. This acquisition consists of 19 wells sprawled across a multitude of leases. The most recent acquisition was made in the summer of 2020 in Palo Pinto County. It consists of 15,000 acres and over 100 well bores. This acquisition was cash flowing in excess of $30,000 per month at the time of the acquisition and Heartland has already doubled that cash flow in several months through the rehabilitation of a mere 4 wells and an increase in natural gas prices.

The Heartland Group
(817) 383-2999 | info@theheartlandgroup.net
5049 Edwards Ranch Road; Fourth Floor
Fort Worth, Texas 76109

Below, please find a brief listing of senior debt program assets and optimum operating production.

Wolfcamp: This is a natural gas and oil producing asset consisting of 14 wells. Monthly production is 1,801 barrels of oil and 13,625 MCF of natural gas.

Conway: This is a natural gas and oil producing asset consisting of 4 wells. Monthly oil production is 1,239 barrels and natural gas production is 593 MCF.

Young County: This is an asset with 19 wells producing 1062 barrels of oil, 4102 MCF of natural gas, and 20 barrels of gas condensate.

Palo Pinto: This asset consists of over 100 wells producing mostly natural gas. The asset can produce 167 barrels of oil, 23 barrels of gas condensate and 19,030 MCF of natural gas. Heartland is continuing to aggressively develop this asset.

As stated above, the second capital program is structured to raise investment with limited partners for the development of large natural gas plays in the southern Permian Basin. Through that endeavor, in September of 2019, we began drilling two prospect wells on 1,000 acres in a very remote corner of the state following a $6.8mm capital raise. Those first two wells, in what is known as the Carson I project, have tested at flowing 5mm cubic feet of gas per day and will be coming online very soon after completion of the 15-mile pipeline necessary to get production to market.

Today, we're happy to share that this project has grown into 24,200 acres covering in excess of 647 billion cubic feet of natural gas reserves. The reserves have been tallied by Albert McDaniel, an independent petroleum engineer who was hired to value our find based on his impeccable credentials and shrewd impartiality. This discovery is truly remarkable and it has been discussed in multiple news outlets. Following development of the "to market pipeline," we expect both of the existing wells to produce a gross 24,000 barrels of equivalent per month. In an effort to continue profitable development of this asset we have launched our Carson II fund and commenced drilling a three well program which is already showing signs of the same profitability as Carson I.

Heartland is proud to say that it holds its own 50% ownership of this project within the debt fund entity. We do this in an effort to give our investors a vote of confidence that we will protect their dollar over our own without hesitation. Further, in structuring our assets this way it allows us to carry a conservative 15:1 asset to debt to ratio. Of course, this ratio may shift depending on commodity pricing. However, we make it a point to go into transactions that allow us to have our head above water at the outset prior to development capital expenditures.

View this email in your browser

THE HEARTLAND GROUP

October 25, 2021

Heartland Production and Recovery, LLC ("PAR"), was made aware of a confidential and non-public investigation by the Securities and Exchange Commission titled *In the Matter of Heartland Production & Recovery, LLC, C-08669,* in May of 2020. While initially only PAR was responsive to the SEC, today The Heartland Group Ventures, LLC, The Heartland Group Fund III, LLC, Heartland Drilling Fund I, LP, and Carson Oil Field Development Fund II, LP ("Heartland") are responding to the investigation.

Heartland is taking the investigation very seriously, striving to make thorough responses to the SEC's requests, and Heartland is in regular communication with the SEC during this process. As Heartland continues to act in response to the investigation, Heartland has determined that it will no longer be able to accept subscriptions into The Heartland Group Fund III, LLC or Carson Oil Field Development Fund II, LP. For the time being, Heartland will not be able to process return of principal payments and will not be able to make the principal payment due in October. Additionally, Heartland must pause capital expenditures on all asset development. While these measures are strict and affect every facet of Heartland's operations, it is necessary to cease conducting financial transactions while developing our next course of action. We realize these are drastic steps; however, we are taking them in an effort to cooperate with the SEC and preserve the value of the company.

work diligently to respond to the SEC's non-public and confidential investigation and to stay in communication with them and each of our constituents. In the meantime, further inquiries may be directed to info@heartlandgroupventures.com or via telephone to 817-701-6823.