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Executive Overview

Drilling Opportunity

Permian Basin

CONFIDENTIAL EXECUTIVE OVERVIEW FOR ACCREDITED INVESTORS ONLY

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The date of this Overview is: **OCTOBER, 2017**

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SUMMARY

Purpose The purpose of this Overview is to explain the potential merits of raising approximately \$12.7 million to finance the drilling of 11 wells owned by Success Oil Co. (SOC) located in the Permian Basin, Southwest Texas.

Transaction Structure Oil and gas production rights will be extended to investors pursuant to Joint Interest Billing (JIB) Statements subject to the following production rights allocation:

Gross Oil & Gas Revenues		
Less: Landowner Rights	25%	→ Gross Revenues Landowner
<u>Less: Operating Expenses</u>		
Pre-tax Earnings	100%	Allocated: 70.0% Investors <u>30.0%</u> SOC 100.00%

This transaction is a land-rights-only structure with investment repayment from oil production proceeds only.

NOTE: There is no recourse to SOC, its principal, employees, contractors or to the land owner or any of their respective relatives or beneficiaries.

Distributions Distributions will be made pursuant to the terms and conditions of the Joint Billing Interest Agreement.

Investment Cost Drilling costs range between \$.86mm - \$1.64 million per well.

SOC will supervise the outfitting and drilling of each well on a “turnkey” basis and will profit only from its 30% retained interest in Pre-tax Earnings (see above).

Financial Overview This analysis contemplates the economics of drilling one well – SOC’s Ellenberger Well, with a goal of providing an example of profitability that can be extrapolated to the other 10 wells owned by SOC based upon each well’s reserve characteristics.

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Gross Production Revenues Depending upon the prevailing market rate for crude oil it is estimated that the Ellenberger well is capable of generating gross production revenues ranging between \$2.66 (\$50/b) - \$4.8 million (\$95/b) per year during peak production years (years 1-4).

Income Available for Investor Allocation Income available for allocation to Investors during peak production years range between \$1.41 (\$50/B – 2.5 million (\$90/b).

IRR On a cash flow basis, it is projected that investors will receive the return of their investment within the first 12 months of operation resulting in an infinite annualized return on capital.

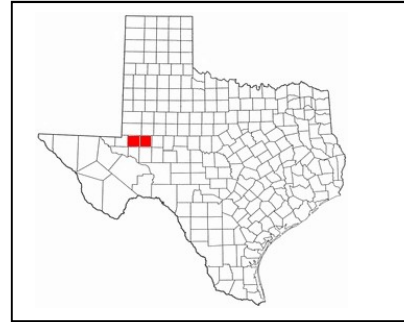
At \$50/b – the worst case scenario in this analysis, investors receive full return of investment proceeds in 14 months which generates IRR in excess of 750%.

RISK FACTORS

- Competition is great by both independent service companies and nationally recognized companies with substantially more resources and experience.
- An inability or delay in acquiring requisite equipment.
- Operations are subject to the hazards inherent to the energy services businesses.
- Investor legal, and tax considerations, if any, are not contemplated herein.

BUSINESS

Success Oil Co. (SOC) is an oil and gas operating company licensed by the Railroad Commission of Texas. Founded in 1991, SOC has operated more than 120 wells located in Caldwell County, Texas. The company is experienced drilling more than 90 wells utilizing vertical, directional and horizontal drilling technology and provides drilling contractor services on a turnkey basis for other landowners.



MANAGEMENT

- Jeru L. Morgan, CEO – has nearly 30 years’ experience in the oil exploration, production and services industry and is the founder and CEO of Success Oil Co., a company founded in 1990. Success Oil is registered with the Rail-Road Commission in the State of Texas and has operated as many as 121 wells. Mr. Morgan previously served as CEO and managing partner of Texas Petroleum and also worked for an American fossil energy company, for which he supervised the drilling of 42 wells in Parker, Erath, Palo Pinto, Corsicana and Johnson, Bexar Caldwell Counties. He is a certified gemologist and graduate of St. Stephens Bible College with at BA in Business Administration. Operated Gold &
- Diamond Mining Operation (Alluvial Dredging), Georgetown, Guyana S.A. and
- In Porto Velho, Rondonia, Brazil for 9 years 32 employees (Speaks Portuguese).

- Elario (Larry) A. Lujan, General Manager– has over 40 years experience in the oil services business. Mr. Lujan began his career as a floor hand and pulling unit operator in 1971 and worked his way up to assume several senior management roles with four organizations as Operations Manager & Partner leading the safe and efficient engagement of 19 pulling rigs and employing more than 100 employees. Mr. Lujan is experienced in hiring, training and development of staff; attracting, maintaining and growing a stable client base and successfully managing the business to budgetary growth targets.

- Organizers: Mr. Morgan and Lujan are the “Organizers “of this Executive Overview.

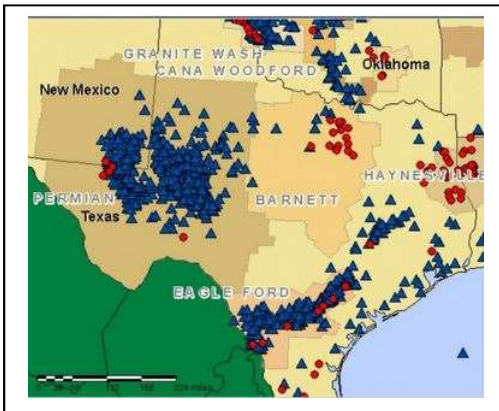
SOC WELLS

SOC acquired properties nearly fifteen years ago that possess new in-field production opportunities attributable to new drilling technology called **Horizontal Hydraulic Fracturing** (explained below). Since 2006 numerous oil and gas fields that have been previously partially depleted by ordinary extraction methods have proven to be able to be newly exploited to unlock additional reserves with this new technology.

SOC's wells are located in Cawar Field, an area that encompasses three counties in West Texas (Ward, Crane & Pecos counties) and contains 900 producing wells and 40 injection wells. Cawar Field is located within one of two of the most abundant fields in Texas called the **Permian Basin**.

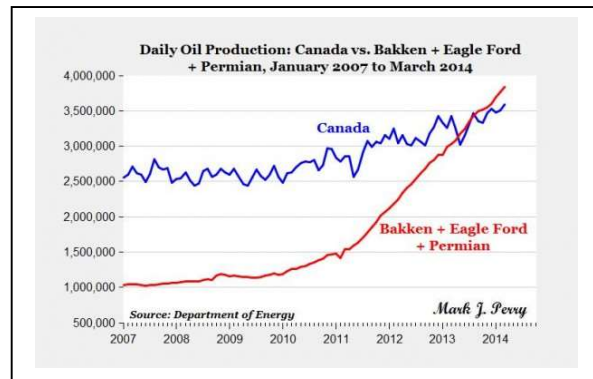
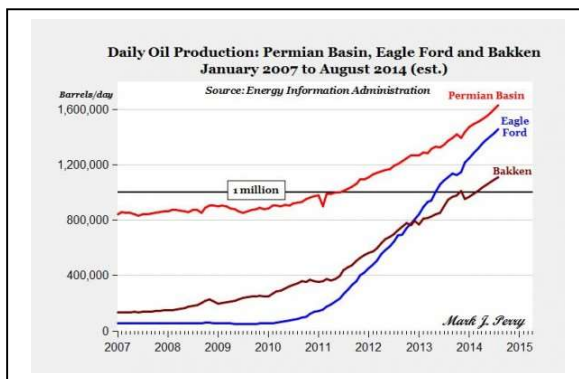


Originally discovered and drilled by the predecessors of AMCO Oil in the 1950s, Cawar Field has produced over 40 million barrels of oil and 200 bcf of natural gas.



The Permian Basin is one of America's three super giant oil fields: The Bakken - North Dakota, Eagle Ford Shale - Texas and Permian Basin - Texas. Daily production of these fields have increased since 2006 and the introduction of horizontal hydraulic fracking from 1.0 million barrels/day to nearly 4.0 million barrels/day.

SOC is seeking investment from outside investors to provide the capital necessary to drill its wells utilizing this new technology.

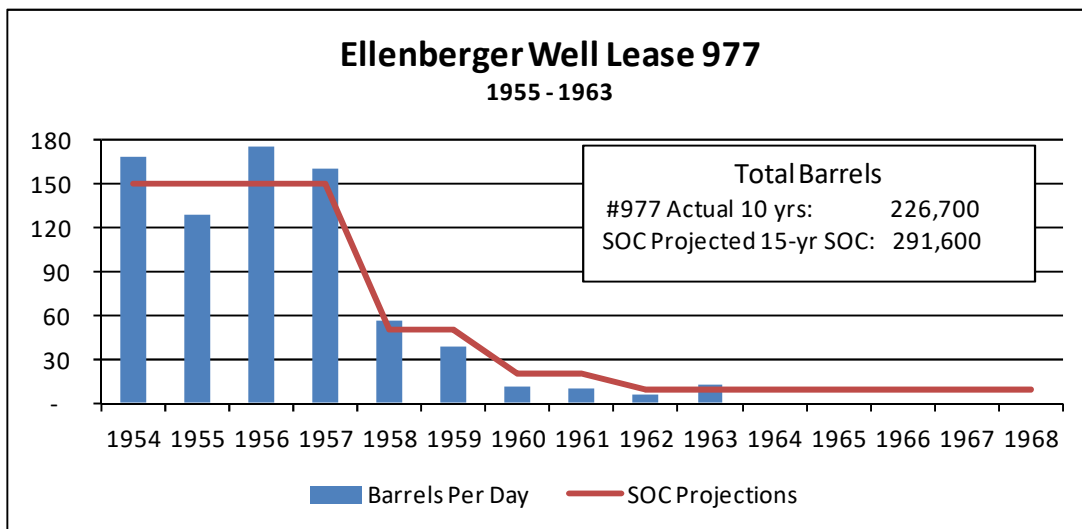


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SOC’s 11 wells (listed below) are located within the Cwar Field on a property called Tubb Lease, Ward County, Texas approximately 30 miles west of Odessa. The wells are projected to contain a respectable balance of oil and natural gas, according to a Certified Geologist report dated July 2015¹.

SOC WELLS	Projected ¹						Estimated \$ Value				
	Drilling Expense	Well Depth		Natural Reserves			\$50.00	\$3.01	Total		
		From	To	Oil	Gas	Total	Oil	Gas			
TOTAL	\$12,713,501			531,200	5,683,950	5,683,950	\$23,748,250	\$17,515,130	\$41,263,380		
GLORIETA	867,219	3,650'	3,800'	75,000	100,000	100,000	3,750,000	301,000	4,051,000		
UP CLEARFORK	932,469	4,000'	4,150'	100,000	200,000	200,000	5,000,000	602,000	5,602,000		
TUBBS	952,349	4,500'	4,560'	100,000	628,000	628,000	5,000,000	1,890,280	6,890,280		
LO CLEARFORK	986,750	4,750'	4,900'	75,000	200,000	200,000	3,750,000	602,000	4,352,000		
WICHITA ALBANY	1,001,385	5,500'	5,785'	5,000	500,000	500,000	250,000	1,505,000	1,755,000		
WOLFCAMP	1,110,483	6,100'	6,250'	2,000	1,500,000	1,500,000	100,000	4,515,000	4,615,000		
DETRITAL	1,154,185	6,800'	6,900'	9,000	1,400,000	1,400,000	450,000	4,214,000	4,664,000		
DEVONIAN	1,212,000	7,100'	7,200'		750,000	750,000	0	2,257,500	2,257,500		
LO PERMIAN	1,271,000	7,300'	7,400'			-	0	0	0		
WADDELL	1,551,000	7,700'	7,800'	100,000	300,000	300,000	5,000,000	903,000	5,903,000		
ELLENBERGER	1,675,144	8,150'	8,150'	#	65,200	105,950	171,150	#	448,250	725,350	1,173,600

SOC’s believes the geologist report above contains highly conservative estimates for natural reserves which underestimates the amount of oil and natural gas available for extraction. A good indicator of well capacity is neighboring well production rates. Ellenberger Well # 977 produced over 226,700² barrels over the ten year period 1954-1963. Based upon this activity, SOC estimates that its Ellenberger well is likely to produce a similar amount and estimates extraction capability in excess of 291,000 barrels over a fifteen-year period.



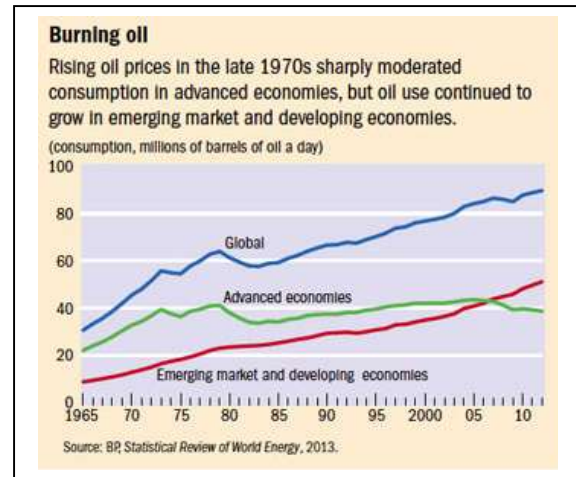
¹ Report attached.

² As reported by the Texas Railroad Commission

OIL & GAS GLOBAL AND DOMESTIC ECONOMICS

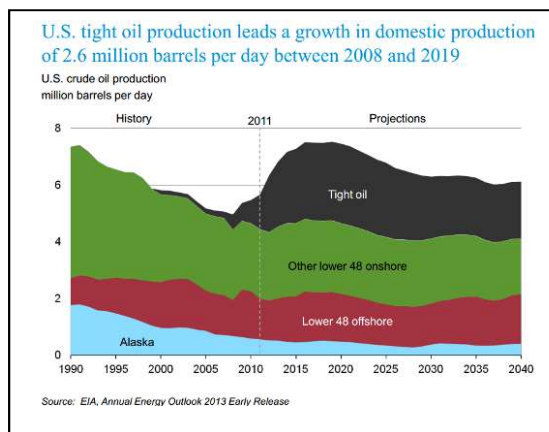
After oil prices doubled following the 1979 revolution in Iran, global oil consumption declined through 1983. Global consumption began to rise once more as demands from emerging market and developing economies (China, India, and Indonesia) outpaced flat-to-decreased consumption by advanced economies.

Several factors explain the slump and subsequent shift in global oil consumption during a period of high oil prices: substitution, a global recession, and increased efficiency.



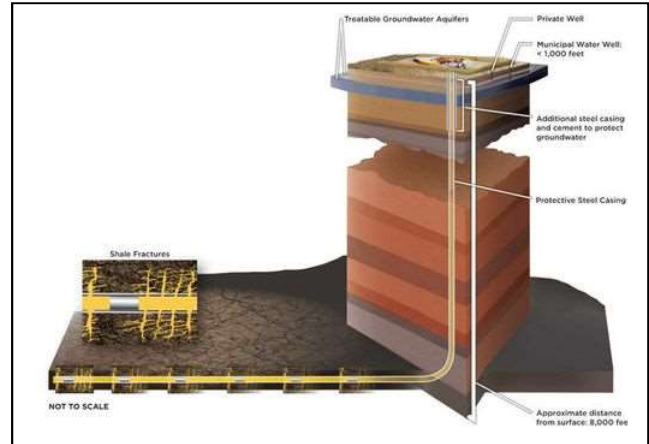
Substitution occurred—primarily in the electric power sector, as newly developed renewable energy sources (hydro, wind, solar, geothermal and biofuels) replaced more expensive crude oil. Today, renewable energy provides 21.7% of electricity generation worldwide. Renewable biofuels have contributed to a significant decline in oil consumption in the United States and Brazil. The 93 billion liters of biofuels produced worldwide in 2009 displaced the equivalent of an estimated 68 billion liters of gasoline, equal to about 5% of world gasoline production. Lastly, increased fuel efficiency of cars that today average 25-30 MPG and reach as high as 50 – 100 MPG, compared to the 10-12 MPG of the 1970s, reflect permanent efficiency requiring less oil consumption compared to previous years.

HYDRAULIC FRACTURING

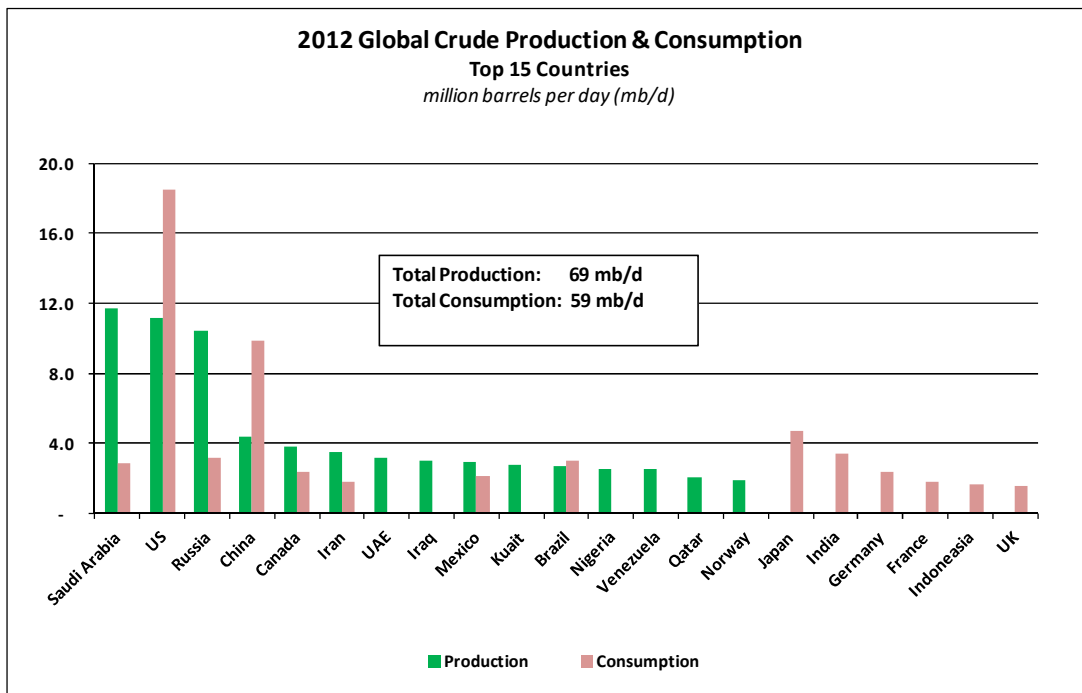


The most noticeable new production of crude oil and natural gas in recent years has come from the development of shale oil or light tight oil in the United States and Canada attributable to the development of horizontal drilling and its pairing with Hydraulic Fracturing.

Hydraulic fracturing (aka fracking) is the process of drilling and injecting fluid (water with mud/sand) into the ground at high pressure in order to fracture shale rocks to release crude oil and natural gas. Fracturing was first used in 1940 with limited success. The advent of horizontal drilling in 2006 has led to a 40% increase in US natural gas production since 2007. Now one of the lowest cost fuels, natural gas is expected to further reduce US reliance on oil, particularly for electricity generation, heating, chemical manufacturing and transportation.



GLOBAL OIL CONSUMPTION

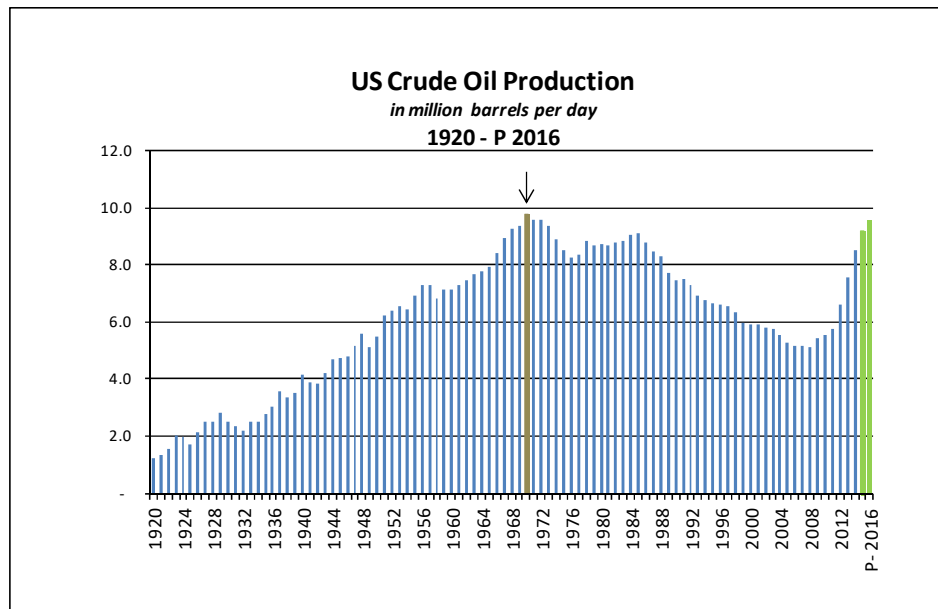


In 2012, the United States ranked as the second largest producer of crude oil. In October 2013, US domestic crude oil production exceeded imports for the first time in two decades according to the Energy Information Administration. By 2016, Hydraulic fracturing will continue to boost the US to the top of the oil production charts - surpassing Saudi Arabia and Russia.

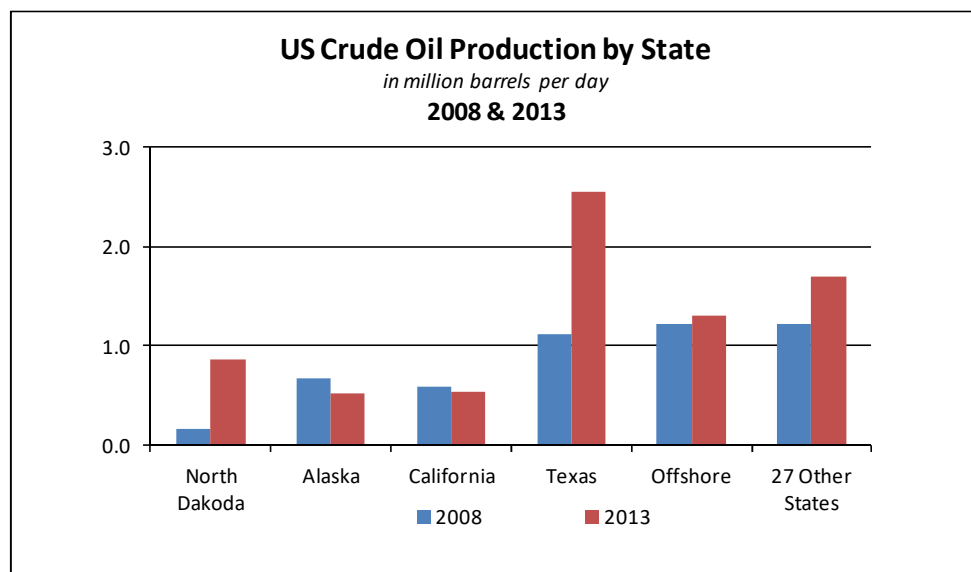
By 2020 – the US is projected to become self-sufficient with respect to supplying all of its own energy needs.

China is expected to overtake the US as the world’s largest consuming nation by 2030 while India is likely to generate the largest increases in year-over-year consumption.

US OIL PRODUCTION

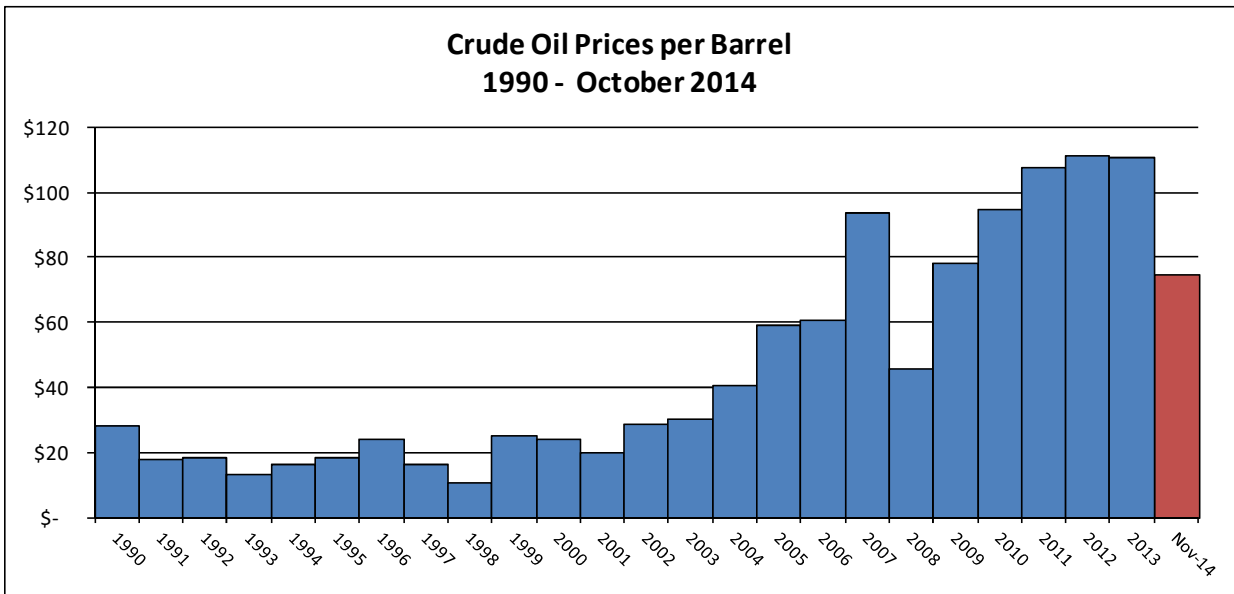


Projected crude oil production in 2016 is expected to exceed the US’s oil production peak of the 1970’s. Growth in domestic oil production is directly the result of horizontal hydraulic fracturing primarily in Texas and to a lesser extent North Dakota.



WORLD CRUDE OIL PRICES

The US oil boom has significantly decreased the country’s reliance on foreign sources of oil, particularly from the volatile Middle East. This is one reason why global oil prices have remained relatively flat for the past several years despite political unrest in the Middle East and Russia’s recent invasion of Eastern Ukraine.



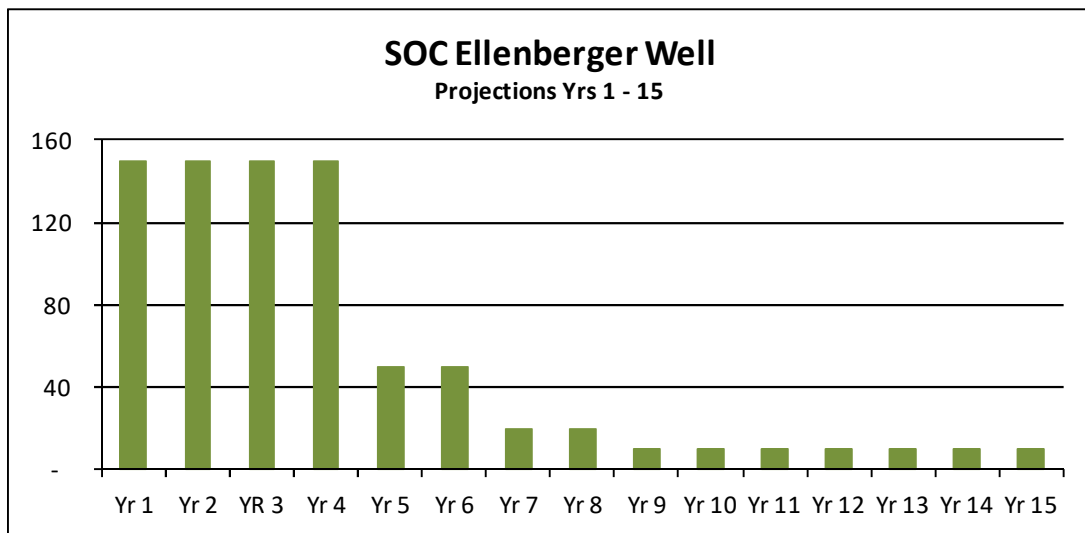
As of November 13, 2014, the WTI spot price for crude oil dropped to \$75/b representing a 32% decrease from the stable price period of 2001 – 2013 (averaging \$111/b). The long term projection for oil prices however remains strong (\$128/barrel in 2035). The present glut of oil attributable to new extraction technology combined with increased production by economically depressed countries namely Russia and Syria is putting a downward pressure on prices.

For the purpose of this analysis, crude oil prices ranging from a low of \$40/b (worse case) to a high of \$90/b (best case) with \$50/b as a base case will be used to determine overall investment return opportunity.

PROJECTED INVESTOR RETURN

The following analysis for SOC's Ellenberger well is to serve as a base-line example for similar potential with SOC's other ten wells. NOTE: This analysis develops the potential for oil extraction for the Ellenberger well and does NOT include any contribution from natural gas for two reasons. The first reason is that this particular well is not projected to contain a significant source of natural gas (100,000 mcfg) as compared to other SOC wells with 1.3 - 1.5 million mcfg for example. And primary reason is to keep this analysis simple.

OIL PRODUCTION PROJECTIONS



Based upon its close proximity to Ellenberger Well #977 production estimates for SOC's well aggregate 291,600 barrels over a fifteen year period with heavy extraction (74%) of the total occurring during the first four (4) years. Production drops to 10 barrels/day in years 9-15, a level still profitable at current oil prices.

At base-line pricing of \$50/barrel, production during the first four (4) years is expected to generate annual revenues in excess of \$3.0 million/year. Over the 15 year projected period, gross revenues are expected to exceed \$16.4 million. An increase in oil prices to back to \$90/barrel could increase total production revenues to \$26.2 million.

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OPERATING EXPENSES

Annual operating expenses are projected to run \$54,000/year.

OPERATING EXPENSES ANNUAL		54,000
ELECTRICITY	18,000	
PUMPER	7,200	
OPERATING FEE	10,800	
CHEMICALS	3,600	
TREATMENT	2,400	
REPAIR & MAINTENANCE	12,000	

PROJECTED INVESTOR RETURN – Baseline Scenario \$75/barrel

SOC Ellenberger Well Projections One Well Cash Flow		Per Year				Total Yrs 1 - 15
		Yrs 1-4	Yrs 5-6	Yrs 7-8	Yrs 9-15	
Barrels/day		150	50	20	10	291,600
Investment	(\$1,675,144)					
Revenues per Year	\$ 50/barrel	\$3,037,500	\$1,012,250	\$405,000	\$202,500	\$16,402,500
Landowner Rights	25%	<u>759,375</u>	<u>253,125</u>	<u>101,250</u>	<u>50,625</u>	<u>\$4,100,625</u>
Net Revenues		\$2,278,125	\$759,375	\$303,750	\$151,875	\$12,301,875
Operating Expenses		<u>(54,000)</u>	<u>(54,000)</u>	<u>(54,000)</u>	<u>(54,000)</u>	<u>(\$810,000)</u>
Pre-tax Earning	100%	\$2,224,125	\$705,375	\$249,750	\$97,875	\$11,694,375
Income Allocation						
Investors	70%	\$1,556,887	\$493,762	\$174,825	\$68,512	\$8,186,062
SOC	30%	\$667,237	\$211,612	\$74,925	\$29,362	\$1,403,325

The first 25% of oil production is allocated *before any* production expense to the landowner in accordance with SOC’s drilling rights. Operating expenses are subtracted resulting with Pre-tax Earnings available for allocation to Investors and SOC pursuant to a 70/30 split.

Over the 15-year period Pre-tax Earnings total \$11.6 million with 75% earned during peak production years 1-4 and 70% or \$8.2 million allocated to Investors.

Crude Oil Mkt Price	Cummulative Investor Pre-tax Earnings Allocation				Investor IRR			
	3 YRS	5 YRS	10 YRS	15 YRS	3 YR	5 YR	10 YR	15 YR
\$90.00	\$ 7,541,100	\$ 10,867,500	\$ 12,549,600	\$ 13,211,100	-	-	-	-
\$75.00	\$ 6,265,350	\$ 9,024,750	\$ 10,395,000	\$ 10,914,750	-	-	-	-
\$60.00	\$ 4,989,600	\$ 7,182,000	\$ 8,240,400	\$ 8,618,400	831%	927%	927%	927%

The IRR calculations above are presented on a *cash flow basis* and do NOT reflect GAAP accounting principles. It is presented in this manner to demonstrate to investors the superior

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return attributable to low operating expenses combined with a generous earnings allocation percentage. Together, these factors produce a return of cash invested within 12 months – resulting in an infinite annualized return on capital. Even at \$50/barrel, the projected cash flow return is north of 800% with return of principal in less than 17.55 months.



U.S. Current Crude Oil Price \$53 per barrel



U.S. Oil Production Current 8.73 million bbls. Per day

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LEGAL MATTERS

- This Overview does not represent or imply accurate legal considerations.

TAX INFORMATION

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ADDITIONAL INFORMATION

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