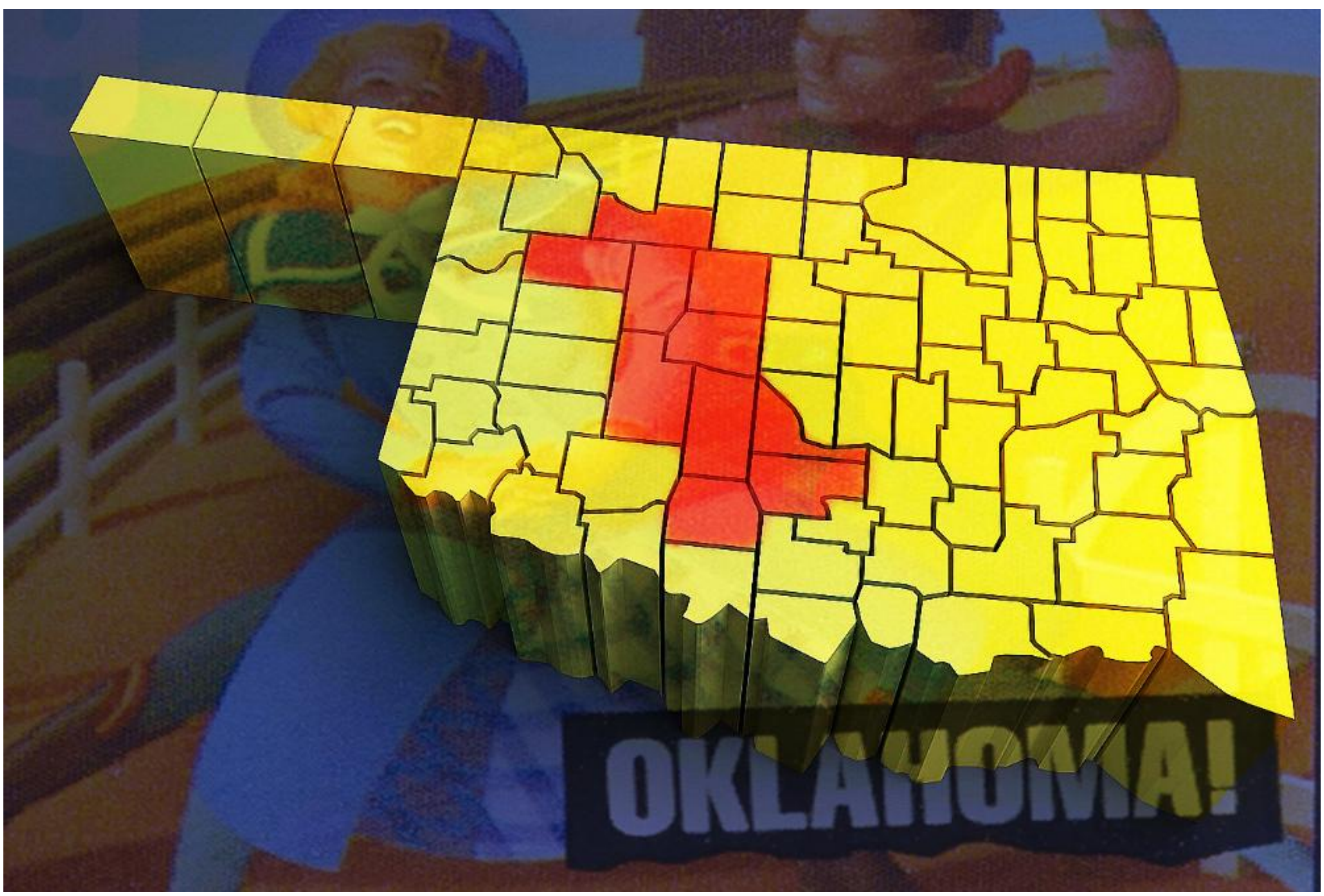
VIVA VENTURES

EXPLORATION

Benefits of The Boutique?



What are the Benefits of The Boutique?

Stacked Plays:

The Favored Geology in the SCOOP and STACK

The STACK (Sooner Trend Anadarko Canadian Kingfisher) lies in the Anadarko Basin and is the most promising play in the state. The Woodford Shale is one of the best known and most drilled formations in this area, but the play also includes promising formations like the Chester, Hunton, Meramec, Osage, and Oswego, stacked on top of one another.

The Meramec, in particular, is being heavily drilled as a result of some additional unique attributes. The formation features overpressured oil with low water content, creating high IP rates with lower costs associated with water disposal

The SCOOP (South Central Oklahoma Oil Province), like the STACK, lies in the Anadarko Basin, adjacent to and southeast of the popular STACK play. It emerged a year or two earlier than the STACK, and possesses some of the same formations, including the Hunton and Woodford. Additionally, the SCOOP is layered with the Caney, Hoxbar, and Springer formations. While the Woodford Shale is historically the most drilled strata, the recently identified Springer Shale is seeing increased attention following its identification by Continental Resources in 2014. The Springer has produced promising early results in terms of IP rates and estimate ultimate recovery.

KEY POINTS:

- **1. Mitigated Risk:**
- **2. Well Pricing Index**
- **3. Location, Location, Location: Scoop & Stack**
- **4. Not A Joint Venture**
- **5. Exit Strategy (Flipping Wells)**

Since the rapid expansion of horizontal drilling, less than 10 years ago, significant advances in technology and methods have occurred. Wells are now being drilled more accurately, at faster rates, and with longer laterals, sometimes multiple laterals.

Wells are now being completed with more complicated fractures, including tighter clusters and shorter intervals, using higher densities of proppants. Overall, this has shifted breakeven costs in the direction of drillers by decreasing overall costs, while increasing IP rates and EURs. Wells are drilled more cheaply, on a dollar per foot basis, and resources are extracted more easily, on a unit per foot basis

Benefits of The Boutique?

Risk mitigation is defined as taking steps to reduce adverse effects.

It's important to develop a strategy that closely relates to and matches your investment profile.

Mitigated Risk:

Viva-Ventures implements tactics for risk mitigation for the profitability of our projects. Risk Mitigation is defined as taking steps to reduce adverse effects.

It's important to develop a strategy that closely relates to and matches your risk tolerances. Risk limitation is the most common risk management strategy used by businesses. This strategy limits an investor's exposure by taking actions that are perceived as "less risky".

By following the same business model and spreading out the investment over multiple wells, we are then able to reduce the overall exposure to risk for our investors. By piggy-backing off the proven track record of these fortune 500 companies just like a pilot fish on the side of a great white shark.

No need to re-invent or to complicate the process. We can just simply ride there coat tails and enjoy the same level of success they have been enjoying for years.

There are four types of risk mitigation strategies

- Risk Acceptance: Risk acceptance does not reduce any effects however it is still considered a strategy. This strategy is a common option when the cost of other risk management options such as avoidance or limitation may outweigh the cost of the risk itself. A company that doesn't want to spend a lot of money on avoiding risks that do not have a high possibility of occurring will use the risk acceptance strategy.
- Risk Avoidance: Risk avoidance is the opposite of risk acceptance. It is the action that avoids any exposure to the risk whatsoever. Risk avoidance is usually the most expensive of all risk mitigation options.
- Risk Limitation: Risk limitation is the most common risk management strategy used by businesses. This strategy limits a company's exposure by taking some action. It is a strategy employing a bit of risk acceptance along with a bit of risk avoidance or an average of both. An example of risk limitation would be a company accepting that a disk drive may fail and avoiding a long period of failure by having backups.
- Risk Transference: Risk transference is the involvement of handing risk off to a willing third party. For example, numerous companies outsource certain operations such as customer service, payroll services, etc. This can be beneficial for a company if a transferred risk is not a core competency of that company. It can also be used so a company can focus more on their core competencies.

Benefits of The Boutique?

Well Pricing Index

Oklahoma drillers have completed an estimated 1,400 horizontal wells in the STACK and SCOOP plays. Newfield, Devon, Marathon and Cimarex have invested $3.5 billion in the STACK and SCOOP plays in the last two years.

Companies are projecting $5.5 billion in 2017 capital spending in the STACK and SCOOP plays, according to estimates and reports. Companies have also invested big dollars in the STACK to expand their holdings:

$1.6 billion by Devon
$888 million by Marathon
$470 million by Newfield

The amount of money spent by these companies, which in turn translates to over 1,400 wells getting drilled. We could never compete with the large size and aggressive drilling schedule that the big boys can support. We could on our own perhaps drill 3 wells a year where they can drill hundreds per year.

That being the case, most of oil-field suppliers and drilling companies will offer huge discounts to get there business. By participating with the big boys, we then get the luxury of their pricing, without having to compete

TOP OPERATORS IN OKLAHOMA

- **ConocoPhillips:**
  $24.6 billion in revenues in 2016,
  11,600 employees
- **Chesapeake:**
  $12.74 billion in revenues in 2015,
  4,400 employees
- **Devon:**
  $12.197 billion in revenues in 2016,
  5,000 employees
- **Marathon:**
  $5.522 billion in revenues in 2015
- **Continental Resources:**
  $1.980 in revenue in 2015,
  1,080 employees
- **SandRidge Energy:**
  $304 million in Revenue 2016,
  2,200 employees
- **Newfield Exploration:**
  $1.472 billion in 2016

Benefits of The Boutique?

Location, Location, Location: Scoop & Stack

Oklahoma's STACK and SCOOP plays are dominated by five players.

Main operators in the play include Devon Energy, Newfield Energy, Marathon Oil, Chesapeake Energy, Continental Resources, Cimarex Energy, Payrock Energy and Oklahoma Energy. Newfield is a play pioneer credited with naming the play, and the company considers the STACK a core part of its portfolio, as does Devon Energy.

The high-margin STACK is the second most-active play in the U.S., behind the Permian. It is producing some of the best and most repeated returns in the U.S. and is a cheaper option than the Permian.

It was only five years ago that Continental Resources Inc. announced the discovery of the SCOOP and four years since Newfield Exploration Co. announced the STACK discovery, which were then followed by additional finds such as the SCOOP Springer Shale, Northwest Cana, Meramec STACK, Osage and Oswego sub plays. And while all of these geologic concepts still may be relatively new in the industry's lexicon, the central and southern parts of the Sooner State quickly have developed into a world-class horizontal resource playground.

Stark credits good geology and advanced technology for the company's burgeoning STACK success. "We are dealing with excellent reservoir quality rock by resource play standards," he assesses. "It is also over-pressured, which is great help. And then, the stimulation technology has improved so much. All that makes STACK one of the country's top plays. The wells do not produce much water either, so every barrel pays."

STACK, SCOOP Plays Teeming With Life

- "STACK has clearly become a key catalyst for Continental's growth," said Jack Stark, company president and chief operating officer, in a statement last February.
  "We have never had a play this prolific evolve so quickly. The results have exceeded our early expectations, and the impact on Continental's production growth both near term and long term will be significant."
- Oklahoma is a top priority for Marathon Oil, and there's no doubt that the evolving STACK play in the Anadarko Basin is one of the best unconventional oil plays in the U.S. But our history in Oklahoma dates back for more than 100 years.

Continental reported seven new completions in the STACK Meramec over-pressured oil window for the fourth quarter. Initial 24-hour production rates on the seven wells ranged from 2,463 boe/d (73 percent oil) from a 9,800-foot lateral on the Roth 1-26-35XH well to the Wintersole 1-4-33-28XH that had an IP rate of 1,604 boe/d (70 percent oil) from a 10,500-foot lateral.

"I have been with the company 25 years," Stark observes. "The depth and quality of our inventory, as well as our capital efficiencies, are at all-time highs."

Benefits of The Boutique?

Not A Joint Venture

Not A Joint Venture:

In a Joint Venture, you own an interest in the JV, the JV actually owns the interest in the well(s). You are stuck in the JV, good, bad or ugly. That investment is locked up and yours for the rest of the life of the well(s).

You actually own the interest and will receive an Assignment and your Division Order. With this program, you are brought into direct business relations with the operator. All your checks will come from the operator directly to you.

KEY SUMMARY POINTS:

- Flexibility can be restricted
  There are times when flexibility is restricted in a joint venture. When that happens, participants have to focus on the joint venture, and their individual businesses suffer in the process.

- It may be hard for you to exit the partnership as there is a contract involved. Once again, even though a joint venture is temporary, it is crucial that you know what you are getting into if you don't want to be locked in a partnership.

- Lack of clear communication
  As a joint venture involves different companies from different horizons with different goals, there is often a severe lack of communication between partners.

- Unreliable partners
  Because of the separate nature of a joint venture, it is possible that the partners do not devote 100% of their attention to the project and become unreliable.

Benefits of The Boutique?

Making What Is a traditionally Illiquid Investment, To A Very Liquid and Very Profitable Investment

Most would agree that oil and gas is a great investment but one of the biggest hang-ups of investing in oil exploration is the ill-liquidity of the investment. Once you're in an oil and gas drilling project your usually stuck in it and cannot liquidate the interest for a profit. However, The big boys do not subscribe to this mentality.

They have been in the know for years and they have found a way to liquidate "Flip" wells and sell them for huge profits. Once a well goes into production, we must wait for a minimum of 6 months of production, get an average income collected in those 6 months'.

With those factored we can then list the wells individually of as a group to be sold at the same auctions the big boys use . The evaluated amount can be 24, 36, and up to 48 months' worth of production paid upfront in 1 check from the buyer to the seller.

KEY SUMMARY POINTS:

- The Oklahoma STACK play is economic for many operators at current prices and it offers multiple drilling targets due to its complex geology, which is attractive for drillers seeking to leverage pads to expand resources," Kugler said. "While the play covers about one-fifth the aerial extent of the Permian Basin, it is attractive to many operators who find the Permian over-heated in terms of acreage availability and cost of entry. The STACK and the Anadarko Basin offer attractive investments, lower entry costs, and the potential for economic returns, and the play is becoming a core focus for several companies."

- Oklahoma's STACK and SCOOP plays are dominated by five players
- 2nd most active U.S. plays
- Success still remains as a tremendous potential in the STACK and SCOOP plays, according to a report released by Capital One Southcoast (COS).
- Sam Zell is no stranger to success, or "knowing where the money is." It appears he's found his next target. According to the Bloomberg Quint, the billionaire real-estate investor and chairman of Equity LifeStyle Properties (ELS) is joining Continental Resources Inc.'s Harold Hamm in the growing list of enthusiasts of Oklahoma's Stack shale formation. Zell made an investment in the region recently, he sees "awesome prospects for the oil-producing area," in a Bloomberg TV interviewa

Benefits of The Boutique?

The Auctions

Lot 43628 Devon Energy Production Company, L.P.

STACK Play Extension I - 24 Well Package
Dewey, Major and Woodward Counties, Oklahoma

STACK Play

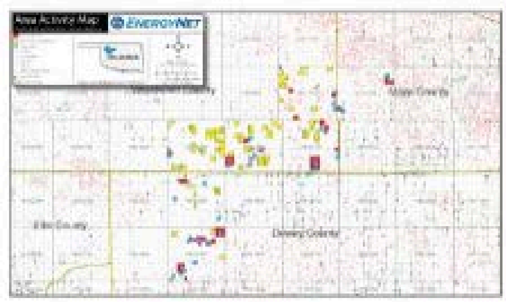
HBP & Non-Producing Leasehold (~6,897.55 Net Acres)
plus Operations, Non-Op WI, ORRI and RI

Property Highlights:

- ~6,897.55 Net Leasehold Acres:
  - Delivering 75.00 % - 87.50 % NRI
  - Non-Producing: ~4841.32 Net Leasehold Acres
  - Held by Production: ~2056.23 Net Leasehold Acres

Offset Area Activity:

- Possible Target Formations: Chester, Cleveland and Mississippian (Meramec & Osage)
- 6-Month Average 8/8ths Production: 9,884 MCFPD and 376 BOPD
- 12-Month Average Net Income: $215,176/month
- Operated Working Interests in 3 Wells
  - 49.72% - 100% GWI / 42.263332% - 81.25% NRI
- Non-Operated Interests
  - 0.15625% - 64.00% GWI / 0.126953% - 21.864938% NRI in 14 Wells
  - 0.0069% to 2.734375% Overriding Royalty Interest in 6 Wells
  - 0.195312% to 1.25% Royalty Interest in 4 Wells



This is a sealed bid offering.

BIDS DUE: November 1, 2017 at 4:00 PM Central

Click here for more information