

<b><u>Fracking Oil Investment Decision</u></b>				
	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
<b><u>Constants</u></b>				
Income Tax Rate	NA	20%	20%	20%
Cash Needed to Start Year	NA	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Decline Rate	NA	0.70	0.30	0.25
Initial Production Rate (IPR)	NA	500	NA	NA
Interest on Junk Bonds	NA	\$ 500,000	\$ 500,000	\$ 500,000
<b><u>Inputs</u></b>				
Price Per Barrel	\$ 50	NA	NA	NA
Interest Rate on New Debt	NA	0.04	0.04	0.04
Requested Investment	\$ 5,000,000	NA	NA	NA
<b><u>Summary of Key Results</u></b>				
Net Income After Taxes	NA	\$ 2,116,446	\$ 502,544	\$ 205,657
End-of-the-Year Cash On Hand	NA	\$ 2,116,446	\$ 2,618,990	\$ 2,824,647
End-of-the-Year Debt Owed	NA	\$ -	\$ -	\$ -
Net Present Value of Investment	NA	NA	NA	NA
<b><u>Calculations</u></b>				
Initial Production Rate/Day (IPR)	NA	500	150	105
Average Production/Day in the Year	NA	325	128	92
Barrels of Oil Produced in the Year	NA	118,625	46,538	33,534
<b><u>Income and Cash Flow Statement</u></b>				
Beginning of-the-Year Cash On Hand	NA	\$ 1,000,000	\$ 2,116,446	\$ 2,618,990
Revenue	NA	\$ 5,931,250	\$ 2,326,875	\$ 1,676,719
Out of Pocket Costs and Expenses	NA			
Oil Transport (\$12/barrel)	NA	1,423,500	558,450	402,413
Well Operations (\$3/barrel)	NA	355,875	139,613	100,603
General and Administrative	NA	\$ 200,000	\$ 200,000	\$ 200,000
Royalties to Land Owners	NA	\$ 540,930	\$ 212,211	\$ 152,917
Severance Taxes	NA	\$ 225,388	\$ 88,421	\$ 63,715
Interest on Junk Bonds	NA	\$ 500,000	\$ 500,000	\$ 500,000
Interest on New Debt	NA	\$ 40,000	\$ -	\$ -
Total Out of Pocket Costs and Expenses	NA	\$ 3,285,693	\$ 1,698,695	\$ 1,419,648
Income Before Taxes	NA	\$ 2,645,558	\$ 628,180	\$ 257,071
Income Tax Expense	NA	\$ 529,112	\$ 125,636	\$ 51,414
Net Income After Income Tax Expense	NA	\$ 2,116,446	\$ 502,544	\$ 205,657

<b><u>Fracking Oil Investment Decision</u></b>				
	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
Net Cash Position (NCP) Before Borrowing and Repayment of Debt	NA	\$ 3,116,446	\$ 2,618,990	\$ 2,824,647
Add: Increase in Borrowing	NA	\$ -	\$ -	\$ -
Less: Repayment of Debt	NA	\$ 1,000,000	\$ -	\$ -
End-of-the-Year Cash On Hand	\$ 1,000,000	\$ 2,116,446	\$ 2,618,990	\$ 2,824,647
<b><u>Debt Owed</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
Beginning-of-the-Year Debt Owed	NA	\$ 1,000,000	\$ -	\$ -
Add: Increase in Borrowing	NA	\$ -	\$ -	\$ -
Less: Repayment of Debt	NA	\$ 1,000,000	\$ -	\$ -
End-of-the-Year Debt Owed	\$ 1,000,000	\$ -	\$ -	\$ -
Net Present Value Data	\$ (5,000,000)	\$ 2,116,446	\$ 502,544	\$ 205,657
Net Present Value @ 15%	(\$2,681,381.17)	NA	NA	NA

<b><u>Fracking Oil Investment Decision</u></b>					
	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>
<b><u>Constants</u></b>					
Income Tax Rate	20%	20%	20%	20%	20%
Cash Needed to Start Year	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Decline Rate	0.25	0.20	0.20	0.20	0.15
Initial Production Rate (IPR)	NA	NA	NA	NA	NA
Interest on Junk Bonds	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
<b><u>Inputs</u></b>					
Price Per Barrel	NA	NA	NA	NA	NA
Interest Rate on New Debt	0.04	0.04	0.04	0.04	0.04
Requested Investment	NA	NA	NA	NA	NA
<b><u>Summary of Key Results</u></b>					
Net Income After Taxes	\$ 14,243	\$ (146,266)	\$ (257,013)	\$ (345,610)	\$ (408,613)
End-of-the-Year Cash On Hand	\$ 2,838,890	\$ 2,692,624	\$ 2,435,611	\$ 2,090,001	\$ 1,681,388
End-of-the-Year Debt Owed	\$ -	\$ -	\$ -	\$ -	\$ -
Net Present Value of Investment	NA	NA	NA	NA	(\$2,681,381)
<b><u>Calculations</u></b>					
Initial Production Rate/Day (IPR)	79	59	47	38	30
Average Production/Day in the Year	69	53	43	34	28
Barrels of Oil Produced in the Year	25,151	19,402	15,522	12,417	10,210
<b><u>Income and Cash Flow Statement</u></b>					
Beginning of-the-Year Cash On Hand	\$ 2,824,647	\$ 2,838,890	\$ 2,692,624	\$ 2,435,611	\$ 2,090,001
Revenue	\$ 1,257,539	\$ 970,102	\$ 776,081	\$ 620,865	\$ 510,489
Out of Pocket Costs and Expenses					
Oil Transport (\$12/barrel)	301,809	232,824	186,260	149,008	122,517
Well Operations (\$3/barrel)	75,452	58,206	46,565	37,252	30,629
General and Administrative	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Royalties to Land Owners	\$ 114,688	\$ 88,473	\$ 70,779	\$ 56,623	\$ 46,557
Severance Taxes	\$ 47,786	\$ 36,864	\$ 29,491	\$ 23,593	\$ 19,399
Interest on Junk Bonds	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
Interest on New Debt	\$ -	\$ -	\$ -	\$ -	\$ -
Total Out of Pocket Costs and Expenses	\$ 1,239,736	\$ 1,116,368	\$ 1,033,094	\$ 966,475	\$ 919,102
Income Before Taxes	\$ 17,803	\$ (146,266)	\$ (257,013)	\$ (345,610)	\$ (408,613)
Income Tax Expense	\$ 3,561	\$ -	\$ -	\$ -	\$ -
Net Income After Income Tax Expense	\$ 14,243	\$ (146,266)	\$ (257,013)	\$ (345,610)	\$ (408,613)

<u>Fracking Oil Investment Decision</u>					
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Net Cash Position (NCP) Before Borrowing and Repayment of Debt	\$ 2,838,890	\$ 2,692,624	\$ 2,435,611	\$ 2,090,001	\$ 1,681,388
Add: Increase in Borrowing	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Repayment of Debt	\$ -	\$ -	\$ -	\$ -	\$ -
End-of-the-Year Cash On Hand	<u>\$ 2,838,890</u>	<u>\$ 2,692,624</u>	<u>\$ 2,435,611</u>	<u>\$ 2,090,001</u>	<u>\$ 1,681,388</u>
<u>Debt Owed</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Beginning-of-the-Year Debt Owed	\$ -	\$ -	\$ -	\$ -	\$ -
Add: Increase in Borrowing	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Repayment of Debt	\$ -	\$ -	\$ -	\$ -	\$ -
End-of-the-Year Debt Owed	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Present Value Data	\$ 14,243	\$ (146,266)	\$ (257,013)	\$ (345,610)	\$ (408,613)
Net Present Value @ 15%	NA	NA	NA	NA	NA

Scenario Summary		HIS50	HIS70	HIS90	HIS110	YOURS50	YOURS70	YOURS90	YOURS110
Changing Cells:									
PRICE PER BARREL	\$B\$11	\$ 50	\$ 70	\$ 90	\$ 110	\$ 50	\$ 70	\$ 90	\$ 110
INVESTMENT	\$B\$13	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
INTEREST RATE - 2017	\$C\$12	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
INTEREST RATE - 2018	\$D\$12	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
INTEREST RATE - 2019	\$E\$12	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
INTEREST RATE - 2020	\$F\$12	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
INTEREST RATE - 2021	\$G\$12	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
INTEREST RATE - 2022	\$H\$12	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
INTEREST RATE - 2023	\$I\$12	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
INTEREST RATE - 2024	\$J\$12	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
Result Cells:									
NPV OF INVESTMENT	\$J\$19	(\$7,029,207)	(\$4,674,570)	(\$2,356,262)	(\$52,749)	(\$2,681,381)	(\$326,744)	\$1,991,564	\$4,295,078