

## **Lucky 2 Prospect Matagorda County, Texas**

Maverick E&P and Magnum Producing have joined forces to acquire approximately 206 acres of leases and 9 square miles of 3D seismic in central Matagorda County, Texas. The Lucky 2 Prospect is located just southwest of the town of Bay City and targets the non pressured Frio section. The prospect was identified via subsurface well control and the Bay City 3D dataset (Seitel) with the dataset containing several productive analogies. The initial test well will be drilled to 10,900 (non pipe) with estimated reserves of 5,150 MMcf and 150,000 Bbls.

The Lucky Field Complex is located in the prolific Frio trend of southeast Texas. The Lucky Field accumulations are located between two regional, down to the coast, faults. Traps are primarily formed by high side closures on down to the north smaller antithetic faults oriented roughly east west between the two larger faults. The section we are targeting is prospective from the top of the Frio at about 8000 ft down to pressure at about 11,000'.

The Lucky 2 Prospect is set up by the productive Pan Am – Huebner No.1 drilled in 1941. The Frio 8900 Sand in this well had about 4' of pay on water in 25' clean Frio sand. The log show was confirmed by perforations and flowed 76 BOPD and 25 BWPD and produced 17,851 Bbls. Seismic combined with subsurface well control indicates we can get 15-20' high on a 36 acre upthrown closure. The trapping fault is small but is confirmed by two fault cuts and is well imaged by the seismic deeper in the section where the throw is larger. Water drive is expected based on the oil water contact and good wet sands downdip. Remaining reserves for this interval are estimated to be 100,000 Bbls and 150 MMcf (approximately 325 Bbl/Ac-Ft).

Our second primary target is the 10900 Frio sand. Seismic indicates we can stack a good upthrown three way closure at this level. The closest penetration of this interval is in the Pan Am – Thompson No.4 which is located about 3200 ft to the northeast with an indicated thickness of 20'. Closest production is from the Texkan – Crooker No. 1 (roughly 8000' northeast). The areal extent of our closure is estimated to be 163 acres with calculated reserves of 5 Bcf and 50,000 Bbls.

Our proposed location will also target numerous secondary objectives. While there is good serendipity throughout the entire Frio section due to the stratigraphic nature of some of these sands and the well spaced sand and shale intervals, the most prospective would be the three sands immediately below our Frio 8900 target (which could trap by virtue of the same 8900 trapping fault) and the Frio 10500. The Frio 10500 produced 2.3 Bcf from the Pan Am Thompson 4 on a separate upthrown closure to our northeast and has a strong log show in the Humble – Huebner No.1 located 2500 west northwest of our location. This well is located within the potential areal extent of our closure at this level.

The initial test well will be a non pipe test to 10900 ft. Dryhole costs are estimated to be \$800,000 with completion costs of an additional \$500,000.

### **Trade Terms**

- \$300,000 for leasehold, seismic and prospect fee (Acquisition Cost)
- 72.0% NRI
- 25% Carry to Casing Point for first well.

Prospect is subject to prior sale and negotiation of a mutually acceptable Participation Agreement and JOA.

***If you are interested in this prospect please contact:***

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