

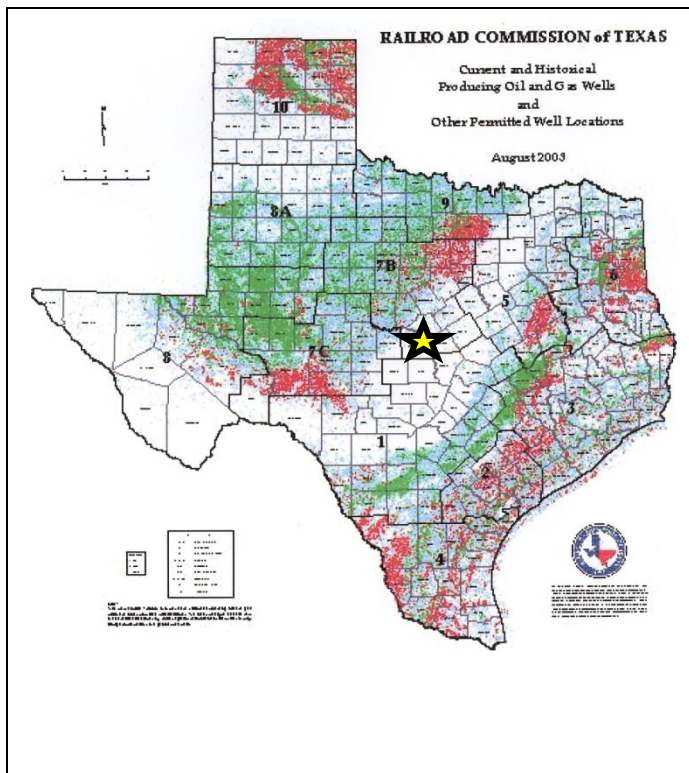


# CONFIDENTIAL



## Integrative Energy

### *Central Texas Exploration & Development*



## Cambrian Oil Project

May 31, 2010

### *United States:*

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**Advisory – Forward-Looking Information**

**NOTICE:** Some of the information in this communication may contain forward-looking statements relating to future events or future performance. Such statements include, in particular, statements about our plans, strategies and prospects. You can generally identify forward-looking statements by our use of forward-looking terminology such as “may”, “will”, “should”, “expect”, “project”, “plan”, “intend”, “anticipate”, “estimate”, “believe”, “continue”, or other similar words. These statements represent management’s expectations or beliefs concerning, among other things, future operating results and various components thereof affecting the economic performance of Integrative Energy. Although we believe that our plans, intentions and expectations reflected in such forward-looking statements are reasonable, you should not rely upon our forward-looking statements because the matters they describe are based upon management’s assumptions and are subject to known and unknown risks, uncertainties and other unpredictable factors, many of which are beyond our control, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These forward-looking statements are subject to various risks and uncertainties, including, but not limited to, those discussed in our Confidential Private Placement Memorandum (the “Memorandum”), that could cause our actual results to differ materially from those projected in any of the included forward-looking statement we make. We do not anticipate or undertake any obligation, except as required by applicable securities legislation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. This communication is neither an offer to sell nor a solicitation to buy securities. Any reference to an offering of securities is qualified in its entirety by the information contained in the Memorandum. An offer may be made only to accredited investors and/or otherwise qualified persons by delivery of an original numbered copy of the Memorandum, which contains more complete information including risk factors, by an authorized representative of Integrative Energy, or otherwise pursuant to applicable securities legislation.



## Cambrian Oil Project

*San Saba , Mills & Lampasas Counties, Central Texas*

**Objective:** Lion Mountain Sand (Cambrian).& Ellenburger Formations

**Reserves, Production, Economic Potential:** (Pay 100%, to earn 100% to PO. IE has 25% BIAPO. \$80 per Bbl Market Price):

Index	Description	Units	Min	Mid	Max	2 Wells
1	<b>Hydrocarbon Prospect Area</b>	(acres)	40	40	40	80
2	<b>Well Count</b>	(no.)	1	1	1	2
3	<b>Pay Thickness</b>	(feet)	20	25	50	25
4	<b>Reserves/Well</b>	(Barrels of Oil)	109,372	190,997	465,786	190,997
5	<b>Total Project Reserves</b>	(Barrels of Oil)	109,372	190,997	465,786	381,994
6	<b>Initial Production (IP)</b>	(BOPD)	75	125	300	200
7	<b>Total IP</b>	(BOPD)	75	125	300	400
8	<b>Capital Investment</b>	(\$ USD)	<b>\$645,000</b>	<b>\$645,000</b>	<b>\$645,000</b>	<b>\$1,190,000</b>
9	<b>Annual Cash Flow</b> (Before Tax-BT)	Year 1	\$436,965	\$1,077,800	\$2,869,800	\$2,265,200
		Year 2	\$736,727	\$1,251,878	\$2,562,278	\$2,512,755
		Year 3	\$566,727	\$968,544	\$1,990,656	\$1,946,089
		Year 4	\$434,127	\$747,545	\$1,544,792	\$1,504,089
		Year 5	\$330,699	\$575,165	\$1,197,018	\$1,159,330
10	<b>5 Yr Cum Cash Flow (BT)</b>	Total	\$2,505,244	\$4,620,931	\$10,164,544	\$9,387,463
11	<b>Return on Investment</b>	(ROI)	<b>5.04</b>	<b>9.62</b>	<b>21.41</b>	<b>10.65</b>

**Note:** Associated Natural Gas is not included in the economic runs for the Project

**Initial Well Production:** The initial test well is expected to IP at 125 barrels of oil per day (BOPD) and yield 190,000 Barrels of crude oil reserves over the life of the well in the Mid Case Scenario.

**Total Acreage:** Initial 650.2 acre mineral lease: Nov 17, 2011 expiry: IE will deliver an estimated 75% Net Revenue Interest. On success, Participants may elect to have an option to participate in the exploration & development of 11, 218 net mineral acres that comprise the remaining acreage in the IE Cambrian Oil Project.

**Proposal:** Phase 1: Initially drill in the 3rd Qtr 2010, a 4,200 foot depth well (or 100 feet into the granite) to test the Cambrian (Lion Mountain and Hickory Formations) at 3,600 to 3,900 feet in depth.

**Terms:** Participants will pay 100% to earn 100% of revenues to payout, and 75% of revenues or working interest after payout for the initial test well. Development wells will be straight up at 75% of Participants initial well working interest.

Index	Description	100% Basis
		(USD)
1.0	Geological & Geophysical	\$35,000
2.0	Land	\$65,000
3.0	Initial Well Drill Costs	\$300,000
4.0	<b>Dry Hole Costs</b>	<b>\$400,000</b>
5.0	Initial Completion & ETP	\$245,000
6.0	<b>Total Initial Well</b>	<b>\$645,000</b>

### Exploration Phase:

A minimum of one test well is required to test the Hickory formation with a dry hole cost of \$400,000 (100% Basis)

### Development Phase:

On success, one additional development well (40 acre spacing) may be required to exploit the potential reserves on the 650 acre block requiring an additional \$545 K in capital (100% Investor basis) within 6 months of Rig Release of the initial test well.



## Cambrian Oil Project

*San Saba, Lampasas & Mills Counties, Texas*

**Proposal:** Integrative Energy has invested in the technical evaluation (geology and LET) and land acquisition of the 11,868.5 acre Cambrian Oil Project (“COP”) in central Texas. One 650.2 acre lease is designated for the initial test well. Several options exist for Participants desiring involvement in the exploration and development of the COP.

**Land:** Integrative Energy has secured approximately 650.2 mineral acre lease in the Cambrian Oil Prospect with a Nov 17, 2011 expiry for the initial test well. IE will deliver an estimated 75% Net Revenue Lease to the Participant. *(Note: An option to acquire 500 acres of additional acreage to the south of the 650.2 acre parcel is currently being negotiated for the Cayce no. 2 Prospect).*

**Geology and Geophysics:** The Cambrian Oil Project was defined using traditional and Leading Edge Technologies. 60 miles of 2D seismic have been shot over the Project acreage.

The geological interpretation using well control, seismic and LET area and EMT vertical profiles indicates a structural trap (Figures 2,3,4) with an area of approximately 130 acres for the initial test well called IOC 2 Cayce Burnham.

The Edmondson well no. 1, (Figure 5) located just 7 miles west of the Cambrian Oil Prospect, yielded 33 degree API sweet crude and natural gas at depths of 3,200 feet in the Lion Mountain Sand in tests and evaluations conducted in October 2005. Oil shows were also found in Cayce well no. 1 in the Marble Falls formation (Figure 1), however the well was never tested. The initial test well in the COP, the IOC 2 Cayce Burnham, is up thrown from the IOC 1 Cayce which was drilled in August, 2009. Analog discoveries in Nolan County Texas, 80 miles west of this prospect, have found commercial oil in Cambrian Sands in structural traps at depths of 6,000 feet, oil quality ranging from 29 to 42 degree API, and initial production rates of up to 700 BOPD. These fields produced 150-250 barrels per acre-foot of reservoir. There are 3 fields that produced more than 6 million barrels of oil.

The area LET and vertical tools are perfectly correlated on the structure. The vertical LET tool (EMT) describes the Cambrian Lion Mountain Sand and the Lower Ellenberger formations as productive between 3000 and 3600 feet at the selected location. The EMT creates vertical profiles or “electronic wells” where depth, thickness, relative porosity and fluid content are discerned. This tool was developed using more than 10,000 wells where the telluric signatures for water filled and oil or gas filled reservoirs were identified in multiple regions and multiple depths. Specific electromagnetic hydrocarbon and water signatures acquired were categorized, electronically ‘fingerprinted’, and then used to classify porous formation signatures in exploration regions. On this initial location, there are strong “Signature Matches” for oil in the Lion Mountain and Lower Ellenberger formations. (Figure 4)

Please see the ‘Geological Discussion’ enclosed for a more detailed description of the Cambrian Oil Project Geology.

**Economics:** The Lion Mountain Sand, the primary target, is expected to have porosities in the 12-20 % range, and hydrocarbon pay zones in the 20 to 30 feet range. In addition, the Lower Ellenberger could be prospective with 20 feet or more in pay. Recovery sensitivities used in the economic runs were 150, 200, 250 bbs/acre-ft in the min, mid and max economic case scenarios, respectively. In the economic models, a mid case 125 BOPD initial production rate from both reservoirs collectively will recover 190,000 barrels of crude oil over the 20 year economic life of the initial test well. This will yield 10 times Return on Investment (ROI). It is felt that two wells would be required to exploit and develop the estimated 65 acre sized prospect on IE lands.

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**Further Information:** Please Contact Rick Hatala (403) 651-8351 or Dan Ziegler (281) 825-6924 for further Information on the Cambrian Oil Project.

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## **Cambrian Oil Prospect Description.**

This prospect was developed after the drilling of the IOC 1 Cayce well in August, 2009 – a dry hole. In order to evaluate these results and our leasehold, additional ElectroMagnetoTelluric (EMT) vertical profiles were collected and interpreted to investigate why the Cayce 1 well had failed. The EMT profiles show that the Cayce 1 well was drilled downthrown to the fault block to the north – ironically the original location of the Cayce 1 which was moved south 235 feet to avoid drilling on a county road. Seismic Line 1 was reinterpreted and confirmed the existence of a pop-up block within a complex wrench fault system. (Figure 2). Interestingly, the seismic image indicates that the west fault goes blind within the Ellenburger. This style of interpretation is reflective of the known transtensional stress that the area was exposed to in Ouachita Orogeny of Mississippian and Pennsylvanian time. The integration of the well data, seismic data and EMT data unified the interpretation into that the downthrown block was wet and the upthrown block that was still potentially productive. We then decided to add another LET technology – the VBX area tool which detects areas of hydrocarbon production though does not indicate depth. The VBX area tool has proven to be accurate over many fields in West Texas, other parts of the country and internationally. It should be noted that this survey was collected with the operator blind to any information regarding other datasets. The productive areas are indicated by thick green lines whereas non-productive areas are indicated by light blue lines. The VBX results perfectly correlated with the EMT data identifying both the upthrown productive fault block and the downthrown wet fault block. The southern east-west traverse defines the southern boundary of potentially productive area. It is unknown how much further south the productive area goes. Additionally, the VBX has produced an additional lead on the downthrown fault block near seismic line 1. The Lion Mountain horizon has a small structure at this location.

By integrating all 4 datasets, the potentially productive upthrown fault block emerges with at least 130 acres. The EMT data indicates that the most consistent potential reservoir is the Lion Mountain Sand. This sand was wet and salty at the IE 1 Cayce well. The EMT tool is driven by resistivity contrasts. This particular EMT tool has used all of its 10,000 or more profiles across the country to solve for specific frequency fingerprints or “DNAs” for oil, gas and salt water and their admixtures. When there is an excellent correlation of field signal to in-house DNA for a particular fluid, a “Signature Match” is declared. A Signature Match was declared in the Lion Mountain Sand on the upthrown block as an “Oil Productive” reservoir. Since there are a few of these, the probability for success is increased as is our comfort level. This tool recently predicted 11 of 13 commercial wells in Oklahoma. Additionally, the Lower Ellenburger has indications of hydrocarbons in place, There is no Signature Match but rather like a show of oil mixed with water. Our expectation is that the Lion Mountain is productive and the Ellenburger may offer a show or may be productive.

EMT data are commonly used to define structure at multiple levels. Once calibrated to a well, the accuracy of EMT formation tops is usually within 10 feet, which, for most purposes in exploration, is good enough. In many cases, this is much better than seismic depth accuracy. Both the Lower Ellenburger porosity zone and the Lion Mountain Sand zones have been interpreted with the EMT data. The top of the Lion Mountain Sand is the horizon used to map structure. The Lion Mountain Structure map shows a 4-way closure with the south portion controlled by the VBX area tool line that is interpreted to continue the hydrocarbon fill from the north EMT points. The structure may actually go further south which would expand the reserves considerably.

The EMT data on the structure map is coded by the large filled circles at each location. Each color indicates the fluids in each reservoir as interpreted by the EMT data with the Ellenburger on top and the Lion Mountain on the bottom. Note that the downthrown EMT data indicates that all points are wet in both formations confirmed by the Cayce 1 well being wet in both formations. On the upthrown structure, all points are either productive (green) or have a mix of hydrocarbons and water (tan). The proposed location is spotted in the south where both formations are interpreted to be productive by the EMT and the VBX.

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We realize that the technologies being used are non-traditional and less common than seismic exploration methods. However, with EXXON's use of their R3M active electromagnetic technologies offshore and other recent discoveries using passive EMT technologies, the industry is crossing over to using complementary electrical exploration tools to reduce the exploration risk.

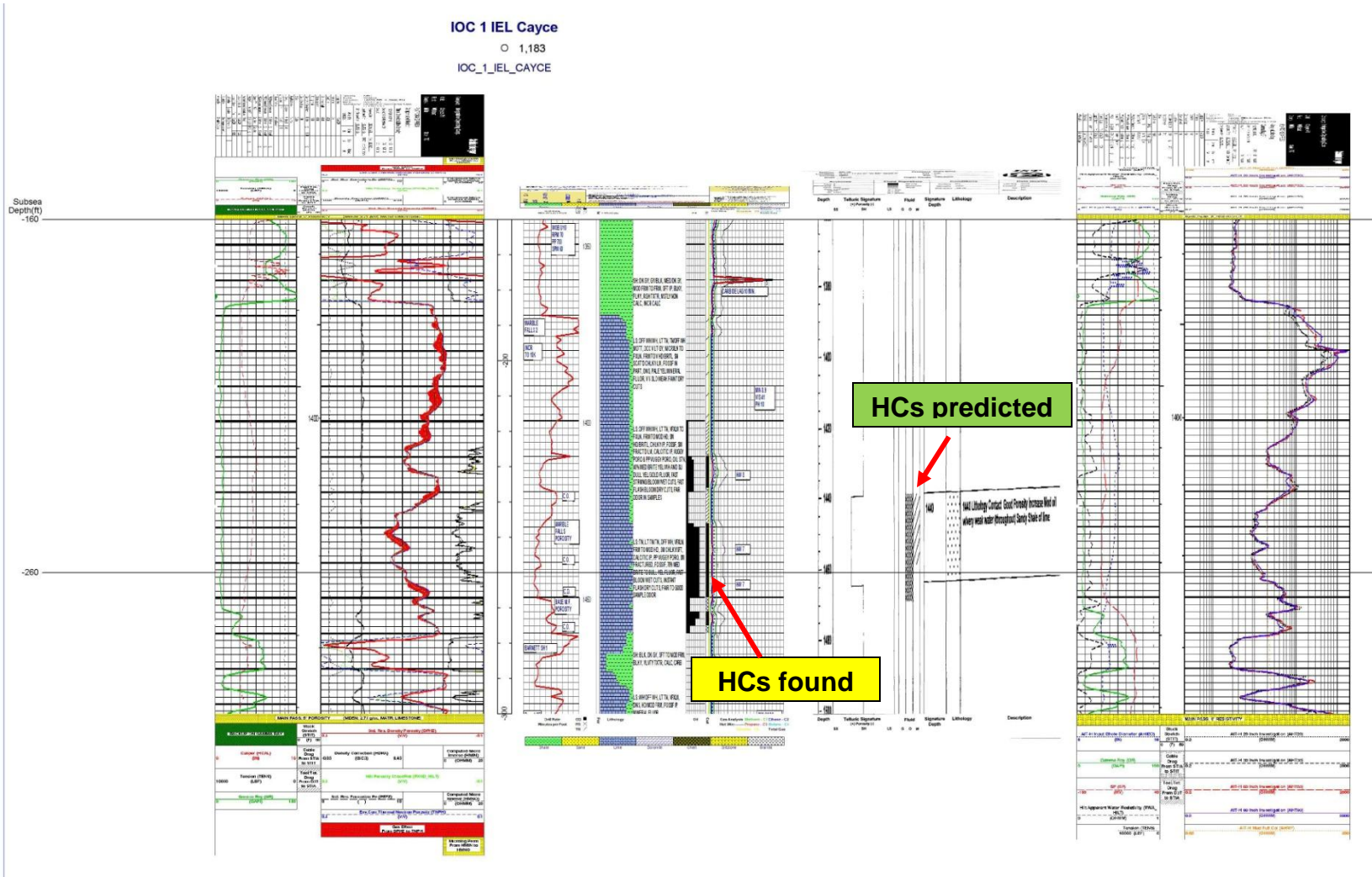
**Reserves:** The Cambrian production inn Nolan County to the west produced 150-250 bbls/acre-ft of reservoir. Given 20 feet of pay and 130 acres, this structure as mapped should produce 400-650,000 barrels from the Lion Mountain sand alone. The Ellenberger may produce just as much making the potential for this prospect in excess of 1,000,000 barrels. For the first well, given 40 acre drainage, 20 feet of pay and 150-250 bbls/ac-ft, we expect to produce 120,000 to 200,000 barrels of oil. Economic analysis indicates somewhere between 5 to 20:1 ROI.





Figure 1

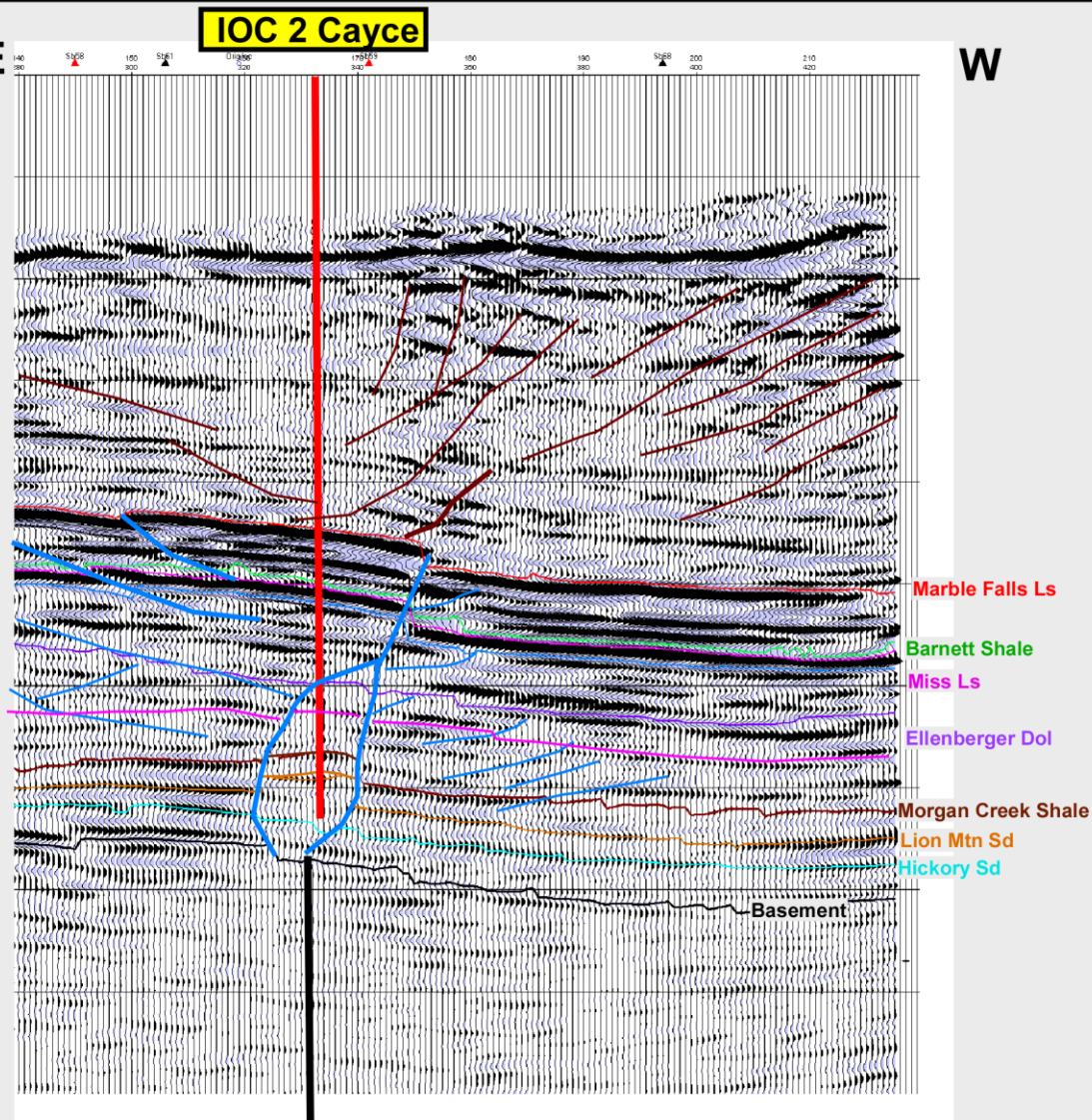
## IOC 1 Cayce well showing correlation of mudlog, vertical EMT, and electrical logs as a basis for predicting the presence of hydrocarbons



This is an example of the predictive power of the EMT technology where the formation depth, reservoir thickness, relative porosity and fluids are predicted before the drilling of the well. The EMT predicted a mix of fluids at the well – oil + water. We found oil in place but not producible because of low permeability and low reservoir pressure. Inherently this means a high water saturation. Thus the prediction was correct.

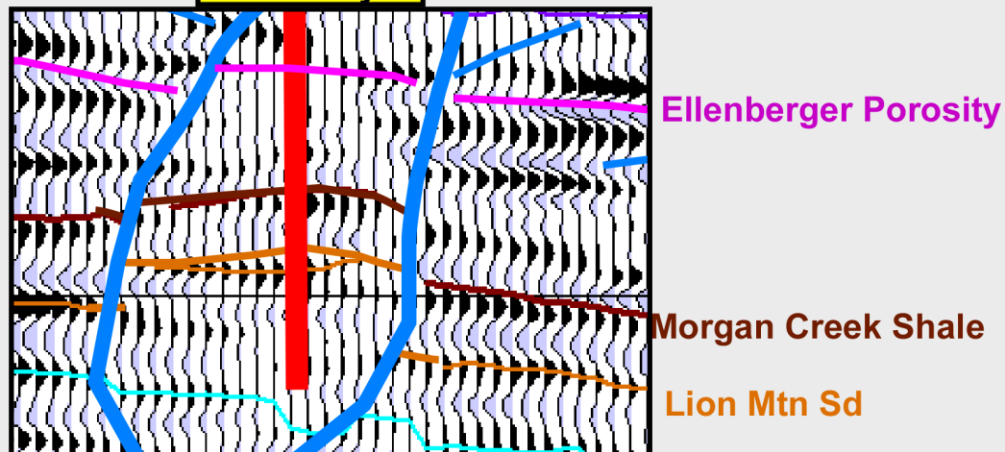


Figure 2



The fault block is part of a large wrench fault complex or flower structure. The wrenching caused this block to warp into an arching form below the top of the Ellenberger. The Ellenberger porosity zone is in pink. The Lion Mtn Sand is in tan.

IOC 2 Cayce







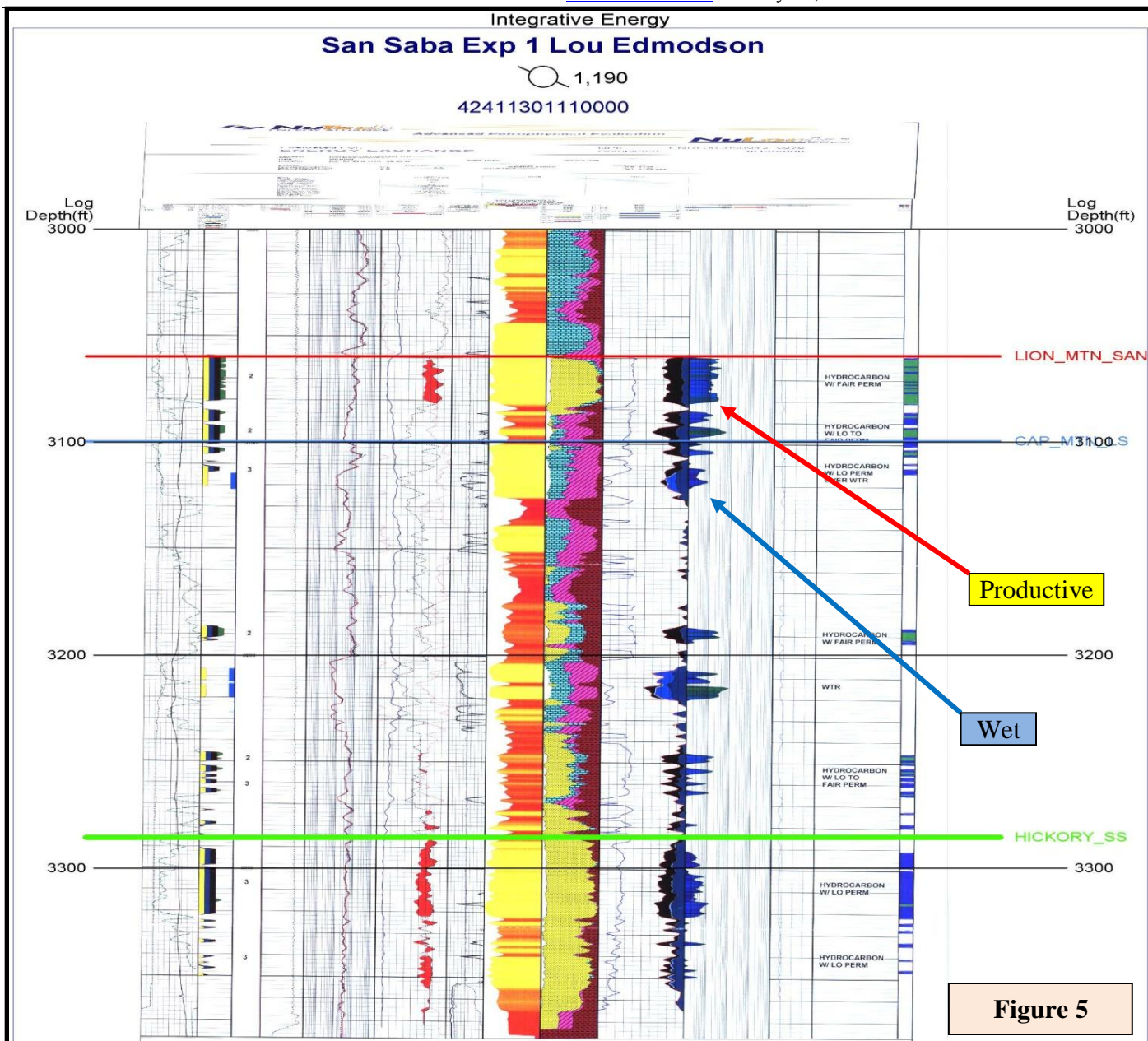


May 31, 2010

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Lou Edmonson “water” well log with oil and gas shows. (Oct 2005)

Private & Confidential [www.ielusa.com](http://www.ielusa.com) May 31, 2010

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**Integrative Operating Corporation**

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**AUTHORITY FOR EXPENDITURE - COST ESTIMATE**

<b>COMPANY</b>	<u>Integrative Energy</u>	<b>LEASE</b>	<u>Cayce #2</u>
<b>AFE DESCRIPTION</b>	<u>Cambrian Oil Project</u>	<b>FIELD</b>	<u>Wildcat</u>
<b>LOCATION</b>	<u>10 Mi NE San Saba</u>	<b>DEPTH</b>	<u>4,200'</u>
<b>COUNTY</b>	<u>San Saba</u>	<b>STATE</b>	<u>Texas</u>

IT IS RECOGNIZED THAT THE AMOUNTS PROVIDED FOR HEREIN ARE ESTIMATES ONLY, AND APPROVAL OF THIS AUTHORIZATION SHALL EXTEND TO THE ACTUAL COSTS INCURRED IN CONDUCTING THE OPERATION SPECIFIED, WHETHER MORE OR LESS THAN HEREIN SET OUT.

CODE	DRILLING - INTANGIBLE COSTS	DRY HOLE COSTS	COMPLETION COSTS	TOTAL
	Roads, Location, Survey, Damages & Clean-Up	20000	10000	30000
	Contractor's footage 4200' @ \$21 per foot	88200		88200
	Drilling Rig dayrate @ \$350 per hour	21000		21000
	Completion, Workover & Swabbing Units		20000	20000
	Cement & Cementing Services (P & A if necc.)	32000		32000
	Non-Salvageable Equipment, Float, Shoe, Centralizers	6000		6000
	Electric Logging (Open Hole)	10000		10000
	Drill Stem Test (2)			0
	Directional Drilling & Surveys			0
	Fishing Tools & Services			0
	Drilling Mud	12000		12000
	Water & Fuel	16000	5000	21000
	Equipment Rentals	5000	2000	7000
	Title Opinion/Division orders	10000	2500	12500
	Trucking & Hauling		1500	1500
	Casing Crews, Tongs & Handling Tools	5000		5000
	BHP, GOT, Potential Tests			0
	Perforating, Radioactive Logging (Cased Hole)		15000	15000
	Acidizing, Fracturing, Stimulants & Inhibitors		70000	70000
	Inspection, Testing, Misc., Labor, etc.			0
	Supervision	11000	11000	22000
	Operating Overhead	3000	3000	6000
	Contingencies 10 %	24000	15000	39000
	Insurance		500	500
	<b>TOTAL DRILLING - INTANGIBLE COSTS</b>	<b>263200</b>	<b>155500</b>	<b>418700</b>
	<b>DRILLING WELL EQUIPMENT</b>			
	Casing 8 5/8" 24# J-55 500' @ \$17.10'	8600		8600
	Casing 5 1/2" 15.5# J-55 4200' @ \$9'	37800		37800
	Tubing 2 3/8" J-55 4.7# 8 rd 4200' @ \$4'		16800	16800
	Packer and completions tools		6500	6500
	Christmas Tree & Wellhead Equipment	3500	5500	9000
	<b>TOTAL DRILLING - WELL EQUIPMENT</b>	<b>49900</b>	<b>28800</b>	<b>78700</b>
	<b>TOTAL DRILLING COSTS</b>			<b>497400</b>
	Production Tanks, Separators, surface equipment		36000	36000
	Sales Meter & Tap			0
	Flow Line			0
	Permanent Improvements, Gates, Roads, Fences, etc.		5000	5000
	Lease Equipment, Installation Costs		20000	20000
	<b>TOTAL LEASE EQUIPMENT</b>		<b>61000</b>	<b>61000</b>
	<b>TOTAL DIRECT COST IF DRY HOLE</b>	<b>313100</b>		
	<b>ADDITIONAL COST FOR COMPLETION</b>		<b>245300</b>	
	<b>TOTAL DIRECT COST FOR COMPLETED WELL</b>			<b>558400</b>

Prepared by Paul Mueller Date 5.8.10 AFE No. Cayce #2

Company/Individual \_\_\_\_\_ Working Interest \_\_\_\_\_

Share of Estimated Costs: Drilling Cost \$ \$0.00

Approved by \_\_\_\_\_ Date \_\_\_\_\_