

# **MAGNUM PRODUCING, LP**

## **N. Port Neches Prospect**

### **Orange County, Texas**

#### **Overview**

The N. Port Neches prospect targets a geopressured Hackberry sand 3D survey amplitude anomaly located in a graben complex on the west flank of the Port Neches salt dome approximately 9 miles southeast of Beaumont in SE Texas. The Hackberry sand interval is a major and prolific producer on the north and west flanks of this salt dome having produced in excess of 600 Bcf and 10 MMBbl. Individual wells may exhibit over 200' of net pay and some wells have produced over 30 Bcf & 450 MBbl.

The targeted amplitude anomaly is interpreted to be isolated by faulting and stratigraphy from surrounding producers and has an estimated **reserve potential of 13 BCF & 290 MBbl**. Seven (7) offsetting wells with similarly geopressured Hackberry sands have produced over 50 Bcf & 1 MMBbl, exhibiting strong to moderate water drive behavior prior to abandonment in the 1960's. These "watered out" wells lack any amplitude anomaly on the 3D survey, while the proposed test well location has an amplitude anomaly similar to two (2) known successful post 3D wells drilled in the northern part of the field. In addition to being clearly fault separated from offsetting wells, the proposed test is clearly updip to the former producers. Due to proximity to the edge of the 3D survey, the amplitude anomaly dims downdip as data fold decreases, therefore the smaller areal extent of the amplitude (40 Acres) is not believed to be indicative of the total productive reservoir area. This assumption is further evidenced by the known gas column exhibited in the offsetting fault blocks.

Magnum has acquired a 143 gross acre leasehold covering up the amplitude anomaly. Due to nearby wetlands and surface access constraints, a deviated well requiring an 1800' kick from a surface site located on an abandoned well pad is planned. The estimated dry hole cost for a test well to 9000' MD is \$1,700,000 with completion costs of \$500,000.

#### **Trade Terms**

Magnum is offering this prospect on the following terms:

- \$300,000 Prospect Fee (includes G&G, brokerage & leasehold)
- 75.0% NRI Delivered
- 25% carry on all costs prior to casing point including prospect fee

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

*Please contact the following individuals for more information on this prospect:*

<i>Warren Shetrone</i>	<i>713-462-2388, ext. 102</i>	<i><a href="mailto:wshetrone@magnumproducing.com">wshetrone@magnumproducing.com</a></i>
<i>Avinash Ahuja</i>	<i>361-882-3858, ext. 105</i>	<i><a href="mailto:avinash@magnumproducing.com">avinash@magnumproducing.com</a></i>