



## Denton County BLM

Denton County, Texas

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<b>Asset Type:</b>	Producing Over Riding Royalty Interest
<b>Location</b>	Denton County, TX
<b>Operator:</b>	XTO Energy (Exxon)
<b>Acreage Exposure:</b>	12.5% Overriding Royalty Interest
<b>Well Count:</b>	3 Proved Developed Producing Wells (PDP)
<b>Current Production:</b>	211,618 MCF per month —Dec 2015
<b>Potential Upside:</b>	3 Proved Undrilled Locations (PUD's), 9 PUD's assuming 57.5 acre spacing — Barnett E Zone, 4-5 Potential Locations — Barnett A-D Zones
<b>Estimated Gross Reserves:</b>	30 to 58 BCF—Barnett E Zone
<b>Current Monthly Revenue:</b>	Average Monthly Revenues Since Initial Production Attributed to Interest \$18,900 (January 2016 revenue \$23,000)
<b>Estimated Economic Life:</b>	50 Years  Subject to Prior Sale.

For Project Details contact:

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### PROJECT OVERVIEW

Denton County BLM gas royalty with estimated 50-year economic life. Currently paying an average of \$18,900 per month with considerable development potential for future revenue growth.

### PROSPECT SUMMARIES

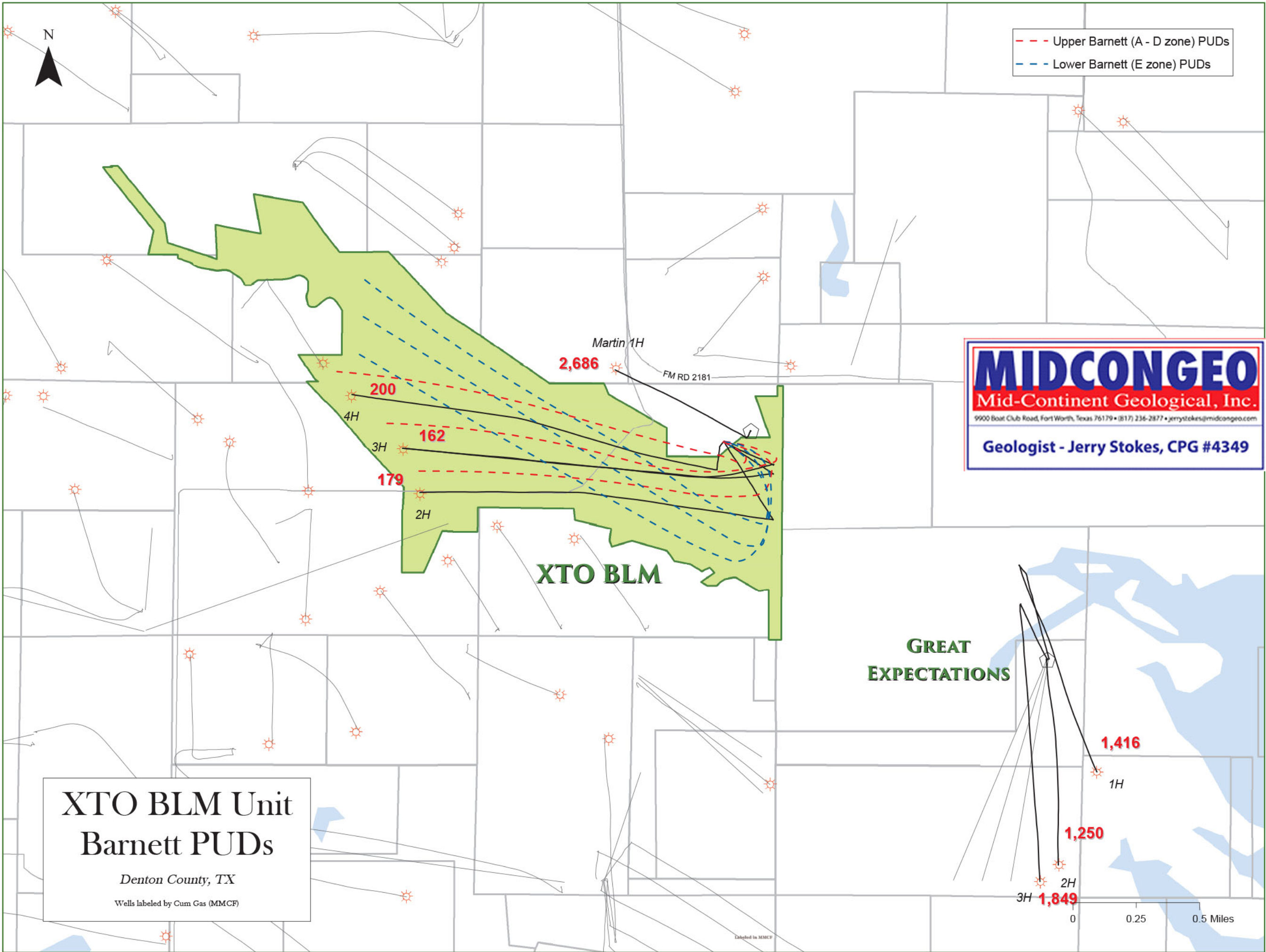
The BLM Denton Royalty Property consists of 12.5% Overriding Royalty Interest (ORRI) 0.125 Revenue Interest (RI) held by production (HBP) in a contiguous 688.760 acre BLM Lease operated by XTO (Exxon) located in South Central Denton County, Texas with three (3) proven, developed, producing (PDPs) horizontal wells drilled in 2013, completed in second half of 2015 producing from the Lower Barnett Shale E Zone with three (3) additional E Zone proven, undrilled (PUDs) well locations for future revenue growth.

The E Zone horizontal wells each have an estimated economic life of 50 years, with 47% of the reserves produced in the first 10 years and 66% of the reserves produced in the first 20 years.

The BLM Lease is located in one of the more prolific producing areas of the Barnett Shale, South Central Denton County, with estimated ultimate recoverable reserves (EURs) from the properties three (3) wells and other wells offsetting the BLM Lease ranging from 5.341 billion cubic feet (BCF) per well up to 10 BCF per well. That's an estimated 32 to 60 billion cubic feet of gas from the E Zone ultimately recoverable from this property.

In addition to the three (3) additional proven well locations in the E Zone there are an additional 4-5 proven horizontal well locations in the Lower Barnett Shale A - D Zones for further future revenue growth. Revenues attributable to the 0.125 revenue interest being offered have averaged \$18,900/month with considerable development potential. As stated above the estimated economic life of these wells is 50 years, with 66% of the reserves being produced in the first 20 years.

This property is low risk, being located in a sweet spot of the prolific Barnett Shale, one of the largest gas reserves in the world, the production history of the current producing three (3) wells within the property and from the wells surrounding the property support the estimated ultimate recoverable reserves. Improvements in drilling and completion technology assure better and better initial production rates and larger EURs from future wells, the potential for down spacing to 57.5 acres could double the number of proven well locations as gas prices increase with time, current low gas prices leave little room to fall further and plenty of room for upward movement over time give this property a lot of potential for future revenue and value growth.



- - - Upper Barnett (A - D zone) PUDs  
 - - - Lower Barnett (E zone) PUDs

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**XTO BLM Unit  
 Barnett PUDs**  
*Denton County, TX*  
Wells labeled by Cum Gas (MMCF)

**XTO BLM**

**GREAT  
 EXPECTATIONS**

Martin 1H  
**2,686**

**200**

4H

**162**

3H

**179**

2H

**1,416**

1H

**1,250**

3H

**1,849**

2H

0 0.25 0.5 Miles

Labeled by MMCF