

# Bayou Carencro - FAB #2 (Rework)

Located in Lafayette, Louisiana

1 Oil Producing Well



*A Project by 3XG ENTERPRISES LLC*



## **DISCLAIMER**

The data contained in this document **IS NOT A GUARANTEE OF RESULTS**. The content is intended to be and must be used for informational purposes only. It is very important to do your own analysis before making any investment based on your own personal circumstances. You should only take financial advice from a professional or either independently research and verify any information that you find in this document, whether for the purpose of making an investment decision or otherwise.

*-3XG ENTERPRISES LLC*

# PROJECT INFORMATION

Operator/Administrator: Shelf Energy LLC / 3XG Enterprises LLC

Well Type: One (1) oil well (FAB #2) that is currently producing but requires rework

Estimated Lifespan: 5+ years

**Price \$1,900.00 USD per 1% Working Interest (WI)/.07% Net Revenue Interest (NRI)**

Working Interest Available for Sale by 3XG: 18.0% (of total 70.0% allocated for investors)

Current Projected Price/Barrel (bbl) \$65.00

## Economics/Net Cash Flow after Lease Operating Expenses (LOE's) and Royalty

*After workover (included), all is based on 100% Working Interest:*

12 months \$107,595.00

36 months \$280,318.00

60 months \$412,450.00

## Formula for calculating monthly returns after rework\* (per NRI percentage point)

$12 \text{ (bbl)/day} \times 30 \text{ days} \times \$65/\text{bbl} = \$23,400 \times 70\% \text{ NRI} = \$16,380 - \$6,800 \text{ LOE} = \$9,580 / 70 \text{ NRI pts} = \$136.86/\text{point/month}$

## Projected Monthly Allotments (after well rework is complete):

1% points = \$136.86 per month or \$1,642.32 per year

2% points = \$273.72 per month or \$3,284.64 per year

5% points = \$684.20 per month or \$8,211.60 per year

## IMPORTANT

\*Well rework is projected to take from 2-3 months from the date the project starts. Effects of the improvements to the well are projected to last 2-4 years before dissipation begins to gradually decrease production.

# Bayou Carencro (Map)

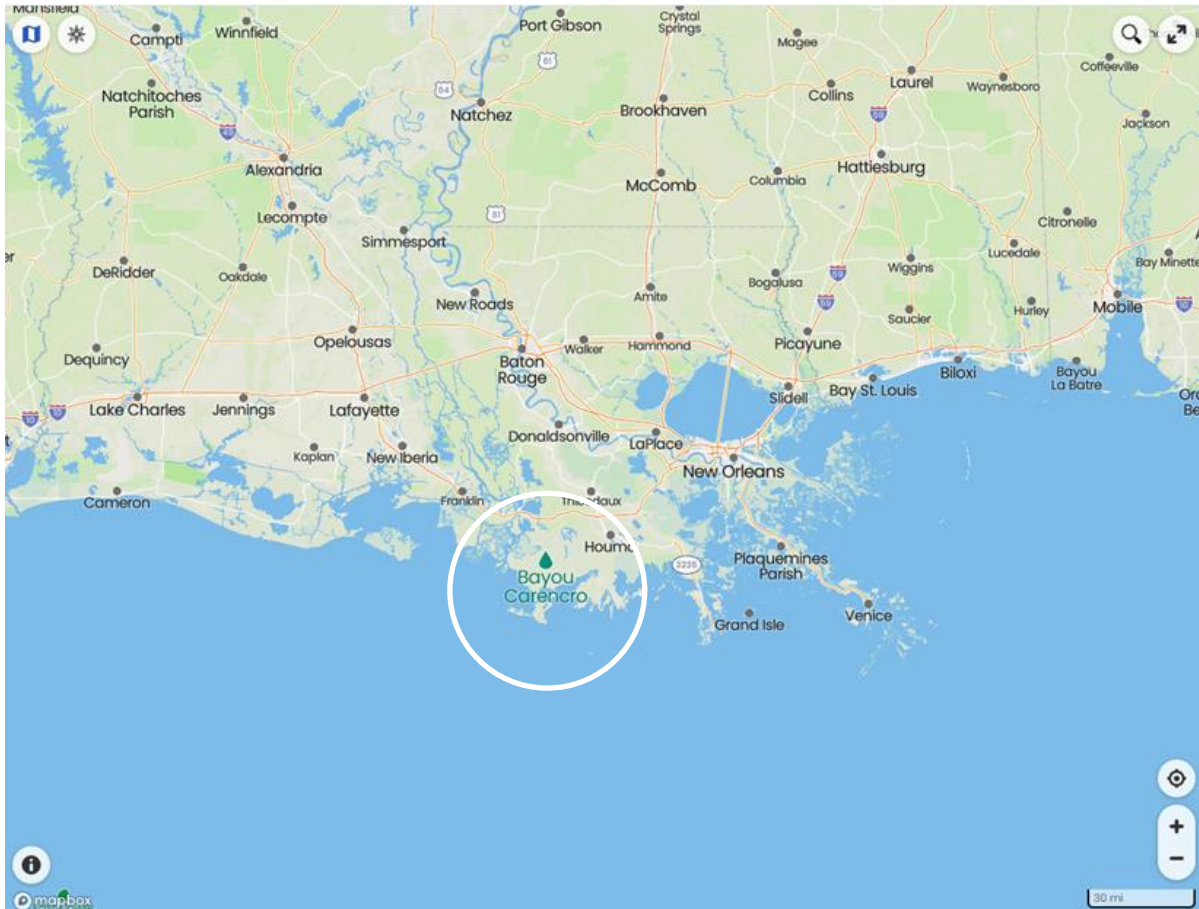


Image provided by MapCarta.com

# PROJECT STRATEGY

*(Notes from Well Operator on 5/26/2021)*

Field:	North Cankton	Co/Parish:	Lafayette
		State	LA
Present Status:			
Purchase Production and Workover to return well to production.			
Objective:			
Purchase 4 Well Property. 2 active wells: FAB#2 Oil & FAB#1 SWD. 2 shut-in wells with future utility: FAB#1 parted casing with a sidetrack opportunity and WBB #1 (10,000' well) with future utility as a SWD well alternate.			
Completion Procedure:			
<div><div>1</div><div>2</div><div>3</div><div>4</div></div> <div>MI workover rig. Pull rods and tubing and replace bad joint(s) of pipe or replace tubing string if tubing in bad shape. Run tubing, new downhole pump, and rods in well. Return to estimated production of 12-15 barrels of oil per day (bod)</div>			

# GENERAL INFORMATION & TERMINOLOGY

Following, we briefly describe important factors that have or may have an impact on an investment in Working Interest in industry terms.

## **Production Taxes**

Production taxes, also known as severance taxes, is a production tax paid to the State of Texas and must not be confused with income taxes described in detail in the next section. Production taxes are paid monthly and represent 4.6% of oil and gas for 7.5% of the monthly gross revenues.

## **Income Taxes**

All working interest owners, regardless of their nationality, are obligated to deliver a US-American income tax return.

## **Oil & Gas Price**

The most important factor in Working Interest investments is the future price of oil and gas development. After the first oil crisis in the early 1930's, a new era began for oil prices. Up to the present day, oil prices have been exposed to large price fluctuations. In the last 10 years, there were prices of almost \$140.00 per barrel in June 2008, due to growing demand from fast-growing economies in China and India, to under \$10.00 per barrel. In the context of the Asian economic collapse in 1997/98, due to the international economic crisis, oil prices were about \$40.00 per barrel. Oil prices are currently at \$55/bbl. Future price trends cannot be determined.

All the experts agree that oil is not an ever-present resource and that over the next 10 to 20 years should result in steadily increasing prices, unless, in the interim period, a raw material will be discovered that can replace oil. However, it is unlikely that this will happen in the foreseeable future, since oil is a versatile raw material used either directly or indirectly in all products we come in contact with in our daily lives.

## **Lease Operating Expenses (LOE)**

LOE's running costs are the monthly costs that would be required to be able to produce the oil and/or gas retrieved from the wells.

LOE's is a Variable Cost

Some of the monthly LOE's paid each month can include administration of the operator, the payment of the pumper, i.e., the person that is keeping a watch over the wells, compulsory insurance and electricity consumption. Other LOE's, which do not occur every month, are chemicals, mechanical damage, etc.

3XG Enterprises LLC uses operator provided figures in its calculations. The operator's figures are based on his experience in the area, meaning that LOE's can be greater than or less than budgeted.

**Royalty**

Royalty is the Charter paid to the landowner, the parcel, where the well is located, not belonging to the owner of the Working Interest, but is leased according to the principle of “Held by Production”, that as long as there is production or work being done on the well, you have the rights to the minerals in the ground. Royalty payable to the landowner is 12.5% - 30.0%.

**Important information:**

Loss of whole / part of the investment amount may occur. All calculations/economics in this prospect is based on information from TEXAS SHALLOW OIL & GAS, LLC. These are estimates and may vary in both positive and negative ways.

# Contact Us:



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