

LOGAN PROJECT #1 (Rework)

Located in Young County, Texas

1 Oil Producing Well, 1 Injection Well & 1 Water Supply 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: Texas Shallow Oil & Gas / 3XG Enterprises LLC

Well Type: One (1) oil well (Well #9) that is ready to turn on production and one (1) injection well (Well #7)

Estimated Lifespan: 10+ years

Price \$3,000.00 USD per 1% N.R.I. (1.538% Working Interest)

N.R.I. for Sale: 45.0% (sold upfront out of 65.0%)

Current Price/Barrel \$55.00

Economics/Net Cash Flow after LOE's and Royalty

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

12 months \$47,400.00

36 months \$142,200.00

60 months \$237,000.00

120 months \$474,000.00

After the establishment of water flood well (which is included in this investment):*

12 months \$316,800.00

36 months \$950,400.00

60 months \$1,584,000.00

120 months \$3,168,000.00

Formula for calculating monthly returns after waterflood* (per 1% N.R.I.)

$16 \text{ bbl/day} \times 30 \text{ days} \times \$55/\text{bbl} = \$26,400 \times 65 \% = \$17,160 - \$1,000 \text{ LOE} = \$16,160 / 65 \text{ pts} =$

$\$17,160 - \$1,000 \text{ LOE} = \$16,160 / 65 \text{ pts} = \$248.62/\text{point}/\text{month}$

Projected Monthly Allotments (after waterflood is complete):

1% points = \$248.62 per month or \$2,983.44 per year

2% points = \$497.24 per month or \$5,966.88 per year

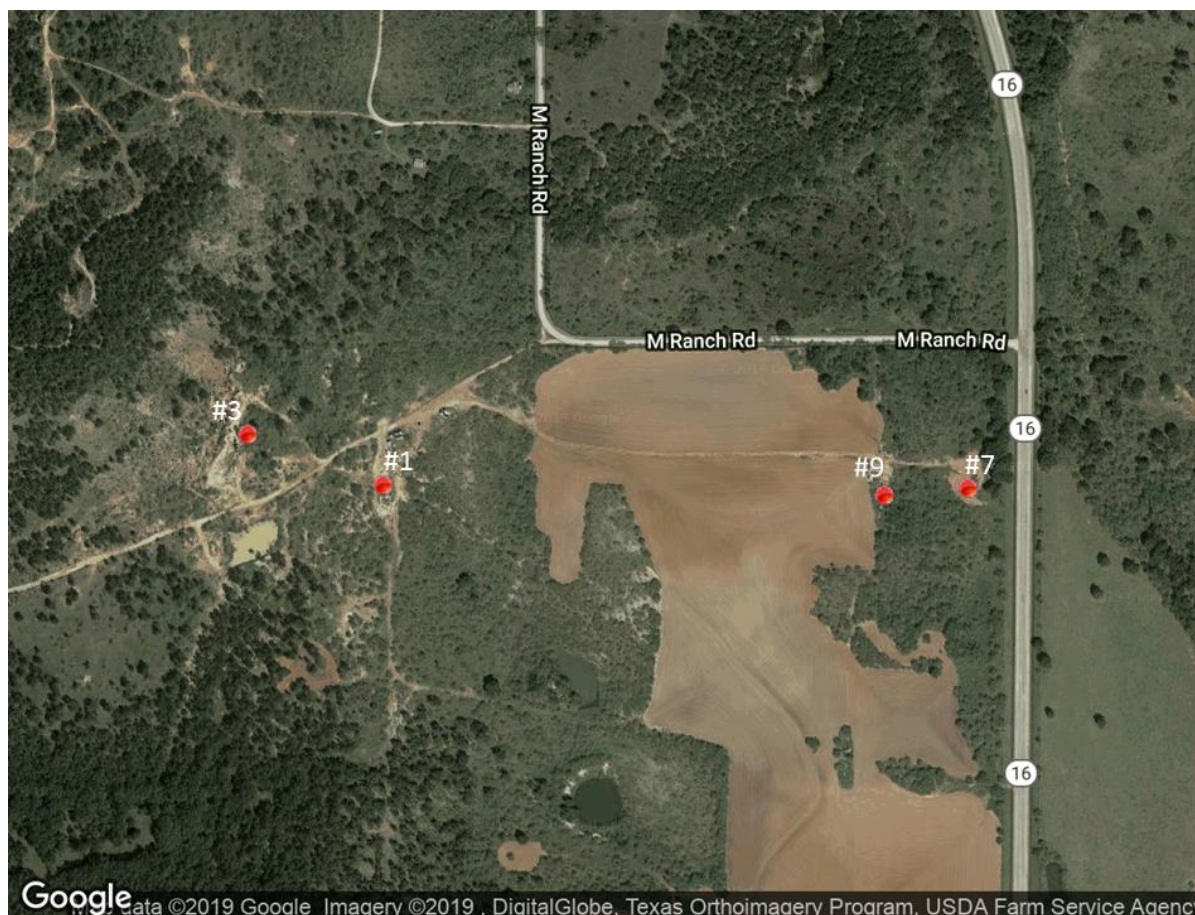
5% points = \$1,243.10 per month or \$14,917.20 per year

10% points = \$2,486.20 per month or \$29,834.40 per year

IMPORTANT

*Waterflood process takes from 6-8 months once injection wells have been completed. Effects of waterflooding are projected to last 2-4 years before dissipation begins to gradually decrease production.

LOGAN LEASE #33074 (160 acres)



Wells Located on Logan, C. O.

API Number	Well Name	Well Type	Completion Date
42-503-81702	LOGAN C. O. 1	Oil	
42-503-85069	LOGAN C. O. 10	Oil	
42-503-05518	LOGAN C. O. 14	Oil	
42-503-03373	LOGAN C. O. 15	Oil	
42-503-03374	LOGAN C. O. 16	Oil	1982-01-18
42-503-03375	LOGAN C. O. 17	Oil	1982-01-18
42-503-03377	LOGAN C. O. 19	Oil	
42-503-06926	LOGAN C. O. 2	Oil	
42-503-03378	LOGAN C. O. 20	Oil	
42-503-20238	LOGAN C. O. 22	Oil	
42-503-06927	LOGAN C. O. 3	Oil	1982-01-12
42-503-06928	LOGAN C. O. 4	Oil	1982-01-18
42-503-03366	LOGAN C. O. 5	Oil	1961-02-01
42-503-03369	LOGAN C. O. 7	Oil	
42-503-81709	LOGAN C. O. 8	Oil	1982-01-15
42-503-03370	LOGAN, C.O. 9	Oil	2014-11-13

Data provided by Texas-Drilling.com

PROJECT STRATEGY

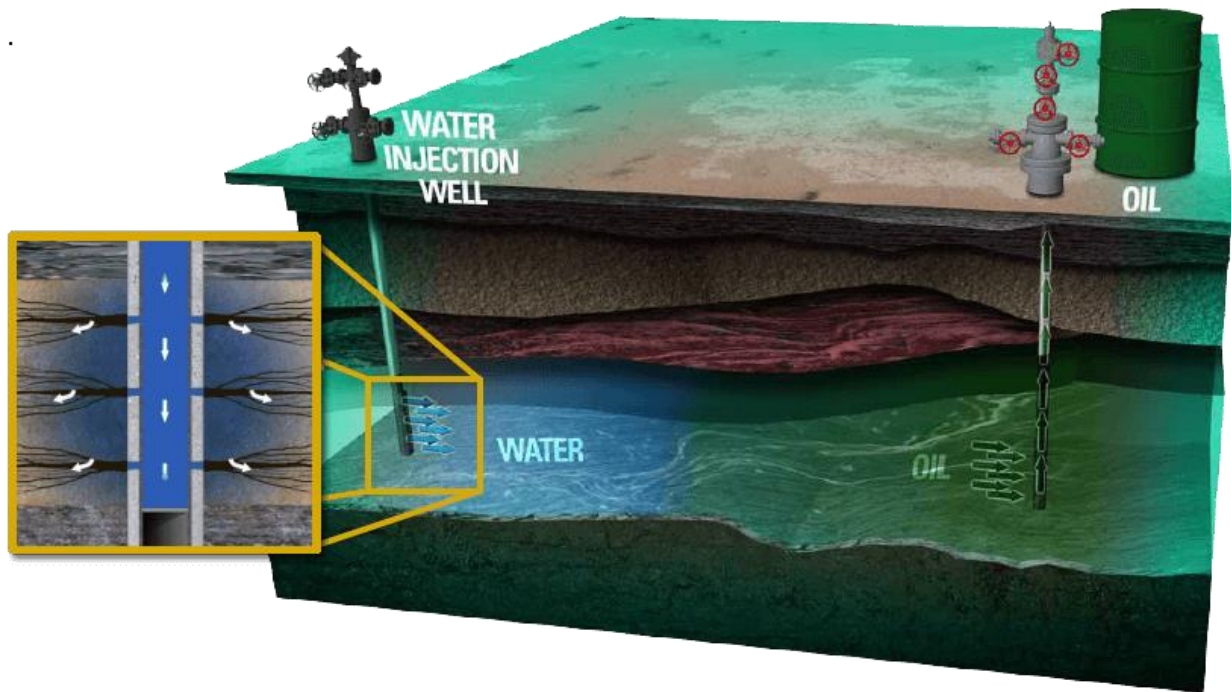


Diagram: Waterflooding using injection well

Waterflooding is the use of water injection to increase the production from oil reservoirs. Use of water to increase oil production is known as "secondary recovery" and typically follows "primary production," which uses the reservoir's natural to produce oil.

The principal reason for waterflooding an oil reservoir is to increase the oil-production rate and, ultimately, the oil recovery. This is accomplished by "voidage replacement"—injection of water to increase the reservoir pressure to its initial level and maintain it near that pressure.

For this project, the operator intends to deploy the waterflood strategy by converting Well #7 into an injection well that will directly impact the oil production levels for Well #9. Once the injection well has been completed and waterflooding has begun, it should take approximately 6-8 months for oil production to increase to the target level of 16 bbls per day. The operator is basing these production figures off of similar work that he has personally participated in on the fields adjacent to Logan C.O. In those projects, output ranged from 16-30 bbls per day; however the projections for this project have been based on the lower production number.

UPCOMING PROJECTS 2019



LOGAN PROJECT #2 (Rework)

Rework of Wells #1 & #3 plus the insertion of an injection well and water supply well.



LOGAN PROJECT #3 (New Drill)

New drill project that includes one (1) oil producing well plus an injection well and water supply well.



LOGAN PROJECT #4 (New Drill)

New drill project that includes one (1) oil producing well plus an injection well and water supply well.

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 land owner, 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.

PHOTO GALLERY





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