

**Kings Peak Energy LLC**  
**Utah and Wyoming Assets**  
**February 2017**

# EXECUTIVE SUMMARY

King's Peak Energy, LLC, ("KPE") a Denver based company has retained Bay Capital Corporation / Riviera-Ensley Energy Advisors to seek strategic alternatives. The assets consist of three producing units and 4 producing fields that hold 28,357 Gross acres and 24,812 net acres (HBP) and are located in Southwest Wyoming and Northeast Utah.

## Key Investment Considerations

- **Sizable Proved Reserves and Value**
  - Total Proved Reserves of 7.0 MMBOe (gross), 5.0 MMBOe (net), consisting of 50.4% PDP, 9.9% PDNP, 39.7% PUD and a PV10 of \$34.7 million
- **Significant production**
  - Net production averages 705 BOEPD (Gross,), 496 BOEPD (Net) – 90% oil by revenue (a portion of the gas production is recycled for pressure maintenance)
- **Net Operating Cash Flow**
  - Average monthly operating cash flow (trailing 3 months\*) was \$235M
- **Operational Control**
  - KPE, through Proven Petroleum (contract operator) operates all units, leases, and wells
- **Long Life Reserves**
  - The R/P for PDP is 13.9 years
- **Excellent NRIs**
  - The average NRI for all leases is greater than 80%
- **Focused Area of Operations**
  - All production and reserves are located within an area that is approximately 9 miles long and 7 miles wide
- **Significant Undocumented Upside Potential**
  - Most wells are drilled on 640 acre spacing. Down spacing to 320 acres would add significant drilling locations and reserves
- **This is a negotiated transaction and subject to prior commitment**

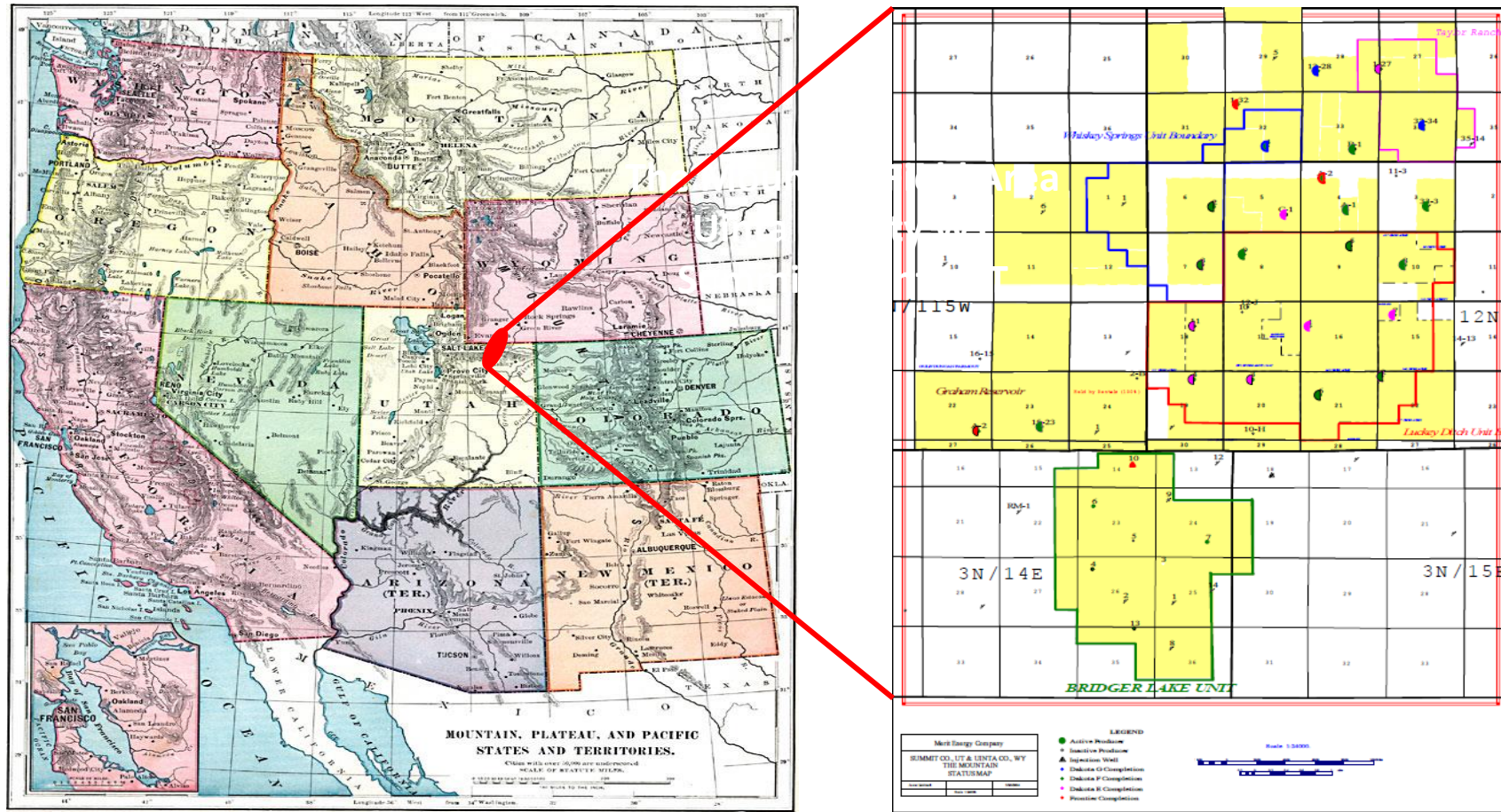
# Strategic Alternatives

KPE will consider numerous financial structures, which include but are not limited to the following:

- Total Sale
- Partial Sale (non-op interest)
- Industry Joint Venture Partner
- Financial Partner
- Strategic Alliance
- Merger

# FIELD LOCATION

## Location and Lease Position KPE's Mountain Field Assets



# PROVED RESERVES BREAKOUT

Proved Reserves Breakout									
Category	Net Reserves		Future Revenue	Prod Tax	LOE	Investment	Cash Flow	Disc. Cash Flow	
	Oil (MBO)	Gas (MMCF)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)	(\$M)
PDP	1,987	3,195	\$ 107,254	\$ 13,639	\$ 58,607	\$ -	\$ 35,009	\$ 19,589	
PDNP	494	-	\$ 24,639	\$ 3,242	\$ 10,511	\$ 938	\$ 9,945	\$ 4,990	
PUD	1,942	265	\$ 97,551	\$ 12,126	\$ 27,135	\$ 33,763	\$ 24,388	\$ 10,099	
<b>Total Proved</b>	<b>4,422</b>	<b>3,460</b>	<b>\$ 229,444</b>	<b>\$ 29,148</b>	<b>\$ 96,253</b>	<b>\$ 37,701</b>	<b>\$ 69,342</b>	<b>\$ 34,678</b>	

The reserve have very good leverage with upward moving oil prices The table below shows the value effect related to NYMEX at \$60 flat oil price and \$65 flat oil price.

Reserve Category	Proved Reserve Value					
	\$60 Flat oil Price			\$65 Flat oil Price		
	Revenue	Cash Flow	Disc. Cash Flow	Revenue	Cash Flow	Disc. Cash Flow
	\$M	\$M	\$M	\$M	\$M	\$M
PDP	\$ 125,154	\$ 44,464	\$ 23,895	\$ 143,009	\$ 54,001	\$ 28,047
PDNP	\$ 27,470	\$ 12,135	\$ 5,992	\$ 30,301	\$ 14,325	\$ 6,996
PUD	\$ 110,678	\$ 33,210	\$ 15,647	\$ 123,789	\$ 42,068	\$ 20,721
<b>Total Proved</b>	<b>\$ 263,302</b>	<b>\$ 89,809</b>	<b>\$ 45,534</b>	<b>\$ 297,099</b>	<b>\$ 110,394</b>	<b>\$ 55,764</b>

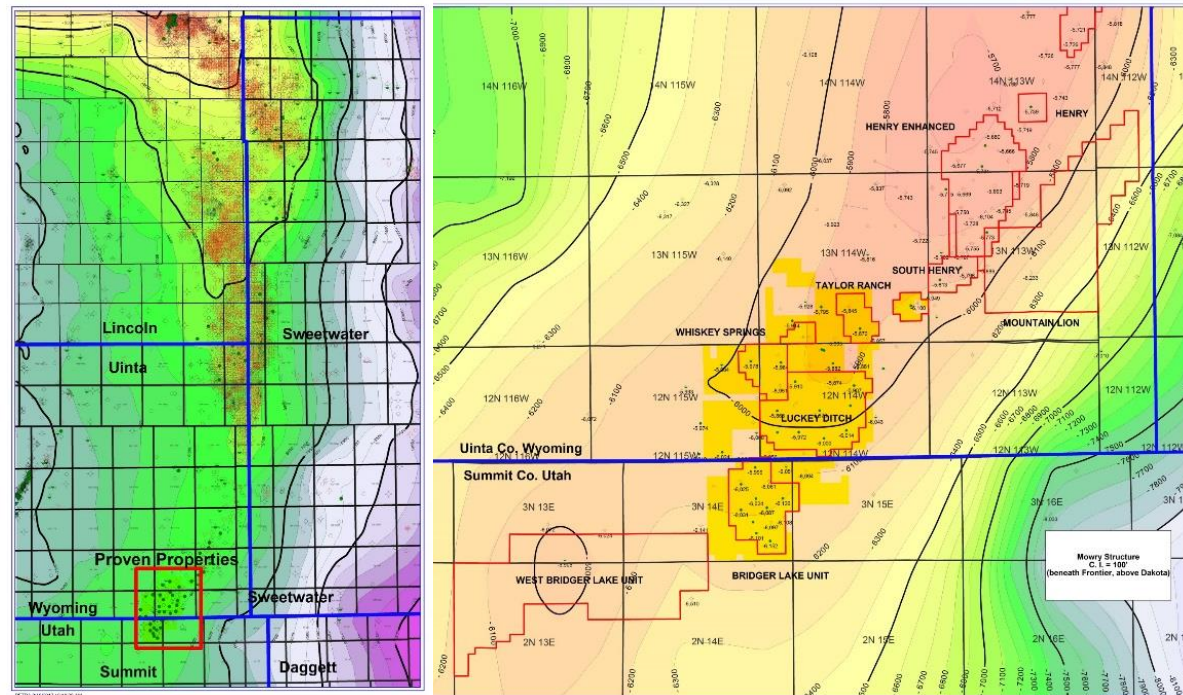


# GEOLOGY

The Mountain Field assets are located on the southwest plunging anticline at the south end of Moxa Arch and on the north flank of the Uinta Mountains. The Lower Cretaceous Dakota non-marine fluvial sand sequences are the primary producing reservoirs.

Along the western flank of the anticline, the Upper Cretaceous Frontier and Muddy Formations are productive and less developed.

The Dakota is at depths of 15,200 to 15,800 feet. The Frontier and Muddy formations are at depths of 14,100 to 15,600 feet.



# FIELD HISTORY

## **Lucky Ditch Unit**

The field was discovered in 1985 by Sun Oil Company with the completion of the Luck Ditch State No. 1. The well was completed in the Dakota "E" sand (15,235'-15,268') and tested 888 BOPD, 7,465 MCFPD and 4 BWPD with 4,222 psi FTP on a 15/64" choke. The well has produced 44 BCF and 2.5 MMBO to date and currently produces approximately 65 BOPD and 600 MCFPD. The Lucky Ditch Field currently has 8 producing wells that have produced 9.9 MMBO and 67 BCF. Current field production is approximately 300 BOPD and 900 MCF per day.

Production in the field is from the Dakota Sandstones at a depth of approximately 15,000 feet. The Dakota Sands were deposited as point bars and meandering streams. The primary producer is the Dakota "E" sand with minor contributions from the Dakota "F" and "G" sands. The Dakota "E" sand has an average thickness of 32' with average porosity of 15%, water saturations of 44% and permeability of 54 millidarcies.

## **Bridger Lake**

Phillips Petroleum discovered Bridger Lake field in 1966 with the completion of the Fork "A" No. 1. The well was perforated in the Dakota "A" from 15,555' – 15,586' and the Dakota B"B" from 15,504' – 15,517'. The well tested 2,723 BOPD, 2,415 MCFPD and 125 BWPD with 750 psi FTP on a 48/64" choke. Since discovery, a total of 14 wells have been drilled in the field. Cumulative production is currently 25 BCF and 2.8 MMBO from various sands within the Dakota Sandstone series.

# FIELD HISTORY

## **Whiskey Springs Field**

Anadarko discovered Whiskey Springs field with the completion of the Whiskey Springs Federal No. A1. The well was perforated in the Dakota "E" from 14,854' – 14,884' and tested 485 BOPD, 4,308 MCFPD and 7 BWPD. The well has produced 409 MMBO and 5.2 BCF and is currently inactive. In 1987, Anadarko drilled the C No 1. and completed in the Dakota "E" and "F" sands. To date the well has produced a total of 2.3 MMBO and 8.8 BCF and is currently producing about 60 BOPD and minimal gas. A total of 5 wells were drilled in Whiskey Springs field that have total production to date of 3.9 MMBO and 29.4 BCF.

## **Whiskey Springs Unit**

Texaco drilled the discovery well (Whiskey Springs Unit No. 1) in 1988. The well was completed in the Dakota "F" from perforations from 15,352' – 15,389'. The well had initial production of 1,078 BOPD, 527 MCFPD and 190 BWPD. The well was plugged in 1994 after producing 90.6 MBO and 54 MMCF. Texaco drilled a total of 6 wells and completed 4 in the Dakota "E" and "F" sands. Cumulative production for the field is 1.7 MMBO and 4.8 BCF.

## **Taylor Ranch Field**

The Taylor field was discovered by American Quasar in 1984 with the drilling of the Taylor Federal No. 35-14. The well was completed in Dakota "E" and "F" sands with perforations from 14,244' – 14,394'. The well tested at 1,111 MCFPD and 90 BOPD with a FTP of 3,675 psi on a 8/64" choke. The well was plugged in 1994 after producing 12.6 MBO and 118 MMCF. A total of 7 wells were drilled in the field and have total production of approximately 480 MBO and 6.0 BCF. Two wells are currently producing but at minimal rates.

## **Graham Reservoir Field**

Huskey Oil discovered the field in 1983 by completing the Big Springs No. 1-23. The well was complete in the Muddy as well as the Dakota "E" and "F" sands. The well tested 48 BOPD . The well was plugged in 2004 after producing 495 MBO and 216 MMCF. 2 additional wells were drilled in the field and the combined production totals 755 MBO and 329 MMCF.



# CONTACT INFORMATION

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