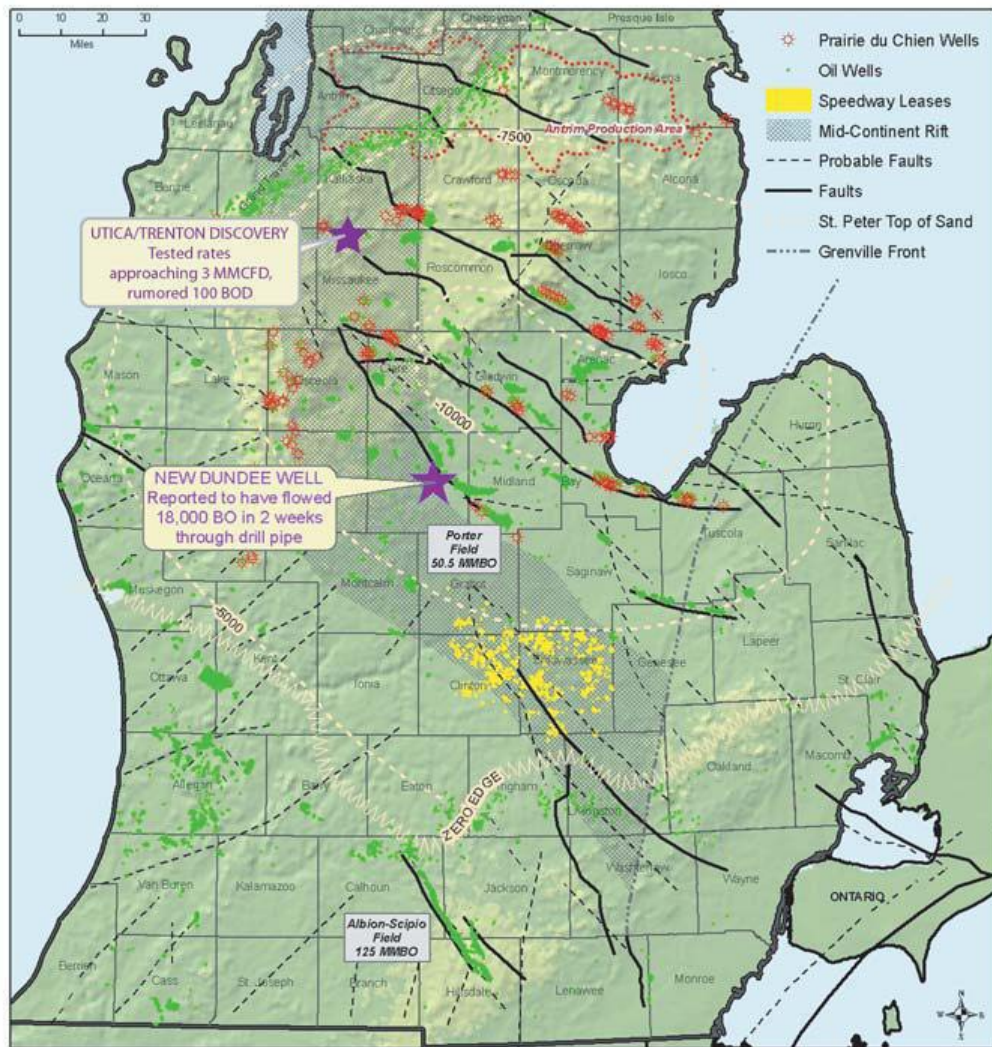


# Speedway Project

80,000 Acre Lease Block

**A-1 Carbonate, St. Peter/Prairie du Chien, Trenton, Utica, Trempealeau, Dundee, Traverse, & Antrim**

Clinton, Gratiot, Saginaw, & Shiawassee Counties, Michigan



Oil and gas play straddling the Howell Anticline and Mid-Continent Rift. Excellent potential for a horizontal oil and liquids rich gas play in the A-1 Carbonate, as well as high likelihood for multi-pay potential zones including the Cambrian Trempealeau sandstones, Ordovician Prairie du Chien/St. Peter sandstones, Trenton/Black River hydrothermal dolomites, Utica shale, Silurian Niagaran reef dolomites, A-2 carbonate, Devonian Dundee hydrothermal dolomites, Traverse limestone, Antrim shale, and Berea sandstone.

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**Key Attributes of A-1 Carbonate:** Stratigraphic play with variable carbonate porosity inter-bedded with carbonaceous partings draped over plunging nose of Howell anticline and Mid-Continent Rift.

- Tectonically enhanced vugular to intergranular and natural fracture porosity
- TOC measured up to 3.64% in nearby Lambton County, Ontario
- Porosity expected to range from 1 to 15%
- Permeability unknown but expected to be variable
- Expect crude oil and liquids rich natural gas
- Oil Gravity; unknown but expected to be in the 40+ API range
- Reservoir anticipated to be overpressured
- Expected Stimulation: Multi-Stage Frac
- Analogs include various A1 fields in SE & SW Michigan as well as middle member of Bakken at Parshall field (Williston basin)
- Drilling depths of 4800' to 6500'

Key wells along trend containing approximately 60 feet of A-1 Carbonate include:

- McClure-Fox well, 6-7N-1W, Clinton County, DST'd oil and water from overpressured Traverse formation at 2550' and encountered substantial gas shows in the A-1 Carbonate. TD was Prairie du Chien. Plugging and logging the well was delayed due to high natural gas content in the drilling mud during circulation.
- Mobil-Jelinek well, 5-5n-2E, Shiawassee County, is approximately 15 miles southeast of the McClure-Fox. This well cored and DST'd the A-1 Carbonate section following significant oil and gas shows. The core indicated good vugular porosity with oil and gas shows; DST results were inconclusive.
- The Lee-Ferris well, which Mobil offset with the Jelinek, 5-5N-2E, Shiawassee County, reported two DST's over the A1 Carbonate. One test recovered drilling mud with a slight show of gas; a second test recovered 200 ft of gas and 922 ft of drilling mud with a show of oil.
- The McClure-Sparks, 8-10N-2W, Gratiot County, is 18 miles northwest of the McClure-Fox. This well encountered significant gas shows in the A-1 Carbonate and the Utica/Trenton.
- Another older well in Clinton County, encountered shows in the A1 Carbonate, yielding gas-to-surface in 70 minutes on a DST. A production test measured gas flowing at 145 MCFGPD while swabbing. The well then encountered mechanical problems. A re-entry resulted in near blowout conditions.
- A fifth well, drilled in 1940 with cable tools, reported an oil fill-up of 309 ft after drilling through the A1 Carbonate in Clinton County.
- The Hadson-Dysinger well, 22-5N-3E, Shiawassee County, is 19 miles southeast of the McClure-Fox. This well had about 15' of well-developed porosity in the Upper Trenton. Cuttings descriptions were similar to the Collingwood in the Petoskey well.

***The above wells represent the greater majority of those drilled through the A1 Carbonate in the Speedway project area. Gas or oil shows are pervasive within the A1 in this area.***

**Prairie du Chien/St. Peter Play:** Perhaps the largest potential, but riskier play involves regional thinning and truncation of the massive Prairie du Chien/St. Peter sands (~1500 ft thick) under the Glenwood shale. Individual wells in this play have produced as much as 24 BCFG with IP's as high as 65 MMCFGPD on closed structures.

Stratigraphic trapping potential in the Speedway project occurs on the plunging nose of the Howell Anticline, a major northwesterly trending anticline that overlies the southeastern arm of the Mid-Continent Rift. This potentially sets up huge accumulation possibilities in a reservoir that has a history of condensate and gas production just north of the Speedway acreage (the Shell-Frost produced approximately 1 bcfg in the northeast corner of Gratiot County; a county which includes some Speedway project acreage). To date, all known Prairie du Chien/St. Peter reservoirs are structurally controlled.

**Antrim, Dundee and Trenton Plays:**

- Significant natural gas in place in Antrim shale (20 BCFG per section) to develop at such time that natural gas prices recover.
- Extensive 2D seismic available with many anomalies identified in Trenton and Dundee hydrothermal dolomites.

**Summary of Key Wells in Utica, Dundee and Prairie du Chien:**

- Hadson-Dysinger well, 22-5N-3E, Shiawassee County, is 19 miles southeast of the McClure-Fox. This well had about 15' of well-developed porosity in the **Upper Trenton**. Cutting descriptions showed similarities to the **Collingwood** in the Petoskey well.
- Summit-Gepford 1-35 well, 35-15N-4W, Isabella County, is a significant new **Dundee** oil discovery, which flowed 18,000 BO through drill pipe in two weeks. The well also contains thick **Antrim** black shale intervals that indicate large gas-in-place reserves in the **Antrim**.
- Numerous wells and regional seismic profile along this trend indicate that the **Prairie du Chien** has significant stratigraphic trap potential.

**Other Key Factors:** Several attributes make Speedway a unique opportunity and an attractive exploration play to a major or large oil company:

- Inter-bedded source and reservoir rocks
- Excellent top and bottom seals (A1 and A2 Evaporites)
- Presence of mature source rocks
- Widespread oil and gas shows
- Significant aerial extent
- Limited number of wells penetrating target formations leave large unexplored areas open for interpretation and possible acquisition
- Significant oil, natural gas liquids and natural gas potential in numerous zones
- Major transmission pipelines accessible
- Initial play area includes hundreds of thousands of acres
- Additional Leasing: Competition is expected but acreage likely will be available
- 5 + 5 year lease terms on existing acreage from 2007
- Terms: Cash and ORRI; additional acreage; and/or W.I. participation