

YATES INDUSTRIES, LLC as PAJARO ENERGY, LLC

Tanager and Ram Prospects

Niobrara County, Wyoming

Yates Industries, LLC, through Pajaro Energy, LLC (“Pajaro”) is offering a great opportunity to pursue low cost, low risk drilling projects. This opportunity has zero upfront acreage cost, low drilling and completion costs, and per well reserves that can exceed 350 MBO.

Pajaro has approximately 17,921 gross/net acres (17,281 federal and 640 state) in Niobrara County, Wyoming (see Figure 1 and 4) which are further described on the Lease Schedule.

The primary target in this area is Pennsylvanian age Leo sands that are productive in eastern Niobrara County, Wyoming and southwestern Fall River County, South Dakota. These sands are conventional reservoirs with high porosity and permeability that occur at shallow to moderate depths. At least two dozen Leo oil fields have been discovered that range in size from small one well fields to over 7 MMBO. Mean per well ultimate recovery is 130 MBO from drilling depths of 3000’ to 7000’. No intermediate casing or reservoir stimulation is required so a completed 4000’ well can be drilled for approximately \$850,000. The area is also productive from Dakota/Lakota, Morrison, and Canyon Springs.

Pajaro Energy, LLC is offering two prospects.

1. **Tanager Prospect:** The Tanager Prospect has already been defined by 3-D seismic and is ready to permit and proceed. An assignment to Pajaro’s ~10,313 acres in the Tanager can be earned by drilling and completing a 3-D seismically defined location.

2. **Ram Prospect:** The Ram Prospect, on which Pajaro has ~7,608 acres (~6,968 federal and 640 state), can be earned by shooting a 3-D over the Prospect and drilling a well through the 2nd Leo formation.

Tanager Prospect

The Tanager Project covers 10,313 gross/10,313 net acres in the northern part of the Pajaro acreage block in Niobrara County, Wyoming. The earliest expiration in the Tanager Project is March 2025 (Figures 1 and 4).

In 2019, Pajaro acquired 34.66 square miles of high quality 3-D seismic over parts of T38NR60-61W, Niobrara County, Wyoming. Multiple prospects were identified and Pajaro subsequently drilled two oil producers and one dry hole. These wells as well as other Pajaro wells at Charles Field, and wells drilled by other operators over the years have shown that the thickness of Leo sand can be very accurately mapped using seismic amplitude.

Other Leo prospects were identified on the 3-D under Pajaro leases in T38NR60-61W. The lowest risk of these prospects is the Tanager #10-1 location (Figure 2).

The Tanager Federal 10 #1, located in Section 10, T38NR60W will be the Earning Well. It is a 3-D defined low risk prospect and is ready for permitting. This well is expected to evaluate a thick Leo sand on top of a structural closure. The thick sand dune on top of a four-way closure makes this a unique and low risk trap

for the area. Pajaro's existing wells were all drilled on Leo stratigraphic traps on plunging noses, not 4-way closures. It is thought that the closure and migration history at Tanager will result in a thick hydrocarbon column. The location is conveniently located one mile from US Highway 18.

Pajaro has recently received approval to use its Tupelo SWD well which will lower the cost of produced water handling. This SWD well is in the vicinity of the Tanager Prospect.

By drilling the Tanager well the buyer will earn all non-HBP Pajaro leases in T38-39NR60-63W including leases offsetting Greasewood Field (3 MMBO from Morrison) and Red Bird Field (1 MMBO from Canyon Springs and Leo).

Terms for the Tanager Prospect:

1. No upfront acreage costs.
2. Within six (6) months of acquiring this project from Pajaro, Buyer will commence the drilling of the Tanager Federal 10#1 well to test through the 2nd Leo sand at approximately 3900' depth ("Earning Well"). Based on Pajaro's recent drilling experience, the estimated cost is approximately \$450,000 (plus an additional \$400,000 to complete through tanks).
3. Buyer will earn 100% WI (80% NRI) in Pajaro's entire acreage position of 10,313 acres in the Tanager Prospect by drilling and completing the Earning Well either as a dry hole or a producer.
4. Pajaro will deliver an 80% NRI assignment after Buyer has satisfied these terms.

Note: The surface of the location for the Tanager Federal 10#1 is owned by Tetrad Corporation, with whom Pajaro has negotiated a Surface Use Agreement.

Ram Prospect

Within the Ram Prospect located in T37N, R60W, Pajaro owns approximately 7608 gross/net acres of federal and state leases. The earliest lease expiration is June 2026. Within the Ram Prospect outline, there are 640 acres of fee acreage and 40 acres of federal acreage that are currently not under lease.

The Ram Prospect is in an area of excellent Leo production (Figure 3). It is a little over two miles from North Hollingsworth Field (584MBO, 292 MMCFG). The Gulf Fortitude 10-1 well (5 miles east) was completed in November 2019 flowing 40 BOPD and made 56 MBO in its first two years. Other nearby fields include Alum Creek (2.7 MMBO, 3.5 BCF) seven miles southeast and East Simms Draw (351 MBO, 85MMCF) four miles southeast.

Pajaro acquired this acreage because there is evidence of a broad structural high in a good trapping position for Leo oil. It is defined by sparse well control, gravity/magnetics data, and a few old 2-D seismic lines. The only well in the block was drilled by Sam Gary in 1982 and had no Leo sand. T37NR60W is one of the very few areas prospective for Leo production that has not already been covered with 3-D seismic.

Terms for the Ram Prospect:

1. No upfront acreage costs.
2. Within six (6) months of the cessation of drilling the Tanager #10-1 well, Buyer will begin the process of surveying the Ram Prospect, acquiring and processing the 3-D survey over the Ram

Prospect to determine the optimum location to drill a “Ram Earning Well”. Buyer will deliver a copy of the final processed 3D data to Pajaro.

3. As to the Ram Earning Well, Pajaro will have the option to back-in after being carried through the tanks for a 25% working interest. As to any subsequent wells, Pajaro will have the option to participate on an after carry basis, governed by a mutually acceptable Joint Operating Agreement.
4. Pajaro will deliver an 80%NRI assignment, proportionately reduced assignment upon satisfaction of the earning provisions.

TANAGER/RAM PROJECT

Land & Leasehold Summary (See Figure 1 and 4 for Leasehold Maps)

1. Pajaro has 17,921 gross/net federal and state acres in southeast Niobrara County, Wyoming.
2. Expirations for the Tanager and Ram Prospects are shown on the Lease Schedule below.
3. A majority of the surface is owned/managed by Tetrad Corporation. Pajaro has negotiated a Surface Use Agreement with Tetrad Corporation.

RAM PROSPECT							
Prospect	Lease #	Date	Term	Expires	G. Acr.	N. Acr.	Tracts
Ram	WYW185102	6/24/2016	10 Year	6/30/2026	2,241.48	2,241.48	037N-060W-007,008,009,010
Ram	WYW185103	6/24/2016	10 Year	6/30/2026	1,878.24	1,878.24	037N-060W-015-001;037N-060W-017,018; 037N-060W-020,021
Ram	WYW185105	6/24/2016	10 Year	6/30/2026	1,241.00	1,241.00	037N-060W-019,020;037N-060W-033
Ram	WYW185106	6/24/2016	10 Year	6/30/2026	1,607.75	1,607.75	037N-060W-022;037N-060W-027,028; 037N-060W-033,034
Ram	WY-21-00075	8/2/2021	5 Year	8/2/2026	640.00	640.00	037N-060W-016
					7,608.47	7,608.47	

TANAGER PROSPECT							
Prospect	Lease #	Date	Term	Expires	G. Acr.	N. Acr.	Tracts
Tanager	WYW-183992	3/10/2015	10 Year	3/31/2025	760.00	760.00	038N-061W-010-001;038N-061W-013-001; 038N-061W-014-001
Tanager	WYW183993	3/19/2015	10 Year	3/31/2025	2,088.44	2,088.44	038N-061W-015-001;038N-061W-017-001; 038N-061W-020-002;038N-061W-021-001; 038N-061W-018-002
Tanager	WYW184004	4/1/2015	10 Year	3/31/2025	1,360.00	1,360.00	038N-062W-014-001;038N-062W-023-001; 038N-062W-024-002
Tanager	WYW184010	4/1/2015	10 Year	3/31/2025	487.06	487.06	038N-063W-007-001;038N-063W-013-001; 038N-063W-026-001
Tanager	WYW184345	9/16/2015	10 Year	9/30/2025	1,246.01	1,246.01	038N-060W-005,006,008
Tanager	WYW184346	9/16/2015	10 Year	9/30/2025	1,606.08	1,606.08	038N-060W-010-001;038N-060W-017-001; 038N-060W-009-001
Tanager	WYW184347	9/16/2015	10 Year	9/30/2025	650.80	650.80	038N-060W-018-001
Tanager	WYW184350	10/1/2015	10 Year	9/30/2025	241.31	241.31	039N-060W-031-002
Tanager	WYW185405	9/15/2016	10 Year	9/30/2026	120.00	120.00	038N-060W-004-001
Tanager	WYW185406	9/15/2016	10 Year	9/30/2026	40.00	40.00	039N-060W-031-001
Tanager	WYW185407	9/15/2016	10 Year	9/30/2026	40.00	40.00	039N-060W-031-005
Tanager	WYW185409	9/15/2016	10 Year	9/30/2026	320.00	320.00	038N-061W-020-001
Tanager	WYW185412	9/15/2016	10 Year	9/30/2026	1,193.32	1,193.32	038N-062W-007-001;038N-062W-017-001; 038N-062W-018-001
Tanager	WYW-190398	8/1/2018		9/30/2026	160.00	160.00	038N-062W-024-001
					10,313.02	10,313.02	

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Pajaro Leases and Production

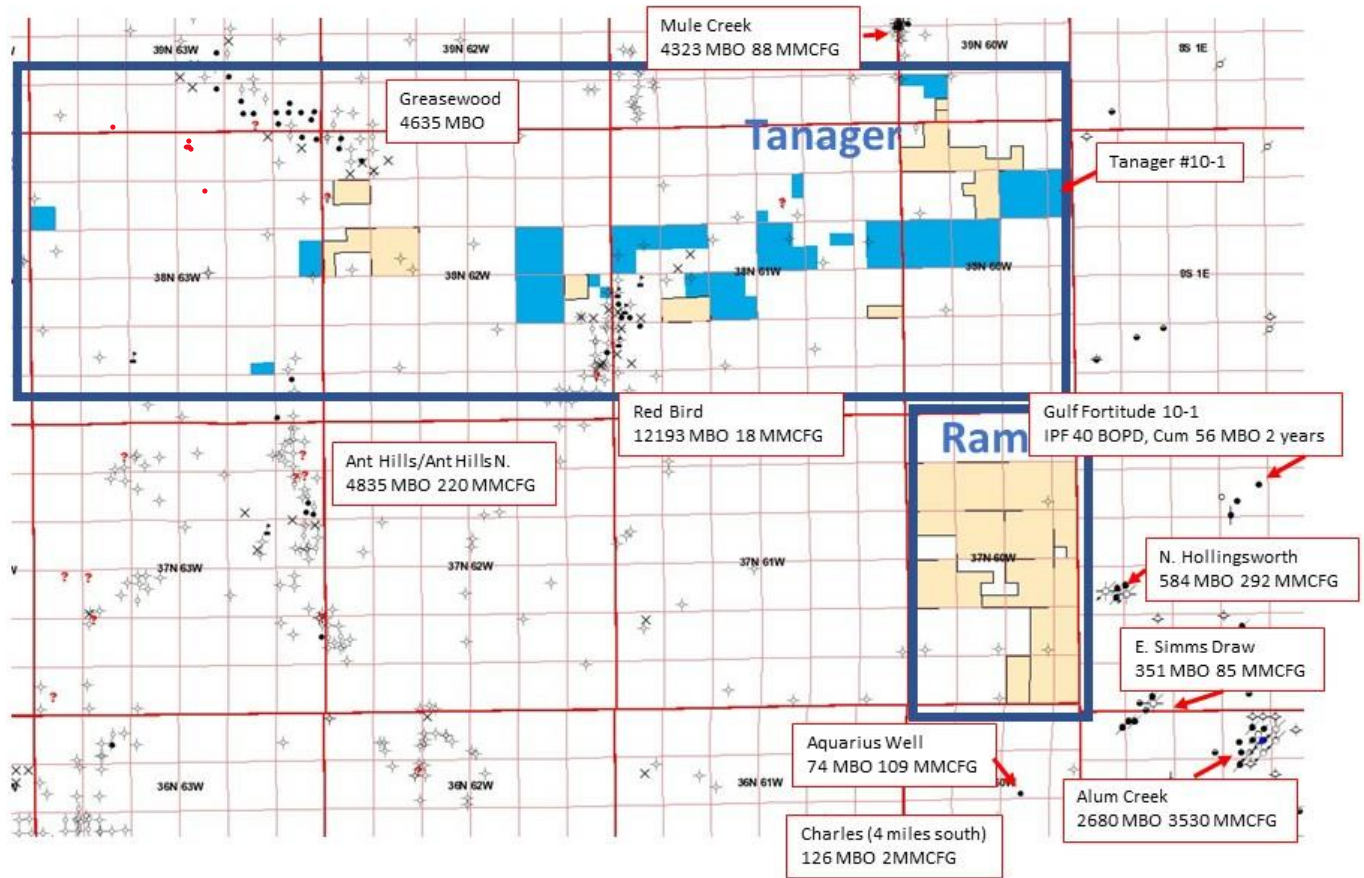


Figure 1. Regional Map showing Pajaro Leases (2025 expirations in blue and 2026 expirations in tan) and nearby production.

TANAGER PROJECT

Detail of Tanager #10-1 Proposed Location

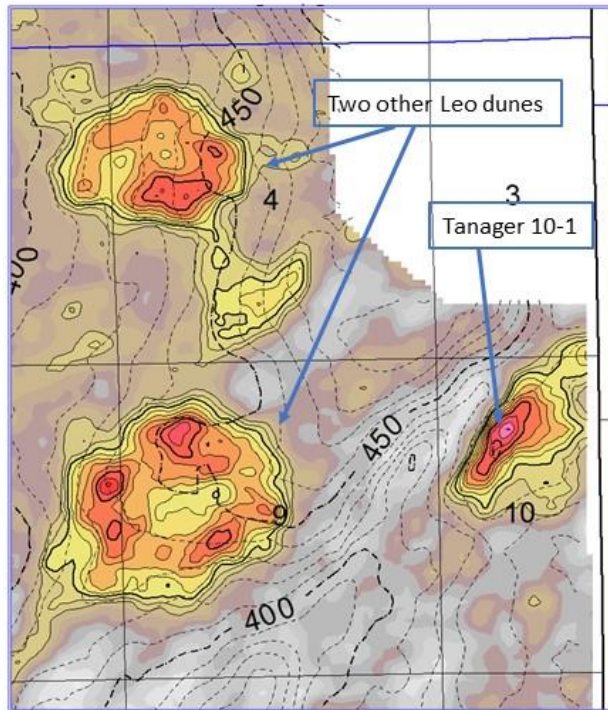


Figure 2. Tanager Prospect showing structural contours (dashed lines) and Leo sand thickness (color) [From RBMC 3-D].

Proposed location should encounter 35 ft of porous Leo sand on top of a structural closure.

RAM PROJECT

Lead Map

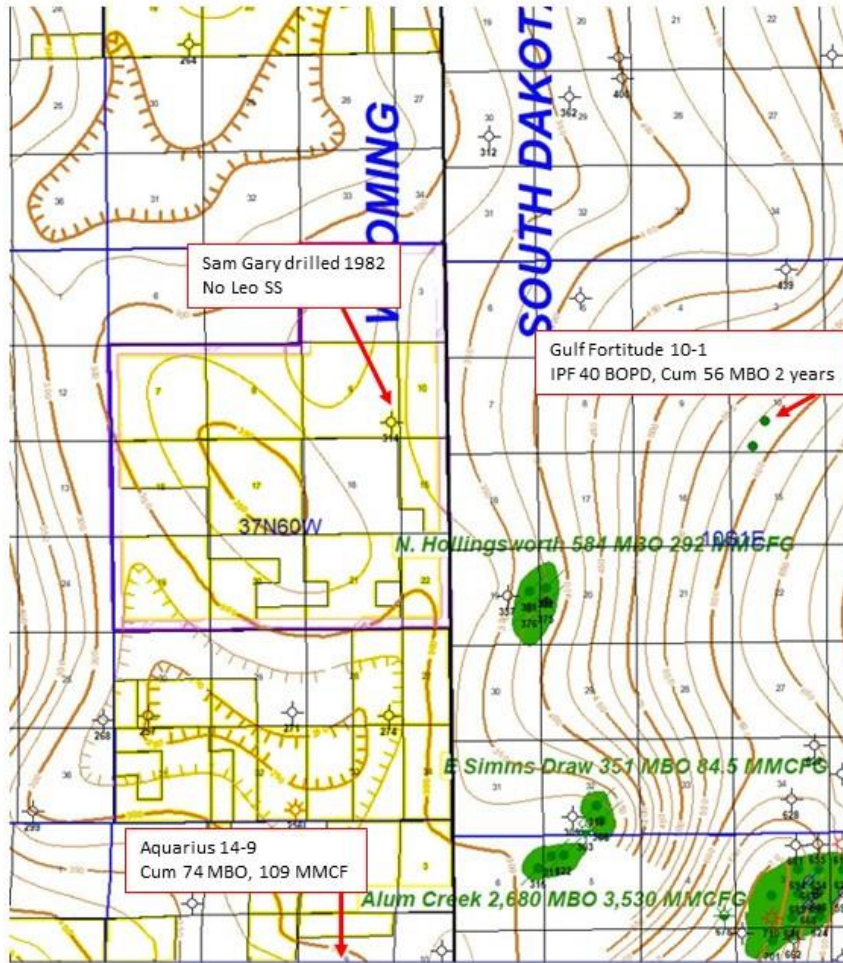


Figure 3 Ram Prospect, T37NR60W. Structural contours of 2nd Leo (elevation above Sea Level) based on wells, gravity/magnetic data, and a few old 2-D seismic lines.

TANAGER/RAM PROJECT

Pajaro Leasehold Map

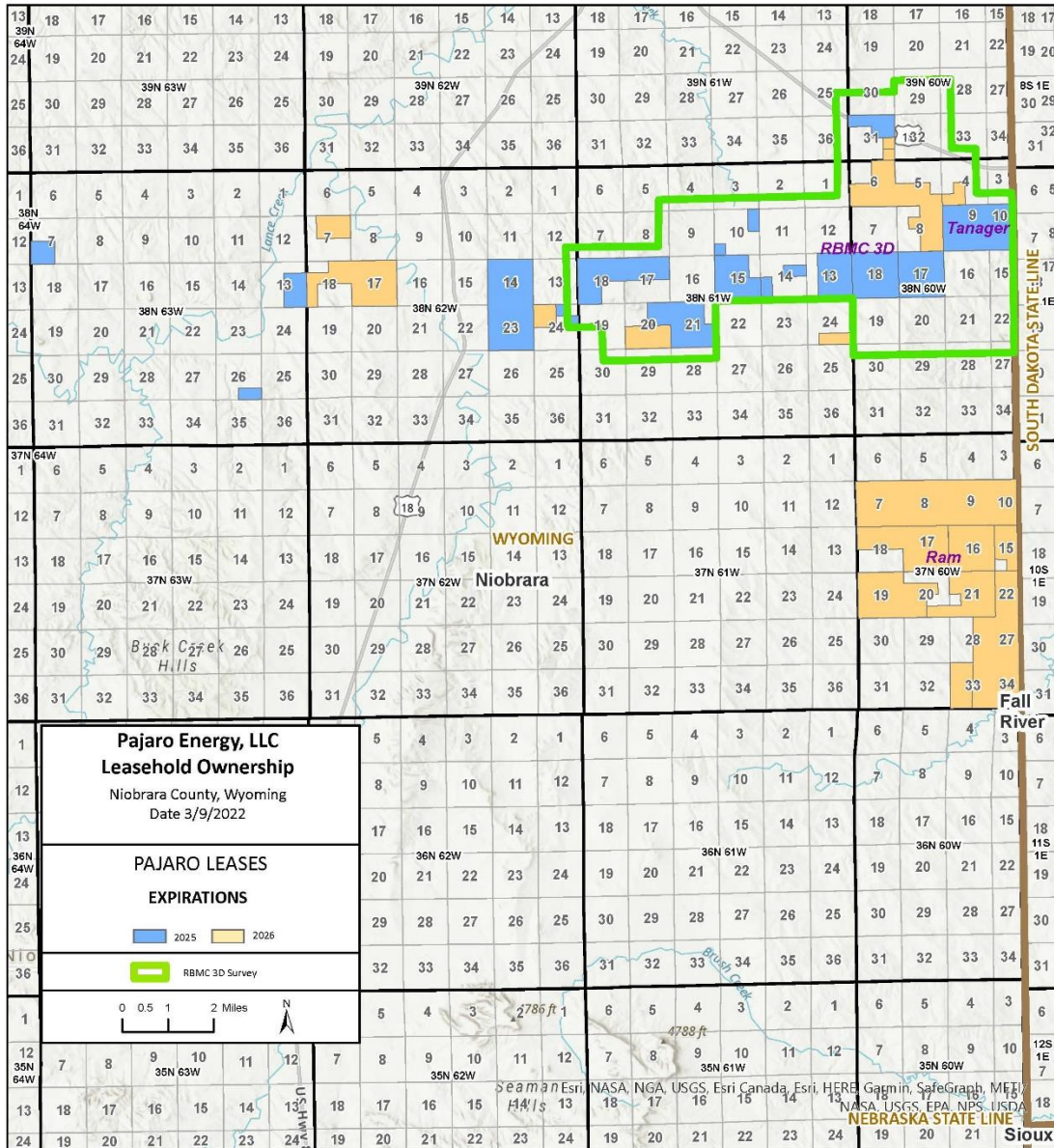


Figure 4. Pajaro Leases by Expiration Year and RBMC 3-D outline.

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**GEOLOGY:
David Bird
Bird Oil & Gas LLC
P.O. Box 23171
Silverthorne, CO 80498
Cell: (303) 886-0955**

**LAND/TRADE:
Lori Murray
Pajaro Energy, LLC
403 West San Francisco
Santa Fe, NM 87501
Cell: (432)889-1387**