# 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 <u>zero upfront acreage cost</u>, 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 2<sup>nd</sup> 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 2<sup>nd</sup> 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 federal 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.
- A majority of the surface is owned/managed by Tetrad Corporation. Pajaro has negotiated a Surface Use Agreement with Tetrad Corporation.

			RA	H PROSPEC	т	
Louro \$	Data	Term	Expires	G. Acr.	H. Acr.	Trectr
WYW185102	6/24/2016	10 Year	6/30/2026	2,241.48	2,241.48	037N-060W-007,008,009,010
						037N-060W-015-001; 037N-060W-017, 018
WYW185103	672472016	10 Yoar	6/30/2026	1,878.24	1,878.24	037N-060W-020,021
WYW185105	672472016	10 Yoar	6/30/2026	1,241.00	1,241.00	037N-060W-019,020;037N-060W-033
						037N-060W-022; 037N-060W-027, 028;
WYW185106	672472016	10 Yoar	6/30/2026	1,607.75	1,607.75	037N-060W-033,034
WY-21-00075	8/2/2021	5 Yoar	8/2/2026	640.00	640.00	037N-060W-016
				7,608.47	7,608.47	
			TANA	GER PROSP	ECT	
Louro #	Date	Term	Ezeirer	6. Acr.	H. Acr.	Trectr 038N-061W-010-001; 038N-061W-013-001;
WYW-183992	3/10/2015	10 Yoar	3/31/2025	760.00	760.00	038N-061W-014-001
						038N-061W-015-001; 038N-061W-017-001; 038N-061W-020-002; 038N-061W-021-001
WYW183993	3/19/2015	10 Year	3/31/2025	2,088.44	2,088.44	038N-061W-018-002
						038N-062W-014-001; 038N-062W-023-001
WYW184004	4/1/2015	10 Yoar	3/31/2025	1,360.00	1,360.00	038N-062W-024-002
						038N-063W-007-001;038N-063W-013-00
WYW184010	4/1/2015	10 Yoar	3/31/2025	487.06	487.06	038N-063W-026-001
WYW184345	971672015	10 Year	9/30/2025	1,246.01	1,246.01	038N-060W-005,006,008
						038N-060W-010-001; 038N-060W-017-001
WYW184346	9/16/2015	10 Year	9/30/2025	1,606.08	1,606.08	038N-060W-009-001
WYW184347	9/16/2015	10 Yoar	9/30/2025	650.80	650.80	038N-060W-018-001
WYW184350	10/1/2015	10 Yoar	9/30/2025	241.31	241.31	039N-060W-031-002
WYW185405	9/15/2016	10 Yoar	9/30/2026	120.00	120.00	038N-060W-004-001
WYW185406	9/15/2016	10 Yoar	9/30/2026	40.00	40.00	039N-060W-031-001
WYW185407	9/15/2016	10 Yoar	9/30/2026	40.00	40.00	039N-060W-031-005
WYW185409	9/15/2016	10 Yoar	9/30/2026	320.00	320.00	038N-061W-020-001
						038N-062W-007-001;038N-062W-017-001
WYW185412	9/15/2016	10 Year	9/30/2026	1,193.32	1,193.32	038N-062W-018-001
					,	434H 4/3H 434 4/1
WYW-190398	8/1/2018		9/30/2026	160.00	160.00 10,313.02	038N-062W-024-001
	WYW185102 WYW185103 WYW185105 WYW185106 WY-21-00075 WYW185106 WYW183993 WYW183993 WYW183993 WYW183993 WYW183993 WYW183993 WYW183993 WYW183993 WYW183993 WYW183993 WYW183903 WYW183406 WYW185407 WYW185407 WYW185409 WYW185412	WYW185102         6/24/2016           WYW185103         6/24/2016           WYW185105         6/24/2016           WYW185106         6/24/2016           WYW185106         6/24/2016           WYW185106         6/24/2016           WYW185106         6/24/2016           WYW185106         6/24/2016           WYW185106         6/24/2015           WYW183993         3/19/2015           WYW184004         4/1/2015           WYW184345         9/16/2015           WYW184346         9/16/2015           WYW184347         9/16/2015           WYW184346         9/16/2015           WYW184347         9/16/2015           WYW184340         4/1/2015           WYW184340         9/16/2015           WYW185405         9/15/2016           WYW185406         9/15/2016           WYW185407         9/15/2016           WYW185409         9/15/2016           WYW185412         9/15/2016	WYW185102         6/224/2016         10 Year           WYW185103         6/224/2016         10 Year           WYW185105         6/224/2016         10 Year           WYW185106         6/224/2016         10 Year           WYW185106         6/224/2016         10 Year           WYW185106         6/224/2016         10 Year           WYW185106         6/224/2015         10 Year           WYW185106         6/224/2015         10 Year           WYW183993         3/19/2015         10 Year           WYW183993         3/19/2015         10 Year           WYW1834004         4/1/2015         10 Year           WYW1843004         4/1/2015         10 Year           WYW184305         9/16/2015         10 Year           WYW184346         9/16/2015         10 Year           WYW184347         9/16/2015         10 Year           WYW1843405         9/15/2016         10 Year           WYW185405         9/15/2016         10 Year           WYW185406         9/15/2016         10 Year           WYW185407         9/15/2016         10 Year           WYW185408         9/15/2016         10 Year           WYW185409         9/15/2016	Loaro #         Date         Torm         Expiror           WYW185102         6/24/2016         10 Yoar         6/30/2026           WYW185103         6/24/2016         10 Yoar         6/30/2026           WYW185103         6/24/2016         10 Yoar         6/30/2026           WYW185103         6/24/2016         10 Yoar         6/30/2026           WYW185106         6/24/2016         10 Yoar         8/2/2026           WYW185106         6/24/2015         10 Yoar         8/2/2026           WYW-183992         3/10/2015         10 Yoar         3/31/2025           WYW183993         3/19/2015         10 Yoar         3/31/2025           WYW184004         4/1/2015         10 Yoar         3/31/2025           WYW184004         4/1/2015         10 Yoar         9/30/2025           WYW184345         9/16/2015         10 Yoar         9/30/2025           WYW184345         9/16/2015         10 Yoar         9/30/2025           WYW184345         9/15/2016 </td <td>Loaro #         Date         Term         Expires         G. Acr.           WYW185102         <math>6/24/2016</math>         10 Year         <math>6/30/2026</math> <math>2,241.48</math>           WYW185103         <math>6/24/2016</math>         10 Year         <math>6/30/2026</math> <math>1,878.24</math>           WYW185105         <math>6/24/2016</math>         10 Year         <math>6/30/2026</math> <math>1,878.24</math>           WYW185105         <math>6/24/2016</math>         10 Year         <math>6/30/2026</math> <math>1,241.00</math>           WYW185106         <math>6/24/2016</math>         10 Year         <math>6/30/2026</math> <math>1,607.75</math>           WY-21-00075         <math>8/2/2021</math>         5 Year         <math>8/2/2026</math> <math>640.00</math>           WYW-183992         <math>3/10/2015</math>         10 Year         <math>8/2/2025</math> <math>760.00</math>           WYW183993         <math>3/19/2015</math>         10 Year         <math>3/31/2025</math> <math>1,360.00</math>           WYW183004         <math>4/1/2015</math>         10 Year         <math>3/31/2025</math> <math>1,360.00</math>           WYW1834004         <math>4/1/2015</math>         10 Year         <math>3/31/2025</math> <math>1,246.01</math>           WYW1834004         <math>4/1/2015</math>         10 Year         <math>3/31/2025</math> <math>1,246.01</math>           WYW183405         <math>9/16/2015</math>         10 Year         <math>9/30/2025</math> <math>1,246.01</math>           WYW183</td> <td>WYW185102         6/24/2016         10 Year         6/30/2026         2,241.48         2,241.48           WYW185103         6/24/2016         10 Year         6/30/2026         1,878.24         1,878.24           WYW185105         6/24/2016         10 Year         6/30/2026         1,241.00         1,241.00           WYW185106         6/24/2016         10 Year         6/30/2026         1,607.75         1,607.75           WY-21-00075         8/2/2021         5 Year         8/2/2026         640.00         640.00           YW-21-00075         8/2/2021         5 Year         8/2/2026         6.40.00         640.00           YW-21-00075         8/2/2021         5 Year         3/2/2025         6.4cz.         M. Acz.           WYW-183992         3/10/2015         10 Year         3/31/2025         760.00         760.00           WYW183093         3/19/2015         10 Year         3/31/2025         1,360.00         1,360.00           WYW183094         4/1/2015         10 Year         3/31/2025         1,246.01         1,246.01           WYW184304         4/16/2015         10 Year         3/31/2025         1,266.03         1,606.08           WYW184345         9/16/2015         10 Year         9/30/2025</td>	Loaro #         Date         Term         Expires         G. Acr.           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M. Acz.           WYW-183992         3/10/2015         10 Year         3/31/2025         760.00         760.00           WYW183093         3/19/2015         10 Year         3/31/2025         1,360.00         1,360.00           WYW183094         4/1/2015         10 Year         3/31/2025         1,246.01         1,246.01           WYW184304         4/16/2015         10 Year         3/31/2025         1,266.03         1,606.08           WYW184345         9/16/2015         10 Year         9/30/2025

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# **TANAGER/RAM PROJECT S Pajaro Leases and Production**

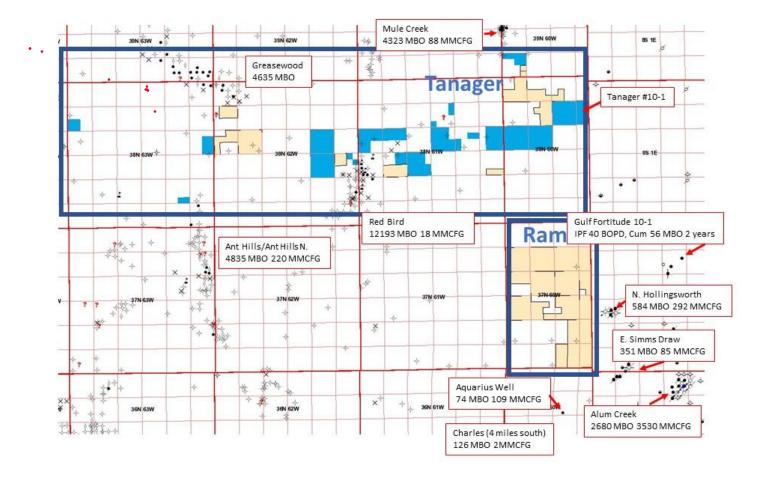
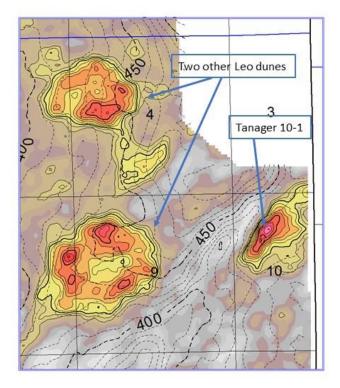


Figure 1. Regional Map showing Pajaro Leases

(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

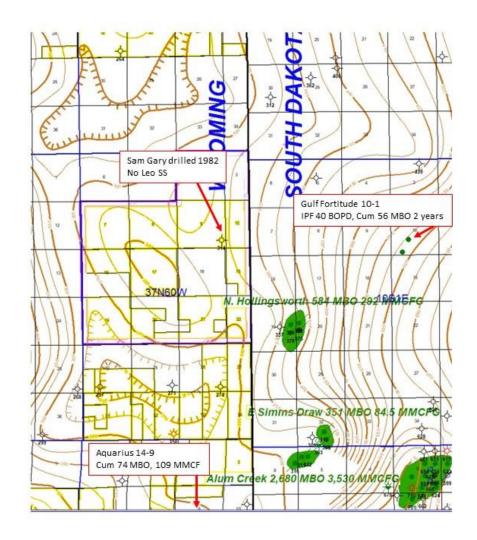


Figure 3 Ram Prospect, T37NR60W. Structural contours of 2<sup>nd</sup> Leo (elevation above Sea Level) based on wells, gravity/magnetic data, and a few old 2-D seismic lines.

# TANAGER/RAM PROJECT Pajaro Leasehold Map

13 39N	18	17	16	15	14	13	18	17	16	15	14	13	18	17	16	15	14	13	18	17	16	15	18 1
64W 24	19	20	21	22	23	24	19	20	21	22	23	24	19	20	21	22	23	24	19	20	21	22	19 2
25	30	29	39N 6 28	33W 27	26	25	30	29	39N 6	2W 27	26	25	30	29	39N 6	1W 27	26	25	30	39N 609 29	28		85 1E 30 2
36	31	32	33	34	35	36	31	32	33	34	35	36	31	32	33	34	35	36	31	132	33	34	3 31
1	6	5	4	3	2	Gen	6	5	4	3	2	1	6	5	4	3	2	1	6	-5-	-4	3	6
38N 64V 12		8	9	10	11	2000	7	8	9	10	11	12	7	8	9	10	11	12 881	7 1C 3D	5	9 Tana	10 ger	7
13	18	17	16	15	14	13	18-	17	216	15	14	13	18	17	16	15	14	13	18	17 38N 60W	16	15	EFLINE
24	19	20	38N 6	3W 22	23	24	19	20	38N 6	2W 22	23	-24	19	20	38N 6	1W 22	23	24	19	20	21	22	A-STAT
25	30	29	28	27	26	25	30	29	28	27	26	25	30	29	28	27	26	25	30	29	28	27	DAKOTA STATE: LINE
36	31	32	33	34	35	36	31	32	33	34	35	36	31	32	33	34	35	36	31	32	33	34	OUTH D
	64W	5	4	3	2	1	6	5	4	3	2	1	6	5	4	3	2	1	6	5	4	3	6 SOI
12	7	8	9	10	11	12	7	8	18 9	10	11	12	7	8	9	10	11	12	7	8	9	10	7
12	18	17	16	15	14	13	18	17	16	15	WYOI	MING 13	18	17	16	15	14	13	-18-	17   R:	16	15	18
19	18	1		63W	200	1			37N 6	w N	iobra	ra	-		37N	61W22	23	24	19	37N 6	ow21	22	105 1E
24	19	20	21	22	23	24	19	20	21	22	23	24	19	20	21	6.6			-				19
25	30	29	B 28 k H		× 26	25	30	29	28	27	26	25	30	29	28	27	26	25	30	29	28	27	30
36	31	32	33	34	35	36	31	32	33	34	35	36	31	32	33	34	35	36	31	32	33	34 Fa	all <sup>-3</sup>
1 Pajaro Energy, LLC						5	4	3	2	1	6	5	4	3	2	1	6	5	45	3	6		
12	12 Leasehold Ownership Niobrara County, Wyoming						8	9	10	11	12	7	8	9	10	11	212	7	-8-	9	10	7	
13	Date 3/9/2022							17	16	15	14	13	18	17	16	15	14	13	18	17 36N 6	16	15	18
36N 64W 24								20	36N 6 21	22W 22	23	24	19	20	36 21	N 61W 22	23	24	19	20	21	22	15
N.								29	28	27	26	25	30	29	28	27	26	25	30	29	28	27	30
110 36								32	33	34	35	36	31	32	33	34	35	36	31	32	33	34	31
0 0.5 1 2 Miles N							5	4	3	270	86 ft 1	6	5	4	3	2	1	6	5	4	3	6	
12	12 0 10							_	9	10	1	12	7	8	4788 ft 9	10	11-	12	7	8	9	10	12
35N 64W	5N 7 8 35N 63W							8	35	N 62W		n a n Esr	i, NASA	150	35/	61W	10.5	sri, HER 13 <sub>N</sub>	E Gagm	35N in, Safe	Graph	MET	7
13	18	17	16	15	14			17	16	15	F14'	ALC:	18	5	-	22	23	24	NEBRA 19	SGS, EP SKA S 20	A. NPS		iou
24	19	20	21	22	23	24	19	20	21	22	23	24	19	20	21	44	20	2-7	10			0	Ju

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

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Bird Oil & Gas and Pajaro Energy, LLC do not guarantee or warrant the accuracy of any information and/or data herein nor the potential profit relative to this investment as to kind or amount.

# THIS OFFER IS SUBJECT TO PRIOR SALE, WITHDRAWAL OR CHANGE BY PAJARO ENERGY, LLC WITHOUT NOTICE.

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