BTA Oil Producers
104 S. Pecos
Midland, Texas 79701
Office: (432) 6823753 Fax: (432) 683-0325

Re: 9418 JVP Vaca Draw #1
API: 30-025-33639
Economic Analysis

Mr. Ingram,

The economic analysis on the Vaca Draw #1 was performed on a decline curve basis using the prior twelve month average for lease operating expense and lease product prices. No price adjustments or escalations were applied. The gross lease product prices were determined by dividing the gross revenue by the gross sales. The PowerTools model accounts for taxes. A load of oil was sold in February. Prior to February, the last load was sold in June of 2013.

Respectfully,

Trace Wohlfahrt

Trace Wohlfahrt
BTA Oil Producers

Monthly

Date: 6/19/2014 Time: 10:25 AM

# Monthly Cash Flow Report

Project: C:\Users\TWohlfahrt\Docu[illegible]w 1 Production_updated_6-14.mdb

Lease Name: VACA DRAW 9418 JV-P (1)
County, ST: LEA, NM
Location: S25 E33 10 C NE SW

Operator: BTA OIL PRODUCERS LLC
Field Name: JOHNSON RANCH
Reserve Type/Class: Proved/Developed, Producing

| Date | Well Count | Gross Production Oil (Bbl) | Gross Production Gas (Mcf) | Net Production Oil (Bbl) | Net Production Gas (Mcf) | Average Prices Oil ($/Bbl) | Average Prices Gas ($/Mcf) | Sales Total ($) |
|---|---|---|---|---|---|---|---|---|
| 04/2014 | 1 | 18 | 875 | 16 | 766 | 93.48 | 4.33 | 4,793 |
| 05/2014 | 1 | 18 | 867 | 16 | 759 | 93.48 | 4.33 | 4,753 |
| 06/2014 | 1 | 18 | 860 | 16 | 752 | 93.48 | 4.33 | 4,714 |
| 07/2014 | 1 | 18 | 852 | 15 | 746 | 93.48 | 4.33 | 4,676 |
| 08/2014 | 1 | 18 | 845 | 15 | 739 | 93.48 | 4.33 | 4,637 |
| 09/2014 | 1 | 17 | 838 | 15 | 733 | 93.48 | 4.33 | 4,600 |
| 10/2014 | 1 | 17 | 831 | 15 | 727 | 93.48 | 4.33 | 4,563 |
| 11/2014 | 1 | 17 | 824 | 15 | 721 | 93.48 | 4.33 | 4,526 |
| 12/2014 | 1 | 17 | 817 | 15 | 714 | 93.48 | 4.33 | 4,490 |
| 01/2015 | 1 | 17 | 810 | 15 | 708 | 93.48 | 4.33 | 4,454 |
| 02/2015 | 1 | 17 | 803 | 15 | 702 | 93.48 | 4.33 | 4,419 |
| Grand Total: | | 192 | 9,221 | 168 | 8,068 | 93.48 | 4.33 | 50,624 |

04

| Date | Operating Expenses ($) | Taxes ($) | Operating Income ($) | Other Costs ($) | Periodic Cash Flow ($) | Cumulative Cash Flow ($) | 10% Cash Flow ($) |
|---|---|---|---|---|---|---|---|
| 04/2014 | 4,048 | 368 | 377 | 0 | 377 | 377 | 374 |
| 05/2014 | 4,048 | 365 | 340 | 0 | 340 | 718 | 335 |
| 06/2014 | 4,048 | 362 | 304 | 0 | 304 | 1,022 | 297 |
| 07/2014 | 4,048 | 359 | 269 | 0 | 269 | 1,291 | 260 |
| 08/2014 | 4,048 | 356 | 233 | 0 | 233 | 1,524 | 224 |
| 09/2014 | 4,048 | 353 | 199 | 0 | 199 | 1,723 | 189 |
| 10/2014 | 4,048 | 350 | 164 | 0 | 164 | 1,887 | 155 |
| 11/2014 | 4,048 | 347 | 130 | 0 | 130 | 2,017 | 122 |
| 12/2014 | 4,048 | 345 | 97 | 0 | 97 | 2,114 | 90 |
| 01/2015 | 4,048 | 342 | 64 | 0 | 64 | 2,178 | 59 |
| 02/2015 | 4,048 | 339 | 31 | 0 | 31 | 2,210 | 29 |
| Grand Total: | 44,528 | 3,886 | 2,210 | 0 | 2,210 | 2,210 | 2,136 |

**Discount Present Worth:**

| | |
|---|---|
| 0.00 % | 2,210 |
| 10.00 % | 2,136 |
| 20.00 % | 2,072 |
| 30.00 % | 2,016 |
| 40.00 % | 1,965 |
| 50.00 % | 1,920 |
| 60.00 % | 1,879 |
| 70.00 % | 1,841 |
| 80.00 % | 1,807 |
| 90.00 % | 1,775 |
| 100.00 % | 1,746 |

**Economic Dates:**

| | |
|---|---|
| Effective Date | 04/2014 |
| Calculated Limit | 02/2015 |
| Economic Life | 11 Months |
| | 0 Years 11 Months |

**Economics Information:**

| | |
|---|---|
| Net Payout Date: | 04/2014 |
| Rate of Return: | >100 % |
| Return on Investment: | 0.00 |
| Disc Return on Invest: | 0.00 |
| Initial Division of Interest: | |

**Economics Summary:**

| | Bbl Oil | Mcf Gas |
|---|---|---|
| Ultimate Gross | 28,775 | 925,498 |
| Historic Gross | 28,583 | 916,277 |
| Gross at Eff Date | 28,583 | 916,277 |
| Remaining Gross | 192 | 9,221 |
| Remaining Net | 168 | 8,068 |

BTU Content: 1.000 mmbtu/mcf
Gravity: Oil: 53.00 Gas: 0.800

| | | | | NRI | ORI |
|---|---|---|---|---|---|
| WI: | 100.000000 | Oil: | | 87.500000 | 0.000000 |
| | | Gas: | | 87.500000 | 0.000000 |
| Reversion Date: | None | Injection: | | 0.000000 | 0.000000 |

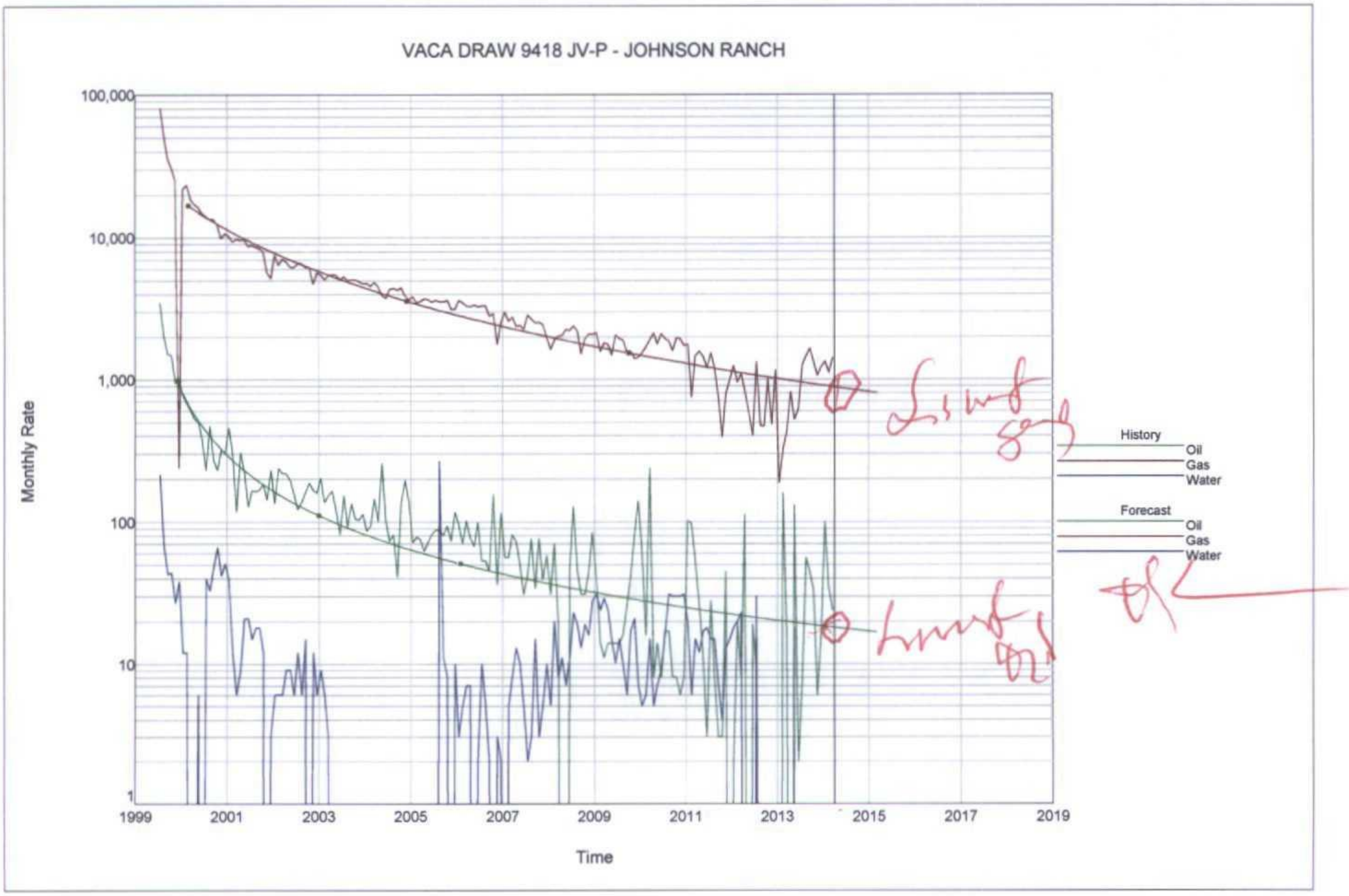
Convert the Well to SWD

## ***Rate/Time Graph***

Project: C:\Users\TWohlfahrt\Documents\IHS\PowerTools\Projects v9.2\Vaca Draw 1 Production_updated_6-14.mdb Date: 6/19/2014
Time: 10:24 AM

Lease Name: VACA DRAW 9418 JV-P (1)
County, ST: LEA, NM
Location: S25 E33 10 C NE SW

Operator: BTA OIL PRODUCERS LLC
Field Name: JOHNSON RANCH



83500
LOS
BTA0000013

BTA Oil Producers
Lease Operating Statements
Oil Wells
For the Period Ending April 30, 2014

245
06/17/14
10:31:27

0941831 VACA DRAW (Wolfcamp)

| Description | January 2013 | February 2014 | March 2014 | April 2014 | 12 Month Average | YTD Cumulative |
|---|---|---|---|---|---|---|
| VOLUMES SOLD - 8/8th's | | | | | | |
| Oil (Bbl) | | 204 | | | 50 | 204 |
| Gas (MCF) | 1,367 | 1,137 | 1,450 | 1,058 | 1,196 | 5,012 |
| REVENUES - 8/8th's | | | | | | |
| Oil $ - Gross | | 19,343 | | | 4,674 | 19,343 |
| Taxes | | 1,399 | | | 338 | 1,399 |
| Marketing/Gathering | | | | | | |
| Net Oil Sales | | 17,944 | | | 4,336 | 17,944 |
| $/Bbl (Net) | | 87.96 | | | 86.72 | 87.96 |
| Gas $ - Gross | 6,703 | 6,645 | 6,462 | 5,501 | 5,179 | 25,311 |
| Taxes | 532 | 527 | 512 | 436 | 411 | 2,007 |
| Marketing | | | | | | |
| Net Gas Sales | 6,171 | 6,118 | 5,950 | 5,065 | 4,768 | 23,304 |
| $/MCF (Net) | 4.51 | 5.38 | 4.10 | 4.79 | 3.99 | 4.65 |
| REVENUE - WI (after Royalty) | 87.50 | 87.50 | 87.50 | 87.50 | 87.50 | 87.50 |
| OIL - TOTAL NET SALES WI | | 15,701 | | | 3,794 | 15,701 |
| GAS - TOTAL NET SALES WI | 5,400 | 5,353 | 5,206 | 4,432 | 4,172 | 20,391 |
| Total Working Interest Revenue | 5,400 | 21,054 | 5,206 | 4,432 | 7,966 | 36,092 |
| TOTAL NET WI REV. PER EQUIV. BBL | | 76.84 | | | 75.87 | 76.96 |
| EXPENSES | | | | | | |
| Overhead Expenses | | | | | | |
| Supervision | 1,715 | 1,715 | 1,715 | 1,756 | 1,718 | 6,901 |
| Other | 87 | 43 | 43 | 43 | 66 | 217 |
| Total Overhead Expenses | 1,802 | 1,758 | 1,758 | 1,799 | 1,784 | 7,118 |
| Field Expenses | | | | | | |
| Electricity & Fuel | 10 | 11 | 11 | 11 | 10 | 42 |
| Salt Water Disposal | | | | | | |
| Roustabout | | | 3 | | 761 | 3 |
| Surface Well Equipment | 21 | 24 | 12 | 12 | 13 | 69 |
| Chemical & Hot Oil | | | | | | |
| Reservoir Costs | | | | | | |
| Pulling Costs | | | | 1,484 | 124 | 1,484 |
| Compression | 631 | 631 | 631 | 631 | 649 | 2,523 |
| Other | 699 | 716 | 712 | 714 | 707 | 2,841 |
| Total Field Expenses | 1,361 | 1,382 | 1,369 | 2,852 | 2,264 | 6,962 |
| Total Operating Expenses | 3,163 | 3,140 | 3,127 | 4,651 | 4,048 | 14,080 |
| GROSS OPER. COSTS PER EQUIV. BBL | | 11.46 | | | 38.55 | 30.02 |
| OPER. CASH PROFIT PER EQUIV. BBL | | 65.38 | | | 37.31 | 46.93 |
| OPERATING CASH PROFIT | 2,237 | 17,914 | 2,079 | 219- | 3,918 | 22,012 |
| WI REVENUE RATIO TO EXPENSES | 1.71 | 6.71 | 1.66 | .95 | 1.97 | 2.56 |
| BTA WI % | 100.00 | 100.00 | 100.00 | 100.00 | | 100.00 |