

# SUMMARY

<b>Prospect:</b>	Panola Field
<b>State:</b>	Texas
<b>County:</b>	Panola
<b>Location:</b>	25 Miles S.E. of Shreveport, LA
<b>Survey:</b>	JAMES THARP (A-665), WM NELLAGAN (A-511), WILLIAM LACY (A-404), BAILEY ANDERSON (A-24)
<b>Acres:</b>	1116
<b>Formation:</b>	Primary - Fredricksberg Goodland Lime (est. 2450') Secondary - Nacatoch (est. 1050'), Saratoga (est. 1280') and Blossom (est. 1900').
<b>Depth:</b>	2450 ft. (Horizontal Laterals to 2000')
<b>Type:</b>	Oil and Natural Gas, Primary and Secondary recovery.
<b>Plan:</b>	To drill new wells at spud, due to high acidity in shallower sands and age, re-entry creates too much risk.
<b>Control:</b>	51 plugged vertical wells, all were commercially productive, most drilled in the late 1970's. Total Field production was 523,868 BBL's and 2.085 BCF.
<b>Reserves:</b>	Third party engineering report – 250-400 Thousand Barrels Oil and Gas equivalent, primary/secondary recoverable per well. (Based on 9 Horizontal Wells)
<b>Number of Wells:</b>	8-10 Horizontal
<b>Available Working Interest:</b>	70%
<b>Property Royalties:</b>	25%
	70% to the 8/8 per well before payout, 60% after payout
<b>Costs (8/8):</b>	Approximately \$875,000 First Well. Includes Completion Costs, Surface Equipment and Lease Acquisition. \$750,000 Second and Subsequent Wells, subject to local and current drilling, completion and equipment costs.

**Revenue:** Gross estimated \$2.9 Million Primary Production. \$6.25 million to \$10,000,000 per well with Secondary Waterflood included at \$25/Barrel equivalent.

**Spud Date:** March 2005

**Costs per 1% WI:** Approximately \$12,500 First Well, \$10,725 Second & Third Wells, \$6,375 all Subsequent wells, all subject to local drilling, completion and equipment costs at the time of drilling.

**Operator:** S&H Resources, Inc./OMDA Oil & Gas

**Operator #:** 750286

**Operator Manager:** Harold Smith, S&H Resources

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