

SMITH PRODUCTION COMPANY
LARCO #35-1

Last night we logged the Smith Production, LARCO #35-1 well. Log analysis shows the following:

10300' Sand ran 33' high to the oil water contact seen in the Meridian LARCO #1 well. The sand appears productive, however the sand is much more silty than surrounding wells. Core analysis will help determine the amount of productive sand our well. Mapping shows 58 acres of productive reservoir. The central part of this sand should be productive and water free.

The 10350 Sand is a new sand just below the 10300 sand and appears productive in all downdip wells and has never produced before. The sand is clean and about 3 feet thick. Mapping show a possible 87 acres of reservoir.

The 10400 Sand was found to be 32' updip to a possible oil water contact seen in the downdip Mosbacher well. Only the upper lobe of this sand has resistivity , the lower lobe is wet. If cores indicate porosity, perm, and oil in this upper lobe, a reservoir area of 72 acres may possibly be oil productive, of course pending encouragement from the core analysis.

The 10500 Sand was found to be 16' high to the Meridian well. This sand appears to be residual oil and Non-productive. Core analysis may show oil, however the log shows a very high water saturation.

**SMITH PRODUCTION COMPANY
LARCO #35-1
12-9-11**

ESTIMATED RESERVES:

10300' SAND

58 Acres x 8' net oil x 500 BO/AF = 232,000 BO *(Note: reduced recovery factor to 500 BO/AF due to the poorer sand quality in our well)*

10350' SAND

87 Acres x 3' net oil x 400 BO/AF = 104,400 BO *(Note: reduced recovery factor to 400 BO/AF due to the poorer sand quality in our well)*

10400' SAND

72 Acres x 4' net oil x 400 BO/AF = 115,200 BO *(Note: reduced recovery factor to 400 BO/AF due to the poorer sand quality in our well)*

10500' SAND

Cores show oil, however log shows high water saturation. NO RESERVES

TOTAL OIL: 451,600 BO

RECOMMENDATION:

Looking at ALL of the data, i.e. log, geologic structure, cores, and past history, I would recommend that the well be completed initially in the 10300' sand for the following reasons:

1. Log and cores show oil productive
2. Structurally, we are 33' high to the current O/W contact, so no water production should be expected for a good while.
3. Estimated flow rate should be close to 200 BOPD or more.
4. We have good history on the production in the downdip Mosbacher well which produced over 660,000 BO from a net 15' of oil.
5. The 10350 and 10400 sands also appear productive, however we don't know how they will perform since there is no past production history.

After the reserves play out in the 10300' Sand, we can go back down the hole and recover the reserves in the 10400' and 10350' sand.

Smith Production Company
 LARCO 35 No. 1
 Perreau Island Field
 Cameron Parish, Louisiana
 Section 026, T12S-R04W
 API No.: 17023230950000



FILE NO.: LL-55475
 ANALYST: L. Simon
 TECH: A. Broussard
 DATE: December 9, 2011
 CORES: Baker Atlas

PERCUSSION SIDEWALL CORE ANALYSIS

| In. Rec. | Sample Depth Feet | Permeability mD | Porosity % | Pore Volume | | Prob Prod | Bulk Volume | | Comb. Gas | Crít. Water % | QA Factor | Core Lithology |
|-------------|-------------------------|--------------------|---------------|-------------|------------|--------------|-------------|----------|--------------|---------------------|--------------|--|
| | | | | Saturation | | | Saturation | | | | | |
| | | | | Oil % | Water % | | Oil % | Gas % | | | | |
| 0.5 | 10213.0 | 6.5 | 18.6 | 0.0 | 84.4 | (6) | 0.0 | 2.9 | 0 | 67 | 2fm | Sd vfg slty shy foss min flu |
| 1.5 | 10214.0 | <0.1 | 14.0 | 0.0 | 85.7 | (6) | 0.0 | 2.0 | 0 | 73 | 1 | Sd vfg slty vshy scalc no flu |
| 1.3 | 10397.0 | 3.9 | 16.4 | 0.0 | 81.3 | (6) | 0.0 | 3.1 | 0 | 65 | 2m | Sd vfg slty vshy calc no flu |
| 1.0 | 10398.0 | <0.1 | 13.9 | 0.0 | 90.0 | (6) | 0.0 | 1.4 | 0 | 73 | 1 | Sd vfg slty vshy vcalc no flu |
| 1.0 | 10399.0 | <0.1 | 13.4 | 0.0 | 89.5 | (6) | 0.0 | 1.4 | 0 | 72 | 1 | Sd vfg slty vshy scalc no flu |
| 1.3 | 10404.0 | 3.7 | 16.2 | 4.8 | 81.6 | (6) | 0.8 | 2.2 | 24 | 65 | 1 | Sd vfg slty vshy lam scalc stks yl flu |
| 0.5 | 10405.0 | 145.0 | 26.3 | 5.8 | 73.3 | Cond | 1.5 | 5.5 | 16 | 48 | 2m | Sd vfg vslty sshy calc dull yl flu |
| 1.0 | 10406.0 | 335.0 | 26.6 | 13.3 | 66.6 | Oil | 3.5 | 5.3 | 16 | 41 | 2m | Sd vfg slty sshy scalc yl flu 43° API |
| 1.0 | 10409.0 | 130.0 | 25.1 | 7.8 | 70.6 | Oil | 2.0 | 5.4 | 12 | 49 | 2m | Sd vfg vslty shy lam vcalc stks yl flu |
| 1.0 | 10410.0 | 33.0 | 20.8 | 4.5 | 76.4 | Wtr | 0.9 | 4.0 | 20 | 57 | 1 | Sd vfg vslty shy lam vcalc stks yl flu |
| 1.0 | 10411.0 | 14.0 | 20.4 | 2.9 | 79.2 | Wtr | 0.6 | 3.7 | 20 | 63 | 1 | Sd vfg vslty shy lam vcalc stks yl flu |
| 1.0 | 10412.0 | 8.8 | 19.3 | 3.4 | 82.8 | (6) | 0.7 | 2.7 | 10 | 66 | 1 | Sd vfg slty vshy lam scalc stks yl flu |
| 0.8 | 10414.0 | 7.9 | 18.8 | 0.0 | 87.1 | (6) | 0.0 | 2.4 | 0 | 67 | 1 | Sd vfg slty vshy scalc no flu |
| 1.3 | 10415.0 | 2.4 | 15.3 | 3.0 | 83.9 | (6) | 0.5 | 2.0 | 0 | 65 | 1 | Sd vfg slty vshy lam calc stks yl flu |
| 1.0 | 10417.0 | 6.6 | 17.2 | 0.0 | 80.8 | (6) | 0.0 | 3.3 | 0 | 64 | 1 | Sd vfg slty vshy lam calc no flu |
| | 10422.0 | | | | | | | | | | | Misfire |
| 1.3 | 10424.0 | 7.1 | 18.4 | 0.0 | 83.6 | (6) | 0.0 | 3.0 | 0 | 66 | 1 | Sd vfg slty vshy scalc no flu |
| 0.8 | 10425.0 | 6.3 | 17.2 | 0.0 | 78.3 | (6) | 0.0 | 3.7 | 0 | 65 | 1 | Sd vfg slty vshy scalc no flu |
| 1.3 | 10426.0 | 0.3 | 13.5 | 0.0 | 87.5 | (6) | 0.0 | 1.7 | 0 | 70 | 1 | Sd vfg slty vshy scalc no flu |
| 0.5 | 10427.0 | 0.1 | 13.2 | 0.0 | 87.8 | (6) | 0.0 | 1.6 | 0 | 71 | 1 | Sd vfg slty vshy scalc no flu |

10300' Sand

Smith Production Company
 LARCO 35 No. 1
 Perreau Island Field
 Cameron Parish, Louisiana
 Section 026, T12S-R04W
 API No.: 17023230950000



FILE NO.: LL-55475
 ANALYST: L. Simon
 TECH: A. Broussard
 DATE: December 9, 2011
 CORES: Baker Atlas

PERCUSSION SIDEWALL CORE ANALYSIS

| In. Rec. | Sample Depth Feet | Permeability mD | Porosity % | Pore Volume | | Prob Prod | Bulk Volume | | Comb. Gas | Crit. Water % | QA Factor | Core Lithology | |
|--------------------|-------------------------|--------------------|---------------|-------------|------------|--------------|-------------|----------|--------------|---------------------|--------------|--------------------------|--|
| | | | | Saturation | | | Saturation | | | | | | |
| | | | | Oil % | Water % | | Oil % | Gas % | | | | | |
| 1.8 | 10438.0 | | | | | | | | 0 | 1 | | Shale dk gy no flu | |
| 1.8 | 10439.0 | | | | | | | | 0 | 1 | | Shale dk gy no flu | |
| 1.5 | 10440.0 | | | | | | | | 3 | 1 | | Shale dk gy no flu | |
| 10350' Sand | 1.0 | 10457.0 | 13.0 | 20.1 | 4.7 | 76.7 | Cond | 0.9 | 3.7 | 20 | 65 | 1 | Sd vfg slty vshy lam scalc stks yl flu |
| | 0.8 | 10458.0 | 10.0 | 19.9 | 3.8 | 79.4 | Cond | 0.8 | 3.3 | 10 | 66 | 2m | Sd vfg slty vshy lam scalc stks yl flu |
| | 0.5 | 10459.0 | 51.0 | 23.6 | 2.8 | 67.3 | Cond | 0.7 | 7.1 | 27 | 57 | 2m | Sd vfg slty shy calc mott yl flu |
| | 1.3 | 10460.0 | <0.1 | 14.4 | 0.0 | 82.8 | (6) | 0.0 | 2.5 | 0 | 73 | 1 | Sd vfg slty vshy vcalc no flu |
| | 1.5 | 10461.0 | <0.1 | 13.2 | 0.0 | 91.3 | (6) | 0.0 | 1.1 | 0 | 72 | 1 | Sd vfg slty vshy vcalc no flu |
| | 1.8 | 10462.0 | <0.1 | 12.9 | 0.0 | 91.9 | (6) | 0.0 | 1.0 | 0 | 72 | 1 | Sd vfg slty vshy vcalc no flu |
| 10400' Sand | 0.8 | 10529.0 | 53.0 | 24.3 | 8.8 | 60.3 | Oil | 2.1 | 7.5 | 20 | 57 | 1 | Sd vfg slty shy lam stks yl flu |
| | 0.5 | 10530.0 | 1.5 | 14.8 | 0.0 | 77.4 | (6) | 0.0 | 3.3 | 0 | 65 | 1 | Sd vfg slty vshy lam scalc no flu |
| | | 10532.0 | | | | | | | | | | | Misfire |
| | 0.8 | 10533.0 | 12.0 | 20.7 | 7.4 | 78.2 | Oil | 1.5 | 3.0 | 0 | 66 | 1 | Sd vfg slty vshy lam scalc stks yl flu |
| | 1.0 | 10534.0 | 78.0 | 23.2 | 10.4 | 70.7 | Oil | 2.4 | 4.4 | 35 | 52 | 1 | Sd vfg vslty shy lam stks yl flu 45° API |
| | 0.8 | 10535.0 | 6.5 | 18.9 | 1.3 | 83.8 | (6) | 0.3 | 2.8 | 0 | 67 | 1 | Sd vfg vslty vshy ft yl flu |
| | 0.8 | 10542.0 | 195.0 | 26.0 | 3.6 | 78.6 | Wtr | 0.9 | 4.7 | 6 | 45 | 2m | Sd vfg vslty sshy yl flu |
| 0.8 | 10562.0 | 8.0 | 18.7 | 0.0 | 84.9 | (6) | 0.0 | 2.8 | 0 | 67 | 1 | Sd vfg vslty vshy no flu | |
| 1.0 | 10563.0 | 0.8 | 14.9 | 0.0 | 91.8 | (6) | 0.0 | 1.2 | 0 | 69 | 1 | Sd vfg slty vshy no flu | |
| 1.0 | 10565.0 | 0.5 | 14.7 | 0.0 | 87.3 | (6) | 0.0 | 1.9 | 0 | 70 | 1 | Sd vfg slty vshy no flu | |

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Weatherford[®]
 LABORATORIES

FILE NO.: LL-55475
 ANALYST: L. Simon
 TECH: A. Broussard
 DATE: December 9, 2011
 CORES: Baker Atlas

PERCUSSION SIDEWALL CORE ANALYSIS

| In. Rec. | Sample Depth Feet | Permeability mD | Porosity % | Pore Volume | | Prob Prod | Bulk Volume | | Comb. Gas | Crit. Water % | QA Factor | Core Lithology | |
|--------------------|-------------------------|--------------------|---------------|-------------|------------|--------------|-------------|----------|--------------|---------------------|--------------|-------------------------|----------------------------------|
| | | | | Saturation | | | Saturation | | | | | | |
| | | | | Oil % | Water % | | Oil % | Gas % | | | | | |
| 1.0 | 10566.0 | 0.2 | 13.9 | 0.0 | 91.5 | (6) | 0.0 | 1.2 | 0 | 71 | 1 | Sd vfg slty vshy no flu | |
| 1.0 | 10568.0 | 6.2 | 17.2 | 0.0 | 89.7 | (6) | 0.0 | 1.8 | 0 | 65 | 1 | Sd vfg slty vshy no flu | |
| 1.0 | 10573.0 | 8.3 | 18.2 | 0.0 | 85.7 | (6) | 0.0 | 2.6 | 0 | 65 | 1 | Sd vfg slty vshy no flu | |
| 0.8 | 10576.0 | 8.9 | 18.7 | 0.0 | 83.0 | (6) | 0.0 | 3.2 | 0 | 66 | 1 | Sd vfg slty vshy no flu | |
| 1.0 | 10580.0 | 1.3 | 14.3 | 0.0 | 83.6 | (6) | 0.0 | 2.3 | 0 | 66 | 1 | Sd vfg slty vshy no flu | |
| 1.0 | 10582.0 | 2.0 | 14.9 | 0.0 | 82.2 | (6) | 0.0 | 2.7 | 0 | 65 | 1 | Sd vfg slty vshy no flu | |
| 10500' Sand | 0.5 | 10622.0 | 205.0 | 27.3 | 15.8 | 61.4 | Oil | 4.3 | 6.2 | 0 | 46 | 2m | Sd vfg vslty sshy yl flu 41° API |
| | 0.5 | 10624.0 | 355.0 | 27.2 | 16.0 | 59.1 | Oil | 4.4 | 6.8 | 0 | 41 | 2m | Sd vfg slty sshy dull yl flu |
| | 0.5 | 10626.0 | 350.0 | 27.0 | 13.8 | 65.1 | Oil | 3.7 | 5.7 | 20 | 41 | 2m | Sd vfg slty sshy yl flu |
| | 0.8 | 10628.0 | 320.0 | 27.3 | 14.6 | 61.0 | Oil | 4.0 | 6.7 | 30 | 42 | 2m | Sd vfg slty sshy yl flu 41° API |
| | 0.5 | 10632.0 | 365.0 | 27.7 | 7.1 | 74.3 | Oil | 2.0 | 5.2 | 0 | 41 | 2m | Sd vfg slty sshy dull yl flu |

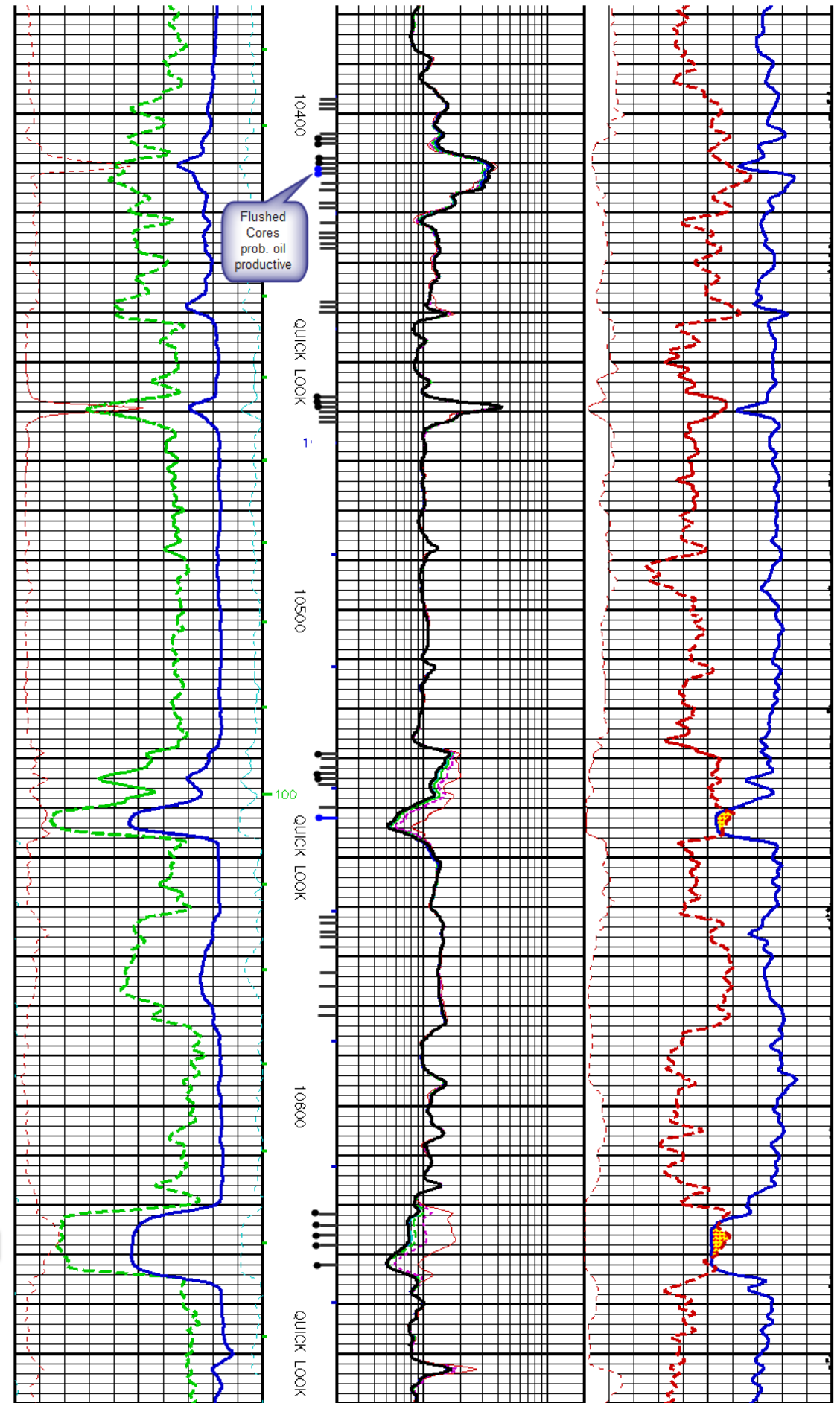
10300 Sand

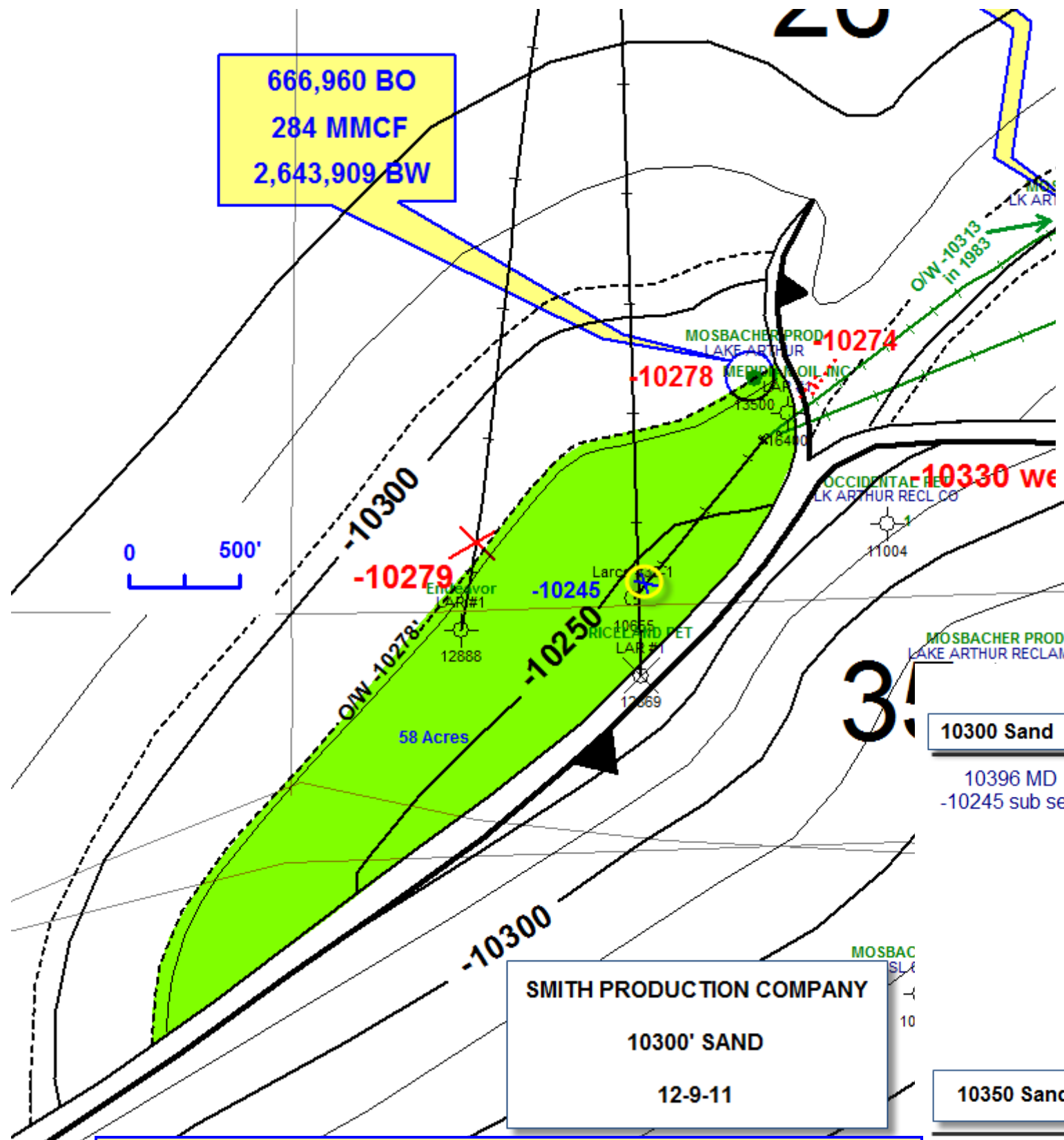
10350 Sand

10400 Sand

10500 Sand

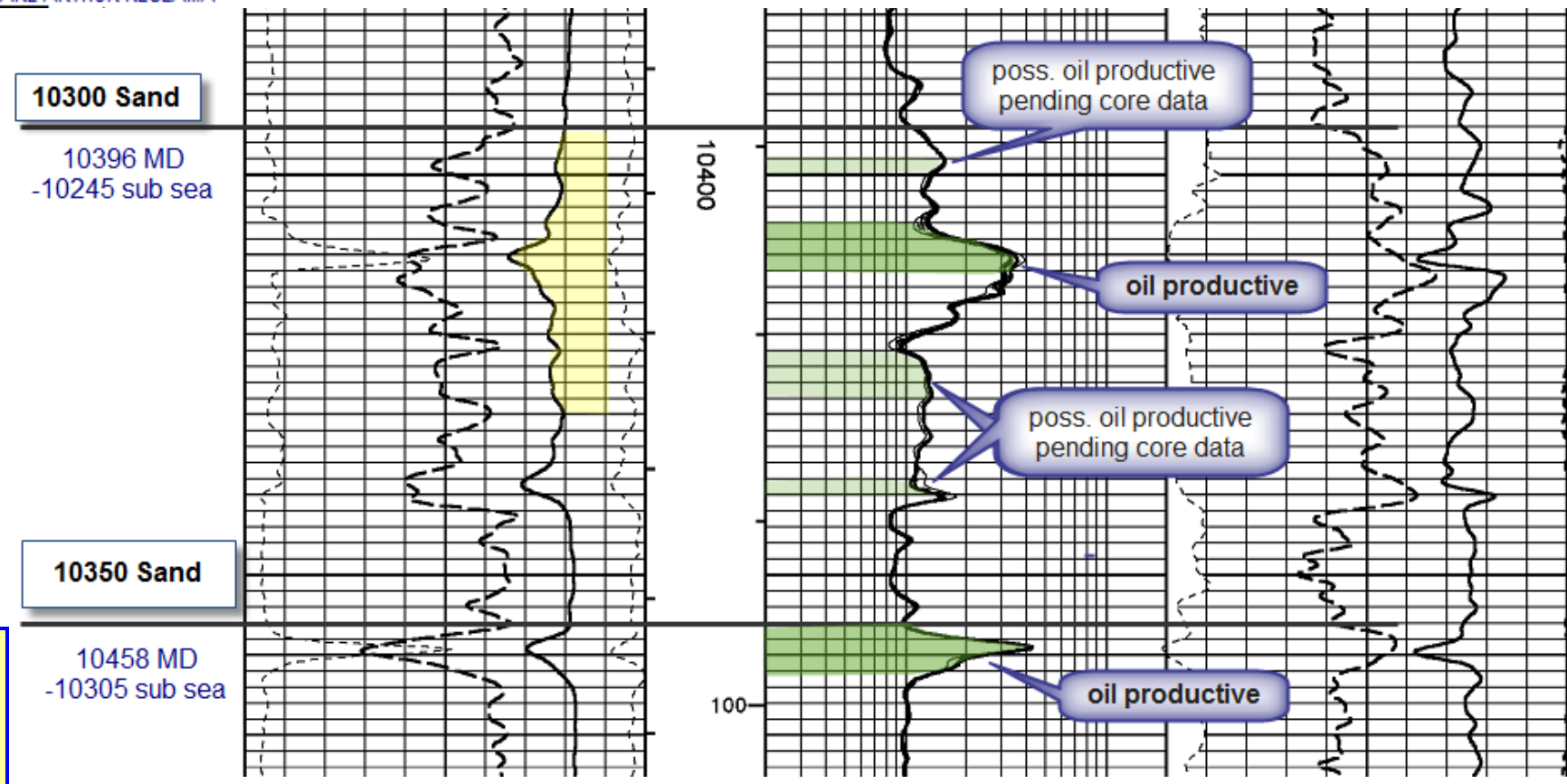
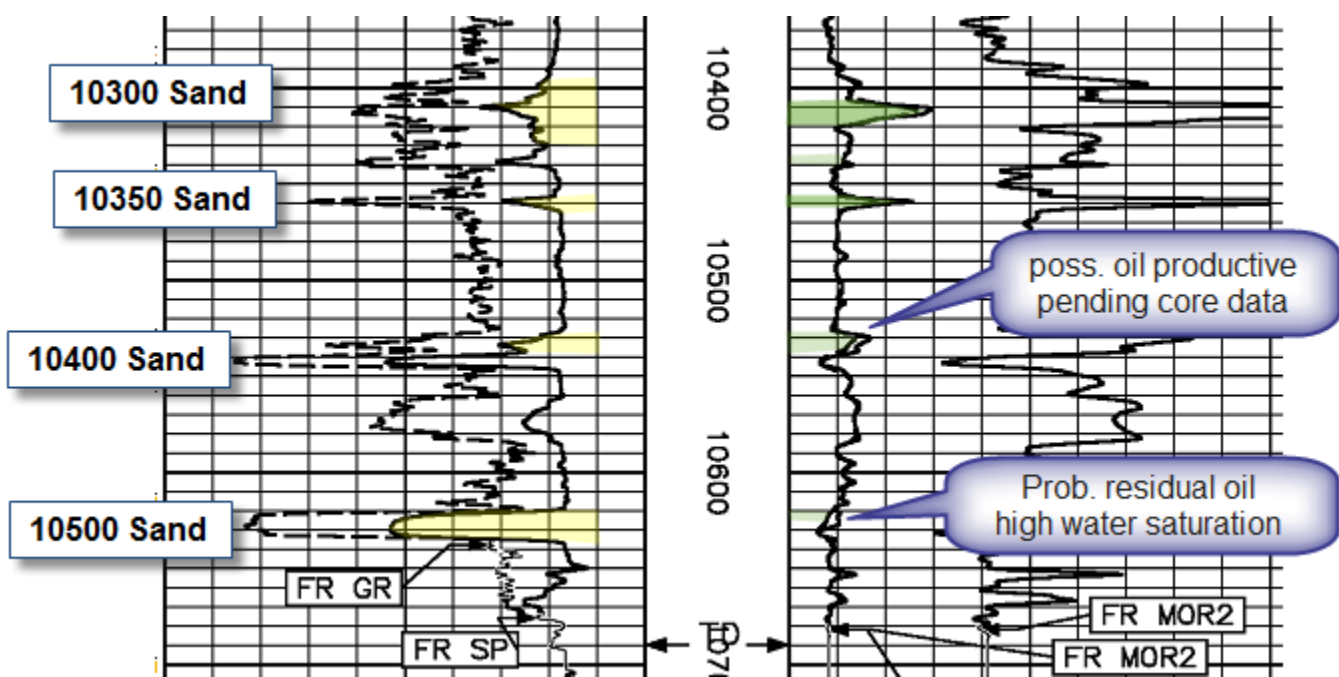
Flushed
Cores
prob. oil
productive



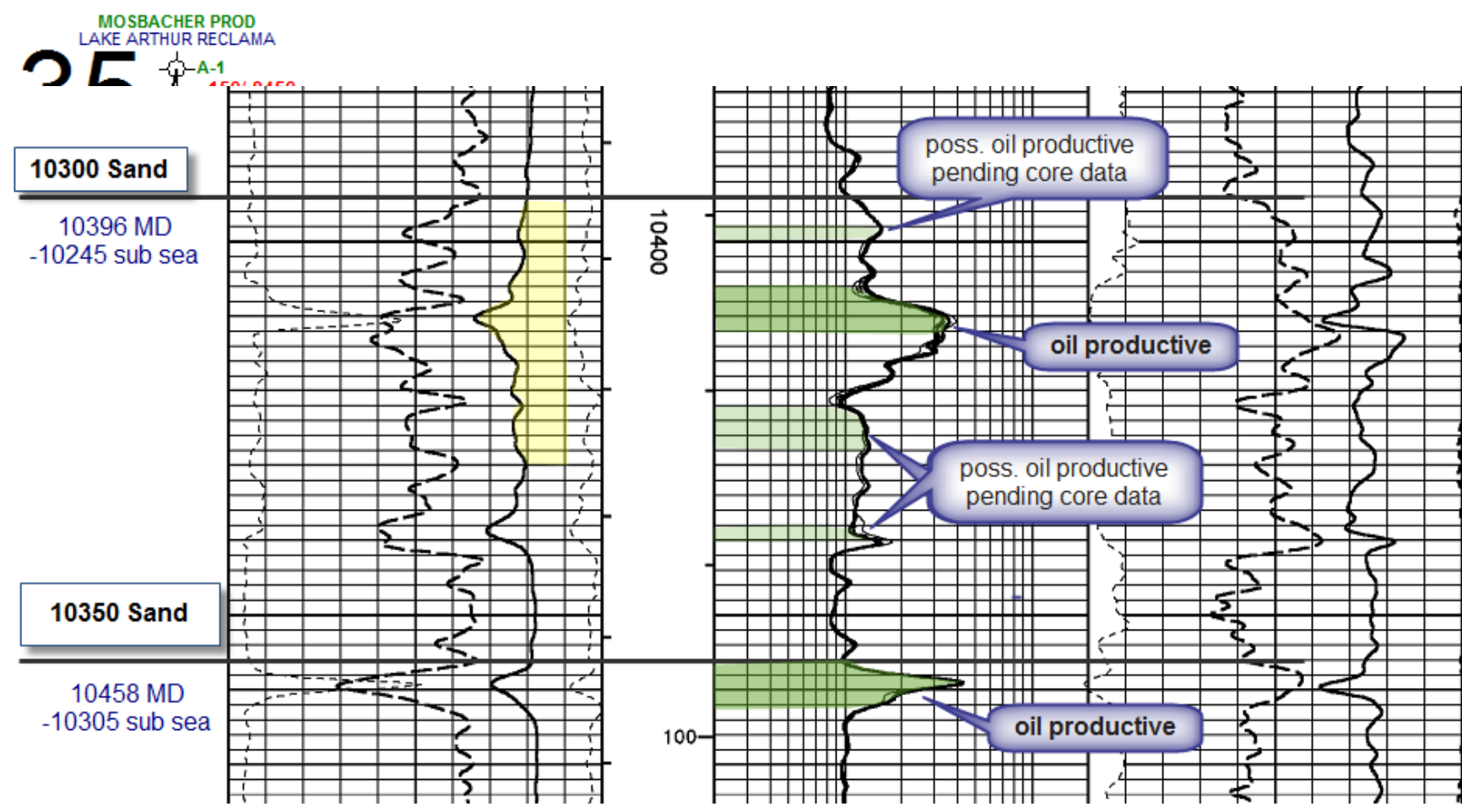
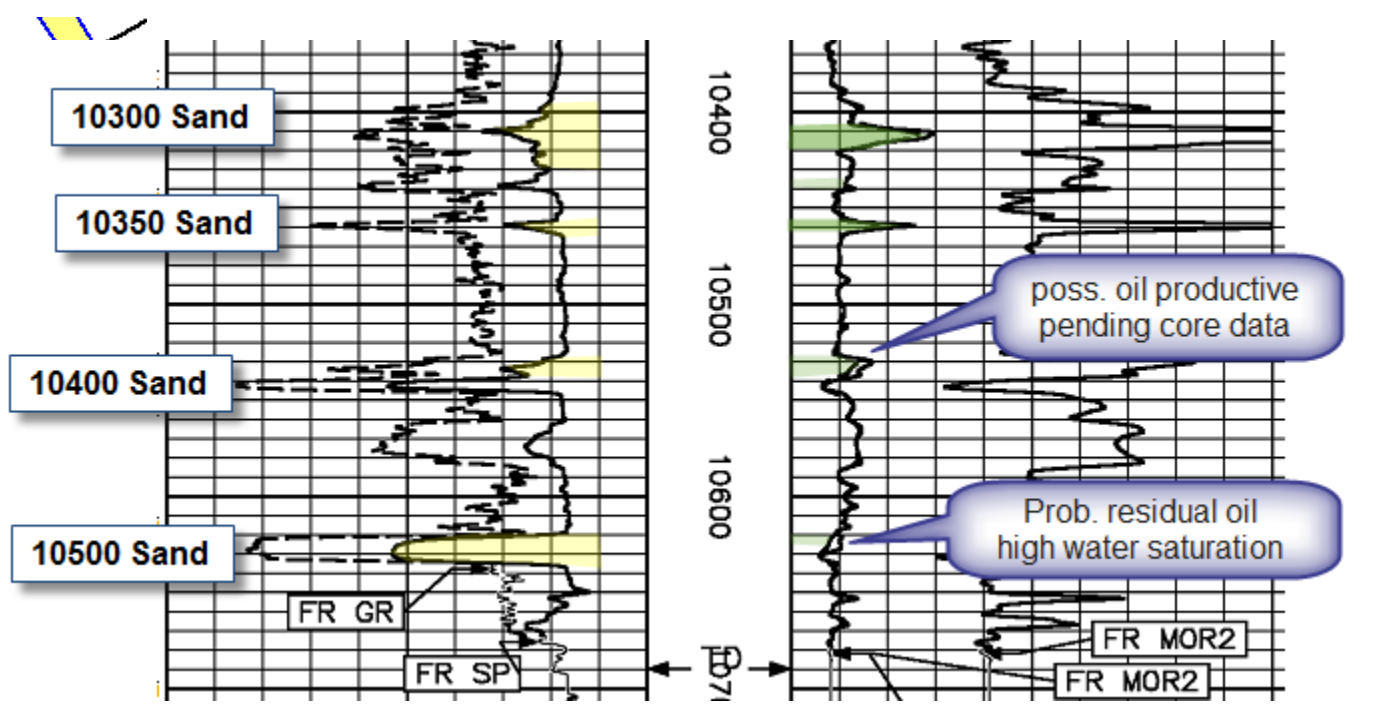
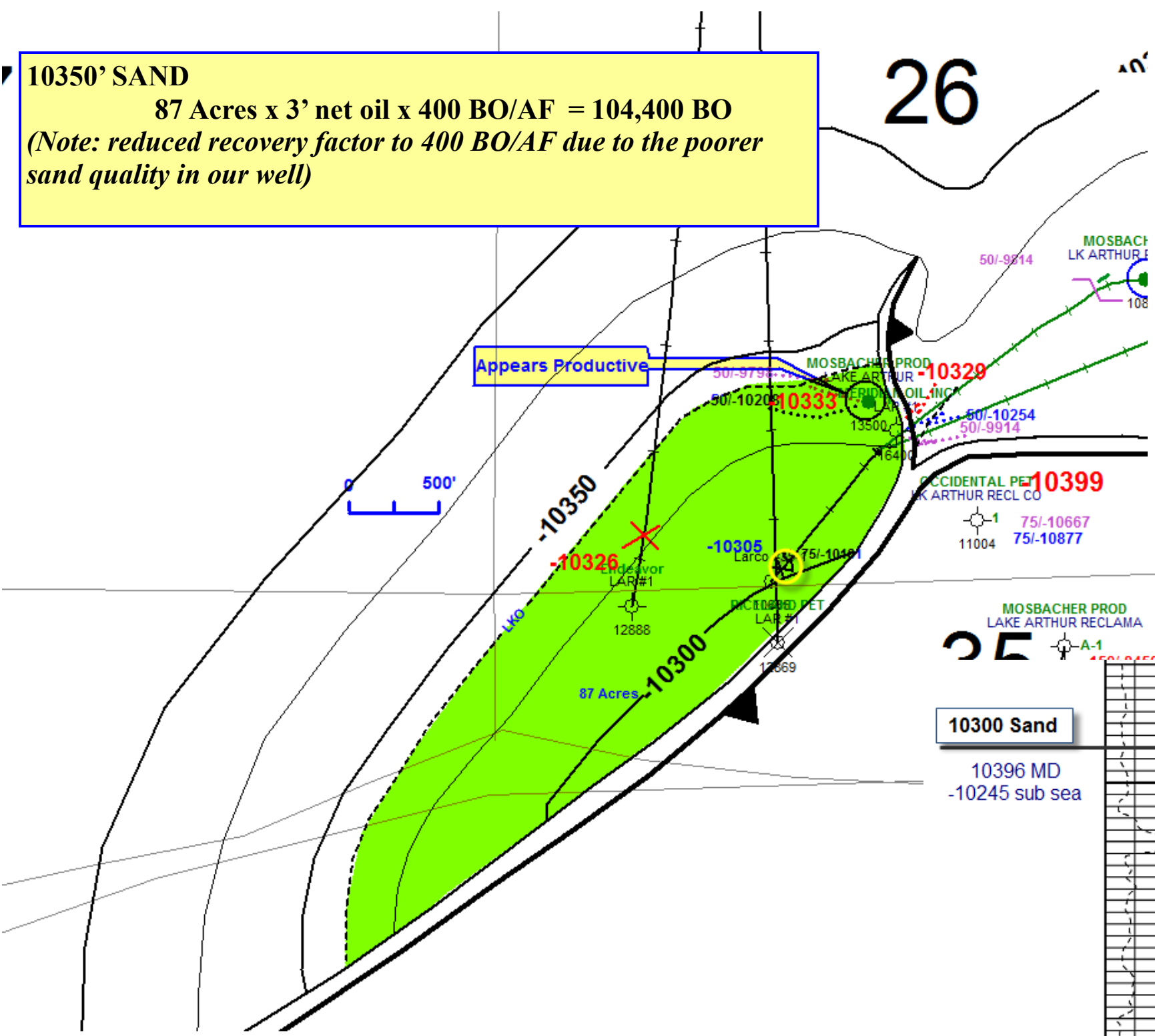


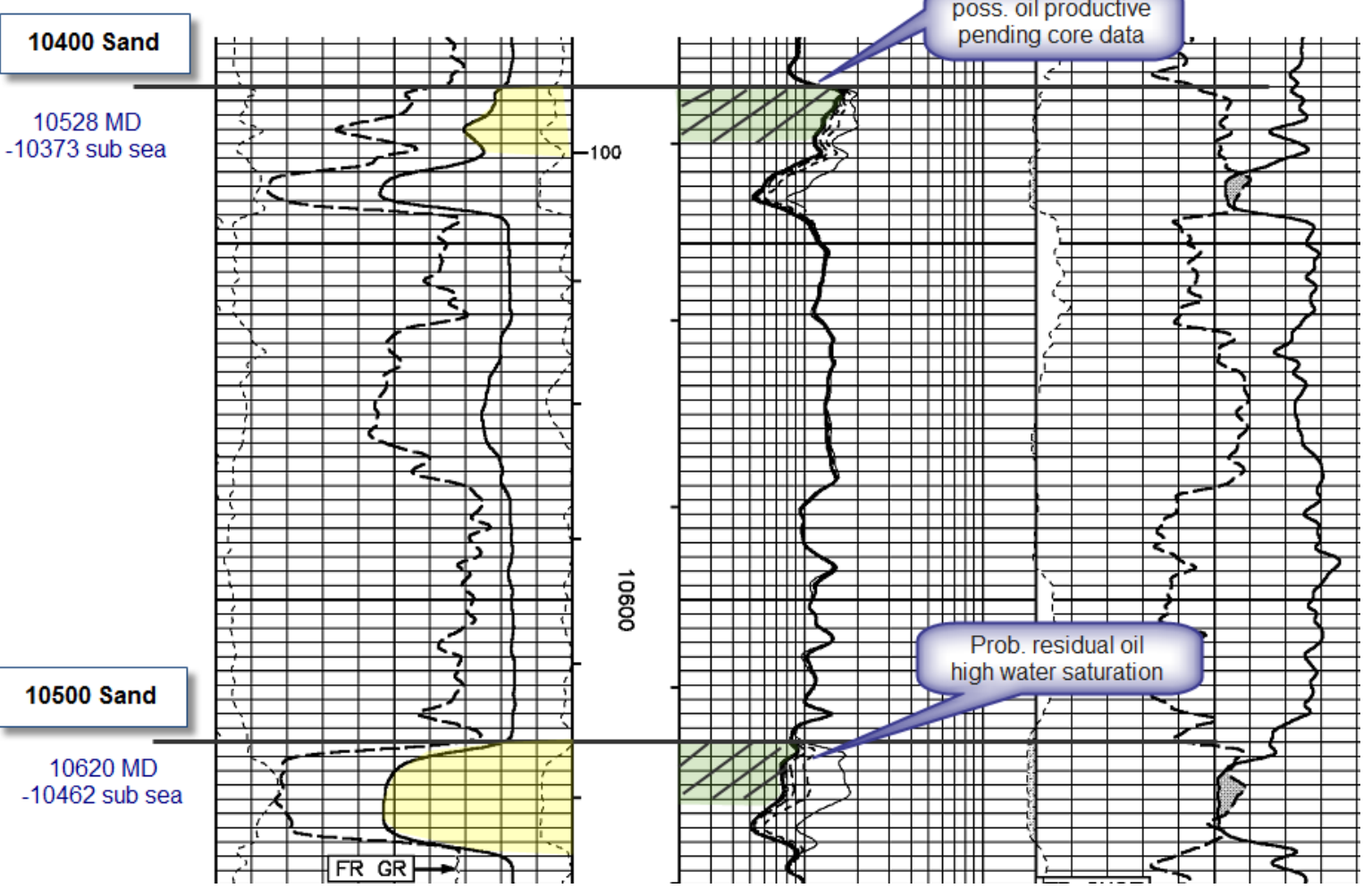
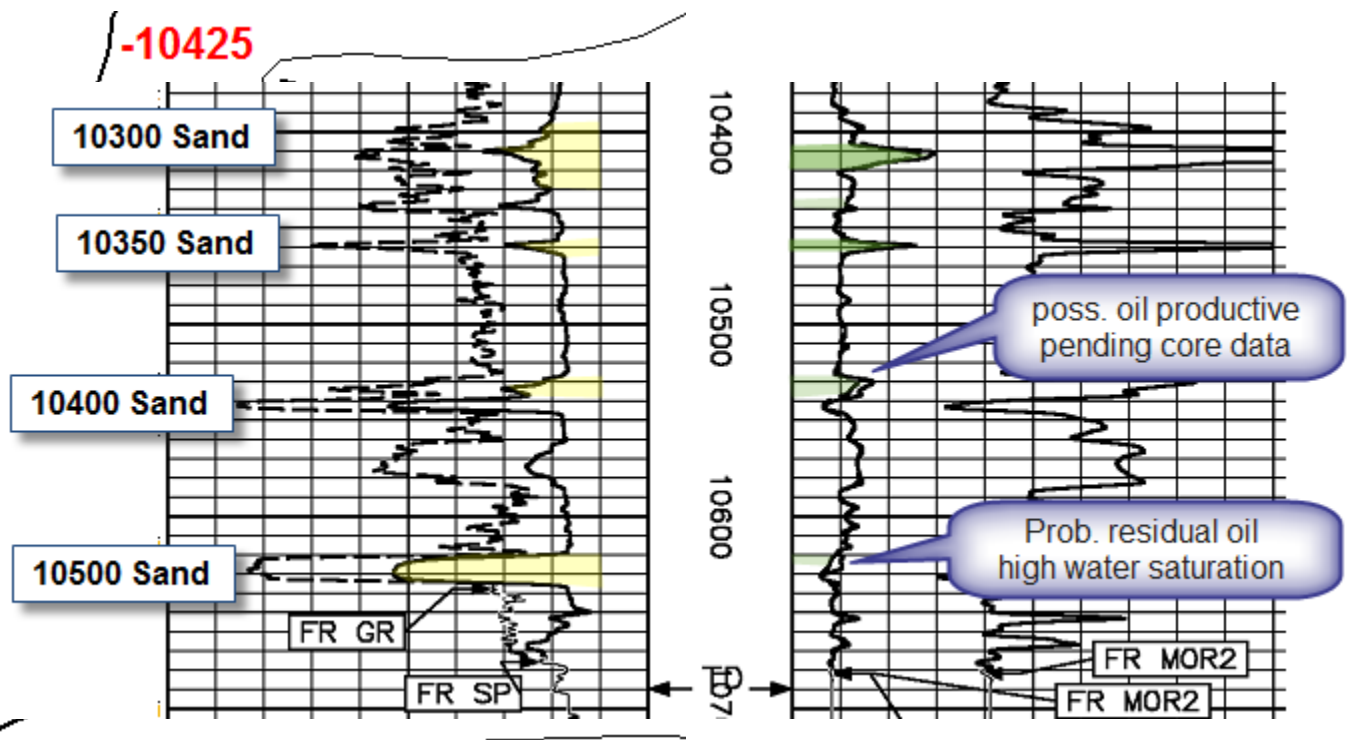
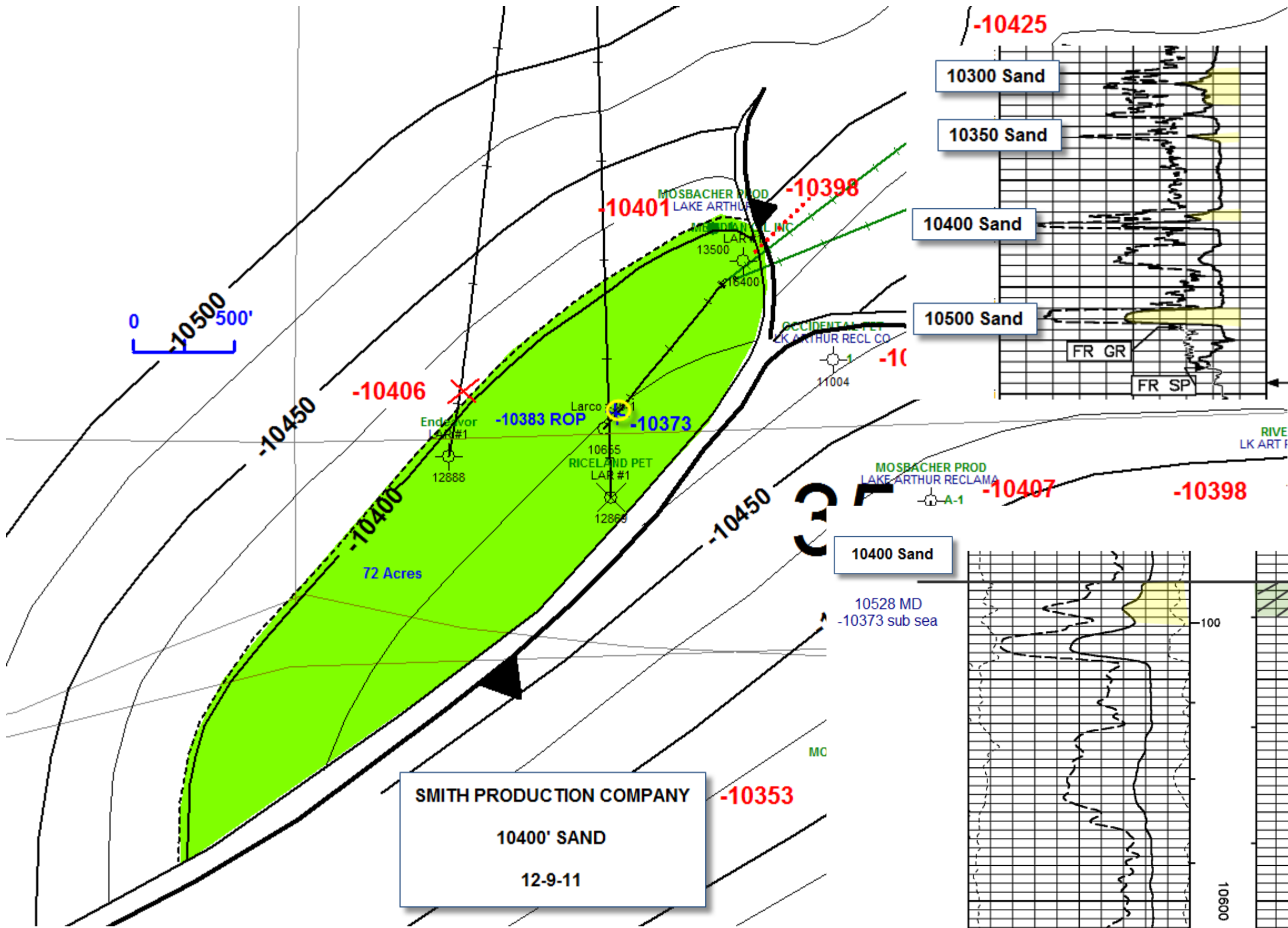
SMITH PRODUCTION COMPANY
10300' SAND
12-9-11

10300' SAND
 58 Acres x 8' net oil x 500 BO/AF = 232,000 BO
 (Note: reduced recovery factor to 500 BO/AF due to the poorer sand quality in our well)

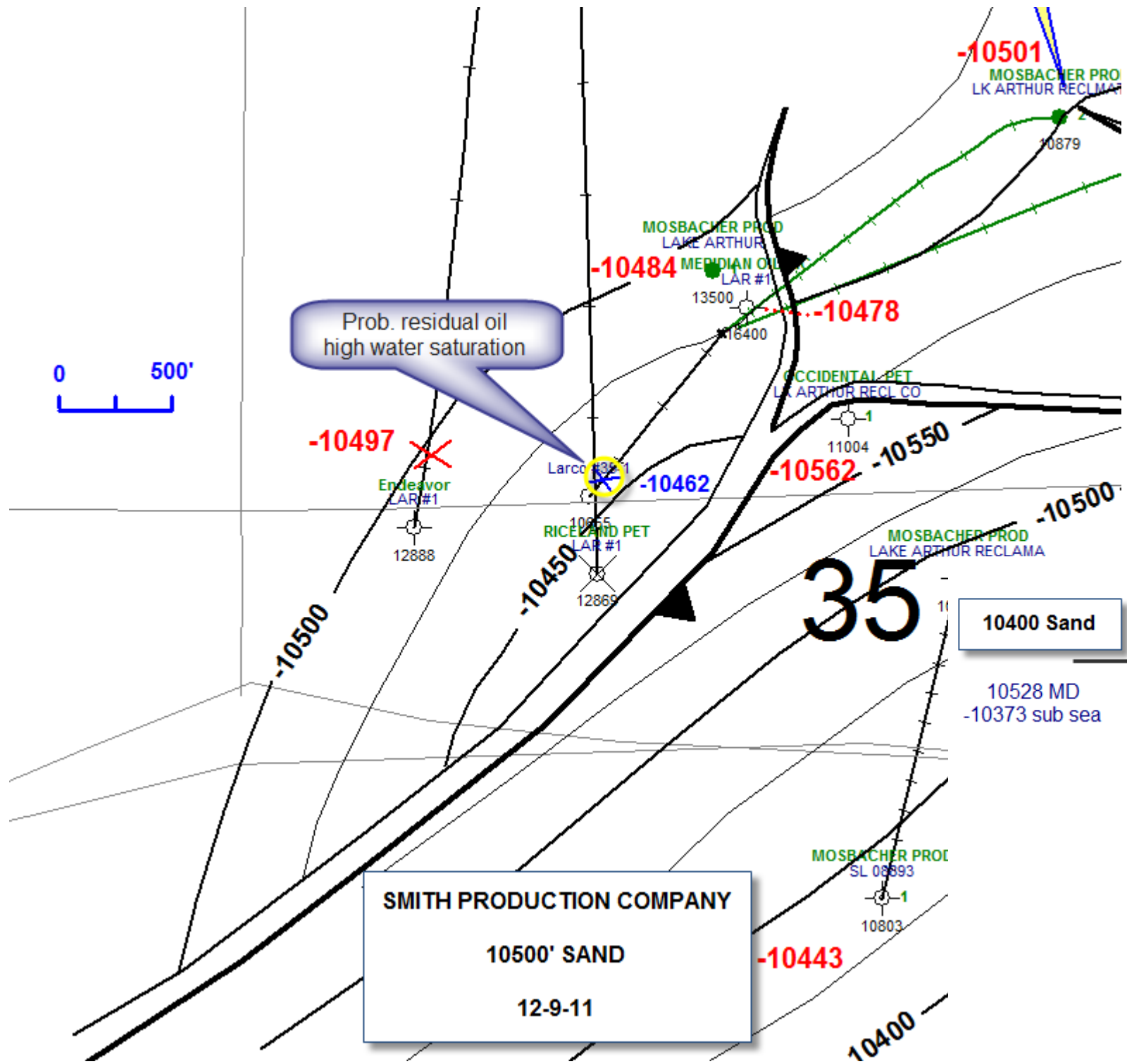


10350' SAND
 87 Acres x 3' net oil x 400 BO/AF = 104,400 BO
(Note: reduced recovery factor to 400 BO/AF due to the poorer sand quality in our well)





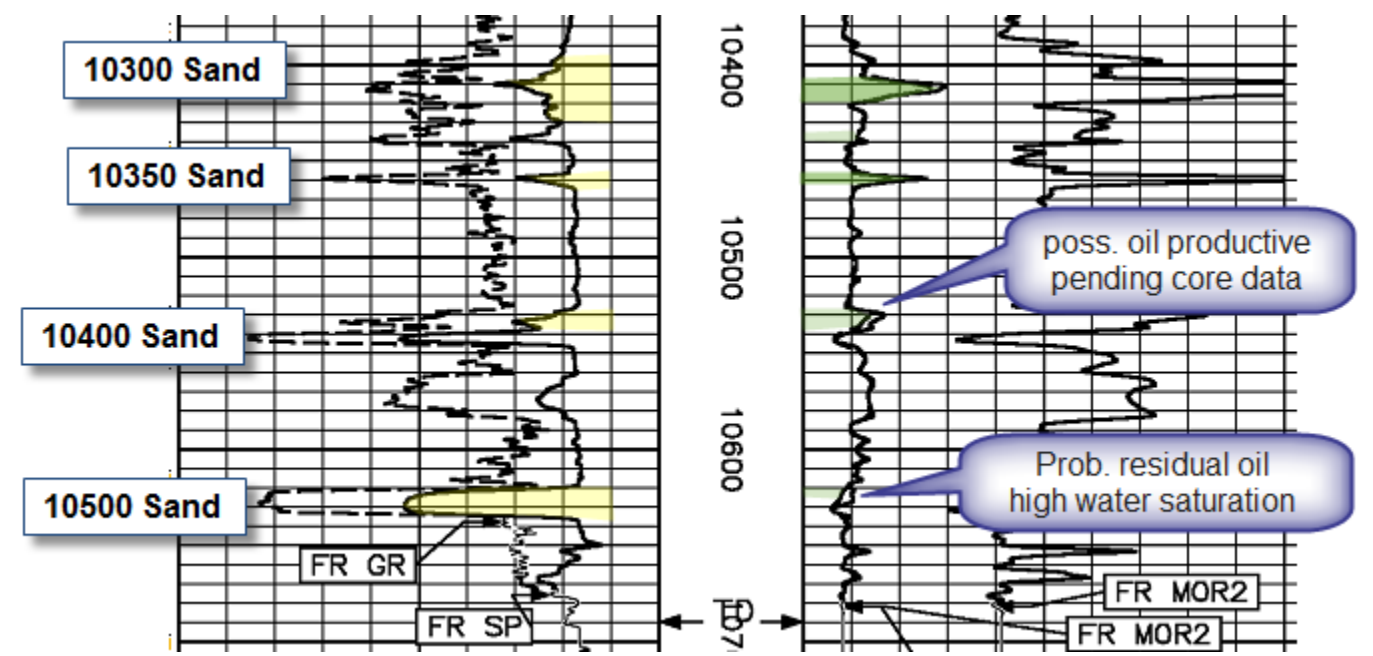
10400' SAND
 72 Acres x 4' net oil x 400 BO/AF = 115,200 BO
 (Note: reduced recovery factor to 400 BO/AF due to the poorer sand quality in our well)



Prob. residual oil high water saturation

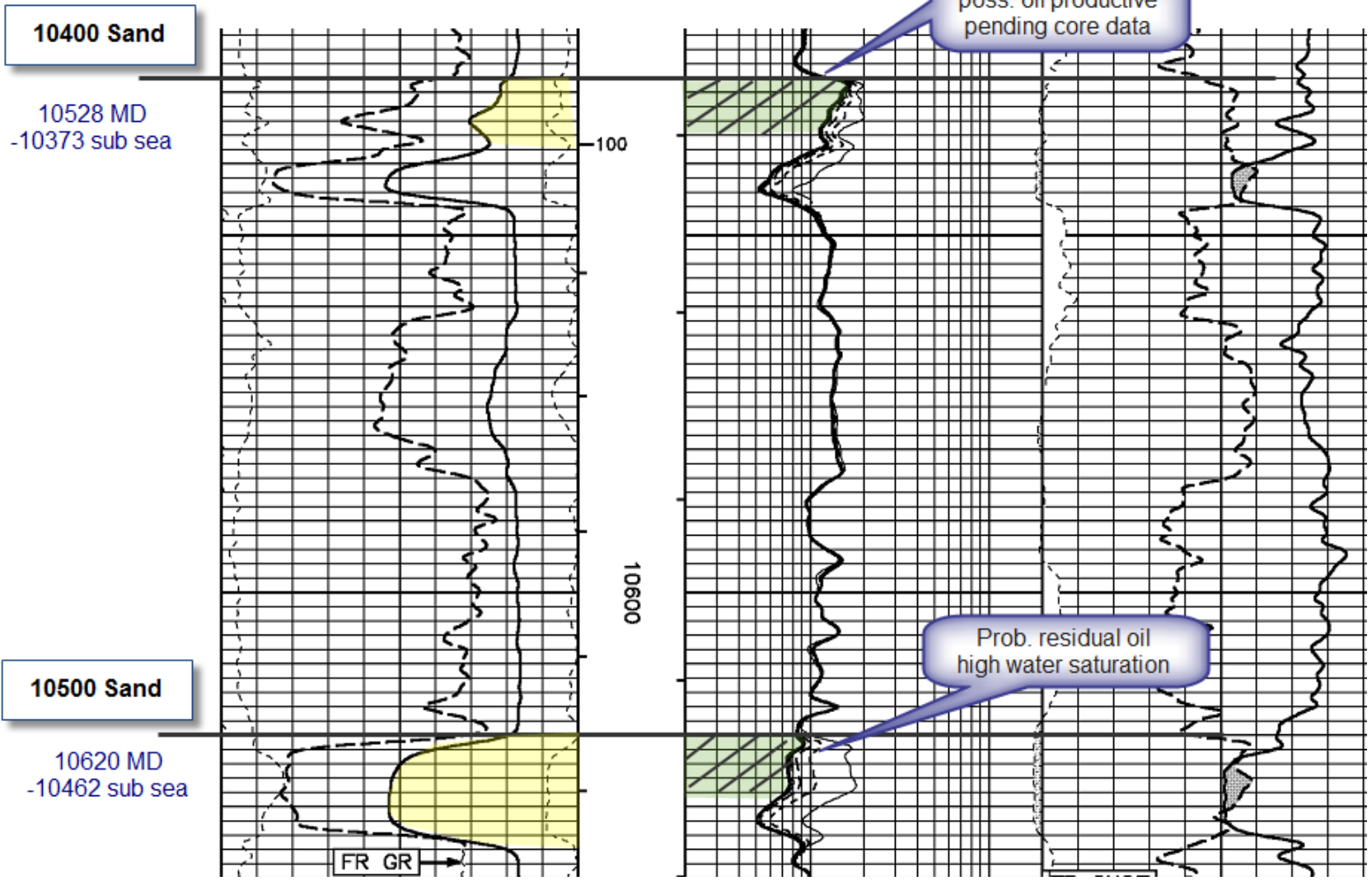
SMITH PRODUCTION COMPANY
10500' SAND
 12-9-11

10500' SAND
 Cores show oil, however log shows high water saturation.
NO RESERVES



poss. oil productive pending core data

Prob. residual oil high water saturation



poss. oil productive pending core data

Prob. residual oil high water saturation