



# PANOAK

## OIL & GAS CORPORATION

Date: May 2012

ATT: To whom it may concern

Re: Performance report of Cerarmix in oil / gas well.

Panoak Oil and Gas Corporation (Panoak) were initially approached to undertake an extended in-field, independently verifiable test on the use of Cerarmix within an oil and gas well to ascertain the viability of using Cerarmix as a means of extending the useful life of both down-hole pumps and tubing.

Panoak agreed to conduct the trial and indentified well "Jean Little 12C-1 well" (12C-1), being an operational, multi-zone well, and also our most corrosive and therefore costliest well to operate, with which to undertake the trial in. A monitoring system was established that included daily independent reporting of production from the well along with recording keeping of all costs associated with the well operation. The independent reporting of production was undertaken by Aeon Gas Measurement LLC (AEON) whose log reports can be independently verified either by requesting a copy of their daily reports from Panoak or by accessing the Oklahoma Tax Commission records where the monthly production reports have been filed. These records are also the basis on which the Oklahoma State Gas Production Taxes have been paid.

### **History.**

The 12C-1 well is located within the Cherokee Basin in Washington County of Oklahoma and produces both oil and gas from the same well. The down-hole pump sits at 1609 feet below the surface within the Rowe Zone (a lower coal formation zone) however the well consists of multiple formations starting at the Mulky Coal zone (at 1020 feet), then the Iron-post zone, then the Crowberg upper and the Crowberg lower zones, then the Rowe upper and Rowe lower zones. The salt water from each of these different formations all drain to the bottom of the well and it is the co-mingling of these different waters which results in making the well extremely corrosive and the water to be pumped off extremely abrasive.

The 12C-1 well has traditionally been classed as an average well in terms of production, with daily gas production averaging approximately 20 McF per day however due to the harsh nature of the well environment, the operating costs to secure this production, while on a par with similar type co-mingled wells within the general area, are high when factors such as continuous run times and replacement pump parts / tubing etc are taken into consideration.

In the thirteen months preceding the installation of the Cerarmix coated equipment, Panoak encountered five tubing leaks / pump problems that required the entire string of tubing and pump to be removed from the well on each occasion and the faulty items replaced. This meant that the over cost of maintaining the well increased every time that replacement parts needed to be installed along with lost production every time the well is inoperable. Due to the fact that Panoak have our own in-house pulling rigs and maintenance crews, the length of time the well was inoperable, each time it was down, was kept to an absolute minimum however each time the well is taken out of production, it requires between four and six weeks of operation for the well to regain its maximum production levels again.

#### **Post Cerarmix installation:**

In the Twelve months of operation since the installation of the Cerarmix coated equipment, Panoak has not had any down-time on the 12C-1 well and the well has not had to be pulled for service at all including either pump or tubing leaks. Additionally, the highs and lows of gas production have varied only slightly and have been within a range that is considered a normal operational range.

This has meant that not only has Panoak saved on direct maintenance costs which have reduced by 92.8% annually, but the well has continued to run at a constant pressure which has equated to continuity in gas production giving an overall increase in total gas produced of 172% over that produced in the preceding twelve period, (see attached graphs showing both pre and post Cerarmix installation performance records).

The only reason that the 12c-1 well was eventually pulled from service in March 2012, was that the trial period as initially agreed had elapsed and the data had to be collected to enable the generation of this report. Had the trial period not been up and the 12C-1 had continued to operate, given the state of the pump and tubing once extracted from the well, it is the belief of Panoak that this well would have continued to operate for many years to come without the need for any down-hole maintenance to be undertaken as there was no discernible difference to any of the equipment from the day it was installed to the day it was extracted.

## Cerarmix Trial Results.

A summary of the financial / production performance of the 12C-1 well is as follows:

### *Pre installation of the Cerarmix coated equipment.*

#### *For 13 month period ending March 2011:*

Total Annual Gas production:	6598 McF
Average daily Gas production:	18.076712 McF
Hedge price for gas sales:	\$ 5.30 per McF
Total Gross Revenue:	\$34,969.40
Total Annual Maintenance costs:	\$ 9,353.01
Average monthly maintenance cost:	\$ 779.41
Net annual revenue:	\$25,616.39
Net monthly revenue:	\$ 1,970.49

### *Post installation of Cerarmix coated equipment:*

#### *For 12 month period ending March 2012.*

Total Annual Gas production:	11337 McF
Average Daily Gas production:	31.06027 McF
Hedge price for gas sales:	\$ 4.05 per McF
Total Gross Revenue:	\$45,914.85
Total Annual Maintenance costs:	\$ 672.00
Average monthly maintenance costs:	\$ 56.00
Net annual revenue:	\$45,242.85
Net monthly revenue:	\$ 3,770.23

As can be seen from the photos attached to this report of the down-hole pump, being (a/b) the photos of the pump just after extraction from the well and (c) once the pump had been water blasted and cleaned, there is no discernible wear on the pump of any description. Additionally, when the pump was extracted, there were no substances attached to the pump, no Paraffin, Gip or Calcium deposits etc thereby eliminating the possibility of any pump or tubing hang-ups.

Another advantage of using Cerarmix as a coating, especially in any well that is operating in a co-mingled zone environment, is that Cerarmix eliminates the possibility of electrolysis occurring down-hole, as has been demonstrated within this trial. By eliminating electrolysis, the single largest maintenance cost is no longer an issue. Panoak installed a new pump in well 12C-1 well which was rendered inoperable with six weeks due to electrolysis taking place down-hole and corroding away a large portion of metal from the pump body as can be seen in attached photo (D).

## Summary:

Even though the average hedge price per McF of Gas reduced from \$5.30 to \$4.05 during the pre and post Cerarmix timeframe, Panoak still increased its net revenue on the 12C-1 by \$19,626.46 while also reducing our overall maintenance costs from \$9353.01 to \$672.00 with the only maintenance costs incurred during the trial being the cost of replacement drive belts. Meanwhile Panoak increased its daily production from 18.076712 McF to 31.06027 McF. It is interesting to note that had the hedge price of the gas remained at \$5.30, our overall net revenue would have increased by \$33,797.71

Cerarmix coating precluded the normal maintenance nightmares encountered by almost every Gas & Oil well. Due to the non-stop production of the well with Cerarmix in use, **Panoak realized a 172% increase in the production of that well.** Given that the production increase was due to increased run-time, Panoak believe the same increase in oil production from a well, is to be expected.

Historically, when a well goes down for tubing leak or pump change etc, the water level in the well increases exponentially with each day the well is down. Therefore, when a well continues to operate, (as in the case of the Cerarmix trial) and there is no downtime due to maintenance, the well is able to operate at its optimal operating level. This allows the water level down-hole to remain below the bottom perforations in the well casing thereby allowing the lower formations to continue to produce product. This of course is not the case when the well is inoperable and once the well is restarted, it can take in excess of a month to lower the water level and regain optimum production.

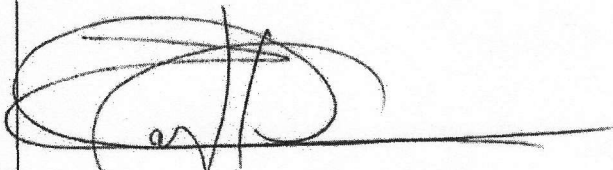
While not all wells that produce gas necessarily produce oil, most oil wells produce significant amounts of gas and water. The water (containing the oil) is pumped off the well and normally transported in a common line to tank batteries for collection and separation as is the case with the Panoak wells. The total amount of water pumped off the 12C-1 well during the trial period did however increase significantly. Therefore it stands to reason that with an increase in water production, there is an increase in the total amount of oil produced similar to the gas production increase.

Given the results of this trial, another indirect advantage to Panoak in the use of Cerarmix within our wells is that while we achieved a significant reduction in our lease operation costs. We also increased production by having the wells stabilized by increased the total runtime, thereby increasing the total annual production. By regaining the production lost to down-time which not only increased the net revenue of the well but also increased the engineering value of the well by a significant margin thereby increasing the overall capital value our asset. An independent Annual Cash Flow Report undertaken by Netherland Sewell and Associates Inc. (Worldwide Petroleum Consultants) on a group of 87 Panoak wells, all located within the same field, **showed an increase of 65.5% in the total value of the field** as a whole when using the Cerarmix results achieved in this trial and marrying them to the fields existing production.

Not included in the above reports for either post or pre Cerarmix installation, are the ongoing monthly operating costs such as electricity, Pumpers wages, insurance etc as the assumption has been made that for the sake of this report, these costs would remain constant. It is however, the opinion of Panoak, that given the hassle free nature of the well post Cerarmix, the need for a Pumper to visit the well on a daily basis could be replaced with a Pumper visiting the well once every second or third day.

The Cerarmix coated products exceeded the expectations of Panoak as confirmed by the attached data and as such, Panoak is now committed to the installation of Cerarmix into the majority of its wells.

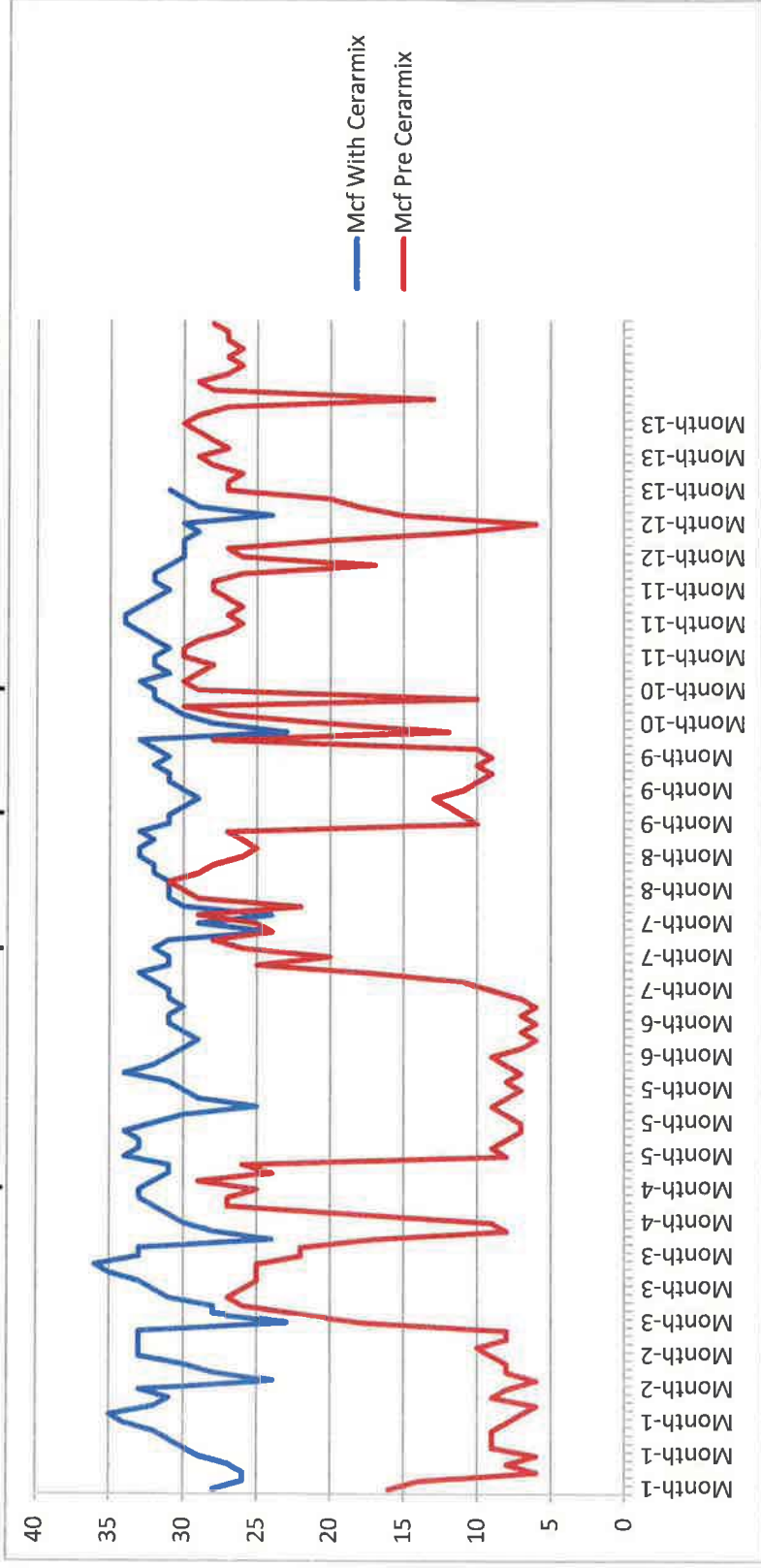
Should further information to that set out above or additional data to that attached be required, please contact the undersigned.



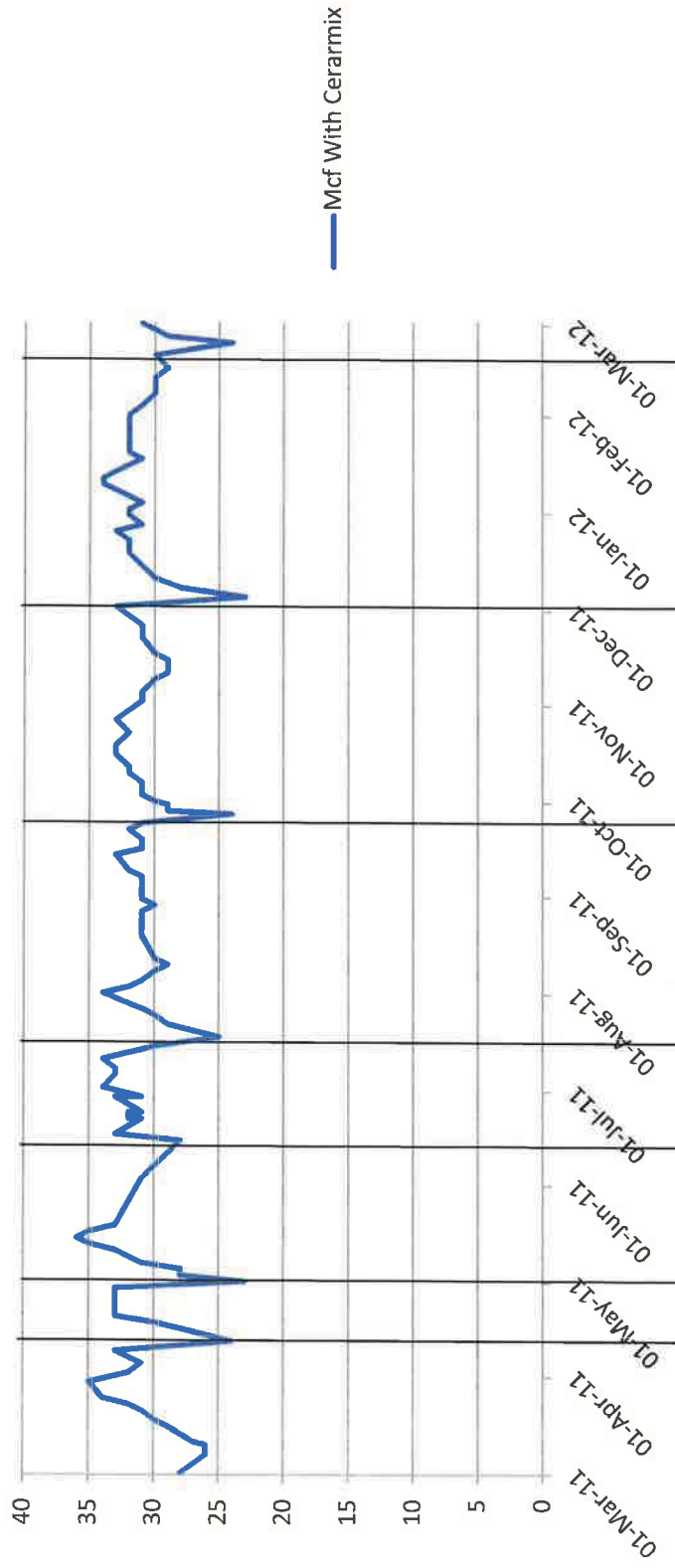
Zachary Hart  
President  
Panoak Oil & Gas Corp

CONFIDENTIAL

# 12c-1 Well production compression pre and post Cerarmix Installation



# JL12C-1 Well Production Post Cerarmix



Belt  
FS-40094

Belt  
FS-41140

Belt  
FS-40636

Belt  
FS-40712

Belt  
FS-41095

Belt  
FS-41459

Belt  
FS-418801

# JL12C-1 Well Production Pre Cerarmix





January 2010 through February 2011

Date	FS-Tickets	Description	Cost
3/2/2010	36656	PC, TL	(\$1,649.01)
3/10/2010	36657	B	(\$96.00)
4/3/2010	37853	PC	(\$870.00)
4/6/2010	37079	B	(\$96.00)
5/10/2010	38521	PC, TL	(\$1,003.35)
8/31/2010	38511	PC	(\$822.00)
10/13/2010	38780	B	(\$96.00)
10/26/2010	38854	B	(\$96.00)
11/16/2010	39064	B	(\$96.00)
11/29/2010	39118	B	(\$96.00)
1/2/2011	39440	PC	(\$750.00)
2/25/2011	39563	PC, TL	(\$3,332.65)
			(\$9,003.01)

Monthly Production

Date	MCF
Jan-10	230
Feb-10	235
Mar-10	608
Apr-10	639
May-10	274
Jun-10	216
Jul-10	524
Aug-10	817
Sep-10	367
Oct-10	655
Nov-10	797
Dec-10	446
Jan-11	790
Total	6,598
Avg Per Day	18.076712

January 2010 through February 2011

Date	FS-Tickets	Description	Cost
4/20/2011	40094	B	(\$96.00)
5/10/2011	40636	B	(\$96.00)
6/2/2011	41140	B	(\$96.00)
7/14/2011	40712	B	(\$96.00)
9/30/2011	41095	B	(\$96.00)
12/5/2011	41459	B	(\$96.00)
2/18/2011	41880	B	(\$96.00)
			(\$672.00)

Monthly Production

Date	MCF
Feb-11	732
Mar-11	769
Apr-11	830
May-11	892
Jun-11	877
Jul-11	862
Aug-11	887
Sep-11	904
Oct-11	892
Nov-11	920
Dec-11	927
Jan-12	928
Feb-12	917
Total	11337
Avg Per Day	31.06027



403 S. CHEYENNE 10<sup>TH</sup> FLOOR  
 TULSA, OKLAHOMA 74103  
 OFFICE: (918) 622-3442  
 FAX: (918) 622-6602

DAILY WORK REPORT—JOB TICKET FS 36656

Date of Invoice: 2/26/2010

Section: 12 Township: 23N Range: 12E

## Panoak Field Services

<b>Approval Check</b>	<input checked="" type="checkbox"/> <b>Approval 1</b>	<input type="checkbox"/> <b>Approval 2</b>
<b>Operator:</b> <u>Panoak Oil &amp; Gas</u>	<b>Lease:</b> <u>LittleRanch</u>	<b>Well Name:</b> <u>JL12C-1</u>

Employee	Travel Time to Job	Work Time On Job	Total Job Hours	Well Status
James Monk	<u>1</u>	<u>8</u>	9	Down Hole Pump Change/Tubing Leak  <b>Description of Work Performed What?, When?, Where?, &amp; How?</b>  Pulled the rig to the location. Pulled the rods and tubing. Found the hole. Run tubing and rods. Hung on. Rigged down. Pulled the rig off location and left.
Isaac Weeden	<u>1</u>	<u>8</u>	9	
Joe Franks	<u>1</u>	<u>8</u>	9	
<b>Total Hours</b>			<b>27</b>	

Type of Work Performed	OT	Hours	Rate	Amount
<u>SD Rig Service Unit With Crew</u>	<u>Y</u>	8	\$120.00	\$960.00
<b>OT Hrs</b>		1	<b>Total OT</b>	\$180.00
<b>Total Hrs</b>		9	<b>Total WC</b>	\$1,140.00

Equipment Used	Hours	Rate	Amount
<b>Total Hrs</b>			<b>Total EC</b>

Inventory	Quantity	Price	Amount
<u>Tubing, Good Used &amp; Tested</u>	-1	\$105.00	\$105.00
<u>Stuffing Box Rubbers 1 3/8"</u>	-1	\$14.01	\$14.01
<u>Pump Down Hole RB Cup &amp; Ring</u>	-1	\$390.00	\$390.00
<b>Total Inv</b>			<b>\$509.01</b>

<b>TOTAL DUE</b>	<b>\$1649.01</b>
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 TULSA, OKLAHOMA 74103  
 OFFICE: (918) 622-3442  
 FAX: (918) 622-6602

DAILY WORK REPORT—JOB TICKET FS 37853

Date of Invoice: 4/5/2010

Section: 12 Township: 23N Range: 12E

## Panoak Field Services

Approval Check

Approval 1

Approval 2

Operator: Panoak Oil & Gas

Lease: LittleRanch

Well Name: JL12C-1

Employee	Travel Time to Job	Work Time On Job	Total Job Hours
Victor Kilpatrick	.5	3.5	4
Joe Franks	.5	3.5	4
Cody Nelson	.5	3.5	4
<b>Total Hours</b>			<b>12</b>

Well Status

Down Hole Pump Change

Description of Work Performed  
 What?, When?, Where?, & How?

Changed out the pump.

Type of Work Performed	OT	Hours	Rate	Amount
<u>SD Rig Service Unit With Crew</u>	N	4	\$120.00	\$480.00
OT Hrs			<b>Total OT</b>	<b>\$0.00</b>
Total Hrs		4	<b>Total WC</b>	<b>\$480.00</b>

Equipment Used	Hours	Rate	Amount
Total Hrs			<b>Total EC</b>

Inventory	Quantity	Price	Amount
<u>Stuffing Box Rubbers 1 3/8"</u>	-1	\$9.34	\$9.34
<u>Pump Down Hole RB Cup &amp; Ring</u>	-1	\$390.00	\$390.00
<b>Total Inv</b>			<b>\$399.34</b>

<b>TOTAL DUE</b>		<b>\$879.34</b>
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 TULSA, OKLAHOMA 74103  
 OFFICE: (918) 622-3442  
 FAX: (918) 622-6602

DAILY WORK REPORT—JOB TICKET FS 38521

Date of Invoice: 6/25/2010

Section: 12 Township: 23N Range: 12E

## Panoak Field Services

Approval Check

Approval 1

Approval 2

Operator: Panoak Oil & Gas

Lease: LittleRanch

Well Name: JL12C-1

Employee	Travel Time to Job	Work Time On Job	Total Job Hours
Justin McIntyre		3.5	3.5
Joe Franks		3.5	3.5
Brent Whinery		3.5	3.5
<b>Total Hours</b>			<b>10.5</b>

Well Status

Down Hole Pump Change/Tubing Leak

Description of Work Performed  
 What?, When?, Where?, & How?

Pulled rods, pump and tubes. Found 2 holes. ran tubes and pump back in, put to pump. INV 2-joints of tubing, 1-CR Pump, 1-Box of stuffing box rubbers.

Type of Work Performed	OT	Hours	Rate	Amount
<u>SD Rig Service Unit With Crew</u>	N	3.5	\$120.00	\$420.00
OT Hrs			<b>Total OT</b>	<b>\$0.00</b>
Total Hrs		3.5	<b>Total WC</b>	<b>\$420.00</b>

Equipment Used	Hours	Rate	Amount
Total Hrs			<b>Total EC</b>

Inventory	Quantity	Price	Amount
<u>Tubing Good 2 3/8" In Feet (avg 31' per string)</u>	-2	\$90.68	\$181.35
<u>Pump Down Hole RB Cup &amp; Ring</u>	-1	\$390.00	\$390.00
<u>Stuffing Box Rubbers 1 3/8"</u>	-1	\$12.00	\$12.00
<b>Total Inv</b>			<b>\$583.35</b>

<b>TOTAL DUE</b>	<b>\$1003.35</b>
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 TULSA, OKLAHOMA 74103  
 OFFICE: (918) 622-3442  
 FAX: (918) 622-6602

DAILY WORK REPORT—JOB TICKET FS 38780

Date of Invoice: 8/3/2010

Section: 12 Township: 23N Range: 12E

## Panoak Field Services

<b>Approval Check</b>	<input checked="" type="checkbox"/> <b>Approval 1</b>	<input checked="" type="checkbox"/> <b>Approval 2</b>
<b>Operator:</b> <u>Panoak Oil &amp; Gas</u>	<b>Lease:</b> <u>LittleRanch</u>	<b>Well Name:</b> <u>JL12C-1</u>

Employee	Travel Time to Job	Work Time On Job	Total Job Hours	
Jerry Dobbs		<u>1</u>	<u>1</u>	
<b>Total Hours</b>			<u>1</u>	

Type of Work Performed	OT	Hours	Rate	Amount
<u>Roustabout</u>	<u>N</u>	<u>1</u>	<u>\$30.00</u>	<u>\$30.00</u>
<b>OT Hrs</b>			<b>Total OT</b>	<u>\$0.00</u>
<b>Total Hrs</b>		<u>1</u>	<b>Total WC</b>	<u>\$30.00</u>

Equipment Used	Hours	Rate	Amount
<u>Pickup &amp; Tools</u>	<u>1</u>	<u>\$30.00</u>	<u>\$30.00</u>
<b>Total Hrs</b>		<u>1</u>	<b>Total EC</b> <u>\$30.00</u>

Inventory	Quantity	Price	Amount
<u>Belt B-128</u>	<u>-2</u>	<u>\$18.00</u>	<u>\$36.00</u>
<b>Total Inv</b>			<u>\$36.00</u>

<b>TOTAL DUE</b>	<u>\$96.00</u>
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**Well Status**

Motor Belt Repair

**Description of Work Performed What?, When?, Where?, & How?**

New Belts



403 S. CHEYENNE 10<sup>TH</sup> FLOOR  
 TULSA, OKLAHOMA 74103  
 OFFICE: (918) 622-3442  
 FAX: (918) 622-6602

DAILY WORK REPORT—JOB TICKET FS 38511

Date of Invoice: 9/2/2010

Section: 12 Township: 23N Range: 12E

## Panoak Field Services

<b>Approval Check</b>	<input checked="" type="checkbox"/> <b>Approval 1</b>	<input checked="" type="checkbox"/> <b>Approval 2</b>
<b>Operator:</b> <u>Panoak Oil &amp; Gas</u>	<b>Lease:</b> <u>LittleRanch</u>	<b>Well Name:</b> <u>JL12C-1</u>

Employee	Travel Time to Job	Work Time On Job	Total Job Hours
Justin		<u>3.5</u>	3.5
Justin		<u>3.5</u>	3.5
<b>Total Hours</b>			7

<b>Well Status</b>
<u>Down Hole Pump Change</u>
<b>Description of Work Performed What?, When?, Where?, &amp; How?</b>

Shook well couldn't get to pump. Pulled rods and pump. Pump was completely eaten up, nothing to salvage. ran in new cr pump. Put to pump, well pumped up. INV 1-CR Pump, 1-Box of stuffing box rubbers.

Type of Work Performed	OT	Hours	Rate	Amount
<u>SD Rig Service Unit With Crew</u>	N	3.5	\$120.00	\$420.00
<b>OT Hrs</b>			<b>Total OT</b>	\$0.00
<b>Total Hrs</b>		3.5	<b>Total WC</b>	\$420.00

Equipment Used	Hours	Rate	Amount
<b>Total Hrs</b>			<b>Total EC</b>

Inventory	Quantity	Price	Amount
<u>Pump Down Hole RB Cup &amp; Ring</u>	-1	\$300.00	\$300.00
<u>Pump Down Hole RB Cup &amp; Ring</u>	-1	\$390.00	\$390.00
<u>Stuffing Box Rubbers 1 3/8"</u>	-1	\$12.00	\$12.00
<b>Total Inv</b>			\$702.00

<b>TOTAL DUE</b>	\$1122.00
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403 S. CHEYENNE 10<sup>TH</sup> FLOOR  
 TULSA, OKLAHOMA 74103  
 OFFICE: (918) 622-3442  
 FAX: (918) 622-6602

DAILY WORK REPORT—JOB TICKET FS 38854

Date of Invoice: 9/26/2010

Section: 12 Township: 23N Range: 12E

## Panoak Field Services

<b>Approval Check</b>	<input checked="" type="checkbox"/> <b>Approval 1</b>	<input checked="" type="checkbox"/> <b>Approval 2</b>
<b>Operator:</b> <u>Panoak Oil &amp; Gas</u>	<b>Lease:</b> <u>LittleRanch</u>	<b>Well Name:</b> <u>JL12C-1</u>

Employee	Travel Time to Job	Work Time On Job	Total Job Hours	
Jerry Dobbs Jr		<u>1</u>	1	
<b>Total Hours</b>			1	

Type of Work Performed	OT	Hours	Rate	Amount
<u>Roustabout</u>	N	1	\$30.00	\$30.00
<b>OT Hrs</b>			<b>Total OT</b>	\$0.00
<b>Total Hrs</b>		1	<b>Total WC</b>	\$30.00

Equipment Used	Hours	Rate	Amount	
<u>Pickup &amp; Tools</u>	1	\$30.00	\$30.00	
<b>Total Hrs</b>		1	<b>Total EC</b>	\$30.00

Inventory	Quantity	Price	Amount
<u>Belt B-128</u>	-2	\$18.00	\$36.00
<b>Total Inv</b>			\$36.00

<b>TOTAL DUE</b>	<b>\$96.00</b>
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**Well Status**

Motor Belt Repair

**Description of Work Performed What?, When?, Where?, & How?**

Put belts on.



403 S. CHEYENNE 10<sup>TH</sup> FLOOR  
 TULSA, OKLAHOMA 74103  
 OFFICE: (918) 622-3442  
 FAX: (918) 622-6602

DAILY WORK REPORT—JOB TICKET FS 39064

Date of Invoice: 10/9/2010

Section: 12 Township: 23N Range: 12E

### Panoak Field Services

<b>Approval Check</b>	<input checked="" type="checkbox"/> <b>Approval 1</b>	<input checked="" type="checkbox"/> <b>Approval 2</b>
<b>Operator:</b> <u>Panoak Oil &amp; Gas</u>	<b>Lease:</b> <u>LittleRanch</u>	<b>Well Name:</b> <u>JL12C-1</u>

Employee	Travel Time to Job	Work Time On Job	Total Job Hours
Jerry Dobbs		<u>1</u>	1
<b>Total Hours</b>			1

Well Status
<u>Motor Belt Repair</u>
Description of Work Performed What?, When?, Where?, & How?

Put on belts.

Type of Work Performed	OT	Hours	Rate	Amount
<u>Roustabout</u>	N	1	\$30.00	\$30.00
<b>OT Hrs</b>			<b>Total OT</b>	\$0.00
<b>Total Hrs</b>		1	<b>Total WC</b>	\$30.00

Equipment Used	Hours	Rate	Amount
<u>Pickup &amp; Tools</u>	1	\$30.00	\$30.00
<b>Total Hrs</b>		1	<b>Total EC</b>
			\$30.00

Inventory	Quantity	Price	Amount
<u>Belt B-128</u>	-2	\$18.00	\$36.00
<b>Total Inv</b>			\$36.00

<b>TOTAL DUE</b>	\$96.00
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403 S. CHEYENNE 10<sup>TH</sup> FLOOR  
 TULSA, OKLAHOMA 74103  
 OFFICE: (918) 622-3442  
 FAX: (918) 622-6602

DAILY WORK REPORT—JOB TICKET FS 39118

Date of Invoice: 10/22/2010

Section: 12 Township: 23N Range: 12E

## Panoak Field Services

Approval Check

Approval 1

Approval 2

Operator: Panoak Oil & Gas

Lease: LittleRanch

Well Name: JL12C-1

Employee	Travel Time to Job	Work Time On Job	Total Job Hours
Jerry		<u>1</u>	<u>1</u>
<b>Total Hours</b>			<b>1</b>

Well Status
<u>Motor Belt Repair</u>
<b>Description of Work Performed What?, When?, Where?, &amp; How?</b>

New Belts

Type of Work Performed	OT	Hours	Rate	Amount
<u>Roustabout</u>	<u>N</u>	<u>1</u>	<u>\$30.00</u>	<u>\$30.00</u>
<b>OT Hrs</b>			<b>Total OT</b>	<u>\$0.00</u>
<b>Total Hrs</b>		<u>1</u>	<b>Total WC</b>	<u>\$30.00</u>

Equipment Used	Hours	Rate	Amount
<u>Pickup &amp; Tools</u>	<u>1</u>	<u>\$30.00</u>	<u>\$30.00</u>
<b>Total Hrs</b>		<u>1</u>	<b>Total EC</b> <u>\$30.00</u>

Inventory	Quantity	Price	Amount
<u>Belt B-128</u>	<u>-2</u>	<u>\$18.00</u>	<u>\$36.00</u>
<b>Total Inv</b>			<u>\$36.00</u>

<b>TOTAL DUE</b>	<u>\$96.00</u>
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403 S. CHEYENNE 10<sup>TH</sup> FLOOR  
 TULSA, OKLAHOMA 74103  
 OFFICE: (918) 622-3442  
 FAX: (918) 622-6602

DAILY WORK REPORT—JOB TICKET FS 39440

Date of Invoice: 12/20/2011

Section: 12 Township: 23N Range: 12E

## Panoak Field Services

Approval Check

Approval 1

Approval 2

Operator: Panoak Oil & Gas

Lease: LittleRanch

Well Name: JL12D-1

Employee	Travel Time to Job	Work Time On Job	Total Job Hours
Justin		<u>3</u>	3
Joe		<u>3</u>	3
<b>Total Hours</b>			<b>6</b>

Well Status

Down Hole Pump Change

Description of Work Performed  
 What?, When?, Where?, & How?

Pump got trashed up.  
 Pulled pump, rebuilt and  
 cleaned on site. Ran back  
 in, well pump up.

Type of Work Performed	OT	Hours	Rate	Amount
<u>SD Rig Service Unit With Crew</u>	N	3	\$120.00	\$360.00
<b>OT Hrs</b>			<b>Total OT</b>	<b>\$0.00</b>
<b>Total Hrs</b>		<b>3</b>	<b>Total WC</b>	<b>\$360.00</b>

Equipment Used	Hours	Rate	Amount
<b>Total Hrs</b>			<b>Total EC</b>

Inventory	Quantity	Price	Amount
<u>Pump Down Hole RB Cup &amp; Ring</u>	-1	\$390.00	\$390.00
<b>Total Inv</b>			<b>\$390.00</b>

<b>TOTAL DUE</b>		<b>\$750.00</b>
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 OFFICE: (918) 622-3442  
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DAILY WORK REPORT—JOB TICKET FS 39563

Date of Invoice: 2/4/2011

Section: 12 Township: 23N Range: 12E

## Panoak Field Services

Approval Check	<input checked="" type="checkbox"/> Approval 1	<input checked="" type="checkbox"/> Approval 2
Operator: <u>Panoak Oil &amp; Gas</u>	Lease: <u>LittleRanch</u>	Well Name: <u>JL12C-1</u>

Employee	Travel Time to Job	Work Time On Job	Total Job Hours
Victor		<u>5</u>	5
Cody		<u>5</u>	5
<b>Total Hours</b>			<b>10</b>

Well Status
<u>Down Hole Pump Change/Tubing Leak</u>
Description of Work Performed What?, When?, Where?, & How?

Pulled rod and tubing found hole, Pump was corroded beyond repair. Ran tested tubing rods and new PA pump back in and put to pump. INV- 1-PA Pump, 1-Box of stuffing rubbers.

Type of Work Performed	OT	Hours	Rate	Amount
<u>SD Rig Service Unit With Crew</u>	<u>N</u>	5	\$120.00	\$600.00
	<b>OT Hrs</b>		<b>Total OT</b>	\$0.00
	<b>Total Hrs</b>	5	<b>Total WC</b>	\$600.00

Equipment Used	Hours	Rate	Amount
	<b>Total Hrs</b>		<b>Total EC</b>

Inventory	Quantity	Price	Amount
<u>Stuffing Box Rubbers 1 3/8"</u>	-1	\$12.00	\$12.00
<u>Pump Down Hole N Metal to Metal</u>	-1	\$2720.65	\$2720.65
		<b>Total Inv</b>	\$2732.65

<b>TOTAL DUE</b>	<b>\$3332.65</b>
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DAILY WORK REPORT—JOB TICKET FS 40094

Date of Invoice: 4/12/2011

Section: 12 Township: 23N Range: 12E

## Panoak Field Services

<b>Approval Check</b>	<input checked="" type="checkbox"/> <b>Approval 1</b>	<input checked="" type="checkbox"/> <b>Approval 2</b>
<b>Operator:</b> <u>Panoak Oil &amp; Gas</u>	<b>Lease:</b> <u>LittleRanch</u>	<b>Well Name:</b> <u>JL12C-1</u>

Employee	Travel Time to Job	Work Time On Job	Total Job Hours	Well Status
Jerry Dobbs		<u>1</u>	<u>1</u>	<u>Motor Belt Repair</u> <b>Description of Work Performed</b> <b>What?, When?, Where?, &amp; How?</b>  <u>2-b-120 belts</u>
<b>Total Hours</b>			<u>1</u>	

Type of Work Performed	OT	Hours	Rate	Amount
<u>Roustabout</u>	<u>N</u>	<u>1</u>	<u>\$30.00</u>	<u>\$30.00</u>
<b>OT Hrs</b>			<b>Total OT</b>	<u>\$0.00</u>
<b>Total Hrs</b>		<u>1</u>	<b>Total WC</b>	<u>\$30.00</u>

Equipment Used	Hours	Rate	Amount
<u>Pickup &amp; Tools</u>	<u>1</u>	<u>\$30.00</u>	<u>\$30.00</u>
<b>Total Hrs</b>		<u>1</u>	<b>Total EC</b>
			<u>\$30.00</u>

Inventory	Quantity	Price	Amount
<u>Belt B-128</u>	<u>-2</u>	<u>\$18.00</u>	<u>\$36.00</u>
		<b>Total Inv</b>	<u>\$36.00</u>

<b>TOTAL DUE</b>	<u>\$96.00</u>
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DAILY WORK REPORT—JOB TICKET FS 40636

Date of Invoice: 5/1/2011

Section: 12 Township: 23N Range: 12E

## Panoak Field Services

Approval Check

Approval 1

Approval 2

Operator: Panoak Oil & Gas

Lease: LittleRanch

Well Name: JL12C-1

Employee	Travel Time to Job	Work Time On Job	Total Job Hours
Jerry Sr.		<u>1</u>	<u>1</u>
<b>Total Hours</b>			<b><u>1</u></b>

Well Status
<u>Motor Belt Repair</u>
<b>Description of Work Performed What?, When?, Where?, &amp; How?</b>

New Belts

Type of Work Performed	OT	Hours	Rate	Amount
<u>Roustabout</u>	<u>N</u>	<u>1</u>	<u>\$30.00</u>	<u>\$30.00</u>
<b>OT Hrs</b>			<b>Total OT</b>	<u>\$0.00</u>
<b>Total Hrs</b>		<u>1</u>	<b>Total WC</b>	<u>\$30.00</u>

Equipment Used	Hours	Rate	Amount
<u>Pickup &amp; Tools</u>	<u>1</u>	<u>\$30.00</u>	<u>\$30.00</u>
<b>Total Hrs</b>		<u>1</u>	<b>Total EC</b> <u>\$30.00</u>

Inventory	Quantity	Price	Amount
<u>Belt B-128</u>	<u>-2</u>	<u>\$18.00</u>	<u>\$36.00</u>
<b>Total Inv</b>			<u>\$36.00</u>

<b>TOTAL DUE</b>	<u>\$96.00</u>
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DAILY WORK REPORT—JOB TICKET FS 41140

Date of Invoice: 6/15/2011

Section: 12 Township: 23N Range: 12E

### Panoak Field Services

<b>Approval Check</b>	<input checked="" type="checkbox"/> <b>Approval 1</b>	<input checked="" type="checkbox"/> <b>Approval 2</b>
<b>Operator:</b> <u>Panoak Oil &amp; Gas</u>	<b>Lease:</b> <u>LittleRanch</u>	<b>Well Name:</b> <u>JL12C-1</u>

Employee	Travel Time to Job	Work Time On Job	Total Job Hours	
Jerry Sr		<u>1</u>	<u>1</u>	
<b>Total Hours</b>			<u>1</u>	

Type of Work Performed	OT	Hours	Rate	Amount
<u>Roustabout</u>	<u>N</u>	<u>1</u>	<u>\$30.00</u>	<u>\$30.00</u>
<b>OT Hrs</b>			<b>Total OT</b>	<u>\$0.00</u>
<b>Total Hrs</b>		<u>1</u>	<b>Total WC</b>	<u>\$30.00</u>

Equipment Used	Hours	Rate	Amount
<u>Pickup &amp; Tools</u>	<u>1</u>	<u>\$30.00</u>	<u>\$30.00</u>
<b>Total Hrs</b>		<u>1</u>	<b>Total EC</b> <u>\$30.00</u>

Inventory	Quantity	Price	Amount
<u>Belt B-128</u>	<u>-2</u>	<u>\$18.00</u>	<u>\$36.00</u>
		<b>Total Inv</b>	<u>\$36.00</u>

<b>TOTAL DUE</b>	<u>\$96.00</u>
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Well Status
<u>Motor Belt Repair</u>
<b>Description of Work Performed What?, When?, Where?, &amp; How?</b>
<u>New Belts</u>



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DAILY WORK REPORT—JOB TICKET FS 40712

Date of Invoice: 7/18/2011

Section: 12 Township: 23N Range: 12E

## Panoak Field Services

Approval Check

Approval 1

Approval 2

Operator: Panoak Oil & Gas

Lease: LittleRanch

Well Name: JL12C-1

Employee	Travel Time to Job	Work Time On Job	Total Job Hours
Jerry Dobbs		<u>1</u>	<u>1</u>
<b>Total Hours</b>			<b>1</b>

Well Status
<u>Motor Belt Repair</u>
<b>Description of Work Performed What?, When?, Where?, &amp; How?</b>

New Belts

Type of Work Performed	OT	Hours	Rate	Amount
<u>Roustabout</u>	<u>N</u>	<u>1</u>	<u>\$30.00</u>	<u>\$30.00</u>
<b>OT Hrs</b>			<b>Total OT</b>	<b>\$0.00</b>
<b>Total Hrs</b>		<u>1</u>	<b>Total WC</b>	<b>\$30.00</b>

Equipment Used	Hours	Rate	Amount
<u>Pickup &amp; Tools</u>	<u>1</u>	<u>\$30.00</u>	<u>\$30.00</u>
<b>Total Hrs</b>		<u>1</u>	<b>Total EC</b> <u>\$30.00</u>

Inventory	Quantity	Price	Amount
<u>Belt B-128</u>	<u>-2</u>	<u>\$18.00</u>	<u>\$36.00</u>
<b>Total Inv</b>			<b>\$36.00</b>

<b>TOTAL DUE</b>	<b>\$96.00</b>
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DAILY WORK REPORT—JOB TICKET FS 41095

Date of Invoice: 9/27/2011

Section: 12 Township: 23N Range: 12E

## Panoak Field Services

Approval Check

Approval 1

Approval 2

Operator: Panoak Oil & Gas

Lease: LittleRanch

Well Name: JL12C-1

Employee	Travel Time to Job	Work Time On Job	Total Job Hours
Jerry Dobbs		<u>1</u>	<u>1</u>
<b>Total Hours</b>			<b>1</b>

Well Status
<u>Motor Belt Repair</u>
<b>Description of Work Performed What?, When?, Where?, &amp; How?</b>

New Belts

Type of Work Performed	OT	Hours	Rate	Amount
<u>Roustabout</u>	<u>N</u>	<u>1</u>	<u>\$30.00</u>	<u>\$30.00</u>
<b>OT Hrs</b>			<b>Total OT</b>	<b>\$0.00</b>
<b>Total Hrs</b>			<b>Total WC</b>	<b>\$30.00</b>

Equipment Used	Hours	Rate	Amount
<u>Pickup &amp; Tools</u>	<u>1</u>	<u>\$30.00</u>	<u>\$30.00</u>
<b>Total Hrs</b>		<b>Total EC</b>	<b>\$30.00</b>

Inventory	Quantity	Price	Amount
<u>Belt B-128</u>	<u>-2</u>	<u>\$18.00</u>	<u>\$36.00</u>
<b>Total Inv</b>			<b>\$36.00</b>

<b>TOTAL DUE</b>			<b>\$96.00</b>
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 OFFICE: (918) 622-3442  
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DAILY WORK REPORT—JOB TICKET FS 41459

Date of Invoice: 12/5/2011

Section: 12 Township: 23N Range: 12E

## Panoak Field Services

Approval Check

Approval 1

Approval 2

Operator: Panoak Oil & Gas

Lease: LittleRanch

Well Name: JL12C-1

Employee	Travel Time to Job	Work Time On Job	Total Job Hours
Mike Burks		<u>1</u>	<u>1</u>
<b>Total Hours</b>			<b>1</b>

Well Status
<u>Motor Belt Repair</u>
<b>Description of Work Performed What?, When?, Where?, &amp; How?</b>

New Belts

Type of Work Performed	OT	Hours	Rate	Amount
<u>Roustabout</u>	<u>N</u>	<u>1</u>	<u>\$30.00</u>	<u>\$30.00</u>
<b>OT Hrs</b>			<b>Total OT</b>	<u>\$0.00</u>
<b>Total Hrs</b>		<u>1</u>	<b>Total WC</b>	<u>\$30.00</u>

Equipment Used	Hours	Rate	Amount
<u>Pickup &amp; Tools</u>	<u>1</u>	<u>\$30.00</u>	<u>\$30.00</u>
<b>Total Hrs</b>		<u>1</u>	<b>Total EC</b> <u>\$30.00</u>

Inventory	Quantity	Price	Amount
<u>Belt B-128</u>	<u>-2</u>	<u>\$18.00</u>	<u>\$36.00</u>
<b>Total Inv</b>			<u>\$36.00</u>

<b>TOTAL DUE</b>	<b>\$96.00</b>
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DAILY WORK REPORT—JOB TICKET FS 418801

Date of Invoice: 2/24/2012

Section: 12 Township: 23N Range: 12E

## Panoak Field Services

<b>Approval Check</b>	<input checked="" type="checkbox"/> <b>Approval 1</b>	<input checked="" type="checkbox"/> <b>Approval 2</b>
<b>Operator:</b> <u>Panoak Oil &amp; Gas</u>	<b>Lease:</b> <u>LittleRanch</u>	<b>Well Name:</b> <u>JL12C-1</u>

Employee	Travel Time to Job	Work Time On Job	Total Job Hours	
Jerry Dobbs JR		1	1	
<b>Total Hours</b>			<b>1</b>	

Type of Work Performed	OT	Hours	Rate	Amount
<u>Roustabout</u>	N	1	\$30.00	\$30.00
<b>OT Hrs</b>			<b>Total OT</b>	\$0.00
<b>Total Hrs</b>		<b>1</b>	<b>Total WC</b>	<b>\$30.00</b>

Equipment Used	Hours	Rate	Amount
<u>Pickup &amp; Tools</u>	1	\$30.00	\$30.00
<b>Total Hrs</b>		<b>1</b>	<b>Total EC</b> \$30.00

Inventory	Quantity	Price	Amount
<u>Belt B-128</u>	-2	\$18.00	\$36.00
<b>Total Inv</b>			<b>\$36.00</b>

<b>TOTAL DUE</b>	<b>\$96.00</b>
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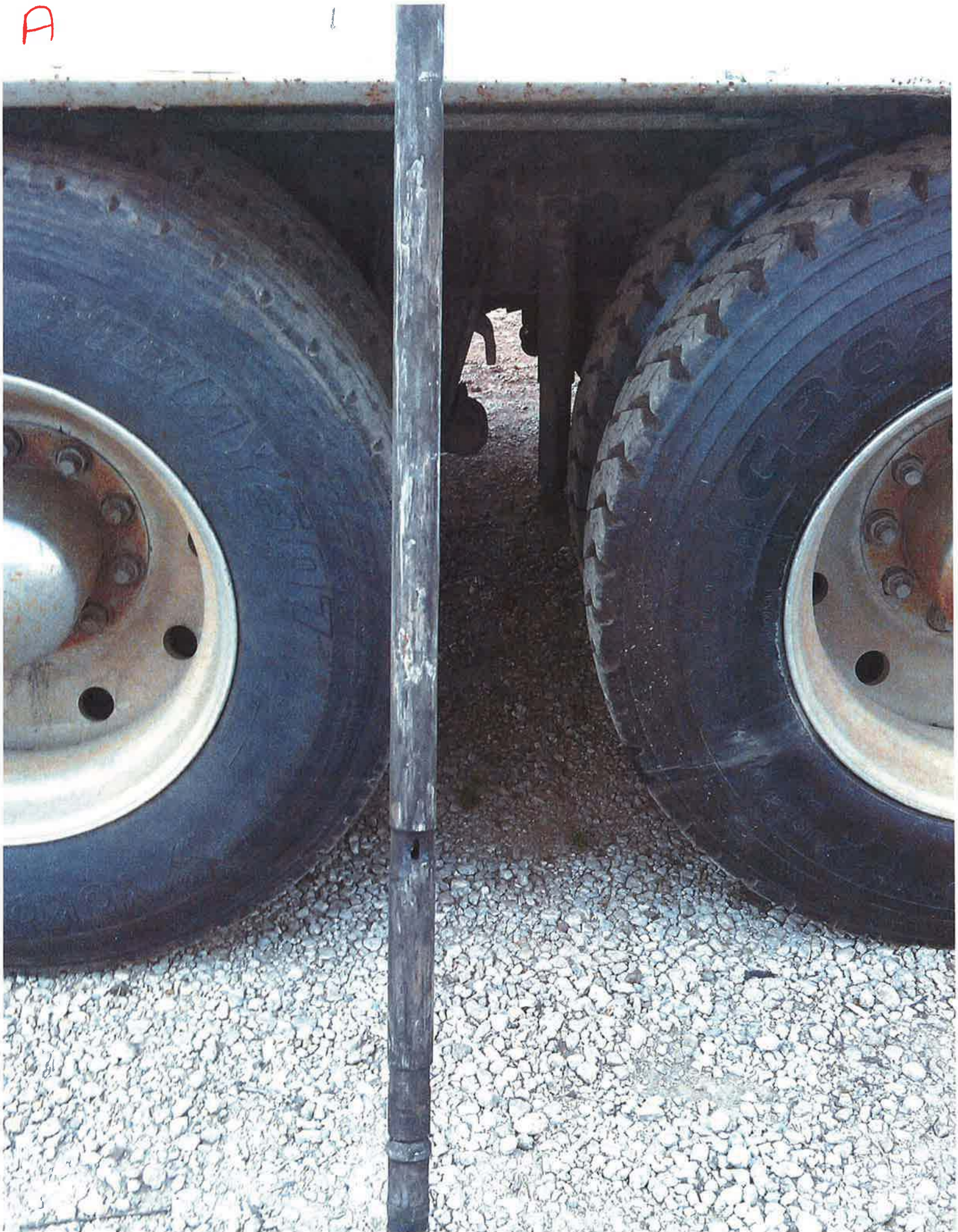
**Well Status**

Motor Belt Repair

**Description of Work Performed What?, When?, Where?, & How?**

New Belts

A



B

