

November 13, 2020

RE: Blackstone No.1 Completion Plans

TO: Working Interest Owners

This serves to inform you of the timing and future plans involving the current completion work and well hook up to sales. We are currently in the process of getting 3" flow line set from the well head back up the road to a future tank battery site that is less prone to flooding. We are working with 3 other operators (Kaler, Cimarron and Corum) that have existing wells, flowlines and tank batteries ("TB"). Our intentions are sell gas through a gathering line that Kaler has established to a KM sales site. He will charge us 15 cents per MCF, as he does for the other 2 operators. Our immediate plans are to lay to a 4 way road intersection along existing roads to the 4 way road intersection. At that point we have a couple of options to either go north or west to build our TB on sites that are less prone to flooding. One option is to go north about 2700' to the vicinity of Cimarron TB and the other option is to go west about 1000' in the vicinity of both Kaler's second TB and Corum TB. The first option would entail more pipe and we would either pay Cimarron to comingle and use their gas line back south to Kaler TB at 4 way intersection or lay our own line down to that point. The second option would be cheaper because it is shorter and we would not have to back track sales gas to Kaler because Corum has a gas connection to Kaler second TB. Corum is in the process of either plugging their well or having it taken over by existing partners and being put on pump to produce as an oil well. At this point in time we would prefer taking over Corum TB and utilizing their existing site or building our own TB next it.

If we initiate sales prior to Jan 1 2021, our well will be accessed a value on "flush" initial production and we will get a tax bill October 2021 that will be equal to and probably be more than any revenue we would generate between now and Jan 1 2021. Therefore, we have some time to make some decision on our TB location so that its location is optimal for all reasons. There are some issues with Corum that remain unresolved that should become apparent soon and give us some guidance as exactly the best way for us to go. For the time being we will get flowline in to the 4 way road intersection now while it is not flooding then at some point between now and the end of December finish our TB and gas connection to Kaler so we will be ready to start sales right after the first of the year.