




Photo Slideshow

**Aus-Tex / KOS Joint Development
Production Assets**

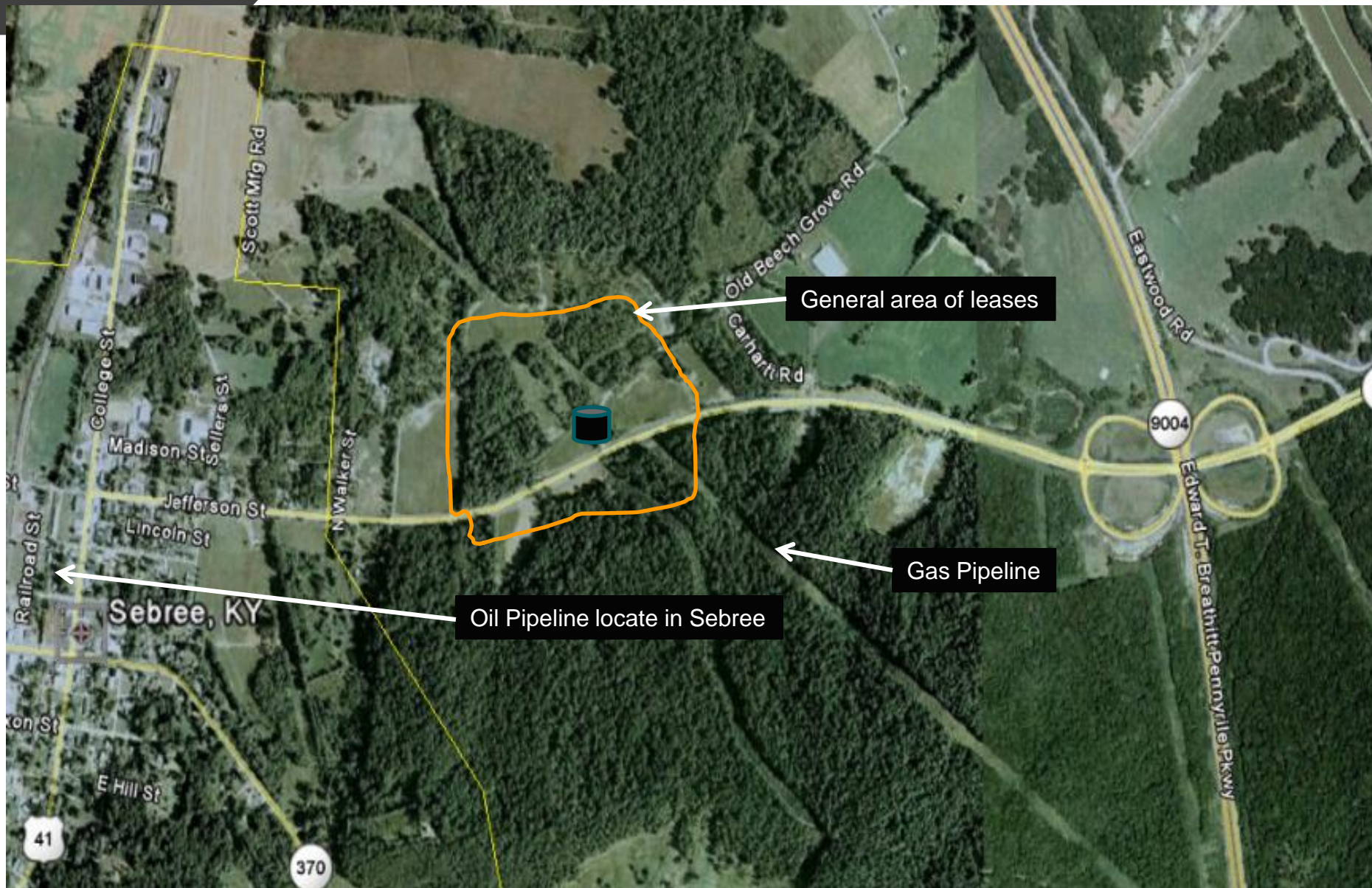
Deal Highlights

- **Two leases currently holding 9 target wells**
 - Russell lease holds 5 wells with proven production (phase 1 focus)
 - Major leases hold 4 wells with historical production
- **Production included in purchase price**
 - One well is completed and producing an average of 10-22 BOPD
 - Remaining Russell wells should produce similar daily rates
 - Estimated total completion costs for the 4 remaining Russell wells is less than \$150,000
- **Infrastructure included in purchase price**
 - Three Pumpjacks are on location
 - Electricity and delivery pipelines to storage in place for all Russell wells
- **Oil delivery transport, pipeline and sales systems are in place**
- **Natural Gas delivery pipeline is less than one mile from the leases**
- **Proven and producing pay formations include the Penn Sand at 800', Tar Springs at 1,750', and McCloskey at 2,550'**
- **Additional acreage positions available for lease**

Interests Held

- **Working Interest of 100%**
 - 50% to Aus-Tex
 - 50% to KOS Energy
 - **Net Revenue Interest of 75%**
 - 50% to Aus-Tex (37.5%)
 - 50% to KOS Energy (37.5%)
 - **Remaining Revenue Interest**
 - 25% to seven individual interest holders
- 

In the Heart of Infrastructure



Structure Map Highlights

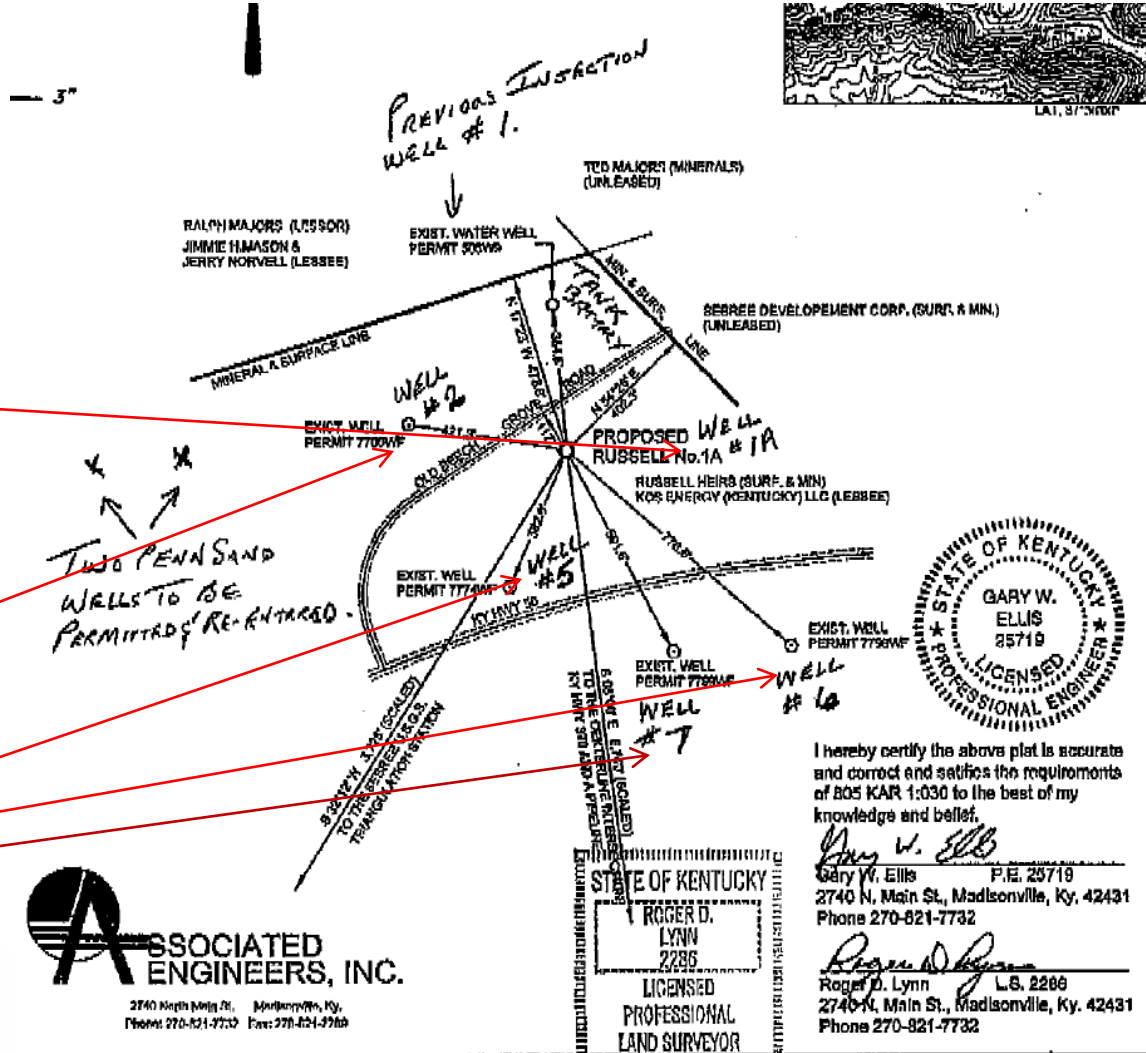
All wells are located in a trapped oil column

All wells are drilled and ready to be completed

#1A well is located on the center high point and should be the best well. Estimates are above 75 bopd

#2 well is currently producing 10-24 bopd

#5, 6 and 7 wells should produce similar daily oil flow rates as the #2



Initial Focus – 5 Wells at Russell



Aus-Tex / KOS Well #2

Installed Infrastructure Includes

- New pumpjack
- Electricity and electric motors
- Underground oil delivery line
- Maintenance road
- Pump Timers

Current Well Status

- Currently pumping oil to storage
- Averaging 10-24 barrels of oil per day
- Water production is inhibiting oil flow

Next Steps

- Continue current oil flow until well 1A is completed. Then seal off water zones with a cement plug. SRS the well to increase daily oil flow. Less water should be present.



Aus-Tex / KOS Well #1A

Installed Infrastructure Includes

Casing has been set and perforation zones are identified

New pumpjack for this well is in storage

A maintenance road extension required

Electric tie in is nearby

Current Well Status

This well was drilled in October 2009 & represents the deepest of the 5 wells on the Russell lease

Well has been shut in pending completion

This is a 2,700 foot well designed to test the deepest McCloskey limestone

Next Steps

Anticipated completion scheduled for early January



Aus-Tex / KOS Well #5

Installed Infrastructure Includes

- New pumpjack
- Electricity and electric motors
- Underground oil delivery line
- Maintenance road
- Pump Timers

Current Well Status

- Well has been shut in pending completion
- Anticipated completion scheduled for February

Next Steps

- After well #2 recompletion is accomplished SRS procedures will be performed on this well



Aus-Tex / KOS Well #7

Installed Infrastructure Includes

- New pumpjack is in storage
- Maintenance road
- Electric tie in is nearby

Current Well Status

- Well has been shut in pending completion
- Anticipated completion scheduled for February

Next Steps

- After well #2 and #1A recompletions are accomplished SRS procedures will be performed on this well



Aus-Tex / KOS Well #6



Installed Infrastructure Includes

- New pumpjack is in storage
- Maintenance road
- Electric tie in is nearby

Current Well Status

- Well has been shut in pending completion
- Anticipated completion scheduled for February

Next Steps

- After well #2 and #1A recompletions are accomplished SRS procedures will be performed on this well

Oil Storage Tanks and Roads Operational



KOS
ENERGY
OF KENTUCKY
www.kosenergy.com
1-877-278-4430
1-859-339-5442

High Quality Pumpjacks in Storage



Experienced Local Service Team in Place





Oil transportation and pipeline delivery points are less than 3 miles from our wells

Contracts are already in place for both the transportation and sale oil



Natural Gas delivery pipeline point is less than one mile from our leases

Natural Gas is produced from formations near the held acreage and may be developed at a later date

Natural Gas can be delivered directly into the pipeline, thus removing the need and additional processing costs.



Some Nearby McClosky Wells at 200 BOPD and Above



Less than 5 miles away and on structure line from the Russell #1A



Massive Electricity Generating Coal Plant also Present

