

California On-Shore Oil & Gas Company Seeks Acquirer

Our client (the “Company”), an oil and gas company, is seeking an acquirer for its business, which includes the holding of mineral leases covering 5,860 acres in the Santa Maria Valley, California. The property has been an active producer since the 1950s and hosts a proven recoverable oil reserve of 10.367 million barrels.

The Company has an SPE-PRMS compliant reserve estimate on the property, effective as at January 2017, with a proven recoverable oil reserve of 10.367 million barrels with a net present value of US\$221 million (10% discount rate, 15 years of production, US\$53.95-US\$82.60/barrel and no value attributed to natural gas). The report identified 84 infill and step-out proven undeveloped locations with average estimated recoverable reserves per well of 114,000-145,000 EUR of 16 to 19 API gravity oil. The report targets production of 4,600-4,650 barrels of oil per day.

Our client entered into 42 mineral leases in 2016 after the previous holder defaulted. The field is a relatively simple pinch-out of the fractured Miocene Monterey formation on the north edge of the Santa Maria Basin. Currently, five past-producing wells are shut-in, with average depths of 4,700 feet. Management has developed a business plan to restart the shut-in wells, requiring a capital cost of \$1.7 million and, for the entire project, has estimated operating costs of approximately \$17.00/barrel.

Management believes the business may be a significant add-on to companies operating in the region or those looking to expand to California via a low-risk past producing project. The Company is also considering RTO transactions.

This communication is not, and under no circumstances is to be construed as, an offering or solicitation by our client or Sinclair Range. Interested parties should contact the undersigned. At Sinclair Range’s discretion, a non-disclosure agreement will be sent to you for execution (the “NDA”). Following receipt of the executed NDA, Sinclair Range and the Company will be available for discussion and due diligence disclosure.

Please direct enquiries to:

Olga Jilani
Vice President, Sinclair Range Inc.
Mobile: (416) 802-0118
Email: ojilani@sinclairrange.com

