

**THE ANNIE GILMER LEASE
STEPHENS COUNTY, TEXAS
EXECUTIVE SUMMARY**

Annie Gilmer Lease

The Annie Gilmer lease is in the small community of Crystal Falls, Texas on the banks of the Clear Fork of the Brazos river, approximately thirty miles north of the town of Breckenridge, Texas. There a total of five wells drilled on the lease, that is approximately 300 acres. There are five wells on the lease that were drilled to the Mississippi formation that is encountered at approximately 4100' below the surface of the earth. The Mississippi formation, when caught on good geologic structure can produce prolific oil and gas cumulative numbers. There were six wells drilled on the lease starting in the mid 70's with the last being drilled in 1989. Since the initial well, the lease has produced over five hundred thousand (500,000) barrels of high gravity oil and over five hundred million (500,000,000) cubic feet of very rich natural gas. There are two permitted saltwater injection well on the lease. One of the wells will be re-converted to an active oil and gas producer.

The Annie Gilmer lease has had six different operators since 2008 and has not been produced since 2016. All the wells have apparently re-pressured since the shut-in dates and are capable of flowing oil and gas at this time. Prudent operations will allow the Annie Gilmer to produce at optimal rates to assure the recovery of remaining oil and gas reserves.

The Annie Gilmer lease, according to drilling logs, also contains potential oil and gas reserves in the Caddo formation at a depth of approximately 3250' below the surface of the earth. The Caddo formation has never been produced on the lease, however, there have been many Caddo wells completed immediately surrounding the Annie Gilmer lease. The Caddo formation will be examined closely to determine the potential for virgin oil and gas reserves.

The prospect for re-establishing good commercial oil and gas production from the Annie Gilmer lease is very good. Allied Energy Corporation (AEC) will continue to evaluate the potentials of the lease for future development of the existing reserves within the lease boundaries. There are at least 2 very good drill sites on the lease, and offset acreage will be reviewed to potentially expand AEC's lease holding position in the area.