Amazing Energy Oil and Gas, Co.

Corporate Update

April 19, 2018

C O R P O R A T E   P A R T I C I P A N T S

Derek Gradwell, *MZ Group*

Willard G. McAndrew III, *Chief Executive Officer*

P R E S E N T A T I O N

Operator:

Good day, ladies and gentlemen, thank you for standing by. Welcome to the Amazing Energy Oil and Gas Corporate and Operational Update Webcast and Conference Call. During today's presentation, all parties will be in a listen-only mode. Following the presentation, the Conference will be open for questions; if you have a question, please press the star, followed by the one on your touchtone phone. Please press star, zero for Operator assistance at any time. For participants using speaker equipment, it may be necessary to pick up your handset before making your selection. Today's conference is being recorded, Thursday April 19, 2018. Now I'd like to turn the Conference over to Mr. Derek Gradwell from MZ Group. Please go ahead, sir.

Derek Gradwell:

Thank you, Operator, and good morning, everyone. Joining us today for Amazing Energy's Corporate and Operational Update Webcast and Conference Call will be Mr. Will McAndrew, the Company's CEO, and Mr. Jed Miesner, the Company's Chairman. Mr. McAndrew will review and comment on corporate operational progress for 2018, and Mr. Miesner will join to answer questions after the presentation.

I'd like to remind our listeners that on this call prepared remarks may contain forward-looking statements which are subject to risks and uncertainties, and that Management may make additional forward-looking statements in response to your questions. Therefore, the Company claims the protection of the Safe Harbor for forward-looking statements that is contained in the Private Securities Litigation Reform Act of 1995. Forward-looking statements related to the business of Amazing Energy Oil and Gas and its subsidiaries can be identified by common use of forward-looking terminology. These statements involve risks and uncertainties including, but not limited to, the implied assessment that the Company's oil and gas reserves can be profitably produced in the future, the need to enhance Amazing Energy's internal controls, operating hazards, drilling risks, fluctuations in prices received for the sale of oil and gas, litigation risks and changes in government regulations. The Company's filings on Form 10-K, 10-Q and 8-K with the SEC contain more detailed descriptions of these risks and uncertainties. Investors should not place undue reliance on such statements, which are qualified in their entirety by the risk factors contained in Amazing Energy's SEC reports.

For those who are unable to listen to the entire call today, we will have an audio replay to be available later today; the call is also being webcast so that you can log on via the Internet. All of that information was provided on the conference call announcement and on the Company's website.

At this time, I'd like to turn the call over to Mr. McAndrew, the Chief Executive Officer of the Company, and he'll provide opening remarks. Mr. McAndrew, the floor is yours.

Willard McAndrew:

Thank you, Derek, thank you, Allen. Thank you, everybody, for joining our call this morning. This is an important time of Amazing Energy Oil and Gas Company's history and life as we move forward. This is our first-ever Corporate and Operational Update, and this will be the first of many going forward from this time, on a quarterly basis, that we will be providing Operational Updates and Corporate Updates. We've had an exciting eight, nine months since I had the opportunity to join the Company; we're making many milestones, taking those, completing those, and as you can tell, we're starting to really get the communication up and running and reaching out to everybody. We're always available to answer any and all questions.

That being said, this is our first call, it's our Corporation Call, it's an update that we can share with everybody, and we got lots to say.

On Slide 2 are the forward-looking statements that Derek just gave a brief overview of. Everybody has seen these before, so I want to go to Slide 3 with our mission statement. Our mission statement is real simple. We're a public-only gas Company, one level down from a national exchange. We're based out of Amarillo, Texas. We have a very unique asset, which I'll be covering here shortly, down in Pecos County and in amongst some well recognized names and tremendous amounts of productions over the last 80–90 years. We've got Management team that's in place that has oil and gas experience of 200-plus years, and we also know that we're a public Company, so not only do we have a business, if you will, that's in the oil and gas industry, we also have a business as a public Company. You need experience with both. We have a couple hundred years on the oil and gas side; we have a little over a hundred years on the public Company side of the business as well.

We're bringing both of these types of experiences to the table. We've done this before, we've taken companies to the national exchange, we've had success with drilling completion wells. Oil prices are stable; in fact, they're up, as everybody is seeing right now. What we're seeing here today is that I believe, and Management believes, that Amazing Energy Oil and Gas is in a very unique position to build upon the Management's experience, the stability in the price, a unique asset that we're not overpaying to get into, with the rights that we have within the 70,000 leasehold, which, we'll be talking about that a little bit more in a second. But we're uniquely positioned, I believe, with our low cost of entry, our low production cost, and our tremendous asset, and a Management team that's, "been there, done that".

On the Slide 4, last year, we became one of the best 50 companies on the OTCQX. There are some huge companies on here, multibillion-dollar companies. But we, as a Management team, have taken the steps necessary to start getting our story out, getting production up, bringing in partners, bringing in capital, and taking care of business, if you will. This is an honor to us, from the OTCQX, to name us one of the best 50 companies.

Over onto Slide 5, our—again, we're on the OTCQX. Our stock symbol is AMAZ. We've got about 49 million shares out; we have some preferreds, we have some warrants, management options. We have about 20% of the stock in the float. Our market cap is around \$25 million to \$30 million; it fluctuates in that range. Our enterprise value is 51 to about 55. This is just an overview of what the Company has.

We're out on the Central Basin Platform, in between the Midland and the Delaware Basins, all part of the Permian Basin, which is one of the most prolific oil fields in the world, and surely the most prolific oil field in the United States. We have a very unique position in that we hold the rights within 70,000 contiguous acres, 100 square miles, when you're standing in the middle as far as the eye can see. This is like owning minerals for the most part. Time is our friend. Most times, when oil and gas companies have a big continuous bloc of acreage of this size and magnitude, time is your enemy. You've got to get out there. You've got to really go and drill and move and do a tremendous amount of drilling activity to be able to maintain those leasehold rights.

In this particular case, we have an option on the leasehold rights, and when we're ready to go do something, we can go out and do something similar within this, the 70,000 contiguous acres. We're in and amongst wells and fields, and more particular, to the east of us, on our lease line, is the Yates oil field. It's produced over 1.6 billion barrels of oil, and for the vast majority of that from 2000 feet to surface, which is where we at Amazing are concentrating our initial efforts of development and production. It's the low-hanging food, if you will.

But that being said, we have tremendous opportunity, tremendous potential. We have stack pay zones. We have, just like all the rest of the Permian Basin, we have eight, nine, 10, 12, 14 different potential pay zones that have known and have proven to be productive in and amongst the Permian Basin and in and around us; more importantly, by some names that you'll recognize.

March of 2017, Baker Hughes came out and looked at the property and gave us $15.3 billion worth of probable production value to the 70,000 acres. This is significant because of the amount of stacked pay we have out here. With the rights that we have in Pecos County, again, it's not leasehold. These are rights. When we're ready to move in, we exercise our option on where we want to go, anywhere in and amongst 109 sections that makes up the 70,000 acres. We have to drill a well every four months, spud a well. It could be to any. It could be to the Yates Formation at 1,200 feet; it can be to the Queen at 2,000 feet. We can draw all the way down to the Devonian, Ellenburger, Wolfcamp if that's where we want to drill. But to maintain our property, we need to spud a well every four months to any depth. While that's important, we get to bank time. If we drill two wells or three wells back to back, well, we have a year's worth of banked time. Currently, we have banked time to May 8, 2019. Again, time is our friend, there's nobody's foot on our throat.

Because of the way that our Chairman and Founder put this project together and acquired it, we will never pay more than $200 to $300 per acre bonus at any time that we lease inside the 70,000 acres. We have to spud a well every four months, we get to bank time, and we have to have leased 1,000 acres at $200 an acre every five years, or we make a deposit of $200,000 into JP Morgan Chase's escrow account; and then when we're ready to go drill, we take the $200 per acre out of escrow and go spud a well, which counts with our banked time. A payment was made, $200,000 last July for 2017, which gives us another five years that we have to have leased $200,000 worth of leases. We're good here to 2022. We have lease time out here, with escrow payments. We've got May 8 for 2019 of banked drilling obligation time. Again, time is our friend.

I've said it before, we've got 200 years' experience in oil and gas, from drilling completion, from leases to pipelines to all aspects of the oil and gas industry. We've also got Management and directors that have over 100 years of combined public company experience, taking companies. The last company I had, our team managed to take it to NASDAQ. It's still a NASDAQ company today. We know how to do that, we know how to take companies public, we're—Ks, Qs, we've never ever missed a filing, and a very important part, when our Chairman had the assets, the 70,000 leasehold rights, he found a public company that has always had continuous operations, had never been a shell company before, and he put those assets into that company that had continuous operations.

On every K, Q or whatever registration statement we file, the bottom—the last (inaudible) last question on the cover of the filing it says, "Has the company ever been a shell company?" We check the box, "No." That's really important, because our goal is to up-list to a national exchange here within the next six months or so. It's important because the hurdles, if you will, to be able to accomplish the goal to get onto a national exchange, which is very important—everybody on this Call knows that—the hurdles are less stringent. We have an opportunity to make it easier. Right now, we're close to getting those types of things done. We still have a few hurdles to accomplish, but we're constantly working on that. Management has worked for Hercules, Exxon, Lexington, Rampart. We've been involved with big companies. We've been in the operational side of issues with these big companies.

Also, one thing I think is very important: Management team's compensation. Our option ownership, as you see on the right hand side, the options are all for Management. All these are performance-based. We have to hit milestones, X amount of daily production over 60 days, or another X amount of production over at a higher level for 60 days. We've got to be able to act and behave like an accelerated filer, which we're doing. We're changing the accounting systems. We're changing the internal controls. All those types of things, Management has got multiple fronts running, as well as achieving drilling completion and production out in the field. But our performance options are 100% based upon accomplishing milestones as Management and as a Company.

Onto Slide 6, I just wanted to try to get here to say, when I joined the Company, our Chairman had already done a tremendous job acquiring the lease, the option to the 70,000 acres, and holding that. But since I've joined the Company, our Chairman brought me on board because of my experience in the oil and gas and plus the public company side. He is in 100% support role. Everything and anything that I need, he is there and is willing to help me with, and to open doors for me. Since I've joined the Company in August, we've accomplished what we see on the screen. We ported a couple new Board members to the team that broaden our experience with the public companies, and New York Stock Exchange, NASDAQ; we've brought those kind of people on board because those are relationships, again, two different types of businesses.

We started telling our story for the first time ever. We hired MZ Group with Derek Gradwell, so—because that's another part. Our Chairman likes to compare everything to football. You need a coach and a quarterback and a tackle and a receiver and a field goal kicker and a punter; we have multiple things that we need to be able to do and one of them is hiring the best consultants, of which we did, and we started telling our story. In October, we announced the successful drilling, of going out and drilling and logging and cementing and starting our science effort, if you will, on the number 23 well. We gain structure, we gain thickness, we just—with the Halliburton log we had on here, it looked really, really good. Okay? But that was the start of the science that we got with that well and with the November. We started doing it differently. We started trying to understand what's out here.

I look back, when the price of oil fell from $170 to $30 or less, 117 to 118 E&P companies, service companies went into bankruptcy, and I believe there were three mistakes made. One, they overpaid. We'll never pay more than $200 to $300 an acre. Two, they didn't take the time to understand what they had. Using a golf analogy, the fairway always goes straight. It doesn't dogleg. It doesn't turn. You just—if you don't go drill it here, because others are having success with it? Just follow suit. Well, it doesn't. The fairways do turn. That's the same thing that happened, and they were not taking the time to understand, doing the science that it takes to understand what you have. The ones that did flourished, even in the $30 oil window.

Then, the third thing is, they took money, so much money. Money was being thrown at them, and so they took the money, they got over-leveraged, they were okay at $100, they were all right at $70, they weren't really good at $50, and at $30 they were done.

Well, in our particular case, we're not overpaying, we're taking the time. We started our science program in November, and the only debt we have as a Company today is to our Chairman. That debt is not due to 2030, another 11.5 years before that debt's due; and if that's not long enough, he says he'll put it out to 2040 or 2050. It's not an issue. We don't have any other debt on the books over 30 days for anybody. Again, nobody's foot is on our throat.

We don't overpay, we're taking the time and spending the money, our money, to be able to understand what we have, and then on the third part, we're not taking bad money into the Company, we're bringing joint venture partners to the table and doing wells ourselves. So that's where we kicked off everything in October–November.

In December, we closed—we were going to raise a couple million dollars but we were over-subscribed. We closed $2.5 million on our private placement of restricted stock. We went to our first investor conference since I've joined the Company. We had coverage being with third party letter writers and articles being written about the Company, because we do have a very unique asset.

We closed out the year strong. But that just—again, it's another milestone, and I'm just a dumb old Marine, don't know the meaning of stop, or as my wife says, maybe a little too stupid to know when to stop, but that's what our Chairman and I have. We drive, we're focused, this is all we do, and this is all we're going to do. We have a huge opportunity in front of us. We've paid all of our debts off. Again, like I said, nothing is over 30 days. We have wells out here, 14 of them, dugs, drilled uncompleteds, seven of them that need to be recompleted. We needed—it gave us a tremendous opportunity to be able to go out here and use our resources and do science, understand and give production, and I'll cover that more here in a few minutes. Again, we were named, in January, to be one of the best 50 companies on the QX exchange.

That all happened in January, and then we roll into February. We announced that we're getting ready to drill our first well to 4,000 feet. As our Chairman over the years kept drilling to 2,000 feet, because that's where a couple billion barrels had been produced in and amongst this area, and it was the low-hanging fruit and you're going to make a well, and every one of them found oil that we drilled. But we need science. If we're going to shoot 3D seismic, we need a marker. We need to get cores and everything else. We announced that we were going to go out here and drill a deeper well and start our real science program.

We also put new internal controls in place. We also put in a new accounting system, so we can file consolidated statements, cleaning up all the accounting and so we—all that were running parallel tracks right now. We get off Roughneck and go to Wolfpack starting in the next couple weeks, starting on May 1 here. We've got all those things working internally, as well as out into the field.

March, here we go! We go out and we do something again, with the well that we drilled back in October, we sat down with everybody that—and the engineers and frack companies and geologists and said, we want to make the best well we can. The best well that we can. They're suggesting, because we had two nice big thick Queen A and B intervals, to frack them separately. We did. We came up with a two-stage frack. I know that's small in comparison to 40-, 50-, 60-stage fracks, but our costs are sufficiently less, and you're going to see why this really matters to what we're doing. We fracked both the A and the B zones.

At the same time, we announced that we had the successful drilling, logging, coring, and cementing of our 4,000-foot well, which was really important. We got seven different zones; San Andreas which is hot. It's what the play is out on the Central Basin Platform. We have it. We got a nice big huge thick interval and we had core analysis and Halliburton's rock vision logs to really dig into the science and understanding what we have. We're moving forward on those formations.

We announced and signed our first joint venture. That's a rework program and a drilling program. It's a 36-well program over three years, one well per month. If you can imagine 100 square miles, we have lots of room for multiple joint venture type partners.

Here we are in April. Now we announce the frack results of the number 7 well. We've just got through doing an additional well that we fracked. It's one of these 14 wells. We're out there doing that right now. We have—every two to three weeks we'll be fracking or recompleting one of these 14 wells or so we have on the property.

Also, which was very important, we did a share exchange. As we've started getting our story out, we've been blessed with the fact that the price has gone up a little bit, and the volume's increased a little bit, and there is some overhang in the stock. What we did is we reached out—our Chairman had given 14 million shares to the National Christian Foundation for prison ministries and abused kids and battered women, and that stock was sitting out there. We reached out and tried to take that stock, that overhang from the marketplace, because they have the ability to sell. We did. We took theirs, 14 million; we took our Chairman's 14 million; 28 million shares total, and we did a share exchange into Preferred C which locks that 28 million shares up.

It cannot be sold, any of it, not a single share, for a year and a half. Eighteen months. Then, for the next 10 years, it's a leak-out provision. On any given day, 6,250 shares can be converted from the Preferred C into the Common and sold. Six thousand two hundred and fifty shares. At $0.50 per stock price, that's like a 1% dividend that will be paid on a quarterly basis over that time frame. If the stock's a dollar, it's 0.5% dividend. This was a good project for the Company. It shows, again—I hope it shows, again, to the Street that we're taking care of business in the field but we're also very cognizant of getting our stock appreciation up so that we can list onto a national exchange. It's very important. Okay?

On to Slide 7. Two thousand eighteen potential paths for Amazing. We have, because of the size of the property, because of what we're paying in leases and because we're doing the science, we can generate production and joint venture partners. We currently have a program to drill, complete, recomplete or rework three wells per month by midsummer. These are wells that some of the wells that are already there, that I've already shared with you, and some wells that we will continue to be drilling, because again, we have to spud a well every four months, to continue to put that banked time on there.

Yesterday we signed with JH Fossil, as our contract operator, to manage the day-to-day operations in the field. We'll have a production manager on site with a four-man roustabout crew that will start increasing the speed that we will start working through these 14 wells. Dependable field people. This was a very important part of the puzzle, that we've taken extra time to make sure we got the right company and the right people. Our Chairman was a pumper for Exxon for 13 years. He knows how to squeeze every little last drop of oil out of wells. It was really, really important that the super of the oil, the manager of the property, the production manager, really knows how to get the efficiencies of the property in the 90% range. That's our goal, that's what you're going to be seeing announced over the next 60 to 90 days or so. But it was really important.

We have, like I shared with you—we've got one joint venture in place. We're in conversations with six, seven other, eight companies right now that want to come out and drill wells. They want to drill horizontal wells, potentially into the Queen A and B, which has not been done out here, and they want to drill potential horizontal wells in the San Andreas, which has been done out here by Kinder Morgan on our eastern lease line. Those wells have come somewhere between 300 to 500 barrels a day each with a 2,500-foot lateral. We have, based on our cores and our rock vision log from Halliburton, we've got three separate zones of sweet spots in the San Andreas. We have about a 500-plus thick total thickness in the San Andreas. But we've got three identified, about 150- to 170-foot sweet spot in the San Andreas. This is going to generate more activity, more production; it'll help with the banked time, it'll help the revenue, adding barrels per day, month-over-month, quarter-over-quarter. That's why that's really important to bring those joint ventures in.

At the same time, while we're doing this work, we're building a track record, a track record of success of how much it costs to do this work and the results that we get afterwards. As we build that track record, our goal is to go out and to put together some limited partnerships or drilling partnership programs, no matter what kind of form they take, because this is really important. We can have, again, the third part, not overpay, do the science and have other people pay your way. That's exactly what this is. We put together projects, we have people come in and put the drilling and completion funds, we bring the leases and title in, and then we go out and drill wells, and generate revenue, but it's no dilution to our stock, our cap table. Again, it increases the daily production, or monthly, quarter-over-quarter production.

This will all lead to our up-listing to the NASDAQ or New York Stock Exchange. We love being on the OTCQX, and they're great people to work with, but our goal is to be on a national exchange and that's why we're going to be pushing toward that direction in the next six months or so.

We will have our Shareholder meeting in Amarillo. Coming in June, we'll be making announcement for that. All of our Shareholders will be welcome. We'll have some refreshments. We'll sit there and go through what we're—giving an update like we are now, what we're doing, and then we'll have our Shareholder meeting, and everybody is welcome to come and meet Management, meet our directors, and our team.

At the same time, if you look at the first bullet up here, by summer, three wells to drill, complete or rework. This is with the one joint venture partner we have now, and the Company, Amazing. But if you look at the last bullet point at the very bottom, we plan to drill, complete and rework six wells per month, through (inaudible) and self-funding. By the end of this year, another seven, eight months, we will have multiple wells going on, hence why we needed to have a contract operator that has a production supervisor and a good roustabout crew so that we can manage this growth. We've got engineers, geologists, geophysicists. We've got all the support consultants. I think it's really important to note there's only three of us in the Company. We use lots of consultants. We keep our overhead down and use the people that we need for the specific jobs that we need.

This is where we look like for the rest of 2018. This is where we're headed. Three wells or so by summer, six wells or so by the end of the year, multiple joint ventures, drilling programs, no dilution of the stock, up-list to an exchange.

Okay. I think the next slide kind of—I think it's really important. It's Slide 8. It goes back to how we're going to do those three wells per month, how those six wells. We're going to do vertical wells, horizontal wells. You can see on the graph as we take it out to 2022, out here, which I think is really important, which happens to be also when the five years from the $200,000 payment we made to JP Morgan Chase. That money will be used up out of escrow buying leases to keep this drilling program in place. Once that money's gone, then we just pay $200 an acre. It's a very unique situation.

But look at the economics on here. If we have—if we do meet the schedule, and we do get out here and start clicking off with our contract operator, our joint ventures, our drilling programs, drilling self-funding programs, this is what it looks like. It costs about $250,000 per well to drill to 2,000 feet. We get the Yates, couple Seven Rivers, three benches and the Queen. We have three, four, five—four, five, six potential zones to just 2,000 feet for $250,000 per well. At 25 barrels a day, $60 a barrel—and I know it's $69 today but just using $60—times taxes, times the days of the month, times (inaudible), it's about $31,000 or so; and then if you take out $1000 per well, which is high, but just say it's $1000 per well, that's $30,000 on a per month basis once the well goes into production after the flush, at just 25—not 50, not 100 barrels per day—just 25 barrels a day; $30,000 goes into $250,000, that's about an 8.2 month pay-out, 8.2 months pay-out (phon). To the Company. While we're not spending millions and getting thousands of barrels a day in production, these economics are hard to match just about anywhere else.

Let's just look at like a worst-case scenario: 10 barrels per day. Same formula, $12,500, minus the $1,000 in operations, that's $11,500 or so in monthly revenue. That's a return to capital in 21.6 months. That's not counting the IDCs, depreciation, or depletion. When you start looking on here, we keep our overheads running on about 125 or so per month on here, and you start looking at just 25 barrels a day, how many wells per day does it take to be able to make our monthly overhead? To make our cost? To be able to break even to cash flow-positive? Four wells, five wells? We just got two of them on line. We've got another one coming in in a couple weeks. We've got a new management contract operator. The pace is going to pick up with what we have. These numbers are what we think are very conservative, very realistic, 10 to 25 barrels a day. Especially since the Number 23 well, where we did the two-stage frack, tested out at 120 barrels a day. Now, we're not going to produce it at that obviously. It's going to be in the 40- to 60-barrel a day range. But when you start saying it's like 50 barrels a day, that's two of the wells. Two of the four wells that we need to get to break even.

The economics on this property are very unique, especially with our low cost of entry. Let me just start thinking about what does it take to get a barrel of oil out of the ground and into a tank and it's ready to be sold. That's less than $10 a barrel. At this 2,000-foot Queen formation to surface (phon). When you start thinking about where—it's great that oil prices are going up—if it goes down again—and again, we're not over-paying, we don't have debt, and (inaudible) we got, how low can it go, to where we can still achieve our goal of generating revenue? It can go all the way down to $20 a barrel. Not many companies that could say that out in the Permian Basin or pretty much anywhere else in the United States.

On to Slide 9. We're in the Central Basin Platform between the Midland Delaware Basin, all part of the Permian Basin. We've got all the stack pays just like so many others. Pecos County has seen a tremendous amount of development over the last 80, 90-plus years with the Yates field discovery, Dead Lake field discovery, 1,800 oil and gas producing leases, couple hundred operators, 20,000-plus wells drilled. These are some of the people that are in and amongst the area around us, the names that you'll recognize, that believe the same things we believe. This is the production that's around us, in and amongst the field and the 70,000 acres. We've talked about what's Amazing unique's position not owning the leasehold; we have a option to the rights within the 70,000 leasehold, which is a tremendous asset for us because time is our friend and not our enemy.

We got about 25 wells out there. Now that we have a contract operator, the pace is going to pick up. Instead of one to two wells per month, fracking and putting into production, we're going to be able to do one to two, three, four wells per month. The pace is going to pick up now that we've got a contract operator out there that our engineers and our Chairman can deal with and communicate with directly, to make sure that we have our scope of work and our plan executed on properly. Again, under $10 per barrel to get it out of the ground into a tank, ready for it to be sold.

If you look at all the stack pay out here, and I'll go through that here shortly, and you look at the number of zones we have, there's 10,000, 20,000-plus potential locations that can be drilled on this one property that you see on the map on the yellow side, which is the lease block. This is a big deal. It's inexpensive and cost-sufficient and effective to be able to drill to 2,000 feet to get the economics I just shared with you. We got other people that want to come in and drill deeper, to Grayburg, San Andreas, Wolfcamp, Ellenburg or Devonian, Clear Fork. We—Glorietta. We've got all these different formations out here, that we can get out here and either drill it ourselves or have others come drill.

That's what we have. We have a very unique lease position. Well, does anybody else think that there's anything out here that can be productive? Well, if you look on Slide 10 you can see where Amazing has the rights within the 70,000 leasehold, in the little blue box, and just let's look around. There's Kinder Morgan, that's the Yates field, 26,000 acres of almost about the third the size, and yet they're still producing 17,000, 18,000, 19,000 barrels a day out here, with the original discovery well in 1926, at 1,250 feet deep on a cable two (phon) well came in over 200,000 barrels of oil per day. This is a big deal out here.

Kinder Morgan is operating. They got primary, secondary and tertiary recovery efforts going on in amongst the field. Then you've got Amazing; well, there's Pioneer, name you recognize, Conoco, Jagged Peak, Diamondback, Apache, Occidental Petroleum. They're all around us. An important part of this is, again, not an oil—I didn't tell you that we only pay $200 an acre, the University Lands, just seven miles off our western lease line, paid University Lands a year and a half ago, almost two years now I guess, paid them $1,525 an acre for a three-year lease, with a right to extend. They pay that $1,525 an acre and if they haven't drilled everything because time's not their friend, and they got to go out and drill more wells, they've got to pay more if they haven't drilled it. In our particular case, we pay $200. If you look at $1525.12 an acre times the 70,000 acres we have on asset out here, that has the potential of over $100 million asset to the Company.

Not saying all of it's going to be—it's not created equal, some spots are better than others, but that's just an example of the type of activity that's now starting out here in and around us, and the types of companies that do take the time to do the science, and that made it through the downfall in the price of oil, and got more efficient, just like we are striving to be.

On to Slide 11. Well, fine, you got all these big companies around you, they think there's oil, but has oil actually been produced? Well, on Slide 11, you can see: there's the Yates field, a billion-six. Light and Baker (phon), five million barrels of oil plus gas. The Tippet field, 38 million barrels of oil and 80 BCF of gas. The Walker field, 10 million barrels of oil plus gas. Taylor Lake, 17 million barrels of oil and gas equivalents. You can see our little blue circle there, where we're focusing on concentrating our initial efforts. But then just to the south of us, the (inaudible) field, over 2 million barrels of oil and gas produced. This is a lot of production. We know it's there. We're taking the time and applying our resources, people and capital, to be able to get out here and understand it and get the best wells we can and get the maximum amount of daily production out of each well.

Couple of the X's on here are Devonian wells. They're about 7,500 feet. That top X up there is a well that, in the first year, generated over $10 million of revenue. Granted, oil was $50 a barrel, when it was a little higher; gas was $5, which obviously follows MCF (phon), which is now lower than that; but still over $10 million a well for about $1.5 million spent. Ten million dollars of revenue in the first year. One point five million in vertical completion only.

On the next map on Slide 12, this is some of the activity that has gone on in and amongst the 70,000 acres, over the last 80, 90 years. On the top left, the Devonian production was the one I just told you about. If you look below it, there's a well that was drilled, Halliburrton, they came up and said about three sections of land is worth about $502 million. If you look below that, the San Andreas, even though it goes all the way across—the arrow does—that is the Kinder Morgan drilling to about 1,900 feet, turning horizontal, going about a 2,500-foot lateral, spending a million, two, three, four per well, getting somewhere between 300 to 600 barrels of oil and gas equivalents per day.

Then if you look on the very bottom, all those red dots, third party engineering says they have about 30 million barrels of recoverable oil reserves in place for those wells. These are vertical well bores. That's about 1.5 million of reserves per well. This is in zones like the Wolfcamp, which is the driver for the Delaware, South Delaware Midland Basins. We have it here. Then we've got Ellenburger. We've got Devonian. That's about a 30 million barrels in reserves off these wells, and just the ones that are red.

Then, again, if you look at the very top, Baker Hughes, 2017, gave a report that it was about $15.3 billion of probable reserves, and that was in the $30 to $35 oil window at that point in time. On the right hand side, Wolfcamp, A, B, C production at 6,200 feet, Ellenburger at 8,000 feet. Bottom right Devonian. It's all around us. It's all around us, deeper production. What we're doing as a Company, again, is to understand what we have, taking it one step at a time, very focused on the goal of building a huge—hopefully a multibillion-dollar corporation by focusing on what we have here, and then bringing the skill sets of the team, Management team and consultants, and resource capital, to get it here and get production up and running to the maximum amount.

I know I've shared with you on Slide 13 the different formations that are out here and being produced by different companies. These are just a few of them. This is what they're producing at. You can see about how deep they are.

Going on to Slide 14, it kind of gives you an idea, a 3D visual if you will, of why the Central Basin Platform is the zone—the same zones that are all across the Permian Basin; Midland Delaware, South Delaware Basins, and they're deeper. They cost more to get to it. If you look at just the prime example here, if you look at the Yates, we're at about 1,500 feet deep. If you look over the Delaware basin, it's about 3,000 feet deep. It costs more. The deeper you go, the bigger the pipe, the bigger the rig, the more time it takes to drill it, to get it tested, to get it to a point to where you can turn horizontal or to go out and do fracking and get it into production. If you just look at on the top right hand side, I put in here where we hit these particular zones, versus where others hit those particular zones.

One of the things I think is very important to discuss is Jilpetco. Jilpetco is our 100% owned operating entity where we have a little small drilling rig, air rig, drilled about 2,500 feet. We have a completion rig, we have a poling unit, we've got backhoe trailers, we got a little mini man camp office, if you will; we've got all of our production, we've got tubing, we've got poly pipe, we've got everything we need out there to be self-sufficient. The reason that our Chairman did this was that, when oil went to $107, all the rigs, the personnel, the people, were being pulled to drill wells across the United States and the rest of the Permian. We had an obligation to spud a well every four months. We had to make sure, he had to make sure that we never lose this. We never lose the rights to the 70,000-acre leasehold.

He got a rig and he got completion rigs and he's got equipment, he got personnel. If the price of oil fell and everybody was gone, we couldn't get a rig or if the price of oil stayed high and we couldn't get a rig, it didn't matter. This was the type of deal that the thought process is like Exxon. We got this deal. We should never lose this deal. It's really important to know that we've got the right lease cost, we've got the right situation, our neighbors, our production, multiple zones, our economics per well, and we're increasing production. No matter what happens, our subsidiary, Jilpetco, can get out there and make sure that we meet the requirements that it takes to hold this property with those terms, forever. I know that's a tough thought, forever, but it is what we have. It's a very unique situation.

In a way we—Jilpetco, they do our work, and any other parties that we have come in with our joint venture partners, it allows us to be—reduce the cost on reworks and drills without having to get companies to mobe and demobe out to the location, to be able to charge us the travel time and then their people—we've got our stuff. We are going to third parties to drill deeper. We did use Halliburton to log and do all the pouring and (inaudible) to do the interpret—to dissect the cores and give us the data. We had Halliburton provide the rock vision log that's outstanding, and we used Basic to frack. We still do use third party vendors that we know are good; but if push come to shove, we can get out here and get work done, no matter. We should never lose this lease. Again, we've got these assets in the Company. They're fully paid for, debt-free.

On to Slide 16, just real quick. My family's been in the oil and gas business for four generations, myself since I was 16. All four generations have worked at Exxon, Esso, Humble, one of the entities. I've been out here and worked in the operations, worked in the field, the Management team, a company called Torchlight. We uplisted to NASDAQ. They're still here today. We've taken lots of companies with capital and pipelines, and I've been involved in all different parts of the oil and gas industry, and then I've also been involved with the public company experience. I look at my role as to try to bring in the right personnel, the right people, with our Chairman's support, and we get out here and we push this ball down the road, down the field, if you will. He likes to have everything as a football analogy. I did serve in the Marine Corps.

Jed Miesner, our Chairman, worked for Exxon for 13 years as a pumper. He's very familiar with keeping those leases in the 90%-plus efficiency rate, and that's why it was so important to go through the decision process to bring the right production supervisor, right manager, that can not only twist valves and work pipe wrenches but also keep the efficiencies of the wells up and producing 90% of the time or more. They're all going to need work and so forth. But this is just—our Chairman's really focused on this and has brought in what we believe is a really good team.

Our CFO's been with the Company, so I kind of nicknamed him the Librarian. He remembers everything. He knows everything about everything on this property since he's been involved with it for 12 years with our Chairman. He knows all the different parts, all the different players. He's got access to information just at his fingertips which is, for somebody like me, tremendously helpful.

Our Chief Operating Officer, Reese Pinney, has been in the business since '79. He's a geologist. He's been a tremendous help with us, to be able to come in here and to work with our engineers, which are the next page over. David Arndt, they work together, put together the prospect, get out and drill the wells, pick the (inaudible), pick the—design the frack, and then get the wells up and running producing. It's a good team from that part, that standpoint.

Also we have a couple of consultants that have had tremendous experience, which are Permian-based experience. It's not the fact that we want somebody from Marcellus to come down and tell us how to do Wolfcamp and Queen wells. We want somebody that's been involved in Queen, Wolfcamp, Devonian, Ellenburger in the Permian basin, that understands because it's different. Rock may be the same age, but it's different. We have people here that allow us to be able to pull these resources to the table and work with the existing management team.

Just the summary in highlights: we got the rights within a 70,000 acre leasehold that has been—with good companies you recognize, production all around us for 80, 90 years; we have great lease terms; we've got joint venture partner in place right now, we've got—we're starting up with him; we've got several others that we're talking to that will come on board; we've got stack pay. It's really important to be able to have a primary target in two, three, four, five, 10, whatever zones that you drill through to get to your primary so that you always have the greatest chance of a success of making a well.

We have deep rights, all rights, all depths to the south, and we have San Andreas rights to the north and then just spotty places here, there and yonder, but this is our 70,000-acre rights at this bloc of acreage. We have that. We should never, ever lose that. We have vertical, we have horizontal potential out here on the property; we've got oil, and we do realize that we're—although we're an oil and gas Company, we're also a public Company, and we need to pay attention to both, and both of them have separate needs, and we have the Management team here to be able to do that.

Thank you very much. That's the end of my presentation. I believe we're going to move over to the question-and-answer period at this point in time, or I can start over, whatever you'd prefer.

Operator:

Thank you, sir. If you'd like to ask a question over the phone, please signal by pressing star, one on your telephone keypad. If you're using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Once again, that's star, one if you'd like to ask a question. We'll pause for just a moment to allow everyone the chance to signal.

We'll take our first question from Dallas. Your line is open, sir.

Dallas Salazar:

Hey, Will, congrats on hosting your first call, or at least the first one that I've been on, and congrats on the other developments that have taken place. I just had a question about how you all are going to stack rank from a priority standpoint, increasing production. Are you guys going to be working on older wells, new wells, horizontals? I know you've kind of covered a lot of that but you covered a lot of ground in your prepared remarks, so if you could just kind of reframe that for us, that'd be great, and then I'll have a follow-up when you're done.

Willard McAndrew:

Okay. Well, thank you, Dallas, appreciate you coming on. I think our goal today is, we have multiple kinds of low-hanging fruit. Just to keep it short to the answer, we have wells that need to be completed for the first time, wells that need to be recompleted, that are just sitting ther,e if you will, and we're working on those right at this point in time. Also, you'll see that we, in the last four months, we drilled two new wells, the 23 and the 31. The 23, we did a two-stage frack—ever—first time ever, and the production that's coming off that well justifies the slow steady progress that we're taking to try to do things correctly the first time.

Then, we stepped out as a Company. We own 100% of the 31, we drill to 4,000 feet, we did 26 sets of side wall cores, and proved that, indeed, the Grayburg and the San Andreas and the Tubb are there, and four or five other zones, and with that data, we're now talking to people about coming out and drilling horizontal San Andreas wells. Our structure, initially, is, is that we'll get the project, we'll get the gear in place, we got great lease terms, we'll get the science, and we'll bring somebody that will come in and put up 100% of the capital to drill and complete the wells, and carry us as a Company in those wells. We're going to be re-working on the wells, we're going to be drilling new wells as a Company, we're going to have vertical shallow wells, we're going to have other companies come out and drill some shallow 2,000-foot wells, and then hopefully we'll get a horizontal Queen duct (phon). Nobody's done that up here, and do a horizontal San Andreas, and have some people that will come in and carry us for that work.

Dallas Salazar:

Yes, thanks, I can appreciate that, and again, dipping back in some of your prior experience, obviously you have plenty of experience in doing what you just said that you're going to be able to do, so, look forward to seeing that.

Then, just a final question and kind of segue to it naturally. When you say you're starting to do science work, can you just talk about what that entails, and then ultimately, kind of how you see that unlocking some of the immediate term value here?

Willard McAndrew:

Well, and again, Dallas—you know, again, more about my history than most people on the phone, but having the right geologist and getting the right companies to design the different logging techniques and coring techniques; there's 22 data points on core samples, and you don't need every one of them to be successful, but you need the data point from every one of them, and they apply to different formations. That's what we did in this particular case. We took cores in the Tubb, three spots in the San Andreas, two spots in the Queen, one in the Grayburg, one in each of the two Seven Rivers. We've got 26 sets of drill cores, not shot cores, Dallas, and as you know, it's more expensive to get drill cores done, but the sample that comes out is a better sample that's a better quality sample.

We did drill cores on this, and so we have that data, and Halliburton sent it to scouts, so based upon that data—logs, all these other things are all due to interpretation—but the rocks don't lie. What's in the rocks are in the rocks. If they say it's got 23% porosity and it's brittle and low clay content and big fourth row, well, that's what's in the rock. It's factual. That's how we can use that data to go talk to potential drilling partners, joint venture partners, to come in, so as we build that track record, then we'll start drilling programs in the fall.

Dallas Salazar:

Sure. No, and again, I think this is a playbook you've executed before, so I'm looking forward to seeing you take things into future quarters. But that's all I have for today, thank you guys for your time.

Willard McAndrew:

Thank you, Dallas.

Operator:

Our next question is from Jeff. Please go ahead, sir, your line's open.

Jeff Kobylarz:

Hi, Jeff Kobylarz here. Just curious, Will, what does the Company need to do to qualify to get on a listed exchange?

Willard McAndrew:

Well, there's several steps, Jeff, to be able to do that. Shareholders' equity, obviously acting and behaving like an accelerated filer. We need to be able to, in this particular case, being that the Company that we rolled our assets into always had continuous operations, it was never a shell—in this particular case, our hurdles are less, to be able to get to it. We need to be $3 a share, closing price, not closing bid price but closing price, for five consecutive days. That will really be the last major hurdle that we need, along with some of the others.

We're really close on some; some of them we've already achieved. But that is going to be the biggest hurdle for us right now, and what's going to drive that is our ability to produce. Production, production, production. We're doing that. I hope you've been able to see the strides we've been able to make with the Company over the last eight or nine months, and more particularly over the last two months, and with bringing our new contract operator on board, we're only going to increase the pace of completing and reworking and drilling, as well as getting that production up. That production up is what everybody wants to hear. I mean, if you sit and think about our overhead, running about $125 a month, we need four or five wells at 25 barrels a day to be at that break even, we want to make sure that we up-list; we up-list with fundamentals. That's cash flow and production.

Jeff Kobylarz:

Yes. Okay. You mentioned about the 23 well, you did a two-stage frack and so are you producing now from that well?

Willard McAndrew:

Yes, at the pump jack well, we are. During the day, we're swabbing on it, but we should have—the pump jack is supposed to be delivered yesterday, today. It's not there today—as of yesterday, it's not here yet, but it'll be here today, tomorrow. It will take us a couple of couple days to put that well on, and then it's going to add to our total. That, if you look at we already have going on out there and you add this well—say, if it is 50 barrels a day, we're going to be bumping up to that hundred BOE per day, pretty close.

Then we just fracked the Number 7 well, Monday of this week. We're starting the flow back on it Tuesday morning. We'll have it contributing, too, to the production. We'll be at 100, 100-plus BOE per day, and just—we're talking 60 days or less. We're hitting those goals and we have another well scheduled, the Number 21, about two to three weeks from now, and Basic can get back to us. It'll be fracked and put on line. Now that we have an operations team coming out, contract operator, we're going to be able to pick that pace up.

Jeff Kobylarz:

Okay great. Article in the paper today about how there is constraints with pipelines, with workers, et cetera, in the Permian, and so you're not seeing that as an impediment, getting the 23 producing and then the 7 producing?

Willard McAndrew:

Well, no sir, and that's why it was really important. I mean, we have four hands out there now, and we have a production supervisor that comes out there, but we need the guy that's going to be there. We need a team that's going to be there every day, not just part time. That's what we've accomplished, signing up Fossil yesterday, is to get the team out there so that we have—they have one company to answer to, that's us. They specifically work for us, they only work for us, and we've already outlined the scope of work and the next steps that we're going to take, so we've taken that step and we've been a little bit more aggressive with it, and locking in our deal, just like we did with Jilpetco about buying a rig and locking in our deal, locking in our team, so that we have the ability to press forward in good and/or bad times.

Jeff Kobylarz:

Okay, but again, access to pipelines is not an issue then, for the 23 and the 7 and the 21?

Willard McAndrew:

No sir, not at all. We get a couple-three dollars below WTI. We call them on Monday, they'll come get it on Tuesday.

Jeff Kobylarz:

Okay. All right, and then …

Willard McAndrew:

We'll call in a load of oil and they'll come pick up the load of oil the next day.

Jeff Kobylarz:

By truck?

Willard McAndrew:

Yes, sir. They'll truck it. Then they'll truck it to some centralized tank battery and they'll either ship it from Fort Stockton west or try to head it up to south. Being that we're not up in the top part of the Midland Basin and Odessa area up there, in the Delaware where all the—a lot of the pipelines that flow, we get to move it to different directions.

Jeff Kobylarz:

Okay; and then, on Slide 11, Will, I just curious about these red dots here and so—you said it's roughly 1.5 million barrels per red dot. Right? There's 20 wells there that were identified by a petrophysical analysis? When was this done?

Willard McAndrew:

(Inaudible).

Jeff Kobylarz:

Okay, well, I'm just curious, when this work was done, and how they came up with this reserves per well.

Willard McAndrew:

The report was done about 2.5 to three years ago on these particular wells. It was by a third party. We don't own any interest in any of those wells. We just got access to the information.

Jeff Kobylarz:

Oh, all right. I thought this was on your land.

Willard McAndrew:

Well, it is but these are deeper wells. If you may remember, and I know I've hit you with a lot of information today, but if you draw a line across the middle of the property, we have all depths, all rights on the southern 35,000 acres. On the north half, we have San Andreas to surface, about 3,000 feet to surface, we have those rights, in and amongst that top 35,000 acres. There was another individual that had the deeper rights, and he's had people come out here doing joint ventures with him to drill deeper.

Jeff Kobylarz:

I see. Okay. Got it. All right. Thanks very much, Will.

Willard McAndrew:

Thank you, sir.

Operator:

Take our next question from Raj. Please go ahead, sir.

Raj Saha:

Yes. Hi there. Thank you for taking the time to have this call today, Will. I had a couple of questions. My first one is that, where do you think the price of oil is going to, and at what price does Amazing make money?

Willard McAndrew:

Well, as you've seen, right now we've had a little spike in the price. It's obviously in the high sixties, middle to high sixties. I think that, again, if it stays in the sixties, that's wonderful. I don't think it's going to go back to the hundred any time soon, unless there's some type of an event somewhere, but really what we do as a Management team and directed from our Board is that we focus on what we can control. We can't control the price of oil. But what we can control is we can control how much we spend per well. We can control how much it costs to get the oil out of the ground per well. We can control how much we pay for leases. We can control the fact that we have equipment out here. Those are four things that we really can control.

If you look at that, we're at about $20 a barrel, we're break-even, plus or minus, out here in the field, on an average of the wells, and so if oil stays at $60, we're making $40 a barrel. But if it does fall back down, the amount of activity will reduce in the field, but that's where all the companies that did survive from the $100 to the $30 oil, they focused on what they could control. They could control costs, they could control size, the drilling and completion and production. That's what we're doing as a Company. Management team has been here before. We're not trying to reinvent the wheel. We're just going to just duplicate others' success. The fact that we have a unique situation here, it's even better for us as a Company.

Raj Saha:

Thank you, that's—I appreciate your answer. Just one quick follow-up. What is your burn rate on your current wells, and when do you expect to become cash flow-positive?

Willard McAndrew:

Okay, well, our burn rate's around $125,000 or so, and that's counting our pays, dues, attorneys, auditors, everything else; again, there's only three of us in the Company. We use a lot of consultants. If you look back at the 25 barrels a day and $60 per barrel oil, that's about four or five wells that we need into production every day to be able to break even, and we're heading in that direction as we speak. If you look at four wells, that's 100 barrels, five wells, that's 125 barrels a day, and we're running somewhere in almost to 100 BOE per day now. We'll be there if not in the next 30, 60 days, shortly.

Raj Saha:

Great. Again, thank you very much for taking the time to have this conference call and we appreciate all the information. Thank you very much.

Willard McAndrew:

Okay. You guys, too. I'm being told that we're getting short on time. Obviously I'm long-winded, and so if we could focus on that?

Operator:

All right. We'll take our last question from Greg. Please go ahead, sir.

Greg Palmacci:

Hey Will. Thanks for this update. It's really helpful, pulling all the different threads together.

Your recent joint venture's really interesting to me. I was wondering if you could talk a little bit more about your plans for future joint ventures and what they might look like. I mean, are they primarily going to be targeting the shallower formations to get up your production rate, or might you use them to test some deeper formations?

Willard McAndrew:

Well, thank you, Greg, that's exactly what we're doing, what you just said. It's both. I mean, right now we've done the science, we did the two-stage frack. We went out there and said, "Okay, look, the Queen A and B, the Seven Rivers, Yates, it's here." If you're going to make a well, it's stratigraphic or, for the most part, blanket type formations; granted there's sweet spots and at some better than others, but it's there. If you're going to make a well—and that's why on the slide, with the Slide 2, I put it at 10 barrels a day. Even at 10 barrels a day, it's under a two-year pay-out, not counting the tax benefits. What we're trying to do is to go out here and prove up what we believe to be true and we have, and this small part—these three or four or five sections out of 109 sections. We're now talking to them, saying, look, let's come on out here, let's just put up the—we're going to bring all that we have, you bring the drilling completion funds, we'll split the well, you—we'll get out there and drill; we have a Management team in place now; we're going to drill and produce. You know they're going to have success. We really believe that we know they're going to have success on the shallow.

That being said, we stepped up as a Company and drilled to 4,000 feet and did all the science with Halliburton and (inaudible) and got this rock vision log and now we know Grayburg and San Andreas Tubb, it's there. It's not just there, it's good thick with rich oil content. Now we've got conversations with two different potential joint venture partners to come out and drill to the San Andreas, and potentially drill a horizontal well. It's probably not going to be long laterals, but if it just came out 1,250 feet or 2,500 feet, to test it, to have them take the next step. That's what we're doing as a Company. We're doing both. Both of these strategies preserves the cash we have as a Company. It has zero dilution on the Shareholders and the cap table; no dilution by doing these partnerships, and we get production, which equates to revenue from day one, once the well has come on line.

Again, this is not reinventing the wheel; pick a company—multiple companies have started this way to get the ball rolling until they could really have the type of income that they just didn't need to have the joint venture partners. But if you think about 109 sections, 100 square miles; we have room for a lot of people to come do stuff.

Greg Palmacci:

Yes, you do. That's a really great way to conserve capital. Thanks for that, Will. I appreciate it.

Willard McAndrew:

Okay, guys, I apologize. I know there's several other people with questions. My phone number is available if you'd like to reach out to me after the call, if I haven't answered your questions, but I do appreciate your coming on the call. I hope you found it informative. This is just another step the Company is taking to reach out and communicate with our Shareholders. We will start doing quarterly reports after we file our Q or K, and to give a corporate and a production update, but again, we remain here and available to answer any questions that you may have. Please don't hesitate to call.

Operator:

That does conclude today's conference. We thank everyone again for their participation.