

## **Company Information and Disclosure Statement**

### **Insight Management Corporation**

A Florida Corporation

(Formerly Skreem Records Corporation until September 11, 2008)

5057 Keller Springs Road, Addison Texas 75001

Phone (214) 802-6777

website: [www.striperwells.com](http://www.striperwells.com)

Federal EIN:

SIC Code: 1311

### **DECEMBER 31, 2015 REPORT**

#### **Common Stock**

\$0.0001 Par Value per Share

20,000,000,000 Authorized

2,107,670,007 Issued and Outstanding

OTC Markets Symbol: CPCC

CUSIP No. 45776Q 307

#### **Class A Preferred Stock**

\$10.00 Par Value per Share

3,000,000 Authorized

One share issued and outstanding

**Insight Management Corporation is responsible for the content of this Report. The securities described in this document are not registered with, and the information contained in this report has not been filed with, or approved by, the U.S. Securities and Exchange Commission.**

## TABLE OF CONTENTS

---

<b>Part A</b>		<b>General Company Information</b>	
	Item 1	The exact name of the Issuer and its predecessor (if any)	5
	Item 2	The address of the Issuer's principal executive offices	5
	Item 3	The jurisdiction(s) and date of the Issuer's incorporation or organization	5
<b>Part B</b>		<b>Share Structure</b>	
	Item 4	The exact title and class of securities outstanding	5
	Item 5	Par or stated value and description of the security	6
	Item 6	The number of shares or total amount of the securities outstanding for each class of securities authorized	9
	Item 7	The name and address of the transfer agent	10
<b>Part C</b>		<b>Business Information</b>	
	Item 8	The nature of the issuer's business	10
	Item 9	The nature of products or services offered	59
	Item 10	The nature and extent of the issuer's facilities	59
<b>Part D</b>		<b>Management Structure and Financial Information</b>	
	Item 11	The name of the chief executive officer, members of the board of directors, as well as control persons	60
	Item 12	Financial information for the issuer's most recent fiscal period	65
	Item 13	Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence	65
	Item 14	Beneficial Owners	66
	Item 15	The name, address, telephone number, and email address of certain outside providers that advise the issuer on matters relating to the operations, business development	66

		and disclosure.	
	Item 16	Management's Discussion and Analysis or Plan of Operation	67
<b>Part E</b>		<b>Issuance History</b>	
	Item 17	List of securities offerings and shares issued for services in the past two years	69
<b>Part F</b>		<b>Exhibits</b>	
	Item 18	Material Contracts	70
	Item 19	Articles of Incorporation and By-Laws	70
	Item 20	Purchases of Equity Securities by the Issuer and Affiliated Purchasers	70
	Item 21	Issuer's Certifications	70

**Insight Management Corporation**  
A Florida Corporation  
(Formerly Skreem Records Corporation until September 11, 2008)  
5057 Keller Springs Road, Addison Texas 75001  
Phone (214) 802-6777  
website: [www.striperwells.com](http://www.striperwells.com)

Federal EIN:  
SIC Code: 1311

## **DECEMBER 31, 2015 REPORT**

### **Cautionary Note Regarding Forward-Looking Statements**

Information set forth in this December 31, 2015 Report (the “Report”) contains forward-looking statements, which involve a number of risks and uncertainties that could cause our actual results to differ materially from those reflected in the forward-looking statements. Forward-looking statements can be identified by the use of the words “expect,” “project,” “may,” “might,” “potential,” and similar terms. Insight Management Corporation (“Insight Management,” “we,” the “Issuer” or the “Company”) cautions readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking information. Forward-looking statements involve a number of risks, uncertainties or other factors beyond our control. These factors include, but are not limited to, our ability to implement our strategic initiatives, economic, political and market conditions and price fluctuations, government and industry regulation, U.S. and global competition, and other factors. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

## **Section One: Issuers' Initial Disclosure Obligations**

### **Part A General Company Information**

#### **Item 1 The exact name of the issuer:**

Insight Management Corporation (hereinafter referred to as "CPCC," or "Insight Management," or the "Company," the "Issuer," or "We" or "Us"), formerly Skreem Records, Inc. until September 11, 20098.

#### **Item 2 The Address of the Issuer's Principal Executive Offices**

Insight Management Corporation  
5057 Keller Springs Road, Addison Texas 75001  
Phone (214) 802-6777, Fax  
website: www.striperwells.com

Federal EIN:  
SIC Code: 1311

#### **Item 3 The Jurisdiction(s) and Date of the Issuer's Incorporation or Organization:**

The Company, sometimes referred to herein as "we," "us," "our," and the "Company" and/or "Insight Management" was incorporated on March 10, 2006, under the laws of the State of Florida, to engage in any lawful corporate undertaking.

### **Part B. Share Structure**

#### **Item 4 The Exact Title and Class of Securities Outstanding:**

##### **Common Stock**

\$0.0001 Par Value per Share  
Twenty Billion (20,000,000,000) Authorized  
2,107,670,007 Shares Issued and Outstanding  
OTC Markets Symbol: CPCC  
CUSIP No. 45776Q 307

As of April 13, 2015, there were 645,330,623 shares of Common Stock in the public float and 116 shareholders.

## **Item 5. Par or Stated Value and Description of the Security**

### **Common Stock**

\$0.0001 Par Value per Share  
20,000,000,000 Authorized  
2,107,670,007 Issued and Outstanding  
OTC Markets Symbol: CPCC  
CUSIP No. 45776Q 307

### **Class A Preferred Stock**

\$10.00 Par Value per Share  
3,000,000 Authorized  
One share issued and outstanding

## **1. Common Equity:**

### Dividend

Dividends will be payable when, as and if declared by our Board of Directors. No dividends will accrue unless declared by our Board of Directors.

### Voting Rights

Each stockholder shall have one vote for each share of stock entitled to vote held of record by such stockholder a proportionate vote for each fractional share so held, unless otherwise provided in the Certificate of Incorporation. Each stockholder of record entitled to vote at a meeting of stockholders, or to express consent or dissent to corporate action in writing without a meeting, may vote or express such consent or dissent in person or may authorize another person or persons to vote or act for him by written proxy executed by the stockholder or his authorized agent and delivered to the secretary of the Corporation. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. No proxy shall be voted or acted upon after three years

from the date of its execution, unless the proxy expressly provides for a longer period.

### Preemption Rights

Holders of the Common Stock will not be entitled to preemptive rights.

*Preferred "A"*; said Series "A" is designated with the following preferences:

The par value shall be \$0.01 and the face value of the shares shall be \$10.00 per share;

Each share shall expire, unless extended or renewed for an additional term by the Board of Directors, three (3) years from the date of issue;

Said shares shall bear no coupon, or interest, nor shall the Board of Directors declare any dividend thereupon;

In the event of any liquidation, dissolution, or winding up of the Corporation, either voluntary or involuntary, distribution to the shareholders of the Corporation shall be made in the following manner:

(a) The holders of the Series "A" Super Voting Preferred Stock shall not be entitled to receive, prior and in preference to any distribution of any of the assets or surplus funds of the Corporation to the holders of the Common Stock by reason of their ownership of such stock.

(b) The holders of subsequently issued Preferred Stock, of the Corporation (collectively as "Other Preferred Stock") shall be entitled to receive, prior and in preference to any distribution of any assets or surplus funds of the Corporation to holders of Common Stock, such amounts as may be provided in the respective designated powers, preferences and rights of such Other Preferred Stock.

(c) The holders of Common Stock shall be entitled to receive the entire assets and funds of the Corporation legally available for distribution, which shall be distributed ratably among the holders of the Common Stock in such a manner that the amount distributed to each holder of Common Stock shall equal the amount obtained by multiplying the remaining assets and funds of the Corporation legally available for distribution hereunder, by a fraction, the numerator of which shall be the number of shares of Common Stock then held by such holder, and the denominator of which shall be the total number of shares of Commons Stock then outstanding.

(d) For purposes of this Section 3, a merger or consolidation of the Corporation with or into any other corporation or corporations, or the merger of any other corporation or corporations into the Corporation, or a sale of all or substantially all of the assets of the Corporation for an amount equal to or exceeding \$ 5 million, shall not be treated as a liquidation, dissolution or winding up of the Corporation.

(e) Notwithstanding Section 3(b) hereof, the Corporation may at any time, out of funds legally available therefore, repurchase shares of Common Stock of the Corporation issued to or held by employees, officers, directors, or consultants of the Corporation or its subsidiaries upon termination of their employment or services, pursuant to any agreement providing for such right of repurchase.

Such shares shall not have the right to convert to common shares of the company, and shall expire and become null and void, unless extended or renewed by the Board of Directors, upon the third (3rd) anniversary of its issuance.

No holder of the Series "A" shall be entitled as of right to subscribe for, purchase, or receive any part of any new or additional shares of any calls, whether now or hereafter authorized, or of bonds, debentures, or other evidence or indebtedness convertible into or exchangeable for shares of any class, but all such new or additional shares of any class, or bond, debentures, or other evidences or indebtedness convertible into or exchangeable for shares, may be issued and disposed of by the Board of Directors on such terms and for such person or persons as the Board of Directors in their absolute discretion may deem advisable.

Except as otherwise provided herein or by law, the shares of the Series "A" Super Voting Preferred Stock shall be entitled to vote with the shares of the Corporation's Common Stock at any annual or special meeting of the stockholders of the Corporation. Each share of Series "A" Super Voting Preferred Stock shall be entitled to vote those number of shares equal to one and a half (1 ½) times the amount of the total issued and outstanding shares of the Corporation entitled to vote. The individual, through the ownership of this Series "A" Super Voting Preferred Stock, has the voting power to act on the behalf of the Corporation, to call a special meeting of the shareholders, to remove and/or replace the Board of Directors or management or any individual members thereof in the event that one or more of the foregoing has done, or failed to do, anything which, in his sole judgment, will materially and adversely impact the business of the Corporation in any manner whatsoever, including, but not limited to, any violations of any state or federal securities laws, or any action which could cause the bankruptcy,



dissolution, or other termination of the Corporation. In no event will the ombudsman have the right or power to participate in the normal and usual daily operations of the Corporation.

Any notice required by the provisions hereof to be given to the holders of shares of the Series "A" Super Voting Preferred Stock shall be deemed given when deposited in the United States mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Corporation.

So long as any shares of Series "A" Super Voting Preferred Stock are outstanding, the Corporation shall not, without first obtaining the approval (by vote or written consent, as provided by law) of the holders of at least a majority of the total number of shares of Series "A" Super Voting Preferred Stock outstanding.

(a) Alter or change the rights, preferences or privileges of the Series "A" Preferred Stock so as to materially adversely affect the Preferred Stock; or

(b) Increase the authorized number of shares of Series "A" Preferred Stock; or

(c) Create any new class of shares having preferences over or being on parity with the Series "A" Preferred Stock as to voting rights.

Upon the end of its term, unless renewed or extended, the shares shall be redeemed or acquired by the Corporation and shall be canceled, retired or eliminated from shares, which the Corporation is authorized to issue

## **Item 6. The Number of Shares or Total Amount of the Securities Outstanding for Each Class of Securities Authorized.**

### **Common Stock**

Number of Common Outstanding as of December 31, 2015

Shares Outstanding: 2,107,670,007

Shares Authorized – Twenty Billion (20,000,000,000)

Public Float – 645,330,623

Total number of Shareholders of Record: 116

## **Class A Preferred Stock**

Number of Common Outstanding as of December 31, 2015

Shares Outstanding: One

Shares Authorized – Three Million (3,000,000)

Total number of Shareholders of Record: One

## **Item 7 Transfer Agent**

Transfer Online, Inc.

512 E. Salmon St.

Portland Oregon 92714

Phone Number (5-3) 227-2950

The transfer agent is registered under the Exchange Act and operates under the regulatory authority of the SEC and FINRA.

## **Part C. Business Information**

### **Item 8 Nature of Business**

#### **A. Business Development:**

1. The form of organization of the issuer is that Insight Management, Inc. is a Florida corporation.

We were organized under the laws of the State of Florida on March 10, 2006. We were formerly known as Skreem Records Corporation. Skreem was an entertainment development, marketing and production company.

On September 11, 2008, it amended its Articles of Incorporation changing its name to Insight Management Corporation to reflect a shift in business strategy to a holding/management company.

As a result of the reverse triangular merger with Microresearch Corporation on June 29, 2009, Insight Management's core business focus was changed to the energy industry. Pursuant to the agreement, Microresearch shareholders received 1.5 of the issuer's shares for each share they own in Microresearch Corporation. Prior issuer shareholders

did not change their holdings in Insight Management.

On March 2, 2010, Insight Management Corporation and Rebel Testing, Inc. (“RTI”) terminated the stock purchase acquisition agreement (“acquisition agreement”) that was signed on March 6, 2009.

On September 24, 2010, the Company acquired Simply Constructed, Inc. As of September 30, 2010, the Company has recorded an impairment loss of \$5,000,000 on the intangible asset acquired.

On November 11, 2010, the Company acquired Plant Acadia Growing, Inc. On July 1, 2012, the Company withdrew from the acquisition agreement with Plant Acadia Growing, Inc.

The number of shares of common stock were decreased by a 1 for 1000 reverse split paid on February 23, 2011.

The number of shares of common stock was decreased by a 1 for 500 reverse split, with an ex-dividend date of September 17, 2012

The Company entered into a Definitive Agreement with Advantage Disposal Solutions, a Delaware corporation. The Company will acquire Advantage for 125,000,000 common shares and 20,000,000 Preferred Series stock. The Preferred shares are anti-dilutive and convert within six years of issuance to common stock. The effective date of the acquisition is January 22, 2013. A copy of the agreement is posted at [www.otcm Markets.com/ISIM](http://www.otcm Markets.com/ISIM).

Advantage is a development stage company and is the holder of a proprietary method of waste water transportation, processing, and disposal industry. It plans to facilitate the disposal of waste byproducts of drilling, completion, and production of oil and gas wells. The company seeks to use injection wells to dispose waste water. Advantage Disposal Solutions, Inc. markets directly to waste water producers, trucking companies, and energy providers in North Dakota. The company was founded in 2011 and is based in Queen Creek, Arizona.

In concert with this acquisition, the Board of Directors have notified FINRA of their approval of a 24:1 forward split of common stock for all shareholders of record on 1/22/2013.

On July 22, 2015, the Company acquired Striper Wells, LLC in exchange for Two

Billion (2,000,000) shares of Common Stock.

### **Capital Changes**

The Company has had the following capital changes:

The number of shares of common stock was increased by 7 for 1 split, ex-dividend date November 10, 2009, record date November 06, 2009 and the payable date November 09, 2009.

The number of shares of common stock were decreased by a 1 for 1000 reverse split paid on February 23, 2011.

The number of shares of common stock was decreased by a 1 for 500 reverse split, with an ex-dividend date of September 17, 2012

### **Name Changes**

The Company was formerly Corporate Partners Corporation until November 2015, formerly Insight Management Corporation until May 7, 2013, formerly Skreem Record Corporation until September 11, 2008, under which name it was incorporated on March 10, 2006.

2. The year that the issuer (or any predecessor) was organized;

March 10, 2006

3. The issuer's fiscal year end date;

The Issuer's fiscal year-end date is December 31.

4. Whether the issuer (or any predecessor) has been in bankruptcy, receivership or any similar proceeding.

The Issuer has not been in bankruptcy, receivership or any similar proceeding.

5. Any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business;

See “Business Development.”

6. The Issuer is in default of the terms of any note, loan, lease or other indebtedness or financing arrangement requiring the issuer to make payments .

The Issuer is not in such default.

7. Any change of control;

On July 22, 2015, the Company purchased Striper Wells, LLC for Two Billion (2,000,000) shares of Common Stock.

8. Any recent increase of 10% or more of the same class of outstanding equity securities;

On July 22, 2015, the Company purchased Striper Wells, LLC for Two Billion (2,000,000) shares of Common Stock.

### **Section 15(g) of the Securities Exchange Act of 1934**

Our shares are covered by section 15(g) of the Securities Exchange Act of 1934, as amended that imposes additional sales practice requirements on broker/dealers who sell such securities to persons other than established customers and accredited investors (generally institutions with assets in excess of \$5,000,000 or individuals with net worth in excess of \$1,000,000 or annual income exceeding \$200,000 or \$300,000 jointly with their spouses). For transactions covered by the Rule, the broker/dealer must make a special suitability determination for the purchase and have received the purchaser's written agreement to the transaction prior to the sale. Consequently, the Rule may affect

the ability of broker/dealers to sell our securities and also may affect your ability to sell your shares in the secondary market.

Section 15(g) also imposes additional sales practice requirements on broker/dealers who sell penny securities. These rules require a one page summary of certain essential items. The items include the risk of investing in penny stocks in both public offerings and secondary marketing; terms important to in understanding of the function of the penny stock market, such as bid and offer quotes, a dealers spread and broker/dealer compensation; the broker/dealer compensation, the broker/dealers' duties to its customers, including the disclosures required by any other penny stock disclosure rules; the customers' rights and remedies in cases of fraud in penny stock transactions; and, the FINRA's toll free telephone number and the central number of the North American Administrators Association, for information on the disciplinary history of broker/dealers and their associated persons.

## **Dividends**

The Company has not declared or paid a cash dividend to stockholders since it was organized and does not intend to pay dividends in the foreseeable future. The board of directors presently intends to retain any earnings to finance our operations and does not expect to authorize cash dividends in the foreseeable future. Any payment of cash dividends in the future will depend upon the Company's earnings, capital requirements and other factors.

9. Any Past, Pending or Anticipated Stock Split, Stock Dividend, Recapitalization, Merger, Acquisition, Spin-Off, or Reorganization;

## **Capital Changes**

The Issuer made a 7 for 1 split November 6, 2009

The Issuer did a 1 for 1,000 reverse split on February 23, 2011

The Issuer did a 1 for 500 reverse split September 17, 2012.

10. Any de-listing of the Issuer's Securities by any Securities Exchange or Deletion from the OTC Bulletin Board; and

The Issuer's securities have not recently been de-listed by any securities exchange. The Issuer filed a Form 15-12G with the Securities and Exchange Commission de-registering its Common Stock on August 27, 2009.

11. Any Current, Past, Pending or Threatened Legal Proceedings or Administrative Actions Either by or Against the Issuer that could have a material effect on the issuer's business, financial condition, or operations and any current past or pending trading suspensions by a securities regulator.

There are no current, past, pending or threatened legal proceedings or administrative actions either by or against the Issuer that could have a material effect on the issuer's business, financial condition, or operations and any current past or pending trading suspensions by a securities regulator.

## **B. Business of Issuer**

1. The Issuer's primary SIC code is 1311 – crude petroleum and natural gas.

2. Insight Management Corporation is currently conducting operations.

3. Insight Management Corporation has been a shell company.

4. Insight Management owns and operates daily business operations.

The following companies are wholly-owned subsidiaries of the Issuer:

Striper Wells, LLC.

5. The effect of existing or probable governmental regulations on the business.

See "Risk Factors" below.

6. An estimate of the amount spent during each for the last two fiscal years on research and development activities, and if applicable, the extent to which the cost of such activities are borne directly by customers.

The Issuer has not spent on research and development in the last two fiscal years.

7. Costs and effects of compliance with environmental laws (federal, state and local); and

See “Risk Factors” below.

8. The number of total employees and number of full-time employees.

The number of total employees and number of full-time employees is three and usually varies between two to four, increased or reduced according to need for the time.

## **BUSINESS**

---

### **Insight Management – Our History**

The Company was organized under the laws of the State of Florida on March 10, 2006 as Skreem Records Corporation. Skreem was an entertainment development, marketing and production company.

On September 11, 2008, it amended its Articles of Incorporation changing its name to Insight Management Corporation to reflect a shift in business strategy to a holding/management company.

As a result of the reverse triangular merger with Microresearch Corporation on June 29, 2009, Insight Management’s core business focus was changed to the energy industry. Pursuant to the agreement, Microresearch shareholders received 1.5 of the issuer’s



shares for each share they own in Microresearch Corporation. Prior issuer shareholders did not change their holdings in Insight Management.

On March 2, 2010, Insight Management Corporation and Rebel Testing, Inc. (“RTI”) terminated the stock purchase acquisition agreement (“acquisition agreement”) that was signed on March 6, 2009. The Company lost control of RTI and the deconsolidation of RTI effective October 1, 2009.

On September 24, 2010, the Company acquired Simply Constructed, Inc. As of September 30, 2010, the Company has recorded an impairment loss of \$5,000,000 on the intangible asset acquired.

On November 11, 2010, the Company acquired Plant Acadia Growing, Inc. On July 1, 2012, the Company withdrew from the acquisition agreement with Plant Acadia Growing, Inc.

The number of shares of common stock were decreased by a 1 for 1000 reverse split paid on February 23, 2011.

The number of shares of common stock was decreased by a 1 for 500 reverse split, with an ex-dividend date of September 17, 2012

The Company entered into a Definitive Agreement with Advantage Disposal Solutions, a Delaware corporation. The Company will acquire Advantage for 125,000,000 common shares and 20,000,000 Preferred Series stock. The Preferred shares are anti-dilutive and convert within six years of issuance to common stock. The effective date of the acquisition is January 22, 2013.

Advantage is a development stage company and is the holder of a proprietary method of waste water transportation, processing, and disposal industry. It plans to facilitate the disposal of waste byproducts of drilling, completion, and production of oil and gas wells. The company seeks to use injection wells to dispose waste water. Advantage Disposal Solutions, Inc. markets directly to waste water producers, trucking companies, and energy providers in North Dakota. The company was founded in 2011 and is based in Queen Creek, Arizona.

In concert with this acquisition, the Board of Directors notified FINRA of their approval of a 24:1 forward split of common stock for all shareholders of record on January 22, 2013.

The Company terminated its Definitive Agreement with Advantage Disposal Solutions, a Delaware corporation on April 4, 2013. The financial statements hereto reflect the effect of the Agreement in all matters, except as the consolidation of any revenues or expenses of Advantage.

A dividend announced on January 22, 2013 canceled by the Issuer on May 7, 2013. The issuer had announced that Shareholders of record would receive 23.8889 additional Restricted shares for every one share held, resulting in a total of 24.8889 shares.

On May 2, 2013, Insight Management Corporation (“ISIM” or the “Company”) entered into an Acquisition Agreement (a material definitive agreement, hereinafter, the “Agreement”) to acquire one hundred (100%) percent of the shares of Corporate Partners Corporation, a United Kingdom company, (“CPUK”). Upon the effective date of the Agreement, CPUK, shall become a wholly-owned subsidiary of ISIM. This transaction was canceled.

On July 22, 2015, the Company acquired Striper Wells, LLC in exchange for two billion shares of Common Stock.

## **Capital Changes**

The Company has had the following capital changes:

The number of shares of common stock was increased by 7 for 1 split, ex-dividend date November 10, 2009, record date November 06, 2009 and the payable date November 09, 2009.

The number of shares of common stock were decreased by a 1 for 1,000 reverse split paid on February 23, 2011.

The number of shares of common stock was decreased by a 1 for 500 reverse split, with an ex-dividend date of September 17, 2012

## **Name Changes**

The Company was formerly Corporate Partners Corporation until November 2015, formerly Insight Management Corporation until May 7, 2013, formerly Skreem Record Corporation until September 11, 2008, under which name it was incorporated on March 10, 2006.

## **Offices**

Our offices are located at 5057 Keller Springs Road, Addison Texas 75001, and our telephone number is (775) 348-5735, Fax ( ) Our website is located at [www.striperwells.com](http://www.striperwells.com).

## **Our Business**

We own Striper Wells, LLC which is an independent energy company specializing in the identification, acquisition, drilling, development and operation of oil and gas properties. We are led by an executive team of oil and gas business professionals each having significant experience in the specialized facets of oilfield operations and energy company management.

The focal and primary source of revenue for the company is the extraction of oil and gas from leaseholds. Alternatively, there may be other revenue opportunities in the liquidation of sub-par assets, new drill operations and wastewater disposal. Our management strives to structure quality investment programs that capitalize on investment opportunities in the energy sector by providing safety of principal and predictability of performance with first lien positions for our investors as security while we produce from the asset. The majority of our revenues will be derived through production of natural gas and crude oil.

## **Our Opportunity**

There are thousands of mature oil and gas fields across the lower 48 states that encompass thousands of marginal wells, commonly referred to as “stripper” wells – wells that produce less than 15 barrels of crude oil per day. Few lay people realize the importance of these wells and their significance in supplying domestic crude oil and natural gas to the US. Domestic marginal wells produced more than 335 million barrels of oil in the United States in 2006. That is equivalent to more than 60 percent of the crude oil in the United States imports annually from Saudi Arabia. It has recently in 2012 been projected that United States will become the world’s largest oil producer by 2017.

Striper Wells is managed by specialized energy experts with significant industry experience. Our vision is to become a nationally-recognized oil and gas exploration and production company.

Most of the lower 48 states contain oil and gas formations with economically recoverable reserves that are proven by more than 75 years of geological research, exploration, and production. These formations range from 350 feet below ground level to as deep as 21,000 feet. The Energy Information Administration estimates the United States has recoverable reserves of 223 billion barrels of oil and 2.4 trillion cubic feet of wet natural gas. Striper Wells concentrates on promoting United States oil and gas development and production in a manner that maximizes economic recovery as well as fully protects land and royalty owners.

Striper Wells has developed a two-fold growth plan to recover oil and gas reserves: 1) Acquire producing fields with significant, proven reservoirs that provide growth opportunities through rework programs; and 2) Re-work marginal, neglected, abandoned, and low producing oil and gas wells located in mature fields with economically efficient secondary recovery methods. New drilling and fracturing methods utilizing today's technology make it economically possible to re-enter and recover stranded reserves from older wells.

With the advent of advanced horizontal drilling, new fracturing technologies, and higher oil prices, Striper Wells has the ability to access large previously cost prohibitive reserve formations. Calculated hydro and gas fracturing allows us to create pathways for petroleum to flow from proven reservoirs and potentially, upper and lower strata without penetrating individual formations. Utilizing secondary recovery methods such as water, sand, and chemical dilution enables us to economically recover more freely flowing oil and natural gas assets.

Conventional oil and natural gas wells generally remain economically productive for decades. Over time, vertical wells require re-work to further develop fields where horizontal drilling cannot reasonably or economically be utilized. These "stripper" wells generally produce less than 15 barrels of oil per day, but recovery costs are fractional in comparison to new or directional drilling.

We are focused on selecting undervalued assets and over-leveraged companies where there is a clear upside profit potential, from projected commodity price increases, and technologically advanced applications. Striper Wells dedicated, experienced team has the requisite expertise and track record necessary to maximize value to our investors in the current market.

### **Our Current Properties**

<b>Location</b>	<b>Wells</b>	<b>Status</b>
Seminole County, Oklahoma	16	Funding
Nowata Rogers, Oklahoma	15 wells	Complete
Glass Paxton, Oklahoma	10 wells	Nearing completion
Oklahoma Gas Well Pool	46 wells	

To date, Striper Wells LLC has acquired 56 wells covering more than more than 1,000 acres in Oklahoma. Of these 56 wells, 40 are natural gas, 12 are oil and 4 are disposal/injection wells. When these wells were taken offline in 2011, the wells were flowing 3-4 BOPD and the Gas Wells were producing 3-9MCFPD, with a cumulative production of >\$1.0M. While the majority of these assets are drilled to about 5,000 feet, we still have additional production behind pipe in the more shallow formations. With the largest of the expenses having been incurred at the drilling and completion stages, we are poised to capitalize on the operating history of these wells to create an inexpensive and fast track to revenue. Our rework costs on our current assets have been budgeted at \$410,000.

### **Our Plan of Operation**

The focus of Striper Wells LLC is to improve production from oil and gas assets through extensive hands on interaction on a daily basis to ensure consistency. As we develop the properties we currently own, our revenues should increase significantly.

## Regulation

*Generally.* Our oil and gas exploration, production and related operations and activities are subject to extensive rules and regulations promulgated by federal, state and local governmental agencies. Failure to comply with such rules and regulations can result in substantial penalties. Because such rules and regulations are frequently amended or reinterpreted, we are unable to predict the future cost or impact of complying with such laws. Although the regulatory burden on the oil and gas industry increases our cost of doing business and, consequently, affects our profitability, these burdens generally do not affect us any differently or to any greater or lesser extent than they affect others in our industry with similar types, quantities and locations of production.

*Regulations affecting production.* All of the states in which we operate generally require permits for drilling operations, require drilling bonds and reports concerning operations and impose other requirements relating to the exploration and production of oil and gas. Such states also have statutes or regulations addressing conservation matters, including provisions for the unitization or pooling of oil and gas properties, the establishment of maximum rates of production from oil and gas wells, the spacing, plugging and abandonment of such wells, restrictions on venting or flaring gas and requirements regarding the ratable production.

These laws and regulations may limit the amount of oil and gas we can produce from our wells and may limit the number of wells or the locations at which we can drill. Moreover, many states impose a production or severance tax with respect to the production and sale of oil and gas within their jurisdiction. States do not generally regulate wellhead prices or engage in other, similar direct economic regulation of production, but there can be no assurance they will not do so in the future.

In the event we conduct operations on federal, state or Indian oil and gas leases, our operations may be required to comply with additional regulatory restrictions, including various nondiscrimination statutes, royalty and related valuation requirements and on-site security regulations, and other appropriate permits issued by the Bureau of Land Management or other relevant federal or state agencies.

*Regulations affecting sales.* The sales prices of oil and gas are not presently regulated but rather are set by the market. We cannot predict, however, whether new legislation to regulate the price of energy commodities might be proposed, what proposals, if any, might actually be enacted by Congress or the various state legislatures and what effect, if any, the proposals might have on the operations of the underlying properties.

The Federal Energy Regulatory Commission (the “FERC”) regulates interstate gas transportation rates and service conditions, which affect the marketing of gas we produce, as well as the revenues we receive for sales of such production. The price and terms of access to pipeline transportation are subject to extensive federal and state regulation. The FERC is continually proposing and implementing new rules and regulations affecting interstate transportation. These initiatives also may affect the intrastate transportation of gas under certain circumstances. The stated purpose of many of these regulatory changes is to promote competition among the various sectors of the gas industry. We do not believe that we will be affected by any such FERC action in a manner materially different from other gas producers in our areas of operation.

The price we receive from the sale of oil and gas is affected by the cost of transporting those products to market. Interstate transportation rates for oil, gas and other products are regulated by the FERC. The FERC has established an indexing system for such transportation, which allows such pipelines to take an annual inflation-based rate increase. We are not able to predict with any certainty what effect, if any, these regulations will have on us, but, other factors being equal, the regulations may, over time, tend to increase transportation costs, which may have the effect of reducing wellhead prices for oil and gas.

*Market manipulation and market transparency regulations.* Under the Energy Policy Act of 2005 (the “EP Act 2005”), the FERC possesses regulatory oversight over gas markets, including the purchase, sale and transportation of gas by “any entity” in order to enforce the anti-market manipulation provisions in the EP Act 2005. The Federal Trade Commission (the “FTC”) has similar regulatory oversight of oil markets in order to prevent market manipulation. The Commodity Futures Trading Commission (the “CFTC”) also holds authority to monitor certain segments of the physical and futures energy commodities market pursuant to the Commodity Exchange Act. With regard to our physical purchases and sales of crude oil and gas, our gathering of these energy commodities, and any related hedging transactions that we undertake, we are required to observe these anti-market manipulation laws and related regulations enforced by the FERC, the FTC and/or the CFTC. These agencies hold substantial enforcement authority, including the ability to assess civil penalties of up to \$1 million per day per violation, to order disgorgement of profits and to recommend criminal penalties. Should we violate the anti-market manipulation laws and regulations, we could also be subject to related third-party damage claims by, among others, sellers, royalty owners and taxing authorities.

*Gathering regulations.* Section 1(b) of the Natural Gas Act (the “NGA”) exempts gas

gathering facilities from the jurisdiction of the FERC under the NGA. We own certain gas pipelines that we believe meet the traditional tests that the FERC has used to establish a pipeline's status as a gatherer not subject to the FERC jurisdiction. The distinction between the FERC-regulated transmission facilities and federally unregulated gathering facilities is, however, the subject of substantial, ongoing litigation, so the classification and regulation of our gathering lines may be subject to change based on future determinations by the FERC, the courts or Congress.

State regulation of gathering facilities generally includes various safety, environmental and, in some circumstances, nondiscriminatory take requirements and complaint-based rate regulation. Our gathering operations are also subject to state ratable take and common purchaser statutes, designed to prohibit discrimination in favor of one producer over another or one source of supply over another. The regulations under these statutes can have the effect of imposing some restrictions on our ability as an owner of gathering facilities to decide with whom we contract to gather gas. In addition, our gas gathering operations could be adversely affected should they be subject to more stringent application of state or federal regulation of rates and services, though we do not believe that we would be affected by any such action in a manner materially differently than other companies in our areas of operation.

## **Environmental and Occupational Safety and Health Matters**

Our operations pertaining to oil and gas exploration, production and related activities are subject to numerous and constantly changing federal, state and local laws governing occupational safety and health, the emission and discharge of materials into the environment or otherwise relating to environmental protection. These laws and regulations may require the acquisition of permits prior to commencing drilling or other regulated activities in connection with our operations; restrict or prohibit the types, quantities and concentration of substances that we can release into the environment; restrict or prohibit activities that could impact wetlands, endangered or threatened species or other protected areas or natural resources; require some degree of remedial action to mitigate pollution from former operations, such as pit cleanups and plugging abandoned wells; impose specific safety and health criteria addressing worker protection; and impose substantial liabilities for pollution resulting from our operations. Such laws and regulations may substantially increase the cost of our operations and may prevent or delay the commencement or continuation of a given project and thus generally could have an adverse effect upon our capital expenditures, earnings or competitive position. Violation of these laws and regulations could result in sanctions including administrative, civil and criminal penalties, the imposition of remedial



obligations and the issuance of orders enjoining some or all of our operations in affected areas. We have not experienced accidental spills, leaks and other discharges of contaminants at some of our properties, but may do so in the future, as have other similarly situated oil and gas companies, and some of the properties that we have acquired, operated or sold, or in which we may hold an interest but not operational control, may have past or ongoing contamination for which we may be held responsible.

We may acquire operations that are located in environmentally sensitive environments, such as coastal waters, wetlands and other protected areas, which may obligate us to implement costly mitigative or precautionary measures. In addition, some of our properties are located in areas particularly susceptible to hurricanes and other destructive storms, which may damage facilities and cause the release of pollutants. Our environmental insurance coverage may not fully insure all of these risks. The costs of remedying such conditions may be significant, which could have a material adverse impact on our financial condition and operations.

We believe that we are in substantial compliance with current applicable environmental laws and regulations, and that the cost of compliance with such laws and regulations has not been material and is not expected to be material during 2015. We also do not believe that we will be required to incur material capital expenditures to comply with existing environmental requirements. Nevertheless, changes in existing environmental laws and regulations or in the re-interpretation of enforcement policies could have a significant impact on our operations, as well as the oil and gas industry in general. For instance, any changes in environmental laws and regulations that result in more stringent and costly waste handling, storage, transport, disposal or clean-up requirements, or drilling, completion, construction or water management activities could have an adverse impact on our operations.

The following is a summary of the more significant existing environmental and worker health and safety laws and regulations, as amended from time to time, to which our business operations are subject and for which compliance may have a material adverse impact on our capital expenditures, results of operations or financial position.

*Hazardous substances and wastes.* The Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”), also known as the “Superfund” law, imposes liability, without regard to fault or the legality of the original conduct, on certain classes of persons that are considered to have contributed to the release of a “hazardous substance” into the environment. Despite the “petroleum exclusion” of Section 101(14) of CERCLA, which currently encompasses crude oil and natural gas, we may nonetheless handle hazardous substances within the meaning of CERCLA, or similar state statutes, in the course of our ordinary operations and, as a result, may be

jointly and severally liable under CERCLA for all or part of the costs required to clean up sites at which these hazardous substances have been released into the environment. These persons include the owner or operator of the disposal site or the site where the release occurred and companies that disposed or arranged for the disposal of the hazardous substances at the site where the release occurred. Under CERCLA, such persons may be subject to joint and several liability for the costs of cleaning up the hazardous substances that have been released into the environment and for damages to natural resources, and it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the hazardous substances released into the environment. We are able to control directly the operation of only those wells with respect to which we act as operator. Notwithstanding our lack of direct control over wells operated by others, the failure of an operator other than us to comply with applicable environmental regulations may, in certain circumstances, be attributed to us. We are not aware of any liabilities for which we may be held responsible that would materially and adversely affect us.

The Resource Conservation and Recovery Act (“RCRA”) and analogous state laws impose detailed requirements for the handling, storage, treatment and disposal of hazardous and non-hazardous wastes. RCRA specifically excludes drilling fluids, produced waters and other wastes associated with the exploration, development or production of crude oil, natural gas or geothermal energy from regulation as hazardous wastes. However, these wastes may be regulated by the U.S. Environmental Protection Agency (the “EPA”) or state agencies as non-hazardous wastes. Moreover, many ordinary industrial wastes, such as paint wastes, waste solvents, laboratory wastes and waste compressor oils may be regulated as hazardous wastes if such wastes have hazardous characteristics. Although the costs of managing hazardous waste may be significant, we do not believe that our costs in this regard are materially more burdensome than those for similarly situated companies.

We currently own or lease and have in the past owned or leased properties that for many years have been used for oil and natural gas exploration and production activities. Although we have utilized operating and disposal practices that were standard in the industry at the time, hydrocarbons or other substances and wastes may have been disposed of or released on or under the properties owned or leased by us or on or under the other locations where these hydrocarbons or other substances and wastes have been taken for treatment or disposal. In addition, certain of these properties have been operated by third parties whose treatment and disposal or release of hydrocarbons or other substances and wastes was not under our control. These properties and any hydrocarbons, substances and wastes disposed thereon may be subject to CERCLA, RCRA and analogous state laws. Under these laws, we could be required to remove or

remediate previously disposed wastes (including wastes disposed of or released by prior owners or operators), to clean up contaminated property (including contaminated groundwater) and to perform remedial operations to prevent future contamination.

*Air emissions.* The Clean Air Act and comparable state laws and regulations impose restrictions on emissions of air pollutants from various industrial sources, including compressor stations and natural gas processing facilities, and also impose various monitoring and reporting requirements. Such laws and regulations may require that we obtain pre-approval for the construction or modification of certain projects or facilities expected to produce air emissions or result in the increase of existing air emissions, obtain and strictly comply with air permits containing various emissions and operational limits or utilize specific emission control technologies to limit emissions. For example, in December 2014, the EPA published proposed regulations to revise the National Ambient Air Quality Standard for ozone, recommending a standard between 65 to 70 parts per billion, or ppb, for both the 8-hour primary and secondary standards protective of public health and public welfare. The EPA requested public comments on whether the standard should be set as low as 60 ppb or whether the existing 75 ppb standard should be retained. The EPA anticipates issuing a final rule by October 1, 2015. If the EPA lowers the ozone standard, states could be required to implement new, more stringent regulations, which could apply to our exploration and production operations. Compliance with these or other new regulations could, among other things, require installation of new emission controls on some of our equipment, result in longer permitting timelines, and significantly increase our capital expenditures and operating costs, which could adversely impact our business. However, we believe our operations will not be materially adversely affected by any such requirements, and the requirements are not expected to be any more burdensome to us than to other similarly situated companies involved in oil and natural gas exploration and production activities.

*Water discharges and subsurface injections.* The Federal Water Pollution Control Act (the “Clean Water Act”) and analogous state laws and regulations impose restrictions and strict controls with respect to the discharge of pollutants, including spills and leaks of oil and other substances, into waters of the United States as well as state waters. The discharge of pollutants into regulated waters is prohibited, except in accordance with the terms of a permit issued by the EPA or an analogous state agency. Pursuant to these laws and regulations, we may be required to obtain and maintain approvals or permits for the discharge of wastewater or storm water from our operations and may be required to develop and implement spill prevention, control and countermeasure plans, also referred to as “SPCC plans,” in connection with on-site storage of significant quantities of oil, including refined petroleum products. We maintain all required discharge permits necessary to conduct our operations, and we believe we are in substantial compliance

with their terms. The Clean Water Act also prohibits the discharge of dredge and fill material in regulated waters, including wetlands, unless authorized by permit. Federal and state regulatory agencies can impose administrative, civil and criminal penalties for non-compliance with discharge permits or other requirements of the Clean Water Act and analogous state laws and regulations. In addition, the United States Oil Pollution Act of 1990 (“OPA”) and similar legislation enacted in Texas, Louisiana and other coastal states impose oil spill prevention and control requirements and significantly expand liability for damages resulting from oil spills. OPA imposes strict and, with limited exceptions, joint and several liabilities upon each responsible party for oil spill response and removal costs and a variety of public and private damages.

Fluids associated with oil and natural gas production, consisting primarily of salt water, are disposed by injection in belowground disposal wells. These disposal wells are regulated pursuant to the Underground Injection Control (“UIC”) program established under the federal Safe Drinking Water Act (“SDWA”) and analogous state laws. The UIC program requires permits from the EPA or an analogous state agency for the construction and operation of disposal wells, establishes minimum standards for disposal well operations, and restricts the types and quantities of fluids that may be disposed. While we believe that our disposal well operations substantially comply with requirements under the UIC program, a change in disposal well regulations or the inability to obtain permits for new disposal wells in the future may affect our ability to dispose of salt water and ultimately increase the cost of our operations. For example, there exists a growing concern that the injection of saltwater and other fluids into belowground disposal wells triggers seismic activity in certain areas, including Texas, where we operate. In response to these concerns, in October 2014, the Texas Railroad Commission (“TRC”) published a final rule governing permitting or re-permitting of disposal wells that would require, among other things, the submission of information on seismic events occurring within a specified radius of the disposal well location, as well as logs, geologic cross sections and structure maps relating to the disposal area in question. If the permittee or an applicant of a disposal well permit fails to demonstrate that the injected fluids are confined to the disposal zone or if scientific data indicates such a disposal well is likely to be or determined to be contributing to seismic activity, then the TRC may deny, modify, suspend or terminate the permit application or existing operating permit for that well. These new seismic permitting requirements applicable to disposal wells impose more stringent permitting requirements and likely to result in added costs to comply or, perhaps, may require alternative methods of disposing of salt water and other fluids, which could delay production schedules and also result in increased costs.

*Global warming and climate change.* The EPA has determined that emissions of carbon

dioxide, methane and other “greenhouse gases” present an endangerment to public health and the environment because emissions of such gases are, according to the EPA, contributing to warming of the Earth’s atmosphere and other climatic changes. Based on these findings, the EPA adopted regulations to restrict emissions of greenhouse gases under existing provisions of the Clean Air Act that, among other things, established Prevention of Significant Deterioration (“PSD”) construction and Title V operating permit reviews for greenhouse gases from certain large stationary sources that are already potential major sources of principal, or criteria, pollutant emissions. Facilities required to obtain PSD permits for their greenhouse gas emissions also will be required to meet “best available control technology” standards that typically will be established by the states. The EPA has also adopted rules requiring the annual reporting of greenhouse gas emissions from specified large greenhouse gas emission sources in the United States, including certain onshore oil and natural gas production facilities. We believe that we are in compliance with all greenhouse gas emissions reporting requirements applicable to our operations.

While the United States Congress has from time to time considered adopting legislation to reduce emissions of greenhouse gases, in the absence of any such legislation in recent years, a number of state and regional efforts have emerged that are aimed at tracking or reducing emissions of greenhouse gases, primarily through the planned development of greenhouse gas emission inventories and/or regional greenhouse gas cap and trade programs. Most of these cap and trade programs work by requiring major sources of emissions, to acquire and surrender emission allowances. Although it is not possible at this time to predict how legislation or new regulations that may be adopted to address greenhouse emissions would impact our business, any such future laws and regulations that require reporting of greenhouse gases or otherwise limit emissions of greenhouse gases from our equipment and operations could require us to incur costs to monitor and report on greenhouse gas emissions or reduce emissions of greenhouse gases associated with our operations, and such requirements could adversely affect demand for the oil and natural gas that we produce. For example, in January 2015, the current administration announced that, in the summer of 2015, the EPA is expected to propose new regulations, which are currently anticipated to be finalized in 2016, that will set methane emission standards for new and modified oil and gas production and natural gas processing and transmission facilities as part of the administration’s efforts to reduce methane emissions from the oil and gas sector by up to 45% from 2012 levels by 2025. Finally, it should be noted that some scientists have concluded that increasing concentrations of greenhouse gases in the Earth’s atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, floods and other climatic events. If any such effects were to occur, they could have an adverse effect on our financial condition and results of operations.

*Hydraulic fracturing.* Hydraulic fracturing is an important and common practice that is used to stimulate production of natural gas and/or oil from dense subsurface rock formations. The hydraulic fracturing process involves the injection of water, sand and chemicals under pressure into the formation to fracture the surrounding rock and stimulate production. We commonly use hydraulic fracturing as part of our operations. Hydraulic fracturing typically is regulated by state oil and natural gas commissions or other similar state agencies, but several federal agencies have asserted regulatory authority over certain aspects of the process. For example, the EPA has issued final Clean Air Act regulations governing performance standards, including standards for the capture of air emissions released during hydraulic fracturing; announced its intent to propose in the first half of 2015 effluent limit guidelines that wastewater from shale gas extraction operations must meet before discharging to a treatment plant; and in May 2014, issued a prepublication of its Advance Notice of Proposed Rulemaking regarding Toxic Substances Control Act reporting of the chemical substances and mixtures used in hydraulic fracturing. Also, the federal Bureau of Land Management issued a revised proposed rule containing disclosure requirements and other mandates for hydraulic fracturing on federal lands and the agency is now analyzing comments to the proposed rulemaking and is expected to promulgate a final rule in the first half of 2015.

From time to time, Congress has considered legislation to provide for federal regulation of hydraulic fracturing under the SDWA and to require disclosure of the chemicals used in the hydraulic fracturing process. At the state level, several states, including Texas, where we conduct operations, New Mexico and Louisiana, have adopted, and other states are considering adopting, legal requirements that could impose more stringent permitting, chemical disclosure and well construction requirements on hydraulic fracturing activities. Alternatively, states or local governments could elect to prohibit hydraulic fracturing altogether, like the State of New York, which announced such a ban in December 2014, as well as some cities in Texas, California and Ohio have done. Local government also may seek to adopt ordinances within their jurisdictions regulating the time, place and manner of drilling activities in general or hydraulic fracturing activities in particular. We believe that we follow applicable standard industry practices and legal requirements for groundwater protection in our hydraulic fracturing activities. Nonetheless, if new or more stringent federal, state or local legal restrictions relating to the hydraulic fracturing process are adopted in areas where we operate, we could incur potentially significant added costs to comply with such requirements, experience delays or curtailment in the pursuit of exploration, development or production activities, and perhaps even be precluded from drilling wells.

\In addition, certain governmental reviews are underway that focus on environmental

aspects of hydraulic fracturing practices. The White House Council on Environmental Quality is coordinating an administration-wide review of hydraulic fracturing practices. In addition, the EPA has commenced a study of the potential environmental effects of hydraulic fracturing activities, with a draft report drawing conclusions about the potential impacts of hydraulic fracturing on drinking water resources expected to be available for public comment and peer review in the first half of 2015. These ongoing or any future studies, depending on their degree of pursuit and any meaningful results obtained, could spur initiatives to further regulate hydraulic fracturing under the SDWA or other regulatory mechanisms.

To our knowledge, there have been no citations, suits or contamination of potable drinking water arising from our hydraulic fracturing operations. We do not have insurance policies in effect that are intended to provide coverage for losses solely related to hydraulic fracturing operations; however, we believe our general liability and excess liability insurance policies would cover third-party claims related to hydraulic fracturing operations and associated legal expenses in accordance with, and subject to, the terms of such policies.

*Endangered species.* The federal Endangered Species Act and analogous state laws regulate activities that could have an adverse effect on threatened or endangered species or their critical habitat. Similar protections are offered to migratory birds under the Migratory Bird Treaty Act. Some of our well drilling operations are conducted in areas where protected species are known to exist. In these areas, we may be obligated to develop and implement plans to avoid potential adverse impacts to protected species, and we may be prohibited from conducting drilling operations in certain locations or during certain seasons, such as breeding and nesting seasons, when our operations could have an adverse effect on protected species. It is also possible that a federal or state agency could order a complete halt to drilling activities in certain locations if it is determined that such activities may have a serious adverse effect on a protected species. The presence of a protected species in areas where we perform drilling activities could impair our ability to timely complete well drilling and development and could adversely affect our future production from those areas. Moreover, as a result of a settlement approved by the U.S. District Court for the District of Columbia in September 2011, the U.S. Fish and Wildlife Service (“FWS”) is required to make a determination on listing of numerous species as endangered or threatened under the ESA by no later than completion of the agency’s 2017 fiscal year. For example, in March 2014, the FWS announced the listing of the lesser prairie chicken, whose habitat is over a five-state region, including Texas, where we conduct operations, as a threatened species under the ESA. However, the FWS also announced a final rule that will limit regulatory impacts on landowners and businesses from the listing if those landowners and businesses have

entered into certain range-wide conservation planning agreements, such as those developed by the Western Association of Fish and Wildlife Agencies (“WAFWA”), pursuant to which such parties agreed to take steps to protect the lesser prairie chicken’s habitat and to pay a mitigation fee if its actions harm the lesser prairie chicken’s habitat. The listing of the lesser prairie chicken as a threatened species or, alternatively, entry into certain range-wide conservation planning agreements such as WAFWA, could result in increased costs to us from species protection measures, time delays or limitations on the drilling program’s activities, which costs, delays or limitations may be significant.

*Pipeline safety.* Some of our pipelines are subject to regulation by the U.S. Department of Transportation (the “DOT”) under the Pipeline Safety Improvement Act of 2002, which was reauthorized and amended by the Pipeline Inspection, Protection, Enforcement and Safety Act of 2006, and further amended by the Pipeline Safety, Regulation Certainty, and Job Creation Act of 2011 (the “2011 Pipeline Safety Act amendments”). The DOT, through the Pipeline and Hazardous Materials Safety Administration, has established a series of rules that require pipeline operators to develop and implement integrity management programs for gas, oil and condensate transmission pipelines that, in the event of a failure, could affect “high consequence areas.” “High consequence areas” are currently defined to include areas with specified population densities, buildings containing populations with limited mobility, areas where people may gather along the route of a pipeline (such as athletic fields or campgrounds), environmentally sensitive areas and commercially navigable waterways. Under the DOT’s regulations, integrity management programs are required to include baseline assessments to identify potential threats to each pipeline segment, implementation of mitigation measures to reduce the risk of pipeline failure, periodic reassessments, reporting and recordkeeping. These regulatory requirements may be expanded in the future upon completion of studies required by the 2011 Pipeline Safety Act amendments.

*OSHA and other laws and regulations.* We are subject to the requirements of the federal Occupational Safety and Health Act (“OSHA”) and comparable state statutes. These laws and the implementing regulations strictly govern the protection of the health and safety of employees. The OSHA hazard communication standard, the EPA community right-to-know regulations under Title III of CERCLA and similar state statutes require that we organize and/or disclose information about hazardous materials used or produced in our operations. We believe that we are in substantial compliance with these applicable requirements and with other OSHA and comparable requirements.

Claims are sometimes made or threatened against companies engaged in oil and natural gas exploration, production and related activities by owners of surface estates, adjoining



properties or others alleging damages resulting from environmental contamination and other incidents of operations. We have been named as a defendant in a number of such lawsuits. While some jurisdictions in which we operate limit damages in such cases to the value of land that has been impaired, courts in other jurisdictions have allowed damage claims in excess of land value, including claims for the cost of remediation of contaminated properties. However, we do not believe that resolution of these claims will have a material adverse impact on our financial condition and operations.

## **Competition**

We operate in a highly competitive environment. The principal resources necessary for the exploration and production of crude oil and natural gas are leasehold prospects where crude oil and natural gas reserves may be discovered, drilling rigs and related equipment to explore for such reserves and knowledgeable personnel to conduct operations. We must compete for such resources with both major oil and gas companies and independent operators. Many of these competitors have financial and other resources substantially greater than ours. Although we believe our current operating and financial resources are adequate to preclude any significant disruption of our operations in the immediate future, we cannot assure you that such resources will be available to us indefinitely.

## **RISK FACTORS**

---

*The following is only a brief summary of the risks involved in investing in our Company. Investment in our Securities involves risks. You should carefully consider the following risk factors in addition to other information contained in this Disclosure Statement before purchasing the Securities in our company. The occurrence of any of the following risks might cause you to lose all or part of your investment. Some statements in this Disclosure Statement, including statements in the following risk factors, constitute "Forward-Looking Statements."*

*An investment in our company involves a significant amount of risk and is suitable only for accredited and sophisticated investors of substantial means who have no immediate need for liquidity in the amount invested, and who understand and can afford a risk of loss of all or a substantial part of such investment. Accordingly, investors should carefully consider the following factors, among others, before making an investment in our stock.*

## **Risks Related Our Industry**

---

### ***Speculative Nature and Hazards of Oil and Gas Development Activities.***

Exploration, drilling and development of oil and gas properties is not an exact science and involves a high degree of risk. There is no assurance that our activities in the oil and gas industry will yield sufficient oil or gas production or other operating revenues that will allow us to remain profitable. We may be subject to liability for pollution and other damages and will be subject to statutes and regulations relating to environmental matters. Although we may obtain and maintain the insurance coverage and amounts we deem appropriate, we may suffer losses due to hazards against which we cannot insure or against which we may elect not to insure.

### ***Importance of Future Prices, Supply and Demand for Oil and Gas.***

Revenues generated from our oil and gas production activities in the oil and gas industry will be highly dependent upon the future prices and demand for oil and gas. Factors which may affect prices and demand for oil and gas include, but are not limited to, the worldwide supply of oil and gas; the price of oil and gas produced in the United States or imported from foreign countries; consumer demand for oil and gas; the price and availability of alternative fuels; federal and state regulation; and general, national and worldwide economic political conditions.

In addition to the widely-recognized volatility of the oil market, the gas market is also unsettled due to a number of factors. In the past, production from gas wells in many geographic areas of the United States has been curtailed for considerable periods of time due to a lack of market demand, and such curtailments may exist in the future. Further, there may be an excess supply of gas in the area of our wells. In that event, it is possible that our wells could be shut in or gas in those areas might be sold on terms less favorable than might otherwise be obtained. The combination of these factors, among others, makes it particularly difficult to estimate accurately future prices of oil and gas, and any assumptions concerning future prices may prove incorrect.

### ***Markets for Sale of Production.***

Our ability to market oil and gas found and produced, will depend on numerous factors beyond our control, the effect of which cannot be accurately predicted or anticipated.

Some of these factors include, without limitation, the availability of a ready market, the effect of federal and state regulation of production, refining, transportation and sales, and general national and worldwide economic conditions. There is no assurance that we will be able to market any oil or gas we produced, or, if such oil or gas is marketed, that we can obtain favorable prices.

***Price Control and Possible Energy Legislation.***

There are currently no federal price controls on oil or gas production so that sales of our oil or gas can be made at uncontrolled market prices. However, there can be no assurance that Congress will not enact controls at any time. No prediction can be made as to what additional energy legislation may be proposed, if any, nor which bills may be enacted nor when any such bills, if enacted, would become effective.

***Environmental Regulations.***

The exploration, development and production of oil and gas is subject to various federal and state laws and regulations to protect the environment. Various states and governmental agencies are considering, and some have adopted, laws and regulations regarding environmental control which could adversely affect our business. Compliance with such legislation and regulations, together with any penalties resulting from noncompliance therewith, will increase the cost of oil and gas development and production.

***Government Regulation.***

The oil and gas business is subject to extensive governmental regulation under which, among other things, rates of production from our wells may be fixed. Governmental regulation also may limit or otherwise affect the market for our wells' production and the price which may be paid for that production. Governmental regulations relating to environmental matters could also affect our operations. The nature and extent of various regulations, the nature of other political developments and their overall effect upon us are not predictable.

***We sell a limited number of products to a limited number of customers.***

Our customers may be in a limited geographical area. Further our sales are likely to be concentrated in a few products. Unfavorable conditions in our markets, unfavorable events that affect our customers, or unfavorable events affecting our products could materially affect our ability to make timely or any payments on the Notes.

***Price declines may result in impairments of our asset carrying values.***

Commodity prices have a significant impact on the present value of our proved reserves. Accounting rules require us to impair, as a non-cash charge to earnings, the carrying value of our oil and gas properties in certain situations. We are required to perform impairment tests on our assets periodically and whenever events or changes in circumstances warrant a review of our assets. To the extent such tests indicate a reduction of the estimated useful life or estimated future cash flows of our assets, the carrying value may not be recoverable, and an impairment may be required. Any impairment charges we record in the future could have a material adverse effect on our results of operations in the period incurred.

***We may have to limit our exploration and development activity, which may result in a loss of investment.***

We have a relatively small asset base and limited access to additional capital. Due to our historical operating losses, our operations to date have not been a source of liquidity. We expect significant cash requirements during fiscal year 2015 for our well drilling and completion programs, potential land acquisitions and overhead and working capital purposes. We cannot assure you that we will have, or be able to obtain, sufficient capital to complete our planned exploration and development programs. If additional financing is not available, or is not available on acceptable terms, we will have to curtail our operations, and investors may lose some or all of their investment.

***Strategic relationships upon which we may rely are subject to change, which may diminish our ability to conduct our operations.***

Our ability to successfully acquire additional properties, to discover reserves, to participate in drilling opportunities and to identify and enter into commercial arrangements with customers will depend on developing and maintaining close working relationships with industry participants and on our ability to select and evaluate suitable properties and to consummate transactions in a highly competitive environment. These realities are subject to change and may impair our ability to grow.

To develop our business, we will endeavor to use the business relationships of our management to enter into strategic relationships, which may take the form of joint ventures with other private parties and contractual arrangements with other oil and gas companies, including those that supply equipment and other resources that we will use in our business. We may not be able to establish these strategic relationships, or if established, we may not be able to maintain them. In addition, the dynamics of our relationships with strategic partners may require us to incur expenses or undertake activities we would not otherwise be inclined to in order to fulfill our obligations to these partners or maintain our relationships. If our strategic relationships are not established or maintained, our business prospects may be limited, which could diminish our ability to conduct our operations.

***Competition in obtaining rights to explore and develop oil and gas reserves and to market our production may impair our business.***

The oil and gas industry is highly competitive. Other oil and gas companies may seek to acquire oil and gas leases and other properties and services we will need to operate our business in the areas in which we expect to operate. Additionally, other companies engaged in our line of business may compete with us from time to time in obtaining capital from investors. Competitors include larger companies, which, in particular, may have access to greater resources, may be more successful in the recruitment and retention of qualified employees and may conduct their own refining and petroleum marketing operations, which may give them a competitive advantage. In addition, actual or potential competitors may be strengthened through the acquisition of additional assets and interests. If we are unable to compete effectively or adequately respond to competitive pressures, this inability may materially adversely affect our consolidated results of operations and financial condition.

***Our proved reserves are estimates and depend on many assumptions. Any material inaccuracies in these assumptions could cause the quantity and value of our oil and gas reserves, and our revenues, profitability and cash flows to be materially different from our estimates.***

The accuracy of estimated proved reserves and estimated future net cash flows from such reserves is a function of the quality of available geological, geophysical, engineering and economic data and is subject to various assumptions, including assumptions required by the SEC relating to oil and gas prices, drilling and operating expenses and other matters. Although we believe that our estimated proved reserves represent reserves that we are reasonably certain to recover, actual future production, oil and gas prices, revenues, taxes, development expenditures, operating expenses and

quantities of recoverable oil and gas reserves will most likely vary from the assumptions and estimates used to determine proved reserves. Any significant variance could materially affect the estimated quantities and value of our oil and gas reserves, which in turn could adversely affect our cash flows, results of operations, financial condition and the availability of capital resources. In addition, we may adjust estimates of proved reserves to reflect production history, results of exploration and development, prevailing oil and gas prices and other factors, many of which are beyond our control. Downward adjustments to our estimated proved reserves could require us to impair the carrying value of our oil and gas properties, which would reduce our earnings and our stockholders' equity.

The present value of proved reserves will not necessarily equal the current fair market value of our estimated oil and gas reserves. In accordance with reserve reporting requirements of the SEC, we are required to establish economic production for reserves on an average historical price. Actual future prices and costs may be materially higher or lower than those required by the SEC. The timing of both the production and expenses with respect to the development and production of oil and gas properties will affect the timing of future net cash flows from proved reserves and their present value.

***We may not be able to replace production with new reserves.***

In general, the volume of production from an oil and gas property declines as reserves related to that property are depleted. The decline rates depend upon reservoir characteristics. Exploring for, developing or acquiring reserves is capital intensive and uncertain. We may not be able to economically find, develop or acquire additional reserves. Also, we may not be able to make the necessary capital investments if our cash flows from operations decline or external sources of capital become limited or unavailable. We cannot give assurance that our future exploration, development and acquisition activities will result in additional proved reserves or that we will be able to drill productive wells at acceptable costs.

***Decommissioning costs are unknown and may be substantial. Unplanned costs could divert resources from other projects.***

We may become responsible for costs associated with abandoning and reclaiming wells, facilities and pipelines which we use for production of oil and natural gas reserves. Abandonment and reclamation of these facilities and the costs associated therewith is often referred to as "decommissioning." We have not yet determined whether we will establish a cash reserve account for these potential costs in respect of any of our properties or facilities, or if we will satisfy such costs of decommissioning

from the proceeds of production in accordance with the practice generally employed in onshore and offshore oilfield operations. If decommissioning is required before economic depletion of our properties or if our estimates of the costs of decommissioning exceed the value of the reserves remaining at any particular time to cover such decommissioning costs, we may have to draw on funds from other sources to satisfy such costs. The use of other funds to satisfy such decommissioning costs could impair our ability to focus capital investment in other areas of our business.

***Our inability to obtain necessary facilities could hamper our operations.***

Oil and gas exploration and development activities are dependent on the availability of drilling and related equipment, transportation, power and technical support in the particular areas where these activities will be conducted, and our access to these facilities may be limited. To the extent that we conduct our activities in remote areas, the facilities required may not be proximate to our operations, which will increase our expenses. Demand for scarce equipment and other facilities or access restrictions may affect the availability of such equipment to us and may delay exploration and development activities. The quality and reliability of necessary facilities may also be unpredictable and we may be required to make efforts to standardize our facilities, which may entail unanticipated costs and delays. Shortages and/or the unavailability of necessary equipment or other facilities will impair our activities, either by delaying our activities, increasing our costs or otherwise.

***Prices and markets for oil and natural gas are unpredictable and tend to fluctuate significantly, which could reduce profitability, growth and the value of our business.***

Oil and natural gas are commodities whose prices are determined based on world demand, supply and other factors, all of which are beyond our control. World prices for oil and natural gas have fluctuated widely in recent years. We expect that prices will continue to fluctuate in the future. Price fluctuations will have a significant impact upon our revenue, the return from our reserves and on our financial condition generally. Price fluctuations for oil and natural gas commodities may also impact the investment market for companies engaged in the oil and gas industry. Decreases in the prices of oil and natural gas may have a material adverse effect on our consolidated financial condition, the future results of our operations and the quantities of reserves recoverable on an economic basis.

***Increases in our operating expenses will impact our operating results and financial condition.***

Exploration, development, production, marketing (including distribution costs) and regulatory compliance costs (including taxes) will substantially impact the net revenues and profits we derive from the oil and natural gas that we produce. These costs are subject to fluctuations and variation in the different locales in which we operate, and we may not be able to predict or control these costs. If these costs exceed our expectations, this may adversely affect our consolidated results of operations. In addition, we may not be able to earn net revenue at our predicted levels, which may impact our ability to satisfy our obligations.

***Penalties we may incur could impair our business.***

Failure to comply with government regulations could subject us to civil and criminal penalties, could require us to forfeit property rights, and may affect the value of our assets. We may also be required to take corrective actions, such as installing additional equipment or taking other actions, each of which could require us to make substantial capital expenditures. We could also be required to indemnify our employees in connection with any expenses or liabilities that they may incur individually in connection with regulatory action against them. As a result, our future business prospects could deteriorate due to regulatory constraints, and our profitability could be impaired by our obligation to provide such indemnification to our employees.

***Compliance with laws and regulations governing our activities could be costly and could negatively impact production.***

Our oil and gas exploration, production and related operations are subject to extensive rules and regulations promulgated by federal, state and local agencies. Failure to comply with such rules and regulations can result in substantial penalties. The regulatory burden on the oil and gas industry increases our cost of doing business and affects our profitability. Because such rules and regulations are frequently amended or reinterpreted, we are unable to predict the future cost or impact of complying with such laws.

The state in which we operate requires permits for drilling operations, drilling bonds and reports concerning operations and impose other requirements relating to the exploration and production of oil and gas. The state also have statutes or regulations addressing conservation matters, including provisions for the unitization or pooling of oil and gas properties, the establishment of maximum rates of production from oil and gas wells and the spacing, plugging and abandonment of such wells. The statutes and regulations of certain states also limit the rate at which oil and gas can be produced from our properties.



The FERC regulates interstate gas transportation rates and service conditions, which affect the marketing of gas we produce, as well as the revenues we receive for sales of such production. Since the mid-1980s, the FERC has issued various orders that have significantly altered the marketing and transportation of gas. These orders resulted in a fundamental restructuring of interstate pipeline sales and transportation services, including the unbundling by interstate pipelines of the sales, transportation, storage and other components of the city-gate sales services such pipelines previously performed. These FERC actions were designed to increase competition within all phases of the gas industry. The interstate regulatory framework may enhance our ability to market and transport our gas, although it may also subject us to greater competition and to the more restrictive pipeline imbalance tolerances and greater associated penalties for violation of such tolerances.

Our sales of oil and natural gas are not presently regulated and are made at market prices. The price we receive from the sale of these products is affected by the cost of transporting them to market. The FERC has implemented regulations establishing an indexing system for transportation rates for oil pipelines, which, generally, would index such rate to inflation, subject to certain conditions and limitations. We are not able to predict with any certainty what effect, if any, these regulations will have on us, but, other factors being equal, the regulations may, over time, tend to increase transportation costs, which may have the effect of reducing wellhead prices for oil and natural gas.

Under the EP Act 2005, the FERC has civil penalty authority under the NGA to impose penalties for current violations of up to \$1 million per day for each violation and disgorgement of profits associated with any violation. While our gas operations have not been regulated by the FERC under the NGA, FERC has adopted regulations that may subject certain of our otherwise non-FERC jurisdictional entities to FERC annual reporting. Additional rules and legislation pertaining to those and other matters may be considered or adopted by the FERC from time to time. Failure to comply with those regulations in the future could subject us to civil penalty liability.

***Our oil and gas exploration and production and related activities are subject to extensive environmental regulations and to laws that can give rise to substantial liabilities from environmental contamination.***

Our operations are subject to extensive federal, state and local environmental laws and regulations, which impose limitations on the emission and discharge of pollutants into the environment, establish standards for the management, treatment, storage, transportation and disposal of hazardous materials and solid and hazardous wastes, and

impose obligations to investigate and remediate contamination in certain circumstances. Liabilities to investigate or remediate contamination, as well as other liabilities concerning hazardous materials or contamination such as claims for personal injury or property damage, may arise at many locations, including properties in which we have an ownership interest but no operational control, properties we formerly owned or operated and sites where our wastes have been treated or disposed of, as well as at properties that we currently own or operate. Such liabilities may arise even where the contamination does not result from any noncompliance with applicable environmental laws regardless of fault. Under a number of environmental laws, such liabilities may also be strict, joint and several, meaning that we could be held responsible for more than our share of the liability involved, or even the entire share. Environmental requirements generally have become more stringent in recent years, and compliance with those requirements more expensive.

We have incurred expenses in connection with environmental compliance, and we anticipate that we will continue to do so in the future. Failure to comply with extensive applicable environmental laws and regulations could result in significant civil or criminal penalties and remediation costs, as well as the issuance of administrative or judicial orders limiting operations or prohibiting certain activities. Some of our properties, including properties in which we have an ownership interest but no operating control, may be affected by environmental contamination that may require investigation or remediation. Some of our operations are located in environmentally sensitive environments, such as coastal waters, wetlands and other protected areas. Some of our operations are in areas particularly susceptible to damage by hurricanes or other destructive storms, which could result in damage to facilities and discharge of pollutants. In addition, claims are sometimes made or threatened against companies engaged in oil and gas exploration and production by owners of surface estates, adjoining properties or others alleging damage resulting from environmental contamination and other incidents of operation, and such claims have been asserted against us as well as companies we have acquired. Compliance with, and liabilities for remediation under, these laws and regulations, and liabilities concerning contamination or hazardous materials, may adversely affect our business, financial condition and results of operations.

***Climate change legislation or regulations restricting emissions of “greenhouse gases” could result in increased operating costs and reduced demand for the crude oil and gas that we produce.***

In December 2009, the EPA determined that emissions of carbon dioxide, methane and other “greenhouse gases” present an endangerment to public health and the environment,

because emissions of such gases are, according to the EPA, contributing to warming of the Earth's atmosphere and other climatic changes. Based on these findings, the EPA adopted two sets of rules regulating greenhouse gas emissions under the Clean Air Act, including emissions of greenhouse gases from certain large stationary sources. The EPA's rules relating to emissions of greenhouse gases from large stationary sources of emissions are currently subject to a number of legal challenges, but the federal courts have thus far declined to issue any injunctions to prevent the EPA from implementing, or requiring state environmental agencies to implement, the rules. The EPA has also adopted rules requiring the reporting of greenhouse gas emissions from specified large greenhouse gas emission sources in the United States, including certain onshore oil and gas production facilities, on an annual basis.

In addition, from time to time Congress has considered adopting legislation to reduce emissions of greenhouse gases and almost one-half of the states have already taken legal measures to reduce emissions of greenhouse gases, primarily through the planned development of greenhouse gas emission inventories and/or regional greenhouse gas cap and trade programs. Most of these cap and trade programs work by requiring major sources of emissions, such as electric power plants or major producers of fuels, such as refineries and gas processing plants, to acquire and surrender emission allowances. The number of allowances available for purchase is reduced each year in an effort to achieve the overall greenhouse gas emission reduction goal.

The adoption of legislation or regulatory programs to reduce emission of greenhouse gases could require us to incur increased operating costs, such as costs to purchase and operate emission control systems, to acquire emission allowances or comply with new regulatory or reporting requirements. Any such legislation or regulatory programs could also increase the cost of consuming, and thereby reduce demand for, the oil and gas we produce. Consequently, legislation and regulatory programs to reduce emissions of greenhouse gases could have an adverse effect on our business, financial condition and results of operations. Finally, it should be noted that some scientists have concluded that increasing concentrations of greenhouse gases in the Earth's atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, floods and other climatic events. If any such effects were to occur, they could have an adverse effect on our financial condition and results of operations.

***Federal and state legislation and regulatory initiatives relating to hydraulic fracturing could result in increased costs and additional operating restrictions or delays.***

Hydraulic fracturing involves the injection of water, sand, and chemicals under pressure

into dense subsurface rock formations to fracture the surrounding rock and stimulate production. We commonly use hydraulic fracturing as part of our operations. Hydraulic fracturing typically is regulated by state oil and natural gas commissions, but the EPA has asserted federal regulatory authority pursuant to the SDWA over certain hydraulic fracturing activities involving the use of diesel, and in February 2014, issued permitting guidance for such activities. Also, in May 2014, the EPA issued an Advanced Notice of Proposed Rulemaking under the Toxic Substances Control Act that would require companies to disclose information regarding the chemicals used in hydraulic fracturing.

At the state level, several states have adopted or are considering legal requirements that could impose more stringent permitting, disclosure and well construction requirements on hydraulic fracturing activities. For example in May 2013, the Texas Railroad Commission adopted new rules governing well casing, cementing and other standards for ensuring that hydraulic fracturing operations do not contaminate nearby water resources. Local government also may seek to adopt ordinances within their jurisdictions regulating the time, place and manner of drilling activities in general or hydraulic fracturing activities in particular or prohibit the performance of well drilling in general or hydraulic fracturing in particular. If new or more stringent federal, state or local legal restrictions relating to the hydraulic fracturing process are adopted in areas where we operate, we could incur potentially significant added costs to comply with such requirements, experience delays or curtailment in the pursuit of exploration, development or production activities, and perhaps even be precluded from drilling wells.

The White House Council on Environmental Quality is coordinating an administration-wide review of hydraulic fracturing practices, and the EPA has commenced a study of the potential environmental effects of hydraulic fracturing on water resources. The EPA has indicated that it expects to issue its study report in the first half of 2015. Moreover, the EPA is developing effluent limitations for the treatment and discharge of wastewater resulting from hydraulic fracturing activities and plans to propose these standards sometime in 2015. Other governmental agencies, including the U.S. Department of Energy and the U.S. Department of the Interior, are evaluating various other aspects of hydraulic fracturing. These ongoing or proposed studies, depending on their findings, could spur initiatives to further regulate hydraulic fracturing under the SDWA or other regulatory mechanisms. If new or more stringent federal, state or local legal restrictions relating to the hydraulic fracturing process are adopted in areas where we operate, we could incur potentially significant added costs to comply with such requirements, experience delays or curtailment in the pursuit of exploration, development, or production activities, and perhaps even be precluded from drilling wells.

***Our operations are substantially dependent on the availability of water. Restrictions on our ability to obtain water may have an adverse effect on our financial condition, results of operations and cash flows.***

Water is an essential component of both the drilling and hydraulic fracturing processes. Historically, we have been able to purchase water from various sources for use in our operations. If we are unable to obtain water to use in our operations from local sources, we may be unable to economically produce oil and gas, which could have an adverse effect on our financial condition, results of operations and cash flows.

***We may not be insured against all of the operating hazards to which our business is exposed.***

Our operations are subject to the usual hazards incident to the drilling and production of oil and gas, such as windstorms, lightning strikes, blowouts, cratering, explosions, uncontrollable flows of oil, gas or well fluids (including fluids used in hydraulic fracturing activities), fires, severe weather and pollution and other environmental risks. These hazards can cause personal injury and loss of life, severe damage to and destruction of property and equipment, pollution or environmental damage, clean-up responsibilities, regulatory investigation and penalties, and suspension of operations, all of which could result in a substantial loss. We maintain insurance against some, but not all, of the risks described above. Such insurance may not be adequate to cover losses or liabilities. Also, we cannot give assurance of the continued availability of insurance at premium levels that justify its purchase.

***Our business will suffer if we cannot obtain or maintain the necessary licenses.***

Our operations will require licenses, permits and in some cases renewals of licenses and permits from various governmental authorities. Our ability to obtain, sustain or renew such licenses and permits on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable government agencies, among other factors. Our inability to obtain, or our loss of or denial of extension, to any of these licenses or permits could hamper our ability to produce revenues from our operations.

***Certain United States federal income tax deductions currently available with respect to oil and natural gas exploration and production may be eliminated as a result of proposed legislation.***

Legislation has been proposed that would, if enacted into law, make significant changes to U.S. federal income tax laws, including the elimination of certain key U.S. federal

income tax incentives currently available to oil and gas exploration and production companies. These changes include, but are not limited to:

- the repeal of the percentage depletion allowance for oil and natural gas properties;
- the elimination of current deductions for intangible drilling and development costs;
- the elimination of the deduction for certain domestic production activities; and
- an extension of the amortization period for certain geological and geophysical expenditures.

It is unclear whether these or similar changes will be enacted. The passage of this legislation or any similar changes in U.S. federal income tax laws could eliminate or postpone certain tax deductions that are currently available with respect to oil and natural gas exploration and development. Any such changes could have an adverse effect on our financial position, results of operations and cash flows.

### **Risks in Our Company and Our Securities**

---

***If we are unable to obtain additional funding our business operations will be harmed.***

While we believe that our currently available funds can sustain our current level of operations for twelve months, we will require additional capital to fund our planned growth, including drilling and lease acquisition programs. We may be unable to obtain the additional capital required. Furthermore, inability to maintain capital may damage our reputation and credibility with industry participants. Our inability to raise additional funds when required may have a negative impact on our consolidated results of operations and financial condition.

Future acquisitions, exploration, development, production, and leasing activities, as well as our administrative requirements (such as salaries, insurance expenses and general overhead expenses, as well as legal compliance costs and accounting expenses) will require a substantial amount of additional capital and cash flow.

We plan to pursue sources of additional capital through various financing transactions or arrangements, including joint venturing of projects, debt financing, equity financing or other means. We may not be successful in locating suitable financing transactions in the

time period required or at all, and we may not obtain the capital we require by other means.

Any additional capital raised through the sale of equity may dilute your ownership percentage. This could also result in a decrease in the fair market value of our equity securities because our assets would be owned by a larger pool of outstanding equity. The terms of securities we issue in future capital transactions may be more favorable to our new investors, and may include preferences, superior voting rights and the issuance of warrants or other derivative securities, and issuances of incentive awards under equity employee incentive plans, which may have a further dilutive effect.

Our ability to obtain the required financing may be impaired by such factors as the capital markets (both generally and in the oil and gas industry in particular), our status as a new enterprise without a significant demonstrated operating history, the location of our oil and natural gas properties and prices of oil and natural gas on the commodities markets (which will impact the amount of asset-based financing available to us) and/or the loss of key management. Further, if oil and/or natural gas prices on the commodities markets decrease, then our revenues will likely decrease, and such decreased revenues may increase our capital requirements. If the amount of capital we are able to raise from financing activities, together with our revenues from operations, is not sufficient to satisfy our capital needs (even to the extent that we reduce our operations), we may be required to cease our operations.

We may incur substantial costs in pursuing future capital financing, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we may issue, such as convertible notes and warrants, which may adversely impact our consolidated financial results.

***We may not be able to effectively manage our growth, which may harm our profitability.***

Our strategy envisions expanding our business. If we fail to effectively manage our growth, our consolidated financial results could be adversely affected. Growth may place a strain on our management systems and resources. We must continue to refine and expand our business development capabilities, our systems and processes and our access to financing sources. As we grow, we must continue to hire, train, supervise and manage new employees. We cannot assure you that we will be able to:

meet our capital needs;

expand our systems effectively or efficiently or in a timely manner;  
allocate our human resources optimally;

identify and hire qualified employees or retain valued employees; or

incorporate effectively the components of any business that we may acquire in our effort to achieve growth.

***If we are unable to retain the services of Messrs. Smith and Burckhardt, or if we are unable to successfully recruit qualified managerial and field personnel having experience in oil and gas exploration, we may not be able to continue our operations.***

Our success depends to a significant extent upon the continued services of Mr. Samuel Smith, our President, and Mr. Hermann Burckhardt, Senior Vice President. The loss of the services of Messrs. Smith or Burckhardt could have a material adverse effect on our growth, revenues, and prospective business. We do not have key-man insurance on the lives of Messrs. Smith or Burckhardt. In addition, in order to successfully implement and manage our business plan, we will be dependent upon, among other things, successfully recruiting qualified managerial and field personnel having experience in the oil and gas exploration business. Competition for qualified individuals is intense. There can be no assurance that we will be able to find, attract and retain existing employees or that we will be able to find, attract and retain qualified personnel on acceptable terms.

***Our lack of diversification will increase the risk of an investment in our stock.***

Our business focus is on the oil and gas industry in a limited number of properties, initially in Texas. Larger companies have the ability to manage their risk by geographic diversification. However, we lack diversification, in terms of both the nature and geographic scope of our business. As a result of this concentration, we may be disproportionately exposed to the impact of regional supply and demand factors, delays or interruptions of production from wells in this area caused by governmental regulation, processing or transportation capacity constraints, changes in field-wide rules, market limitations, or interruption of the processing or transportation of oil or gas. If we cannot diversify our operations, our financial condition and results of operations could deteriorate.



***We have substantial capital requirements that, if not met, may hinder our operations.***

Our business is capital intensive and requires us to spend substantial amounts of capital for exploration and development activities. Low product price environments such as the current downturn in oil prices that we are currently experiencing, as well as operating difficulties and other factors, many of which are beyond our control, may cause our revenues and cash flows from operating activities to decrease and may limit our ability to fund our exploration and development activities. We anticipate that we will make substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future and for future drilling programs. If we have insufficient revenues, we may have a limited ability to expend the capital necessary to undertake or complete future drilling programs. We cannot assure you that debt or equity financing, or cash generated by operations, will be available or sufficient to meet these requirements or for other corporate purposes, or if debt or equity financing is available, that it will be on terms acceptable to us. Moreover, future activities may require us to alter our capitalization significantly. Our inability to access sufficient capital for our operations could have a material adverse effect on our business, financial condition, results of operations or prospects.

***Challenges to our properties may impact our consolidated financial condition.***

Title to oil and gas interests is often not capable of conclusive determination without incurring substantial expense. While we intend to make appropriate inquiries into the title of properties and other development rights we acquire, title defects may exist. In addition, we may be unable to obtain adequate insurance for title defects, on a commercially reasonable basis or at all. If title defects do exist, it is possible that we may lose all or a portion of our right, title and interests in and to the properties to which the title defects relate. If our property rights are reduced, our ability to conduct our exploration, development and production activities may be impaired.

***We will rely on technology to conduct our business and our technology could become ineffective or obsolete.***

We rely on technology, including geographic and seismic analysis techniques and economic models, to develop our reserve estimates and to guide our exploration, development and production activities. We will be required to continually enhance and update our technology to maintain its efficacy and to avoid obsolescence. The costs of doing so may be substantial, and may be higher than the costs that we anticipate for technology maintenance and development. If we are unable to maintain the efficacy of

our technology, our ability to manage our business and to compete may be impaired. Further, even if we are able to maintain technical effectiveness, our technology may not be the most efficient means of reaching our objectives, in which case we may incur higher operating costs than we would were our technology more efficient.

***Thin capitalization, leverage and ability to service indebtedness.***

We are thinly capitalized. Our business strategy involves significant leverage. Our leverage ratio, which is fundamental to its business strategy, also creates significant risks to investors in the Offering, including the possibility that we may be unable to generate cash sufficient to pay the principal of and interest on the Notes. Our ability to make the payment of principal and interest on the Notes will be dependent on its future operating performance, which is dependent on a number of factors, many of which are beyond our control. These factors include prevailing financial and economic conditions, our ability to collect on receivables, competitive, regulatory and other factors affecting our business and operations, and the availability of borrowings. Although we believe that our cash flow from operations, together with other sources of liquidity, will be adequate to fund working capital requirements and make required payments of principal and interest on its debt, this may not occur. If we do not have sufficient available resources to make those payments, we may find it necessary to refinance indebtedness, and such refinancing may not be available, or may be available but not on reasonable terms. Additionally, our significant leverage could have a material adverse effect on its future operating performance, including, but not limited to, the following:

a significant portion of our cash flow from operations will be dedicated to debt service payments, thereby reducing the funds available for other purposes such as expanding our business operations;

our ability to obtain additional financing in the future for making loans, working capital, or general corporate purposes or other purposes may be impaired;

our leverage may place it at a competitive disadvantage;

our leverage may limit its ability to expand and otherwise meet its growth objectives;  
and

our leverage may hinder its ability to adjust rapidly to changing market conditions and could make us more vulnerable in the event of a downturn in general economic conditions or our business.

***Our operating results may fluctuate.***

Our ability to pay monthly interest payments and, at maturity, the principal of the Notes and to satisfy its other debt obligations will depend upon our future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, most of which are beyond our control. There can be no assurance that our cash flow and capital resources will provide sufficient funds for payment of our indebtedness, including the Notes in the future, nor can there be any assurance that our indebtedness could be refinanced on favorable terms or at all. In the absence of such resources or favorable refinancing, we could face substantial liquidity problems and, consequently, we might be required to seek additional equity capital or dispose of material assets or operations to meet its debt service and other obligations. There can be no assurance that any or all of these alternatives could be affected on a timely basis or on satisfactory terms, if at all. In addition, the terms of future debt agreements may prohibit us from adopting some or all of these alternatives.

***Reliance on management and key individuals***

We will have exclusive responsibility for our financing activities. Subscribers will not have the right to participate in our management or evaluate lending opportunities or relevant business, economic, financial or other information that will be used by us in making decisions. We will be particularly dependent on our principals.

***Because competition for our target employees is intense, we may not be able to attract and retain the highly skilled employees we need to support our planned growth.***

To continue to execute on our growth plan, we must attract and retain highly qualified personnel. Competition for these personnel is intense, especially for senior sales executives and engineers with high levels of experience in designing and developing software and Internet-related services. We may not be successful in attracting and retaining qualified personnel. We have from time to time in the past experienced, and we expect to continue to experience in the future, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. Many of the companies with which we compete for experienced personnel have greater resources than we have. In addition, in making employment decisions, job candidates often consider the value of the equity awards they are to receive in connection with their employment. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and business prospects could be severely harmed.

***We have a history of losses.***

We have a history of operating losses. We may not be able to successfully execute or business strategy as described in this Offering Memorandum, which could result in a loss of some or all of an investment in the Notes. The results of our operations will depend on many factors, including, without limitation, the demand for our products, conditions in our markets, and the U.S. economy in general. Our ability to generate income will depend, in large part, on our ability to make sales and generate revenues. Our ability to make timely payments of interest and principal on the Notes will depend, in large part, on our ability to make profitable sales on favorable terms. No assurance can be given that we will be successful or that our objectives will be achieved.

***We face financial risk, including the risk of high leverage.***

Our development and operation will entail uncertain cash flows. We may spend relatively large amounts on marketing and other expenses. All of these factors and more will result in substantial financial risk. See "Business."

We may be subject to the risks normally associated with debt financing, including the risk that payments of principal and interest on borrowings may leave us with insufficient cash to operate or to pay distributions.

We intend to make use of a very high degree of financial leverage. We could become more highly leveraged because our organizational documents contain no limitation on the amount of debt we may incur.

The use of a high degree of leverage will increase our sensitivity to increases in interest rates. Increases in interest rates may increase our interest expense and adversely affect our cash flow and our ability to service our indebtedness and make distributions to our stockholders.

***We are subject to the risks normally associated with debt financing, including the following risks:***

Our cash flow may be insufficient to meet required payments of principal and interest, or require us to dedicate a substantial portion of our cash flow to pay our debt and the interest associated with our debt rather than to other areas of our business;

Or existing indebtedness may limit our operating flexibility due to financial and other restrictive covenants, including restrictions on incurring additional debt;

It may be more difficult for us to obtain additional financing in the future for our operations, working capital requirements, capital expenditures, debt service or other general requirements;

We may be more vulnerable in the event of adverse economic and industry conditions or a downturn in our business; and

We may be placed at a competitive disadvantage compared to our competitors that have less debt.

If any of the above risks occurred, our financial condition and results of operations could be materially adversely affected.

We may still be able to incur substantially more debt in the future. If new debt is added, an even greater portion of our cash flow will be needed to satisfy our debt service obligations. As a result, the related risks that we now face could intensify and increase the risk of a default on our indebtedness. See “Business – Leverage.”

***We are indemnifying our officers and directors.***

Our By-Laws provide for the indemnification of officers and directors relating to their activities for the Company to the fullest extent permitted under the General Corporation Code. These provisions may have the effect of providing indemnity in connection with suits brought by parties other than the Company against an officer or director who has been grossly negligent, though he acted in good faith and in the Company’s interests. See "Indemnification."

***The liability of our directors and officers is limited.***

Our Articles of Incorporation include provisions to eliminate, to the full extent permitted by Florida corporate law as in effect from time to time, the personal liability of our directors for monetary damages arising from a breach of their fiduciary duties as directors. The Articles of Incorporation also include provisions to the effect that (subject to certain exceptions) the Company shall, to the maximum extent permitted from time to time under Florida law, indemnify, and upon request shall advance expenses to, any director or officer to the extent that such indemnification and advancement of expenses is permitted under such law, as it may from time to time be in effect. In addition, our By-Laws require us to indemnify, to the full extent permitted by law, any of our directors,

officers, employees or agents for acts which such person reasonably believes are not in violation of our corporate purposes as set forth in the Articles of Incorporation. As a result of such provisions in the Articles of Incorporation and the By-Laws, stockholders may be unable to recover damages against our directors and officers for actions taken by them which constitute negligence, gross negligence or a violation of their fiduciary duties, which may reduce the likelihood of stockholders instituting derivative litigation against directors and officers and may discourage or deter stockholders from suing our directors, officers, employees and agents for breaches of their duty of care, even though such action, if successful, might otherwise benefit us and our stockholders. See "Indemnification."

***Our Board of Directors may unilaterally implement changes in our investment and financing policies that may affect the interests of the holders of our Securities.***

Our investment and financing policies, and our policies with respect to other activities, including growth, debt, capitalization, and operating policies, are determined by the Board of Directors. Although the Board of Directors has no present intention to do so, these policies may be amended or revised from time to time at the discretion of the Board of Directors without notice to stockholders or Note holders or a vote of our stockholders or Note holders. Accordingly, the holders of our Securities and our stockholders have no direct control over changes in our policies and changes in our policies may affect them.

### **Risks Associated with Investing in our Common Stock**

---

***If we obtain additional financing, existing investor interests may be diluted.*** We may need to raise additional funds in the near future to fund our operations, deliver, expand, or enhance our products and services, finance acquisitions and respond to competitive pressures or perceived opportunities. If we raise additional funds by issuing equity or convertible debt securities, the percentage ownership of our investors will be diluted. Furthermore, we cannot assure you that additional financing will be available when and to the extent we require it or that, if available, it will be on acceptable terms.

***Because we may be subject to the “penny stock” rules, you may have difficulty in selling our common stock.*** Because our stock price is less than \$5.00 per share, our

stock may be subject to the SEC's penny stock rules, which impose additional sales practice requirements and restrictions on broker-dealers that sell our stock to persons other than established customers and institutional accredited investors. The application of these rules may affect the ability of broker-dealers to sell our common stock and may affect your ability to sell any common stock you may own.

According to the SEC, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. Additionally, we may be subject to short selling, manipulation by others, and the regulations of the Pink Sheets OTC markets, all of which may be outside our control.

***As an issuer of "penny stock" the protection provided by the federal securities laws relating to forward looking statements does not apply to us.*** Although the federal securities law provide a safe harbour for forward-looking statements made by a public company that files reports under the federal securities laws, this safe harbour is not available to issuers of penny stocks. As a result, if we are a penny stock we will not have the benefit of this safe harbour protection in the event of any based upon an claim that the material provided by us contained a material misstatement of fact or was misleading in any material respect because of our failure to include any statements necessary to make the statements not misleading.

***The volatility of and limited trading market in our common stock may make it difficult for you to sell our common stock for a positive return on your investment.*** The public market for our common stock has historically been very volatile. Any future market price for our shares is likely to continue to be very volatile. Further, our common stock is not actively traded, which may amplify the volatility of our stock. These factors may make it more difficult for you to sell shares of common stock.

***The registration and potential sale, either pursuant to a prospectus or pursuant to Rule 144, by certain of our selling stockholders of a significant number of shares could encourage short sales by third parties.*** There may be significant downward pressure on our stock price caused by the sale or potential sale of a significant number of +shares by certain of our selling stockholders pursuant to this prospectus, which could allow short sellers of our stock an opportunity to take advantage of any decrease in the value of our stock. The presence of short sellers in our common stock may further depress the price of our common stock.

If the selling stockholders sell a significant number of shares of common stock, the market price of our common stock may decline. Furthermore, the sale or potential sale

of the offered shares pursuant to a prospectus and the depressive effect of such sales or potential sales could make it difficult for us to raise funds from other sources.

***Our listing in the “Pink Sheets” limits the marketability of our stock.*** We are traded in the Pink Sheets. Companies in this market generally are disadvantaged in attracting investor interest.

***Complete conversion of our convertible securities would result in substantial dilution to the common shareholders.*** We have outstanding issues of convertible notes. The conversion of all or a part of these securities would result in substantial dilution to the common shares. The Issuer intends to convert such notes and issue a large number of new shares which will dilute existing holders.

***Because we do not intend to pay any dividends on our common shares, investors seeking dividend income or liquidity should not purchase our shares.*** We do not currently anticipate declaring and paying dividends to our shareholders in the near future. It is our current intention to apply net earnings, if any, in the foreseeable future to increasing our working capital. Prospective investors seeking or needing dividend income or liquidity should, therefore, not purchase our common stock. We currently have no revenues and a history of losses, so there can be no assurance that we will ever have sufficient earnings to declare and pay dividends to the holders of our shares, and in any event, a decision to declare and pay dividends is at the sole discretion of our board of directors, who currently do not intend to pay any dividends on our common shares for the foreseeable future.

***You may experience dilution if we issue additional securities.*** If we issue additional shares, you may find your holdings diluted, which if it occurs, means that you will own a smaller percentage of our company. Further, any issuance of additional securities to various persons or entities in lieu of cash payments will lead to further dilution. The Issuer intends to issue such new shares, see “MARKETING.” The Issuer may acquire other companies which would also involve the issuance of new shares.

***Our common stock may be subject to penny stock rules, which may make it more difficult for our stockholders to sell their common stock.*** Broker-dealer practices in connection with transactions in "penny stocks" are regulated by certain penny stock



rules adopted by the Securities and Exchange Commission ("SEC"). Penny stocks generally are equity securities with a price of less than \$5.00 per share. The penny stock rules require a broker-dealer, prior to a purchase or sale of a penny stock not otherwise exempt from the rules, to deliver to the customer a standardized risk disclosure document that provides information about penny stocks and the risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction, and monthly account statements showing the market value of each penny stock held in the customer's account. In addition, the penny stock rules generally require that prior to a transaction in a penny stock the broker-dealer make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for a stock that becomes subject to the penny stock rules.

We are not required to meet or maintain any listing standards for our common stock to be quoted on the OTC Bulletin Board or in the Pink Sheets, which could affect our stockholders' ability to access trading information about our common stock.

The OTC Bulletin Board and the Pink Sheets are each separate and distinct from the NASDAQ Stock Market and any national stock exchange, such as the New York Stock Exchange or the American Stock Exchange. Although the OTC Bulletin Board is a regulated quotation service operated by the NASD, that displays real-time quotes, last sale prices, and volume information in over-the-counter ("OTC") equity securities like our common stock, and although Pink Sheets' Electronic Quotation Service is an Internet-based, real-time quotation service for OTC equities for market makers and brokers that provides pricing and financial information for the OTC securities markets, we are not required to meet or maintain any qualitative or quantitative standards for our common stock to be quoted on either the OTC Bulletin Board or in the Pink Sheets. Our common stock does not presently meet the minimum listing standards for listing on the NASDAQ Stock Market or any national securities exchange, which could affect our stockholders' ability to access trading information about our common stock. Additionally, we are required to satisfy the reporting requirements under the Securities Exchange.

***As an issuer of "penny stock" the protection provided by the federal securities laws relating to forward looking statements does not apply to us.*** Although the federal securities law provide a safe harbor for forward-looking statements made by a public company that files reports under the federal securities laws, this safe harbor is not available to issuers of penny stocks. As a result, if we are a penny stock we will not have

the benefit of this safe harbor protection in the event of any based upon an claim that the material provided by us contained a material misstatement of fact or was misleading in any material respect because of our failure to include any statements necessary to make the statements not misleading.

***The volatility of and limited trading market in our common stock may make it difficult for you to sell our common stock for a positive return on your investment.*** The public market for our common stock has historically been very volatile. Any future market price for our shares is likely to continue to be very volatile. Further, our common stock is not actively traded, which may amplify the volatility of our stock. These factors may make it more difficult for you to sell shares of common stock.

***The registration and potential sale, either pursuant to a prospectus or pursuant to Rule 144, by certain of our stockholders of a significant number of shares could encourage short sales by third parties.*** There may be significant downward pressure on our stock price caused by the sale or potential sale of a significant number of shares by certain of our stockholders, which could allow short sellers of our stock an opportunity to take advantage of any decrease in the value of our stock. The presence of short sellers in our common stock may further depress the price of our common stock.

If the selling stockholders sell a significant number of shares of common stock, the market price of our common stock may decline. Furthermore, the sale or potential sale of our shares and the depressive effect of such sales or potential sales could make it difficult for us to raise funds from other sources.

## **Statements Regarding Forward-looking Statements**

---

This document contains various "forward-looking statements." You can identify forward-looking statements by the use of forward-looking terminology such as "believes," "expects," "may," "will," "would," "could," "should," "seeks," "approximately," "intends," "plans," "projects," "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases. You can also identify forward-looking statements by discussions of strategy, plans or intentions. These statements may be impacted by a number of risks and uncertainties.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance taking into account all information currently available to us. These beliefs, assumptions and expectations are subject to risks and uncertainties and can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. You should carefully consider these risks before you make an investment decision with respect to our Securities. For a further discussion of these and other factors that could impact our future results, performance or transactions, see the section entitled "Risk Factors."

## **Item 9 The Nature of Products or Services Offered**

### **A. Principal Products or Services and Their Markets.**

See "Business" above.

### **Offices**

Our principal executive offices are located at 5057 Keller Springs Road, Addison Texas 75001. Our principal executive office is provided by the Company's principal shareholder without cost.

### **Seasonality**

We do not expect to experience material seasonality in the activity level of our business.

### **Employees**

As of December 31, 2015, we had no employees, other than officers and directors. We engage others as independent contractors.

## Part D Management Structure and Financial Information

### Item 11 Officers and Directors

#### MANAGEMENT

---

The following persons now serve as our officers and directors:

Samuel C. Smith		President
Hermann Burckhardt		Senior Vice President

#### **Samuel C. Smith**

Mr. Smith has experience in acquisitions, financial strategy and credit. He is the principal of Striper Wells, LLC.

From 2009 he has been associated with Land Enterprises, consulting with startup companies to identify market niches, assemble funding strategies and source suppliers.

From 2007 to 2009 he was Chief Investment Officer of Maverick Venture Partners where managed corporate affairs relating to internal operations of the firm as well as current portfolio companies and targeted acquisitions. His primary responsibilities included; assembly of legal structures regarding internal operations as well as portfolio company operations, financial modeling of venture firm and portfolio companies, identification of securities to be utilized as well as design and initial underwriting of the product, assembly of growth strategy including target industries and cross application opportunities, identification of strategic partners and alignment, establishment of relations with credit facilities as well as working with private investors and others, working relations, negotiating buyouts, assembling cash flow strategies and projections, and formulating vertical integration strategies.

From 2006 to 2008 he was engaged in managing Preston Apartments, an independent real estate project. From 2005 to 2007 he was Managing Director for M&A LBOs for Azure Securities, where he structured, built and maintained infrastructure through start-up phase. The company focused on the acquisition of broker dealers with significant assets under management, responsible for the design of financial model for rolling acquisitions of professional firms, raising private equity, managing the selling group and identifying niche lenders and equity groups, identifying acquisition candidates, and performing due diligence, cost and cash flow Projections, acquisition structure and negotiation of price and terms, Created Funding Strategy and Financial Approach. From 2004 to 2005 he was a Senior Investment Banker for Brooke Corporation (NASDAQ: BXX).

Mr. Smith is has Graduate Studies in Economics and Finance at Texas A&M-Commerce, a Bachelor of Science Economics Texas A&M-Commerce, a Bachelor of Science Political Science Texas A&M-Commerce. He is a member of the International Economics Honor Society, the National Association of Business Economists, and has ACT Houston Teacher Certification.

Mr. Smith served in the United States Marine Corps, where he was a Nuclear, Biological and Chemical Defense Specialist, a primary Instructor for over 300 Marines, and Section Chief for warehouse inventory charge and an auditor.

### **Hermann Burckhardt**

Mr. Burckhardt is currently the President and Chief Executive Officer of Puget Technologies, Inc. Mr. Burckhardt has vast experience investment banking and corporate finance. Throughout the years he has worked for some of the nation's premier investment banks as well as for his own broker/dealer as syndicate manager/member in multi-million dollar transactions. He has also trained over 10,000 stockbrokers throughout the United States for most of Wall Street's premier investment banks as well as regional broker/dealers through his training company, Securities Training Institute. In the last few years Mr. Burckhardt has been instrumental in several transactions, some of which were the result of reverse mergers and for which he was appointed Chairman and CEO such as Invicta Corporation and Nexgen Vision Inc. in which he worked with his son, Attorney Alberto Burckhart, who is not currently affiliated with this company. In the first instance ( IVIA ) the stock went from \$ 1.50 to around \$14.75 around the time of his departure within a one-year time-frame. Nexgen raised a substantial amount of money through Jesup & Lamont in New York City. For the past four years Mr. Burckhardt had been employed by a Fortune 100 Holding Company.

## **Legal Disciplinary History**

None of our officers and directors has been convicted in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding violations and other minor offenses); nor subject to an entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities; nor a finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; nor an entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

## **Family Relationships**

There are no family relationships among and between our directors, officers, persons nominated or chosen by the issuer to become directors or officers, or beneficial owners of more than five percent (5%) of the any class of the issuer's equity securities.

## **Related Party Transactions**

During the last two full fiscal years and the current fiscal year or any currently proposed transaction, there is no transaction involving the issuer, in which the amount involved exceeds the lesser of \$120,000 or one percent of the average of the issuer's total assets at year-end for its last three fiscal years.

No transaction during the last two fiscal years and current fiscal year or any currently proposed transaction, involving the issuer and a related party, in which (i) the amount involved exceeds the lesser of \$120,000 or 1% of the average of the issuer's total assets at year-end for its last three fiscal years and (ii) any related person had or will have a direct or indirect material interest. For the purpose of this disclosure, the term "related person" means any director, executive officer, nominee for director, or beneficial owner of more than five percent (5%) of any class of the issuer's equity securities, immediate

family members of any such person, and any person (other than a tenant or employee) sharing the household of any such person.

## **EXECUTIVE COMPENSATION**

---

### **Employment Agreements**

Mr. Smith and Mr. Burckhardt each have entered into an employment agreement with the Company for a term of five years. Pursuant to this employment agreement, he has agreed to devote a substantial portion of their business and professional time and efforts to our business as our President. Our employment agreements provide that each employee shall receive a salary determined by the Board of Directors commensurate with the development of the Company. Each may be entitled to receive, at the sole discretion of our Board of Directors or a committee thereof, bonuses based on the achievement (in whole or in part) by the Company of our business plan and achievement by the employee of fixed performance objectives.

Our employment agreements also contain covenants (a) restricting the executive from engaging in any activities competitive with our business during the terms of such employment agreements and one year thereafter, and (b) prohibiting the executive from disclosure of confidential information regarding the Company.

### **Election of Officers**

Our executive officers are elected by, and serve at the discretion of, our Board of Directors. There are no family relationships among any of our directors or executive officers.

### **Disclosure of Conflicts of Interest**

There are no conflicts of interest between the Company and any of its officers or directors.

### **Legal/Disciplinary History**

1. None of Insight Management Corporation's Officers or Directors have been the subject of any criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

2. None of Insight Management Corporation's Officers or Directors have been the subject of any entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

3. None of Insight Management Corporation's Officers or Directors have been the subject of any finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

4. None of Insight Management Corporation's Officers or Directors has been the subject of any entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

#### **Item 12 Financial Information for the Issuer's Most Recent Fiscal Period**

Financial Information of the Issuer is posted through the OTC Disclosure and News Service and is hereby attached and include a Balance Sheet, Statement of Income, Statement of Cash Flows, Statement of Changes in Stockholder's Equity and Notes to Financial Statements. These financial statements for period ended December 31, 2015 are hereby incorporated by reference.

#### **Item 13 Similar Financial Information for such Part of the Two Preceding Fiscal Years as the Issuer or its Predecessor has been in Existence.**

Financial Information of the Issuer for the period ended December 31, 2015 are posted through the OTC Disclosure and News Service and are hereby incorporated by reference. These financial statements include balance sheets, statements of income, statements of cash flows, a statement of changes in stockholders' equity, and financial



statement notes.

#### **Item 14 Beneficial Owners of more than 5% of any class**

The following table gives information on ownership of our securities as of December 31, 2015. The following lists ownership of our Common Stock and Preferred Stock by each person known by us to be the beneficial owner of over 5% of the outstanding Common and Preferred Stock, and by our officers and directors:

##### Common Stock as of December 31, 2015.

<b>Name</b>	<b>Address</b>	<b>Shareholdings</b>	<b>Percentage of Class Outstanding</b>
Samuel C. Smith	5057 Keller Springs Road Addison, Texas 75001	2,000,000,000 Shares of Common Stock	94.9%
Samuel C. Smith	5057 Keller Springs Road Addison, Texas 75001	One Share of Class A Preferred	100.0 %

#### **Item 15 Outside Advisors**

1. Investment Banker

None

2. Promoters

None, other than the officers and directors.

### 3. Legal Counsel

Securities Law  
John E. Lux, Esq.  
1629 K Street, Suite 300  
Washington, DC 20006  
Telephone: (202) 780-1000  
Email: [john.lux@securities-law.info](mailto:john.lux@securities-law.info)  
Website [www.securities-law.info](http://www.securities-law.info)

### 4. Accountant

The Issuer has not engaged an independent accountant at this time.

### 5. Public Relations Consultant – None

### 6. Investor Relations Consultant – None.

## **Item 16 Management’s Discussion and Analysis or Plan of Operations**

### **A. Plan of Operation**

1. The Issuer’s plan of operation for the next twelve months.

See “Business.”

There is no assurance that these efforts will be successful.

### **B. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**

1. Full fiscal years. Discuss the issuer's financial condition, changes in financial condition and results of operations for each of the last two fiscal years. This discussion should address the past and future financial condition and results of operation of the

issuer, with particular emphasis on the prospects for the future. The discussion should also address those key variable and other qualitative and quantitative factors that are necessary to an understanding and evaluation of the issuer. If material, the issuer should disclose the following:

i. Any known trends, events or uncertainties that have or are reasonably likely to have a material impact on the issuer's short-term or long-term liquidity;

The Issuer has to raise capital to continue its development. There is no assurance that it will be able to do so. If funding is secured, the Company intends to take very aggressive attempts to acquire more productive assets.

ii. Internal and external sources of liquidity;

The Issuer has no material internal sources of liquidity. The Issuer may issue debt and equity securities to obtain liquidity but there is no assurance that such securities can be sold. The issuer is currently dependent upon its majority shareholder for support.

iii. Any material commitments for capital expenditures and the expected sources of funds for such expenditures;

The Issuer has no material commitments for capital expenditures and no expected sources of funds for such expenditures, but is exploring financing alternatives.

iv. Any known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations;

Other than mentioned in this report, there are no known trends that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. There is uncertainty about the Issuer's ability to realize income from its business.

v. Any significant elements of income or loss that do not arise from the issuer's continuing operations;

There no known elements of income or loss that do not arise from the Issuer's continuing operations other than as disclosed herein.

vi. The causes for any material changes from period to period in one or more line items

of the issuer's financial statements; and

The causes for any material changes from period to period in one or more line items of the issuer's financial statements are as follows:

As mentioned above, changes in the medical billing industry may affect the financial condition value of the Issuer.

vii. Any seasonal aspects that had a material effect on the financial condition or results of operation.

There are no known seasonal aspects that have had a material effect on the financial condition or results of operation of the Issuer.

2. **Interim Periods.** Provide a comparable discussion that will enable the reader to assess material changes in financial condition and results of operations since the end of the last fiscal year and for the comparable interim period in the preceding year.

The Issuer expects that the material changes in financial condition and the results of operation since the end of the last fiscal year and for the comparable interim period in the preceding year are that the Issuer is attempting to develop its business and bring its litigation to a successful conclusion. There is no assurance that the Issuer will be able to+ obtain financing, or if such financing is obtained, that it will be on favorable terms. See also “Risk Factors” for a more specific discussion of the issues faced by the Issuer.

### **C. Off-Balance Sheet Arrangements.**

The Issuer has no off-balance sheet arrangements.

## **Part E Issuance History**

### **Item 17 List of Securities Offerings and Shares issued for services in the past two years.**

List of the securities offerings and shares issued for services in the past two years, financial information for the issuer's most recent. fiscal period and for such part of the

two preceding fiscal years as the issuer or its predecessor has been in existence.

The Issuer has not issued any shares or securities or options to acquire such securities for Services in the past two fiscal years and any interim periods except for the Common Stock issued to acquire Striper Wells, LLC. This issuance was pursuant to Section 4(2) of the Securities Act of 1933.

## **Part F Exhibits**

### **Item 18 Material Contracts**

The following documents have been posted via the OTC Disclosure and News Service as material contracts: None.

### **Item 19 Articles of Incorporation and Bylaws.**

Posted on OTC Markets.

### **Item 20 Purchases of Equity Securities by the Issuer and Affiliated Purchasers.**

None.

### **Item 21 Issuer's Certifications**

The Issuer shall include certifications by the chief executive officer and chief financial officer of the Issuer (or any other persons with different titles, but having the same responsibilities).

The certifications shall follow the format below:

I, Samuel C. Smith, CEO/ President of Insight Management Corporation, certify that:

1. I have reviewed this quarterly disclosure statement of Insight Management Corporation ;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the Issuer as of, and for, the periods presented in this disclosure statement.

Date: February 23, 2016

*Samuel C. Smith*  
CEO/President